VISHAY INTERTECHNOLOGY INC
Form 10-Q
April 30, 2013

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 30, 2013

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

For the transition period from _____ to _____

Commission File Number 1-7416

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

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

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

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

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

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

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

As of April 26, 2013, the registrant had 131,471,076 shares of its common stock and 12,129,227 shares of its Class B common stock outstanding.

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FORM 10-Q
March 30, 2013
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 30, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$632,780	$697,595
Short-term investments	352,199	294,943
Accounts receivable, net	267,349	247,035
Inventories:		
Finished goods	104,536	109,571
Work in process	186,935	177,350
Raw materials	127,912	120,728
Total inventories	419,383	407,649
Deferred income taxes	17,922	24,385
Prepaid expenses and other current assets	113,586	119,656
Total current assets	1,803,219	1,791,263
Property and equipment, at cost:		
Land	91,614	92,348
Buildings and improvements	521,181	523,091
Machinery and equipment	2,170,652	2,163,182
Construction in progress	81,351	101,570
Allowance for depreciation	(1,977,503)	(1,965,639)
	887,295	914,552
Goodwill	34,866	34,866
Other intangible assets, net	136,518	133,717
Other assets	135,978	141,879
Total assets	$2,997,876	$3,016,277

Continues on following page.

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

	March 30, 2013 (Unaudited)	December 31, 2012
Liabilities and equity		
Current liabilities:		
Notes payable to banks	$20	$6
Trade accounts payable	133,748	147,936
Payroll and related expenses	107,417	108,353
Other accrued expenses	144,182	148,660
Income taxes	11,193	7,215
Total current liabilities	396,560	412,170
Long-term debt less current portion	394,509	392,931
Deferred income taxes	126,859	129,379
Other liabilities	113,102	108,600
Accrued pension and other postretirement costs	331,529	344,961
Total liabilities	1,362,559	1,388,041
Stockholders' equity:		
Vishay stockholders' equity		
Common stock	13,147	13,114
Class B convertible common stock	1,213	1,213
Capital in excess of par value	1,999,268	1,999,901
(Accumulated deficit) retained earnings	(351,747)	(380,678)
Accumulated other comprehensive income (loss)	(31,682)	(10,222)
Total Vishay stockholders' equity	1,630,199	1,623,328
Noncontrolling interests	5,118	4,908
Total equity	1,635,317	1,628,236
Total liabilities and equity	$2,997,876	$3,016,277

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Net revenues	$554,254	$538,547
Costs of products sold	417,520	401,838
Gross profit	136,734	136,709
Selling, general, and administrative expenses	91,129	86,364
Operating income	45,605	50,345
Other income (expense):		
Interest expense	(5,486)	(4,717)
Other	115	1,308
	(5,371)	(3,409)
Income before taxes	40,234	46,936
Income tax expense	11,093	12,861
Net earnings	29,141	34,075
Less: net earnings attributable to noncontrolling interests	210	263
Net earnings attributable to Vishay stockholders	$28,931	$33,812
Basic earnings per share attributable to Vishay stockholders	$0.20	$0.22
Diluted earnings per share attributable to Vishay stockholders	$0.19	$0.21
Weighted average shares outstanding - basic	143,484	157,199
Weighted average shares outstanding - diluted	150,632	163,944

See accompanying notes.

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Net earnings	$29,141	$34,075
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustment	(25,121)	23,228
Pension and other post-retirement actuarial items	3,231	2,304
Unrealized gain (loss) on available-for-sale securities	430	814
Other comprehensive income (loss)	(21,460)	26,346
Comprehensive income	7,681	60,421
Less: comprehensive income attributable to noncontrolling interests	210	263
Comprehensive income attributable to Vishay stockholders	$7,471	$60,158

See accompanying notes.

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

	Three fiscal months ended	
	March 30, 2013	March 31, 2012
Operating activities		
Net earnings	$29,141	$34,075
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	41,346	41,993
(Gain) loss on disposal of property and equipment	137	(996)
Accretion of interest on convertible debentures	886	611
Inventory write-offs for obsolescence	4,213	5,220
Other	2,337	1,416
Net change in operating assets and liabilities, net of effects of businesses acquired	(54,669)	(59,697)
Net cash provided by operating activities	23,391	22,622
Investing activities		
Capital expenditures	(20,181)	(16,815)
Proceeds from sale of property and equipment	769	2,789
Purchase of businesses, net of cash acquired	-	(85,642)
Purchase of short-term investments	(242,501)	(4,444)
Maturity of short-term investments	181,631	121,684
Other investing activities	627	443
Net cash (used in) provided by investing activities	(79,655)	18,015
Financing activities		
Principal payments on long-term debt and capital leases	(8)	(5)
Net proceeds (payments) on revolving credit lines	1,000	(10,000)
Net changes in short-term borrowings	14	39
Proceeds from stock options exercised	-	174
Excess tax benefit from RSUs vested	436	-
Net cash provided by (used in) financing activities	1,442	(9,792)
Effect of exchange rate changes on cash and cash equivalents	(9,993)	5,848
Net (decrease) increase in cash and cash equivalents	(64,815)	36,693
Cash and cash equivalents at beginning of period	697,595	749,088
Cash and cash equivalents at end of period	$632,780	$785,781

See accompanying notes.

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

	Common Stock	Class B Convertible Common Stock	Capital in Excess of Par Value	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Vishay Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2013	$13,114	$1,213	$1,999,901	$(380,678)	$(10,222)	$1,623,328	$4,908	$1,628,236
Net earnings	-	-	-	28,931	-	28,931	210	29,141
Other comprehensive income	-	-	-	-	(21,460)	(21,460)	-	(21,460)
Restricted stock issuances (327,542 shares)	33	-	(2,117)	-	-	(2,084)	-	(2,084)
Stock compensation expense	-	-	1,048	-	-	1,048	-	1,048
Tax effects of stock plan	-	-	436	-	-	436	-	436
Balance at March 30, 2013	$13,147	$1,213	$1,999,268	$(351,747)	$(31,682)	$1,630,199	$5,118	$1,635,317

See accompanying notes.

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

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

Note 1 – Basis of Presentation

The accompanying unaudited consolidated condensed financial statements of Vishay Intertechnology, Inc. ("Vishay" or the "Company") have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for presentation of financial position, results of operations, and cash flows required by accounting principles generally accepted in the United States ("GAAP") for complete financial statements. The information furnished reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair summary of the financial position, results of operations, and cash flows for the interim periods presented. The financial statements should be read in conjunction with the consolidated financial statements filed with the Company's Annual Report on Form 10 K for the year ended December 31, 2012. The results of operations for the three fiscal months ended March 30, 2013 are not necessarily indicative of the results to be expected for the full year.

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

Recently Adopted Accounting Guidance

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

Reclassifications

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

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

Note 2 – Income Taxes

The provision for income taxes consists of provisions for federal, state, and foreign income taxes. The effective tax rates for the periods ended March 30, 2013 and March 31, 2012 reflect the Company's expected tax rate on reported income from continuing operations before income tax and tax adjustments. The Company operates in a global environment with significant operations in various jurisdictions outside the United States. Accordingly, the consolidated income tax rate is a composite rate reflecting the Company's earnings and the applicable tax rates in the various jurisdictions where the Company operates.

As a result of the retroactive enactment of the American Taxpayer Relief Act of 2012, which was signed into law on January 2, 2013, the Company recorded one-time tax benefits of $1,330 in the consolidated condensed statement of operations for the fiscal quarter ended March 30, 2013.

During the three fiscal months ended March 30, 2013, the liabilities for unrecognized tax benefits decreased by $749 on a net basis, principally due to reductions for tax positions of prior years due to settlements and expiration of statutes of limitations.

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

Note 3 – Long-Term Debt

Long-term debt consists of the following:

	March 30, 2013	December 31, 2012
Credit facility	$90,000	$89,000
Exchangeable unsecured notes, due 2102	95,042	95,042
Convertible senior debentures, due 2040	100,459	100,166
Convertible senior debentures, due 2041	51,533	51,399
Convertible senior debentures, due 2042	57,475	57,324
	394,509	392,931
Less current portion	-	-
	$394,509	$392,931

Convertible Senior Debentures

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

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

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

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

	Principal amount of the debentures	Unamortized discount	Embedded derivative	Carrying value of liability component	Equity component - net carrying value
March 30, 2013					
Due 2040	$ 275,000	(175,016)	475	$ 100,459	$ 110,094
Due 2041	$ 150,000	(98,778)	311	$ 51,533	$ 62,246
Due 2042	$ 150,000	(92,734)	209	$ 57,475	$ 57,874
Total	$ 575,000	$ (366,528)	$ 995	$ 209,467	$ 230,214
December 31, 2012					
Due 2040	$ 275,000	(175,456)	622	$ 100,166	$ 110,094
Due 2041	$ 150,000	(99,000)	399	$ 51,399	$ 62,246
Due 2042	$ 150,000	(92,958)	282	$ 57,324	$ 57,874
Total	$ 575,000	$ (367,414)	$ 1,303	$ 208,889	$ 230,214

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

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

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

	Contractual coupon interest	Non-cash amortization of debt discount	Non-cash amortization of deferred financing costs	Non-cash change in value of derivative liability	Total interest expense related to the debentures
March 30, 2013					
Due 2040	$ 1,547	440	22	(147)	$ 1,862
Due 2041	$ 844	222	12	(88)	$ 990
Due 2042	$ 844	224	13	(73)	$ 1,008
Total	$ 3,235	$ 886	$ 47	$ (308)	$ 3,860
March 31, 2012					
Due 2040	$ 1,547	407	22	(104)	$ 1,872
Due 2041	$ 844	204	12	(75)	$ 985
Total	$ 2,391	$ 611	$ 34	$ (179)	$ 2,857

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

Note 4 – Accumulated Other Comprehensive Income (Loss)

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

	Pension and other post-retirement actuarial items	Currency translation adjustment	Unrealized gain (loss) on available-for-sale securities	Total
Balance at January 1, 2013	$ (178,956)	$ 167,461	$ 1,273	$(10,222)
Other comprehensive income before reclassifications	-	(25,121)	711	$(24,410)
Tax effect	-	-	(249)	$(249)
Other comprehensive income before reclassifications, net of tax	-	(25,121)	462	$(24,659)
Amounts reclassified out of AOCI	4,833	-	(50)	$4,783
Tax effect	(1,602)	-	18	$(1,584)
Amounts reclassified out of AOCI, net of tax	3,231	-	(32)	$3,199
Net comprehensive income	$ 3,231	$ (25,121)	$ 430	$(21,460)
Balance at March 30, 2013	$ (175,725)	$ 142,340	$ 1,703	$(31,682)

Reclassifications of pension and other post-retirement actuarial items out of AOCI are included in the computation of net periodic benefit cost. (See Note 5 for further information). $(5) of the gross amount of unrealized gains (losses) on available-for-sale securities reclassified out of AOCI are the result of sales of available-for-sale securities and are recorded as a component of Other Income on our consolidated condensed statement of operations. The tax effect of these reclassifications of unrealized gains (losses) on available-for-sale securities was $1, and is recorded as a component of Income Tax Expense on our consolidated condensed statement of operations. The remaining amount of unrealized gains (losses) on available-for-sale securities reclassified out of AOCI are the result of sales of securities held by the Company's rabbi trust used to fund a deferred compensation plan, and are recorded as a component of compensation expense within Selling, General, and Administrative expenses on our consolidated condensed statement of operations.

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

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

Note 5 – Pensions and Other Postretirement Benefits

The Company maintains various retirement benefit plans.

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

	Fiscal quarter ended March 30, 2013		Fiscal quarter ended March 31, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Net service cost	$-	$ 885	$-	$ 814
Interest cost	3,467	2,042	3,927	2,374
Expected return on plan assets	(4,976)	(529)	(4,716)	(412)
Amortization of prior service cost (credit)	244	(9)	550	-
Amortization of losses	3,958	839	3,111	418
Net periodic benefit cost	$2,693	$ 3,228	$2,872	$ 3,194

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

	Fiscal quarter ended March 30, 2013		Fiscal quarter ended March 31, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Service cost	$28	$ 74	$18	$ 64
Interest cost	78	64	130	73
Amortization of prior service credit	(200)	-	(102)	-
Amortization of transition obligation	-	-	8	-
Amortization of losses (gains)	1	-	(22)	-
Net periodic benefit cost	$(93)	$ 138	$32	$ 137

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

Note 6 – Stock-Based Compensation

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

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

The following table summarizes stock-based compensation expense recognized:

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Stock options	$12	$27
Restricted stock units	928	1,135
Phantom stock units	108	93
Total	$1,048	$1,255

The following table summarizes unrecognized compensation cost and the weighted average remaining amortization periods at March 30, 2013 (amortization periods in years):

	Unrecognized Compensation Cost	Weighted Average Remaining Amortization Periods
Stock options	$ 6	0.1
Restricted stock units	10,061	1.8
Phantom stock units	-	0.0
Total	$ 10,067	

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

2007 Stock Incentive Plan

The Company's 2007 Stock Incentive Program (the "2007 Program") permits the grant of up to 3,000,000 shares of restricted stock, unrestricted stock, RSUs, and stock options, to officers, employees, and non-employee directors of the Company. Such instruments are available for grant until May 22, 2017.

Stock Options

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

At December 31, 2012 and March 30, 2013, there were 109,000 options outstanding with a weighted average exercise price of $15.24. All of the options are vested or expected to vest. At March 30, 2013, the weighted average remaining contractual life of all outstanding options was 3.99 years. At March 30, 2013, there were 83,000 options exercisable, with a weighted average exercise price of $14.93 and a weighted average remaining contractual life of 3.89 years.

During the three fiscal months ended March 30, 2013, 4,000 options vested. At March 30, 2013, there were 26,000 unvested options outstanding, with a weighted average grant-date fair value of $10.57 per option.

The pretax aggregate intrinsic value (the difference between the closing stock price on the last trading day of the first fiscal quarter of 2013 of $13.61 per share and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on March 30, 2013 is $28. This amount changes based on changes in the market value of the Company's common stock. During the three fiscal months ended March 30, 2013, no options were exercised.

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

Restricted Stock Units

RSU activity under the 2007 Program as of March 30, 2013 and changes during the three fiscal months then ended are presented below (number of RSUs in thousands):

	Number of RSUs	Weighted Average Grant-date Fair Value per Unit
Outstanding:		
January 1, 2013	1,316	$ 12.53
Granted	367	12.72
Vested*	(488)	9.85
Cancelled or forfeited	-	-
Outstanding at March 30, 2013	1,195	$ 13.68
Expected to vest at March 30, 2013	919	

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

The Company recognizes compensation cost for RSUs that are expected to vest. The Company expects all performance-based vesting criteria for the outstanding performance-based RSUs that are scheduled to vest on January 1, 2014 and 2016 will be achieved. The stock-based compensation expense recognized for 276,000 performance-based RSUs scheduled to vest on January 1, 2015 was reversed in the fourth fiscal quarter of 2012 at the time that it was determined that the performance-based vesting criteria were not expected to be achieved. RSUs with performance-based vesting criteria are expected to vest as follows (number of RSUs in thousands):

Vesting Date	Number of RSUs
January 1, 2014	233
January 1, 2015	-
January 1, 2016	222

Phantom Stock Plan

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

Phantom stock unit activity under the phantom stock plan as of March 30, 2013 and changes during the three fiscal months then ended are presented below (number of phantom stock units in thousands):

	Number of units	Grant-date Fair Value per Unit
Outstanding:		
January 1, 2013	97	
Granted	10	$ 10.75
Redeemed for common stock	-	
Outstanding at March 30, 2013	107	

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

Note 7 – Segment Information

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

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

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

The following tables set forth business segment information:

	MOSFETs	Diodes	Optoelectronic Components	Resistors & Inductors	Capacitors	Unallocated Selling, General, and Administrative Expenses	Total
Fiscal quarter ended March 30, 2013:							
Product Sales	$100,846	$125,112	$ 56,226	$163,928	$106,162	$ -	$552,274
Royalty Revenues	42	-	-	1,938	-	-	$1,980
Total Revenue	$100,888	$125,112	$ 56,226	$165,866	$106,162	$ -	$554,254
Gross Margin	$12,900	$27,261	$ 19,774	$52,601	$24,198	$ -	$136,734
Operating Income	$2,833	$21,389	$ 16,209	$44,200	$18,456	$ (57,482)	$45,605
Fiscal quarter ended March 31, 2012:							
Product Sales	$94,701	$120,134	$ 50,612	$157,254	$113,926	$ -	$536,627
Royalty Revenues	137	-	27	1,756	-	-	$1,920
Total Revenue	$94,838	$120,134	$ 50,639	$159,010	$113,926	$ -	$538,547
Gross Margin	$10,617	$25,054	$ 17,294	$54,259	$29,485	$ -	$136,709
Operating Income	$1,323	$19,359	$ 14,045	$46,512	$23,917	$ (54,811)	$50,345

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

Note 8 – Earnings Per Share

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Numerator:		
Numerator for basic earnings per share:		
Net earnings	$28,931	$33,812
Adjustment to the numerator for continuing operations and net earnings:		
Interest savings assuming conversion of dilutive convertible and exchangeable notes, net of tax	47	90
Numerator for diluted earnings per share:		
Net earnings	$28,978	$33,902
Denominator:		
Denominator for basic earnings per share:		
Weighted average shares	143,484	157,199
Effect of dilutive securities:		
Convertible and exchangeable debt instruments	6,663	6,176
Restricted stock units	377	465
Other	108	104
Dilutive potential common shares	7,148	6,745
Denominator for diluted earnings per share:		
Adjusted weighted average shares	150,632	163,944
Basic earnings per share attributable to Vishay stockholders	$0.20	$0.22
Diluted earnings per share attributable to Vishay stockholders	$0.19	$0.21

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

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Convertible and exchangeable notes:		
Convertible Senior Debentures, due 2040	19,809	19,809
Convertible Senior Debentures, due 2041	7,885	7,885
Convertible Senior Debentures, due 2042	-	-
Weighted average employee stock options	105	358
Weighted average warrants	-	8,824
Weighted average other	523	208

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

The Company's convertible debt instruments are only convertible upon the occurrence of certain events. While none of these events has occurred as of March 30, 2013, certain conditions which could trigger conversion have been deemed to be non-substantive, and accordingly, the Company has always assumed the conversion of these instruments in its diluted earnings per share computation during periods in which they are dilutive.

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

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

Note 9 – Fair Value Measurements

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

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

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

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

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

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

	Total Fair Value	Level 1	Level 2	Level 3
March 30, 2013:				
Assets:				
Assets held in rabbi trusts	$34,617	$22,406	$12,211	$-
Available for sale securities	$7,237	7,237	-	-
	$41,854	$29,643	$12,211	$-
Liabilities:				
Embedded derivative - convertible debentures due 2040	$(475)	$-	$-	$(475)
Embedded derivative - convertible debentures due 2041	$(311)	-	-	(311)
Embedded derivative - convertible debentures due 2042	$(209)	-	-	(209)
	$(995)	$-	$-	$(995)
December 31, 2012:				
Assets:				
Assets held in rabbi trusts	$33,751	$21,954	$11,797	$-
Available for sale securities	$7,580	7,580	-	-
	$41,331	$29,534	$11,797	$-
Liabilities:				
Embedded derivative - convertible debentures due 2040	$(622)	$-	$-	$(622)
Embedded derivative - convertible debentures due 2041	$(399)	-	-	(399)
Embedded derivative - convertible debentures due 2042	$(282)	-	-	(282)
	$(1,303)	$-	$-	$(1,303)

The Company maintains non-qualified trusts, referred to as "rabbi" trusts, to fund payments under deferred compensation and non-qualified pension plans. Rabbi trust assets consist primarily of marketable securities, classified

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

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

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

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

The fair value of the long-term debt, excluding the derivative liabilities, at March 30, 2013 and December 31, 2012 is approximately $810,100 and $686,800, respectively, compared to its carrying value, excluding the derivative liabilities, of $393,514, and $391,628, respectively. The Company estimates the fair value of its long-term debt using a combination of quoted market prices for similar financing arrangements and expected future payments discounted at risk-adjusted rates, which are considered Level 2 inputs.

At March 30, 2013 and December 31, 2012, the Company's short-term investments were comprised of time deposits with financial institutions that have maturities that exceed 90 days from the date of acquisition; however they all mature within one year from the respective balance sheet dates. The short-term investments are accounted for as held-to-maturity debt instruments, at amortized cost, which approximates their fair value. The investments are funded with excess cash not expected to be needed for operations prior to maturity; therefore, the Company believes it has the intent and ability to hold the short-term investments until maturity. At each reporting date, the Company performs an evaluation to determine if any unrealized losses are other-than-temporary. No other-than-temporary impairments have been recognized on these securities, and there are no unrecognized holding gains or losses for these securities during the periods presented. There have been no transfers to or from the held-to-maturity classification. All decreases in the account balance are due to returns of principal at the securities' maturity dates. Interest on the securities is recognized as interest income when earned.

At March 30, 2013 and December 31, 2012, the Company's cash and cash equivalents were comprised of demand deposits, time deposits with maturities of three months or less when purchased, and money market funds. The Company estimates the fair value of its cash, cash equivalents, and short-term investments using level 2 inputs. Based on the current interest rates for similar investments with comparable credit risk and time to maturity, the fair value of the Company's cash, cash equivalents, and short-term investments approximate the carrying amounts reported in the consolidated condensed balance sheets.

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

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

Note 10 – Subsequent Event

In the second fiscal quarter of 2013, the Company signed a definitive purchase agreement to acquire MCB Industrie S.A. in France, a well-established manufacturer of specialty resistors and sensors. The transaction is expected to close in the second fiscal quarter of 2013, and is expected to enable Vishay to expand its presence in the European industrial market.

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

Overview

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

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

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

We are focused on enhancing stockholder value and improving earnings per share. In addition to our growth plan, we also have opportunistically repurchased our stock. We have repurchased 44.3 million shares of our common stock since the fourth fiscal quarter of 2010, representing 24% of our shares outstanding before we began this initiative. The permitted capacity to repurchase shares of stock under our credit facility increases each quarter by an amount equal to 20% of net income. At March 30, 2013, our total capacity to repurchase shares of stock under our credit facility is $180.3 million. Although we have no current plans, we will continue to evaluate attractive stock repurchase opportunities.

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

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

Net revenues for the fiscal quarter ended March 30, 2013 were $554.3 million, compared to $538.5 million for the fiscal quarter ended March 31, 2012. The net earnings attributable to Vishay stockholders for the fiscal quarter ended March 30, 2013 were $28.9 million, or $0.19 per diluted share, compared to $33.8 million, or $0.21 per diluted share for the fiscal quarter ended March 31, 2012.

Net earnings attributable to Vishay stockholders for the fiscal quarter ended March 30, 2013 include one-time tax benefits due to the retroactive enactment of the American Taxpayer Relief Act of 2012, signed into law on January 2, 2013. The net earnings attributable to Vishay stockholders for the fiscal quarter ended March 31, 2012 do not include any items affecting comparability. The reconciliation below includes certain financial measures which are not recognized in accordance with GAAP, including adjusted net earnings and adjusted net earnings per share. These non-GAAP measures should not be viewed as an alternative to GAAP measures of performance. Non-GAAP measures such as adjusted net earnings and adjusted net earnings per share do not have uniform definitions. These measures, as calculated by Vishay, may not be comparable to similarly titled measures used by other companies. Management believes that these measures are meaningful because they provide insight with respect to our intrinsic operating results. Reconciling items to arrive at adjusted net earnings represent significant charges or credits that are important to understanding our intrinsic operations.

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
GAAP net earnings attributable to Vishay stockholders	$28,931	$33,812
Reconciling items affecting tax expense:		
One-time tax expense (benefit)	$(1,330)	$-
Adjusted net earnings	$27,601	$33,812
Adjusted weighted average diluted shares outstanding	150,632	163,944
Adjusted earnings per diluted share *	$0.18	$0.21

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

Our results for the fiscal quarter ended March 30, 2013 represent the effects of better economic conditions following a period of business environment deterioration in the last six fiscal months of 2012 as well as improved efficiencies and temporary fixed cost savings measures. Our results for the fiscal quarter ended March 31, 2012 also represented an improving business environment following the downturn and high inventory levels in the supply chain that much of our industry experienced in the last six fiscal months of 2011 as well as more austere temporary fixed cost savings measures. Both periods, however, represent challenging business environments, with lower revenues, margins, and profits versus our normal run-rate.

Financial Metrics

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

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

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

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

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

We focus on our inventory turnover as a measure of how well we are managing our inventory. We define inventory turnover for a financial reporting period as our costs of products sold for the four fiscal quarters ending on the last day of the reporting period divided by our average inventory (computed using each fiscal quarter-end balance) for this same period. A higher level of inventory turnover reflects more efficient use of our capital.

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

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

	1st Quarter 2012	2nd Quarter 2012	3rd Quarter 2012	4th Quarter 2012	1st Quarter 2013
Net revenues	$538,547	$588,199	$572,781	$530,570	$554,254
Gross profit margin	25.4 %	25.1 %	23.3 %	20.5 %	24.7 %
Operating margin [1]	9.3 %	12.4 %	7.8 %	4.1 %	8.2 %
End-of-period backlog	$607,100	$593,300	$525,900	$506,000	$578,100
Book-to-bill ratio	1.11	1.01	0.87	0.95	1.14
Inventory turnover	3.66	4.01	4.00	3.99	4.04
Change in ASP vs. prior quarter	-1.0 %	-1.4 %	-0.7 %	-1.6 %	-0.8 %

(1) Operating margin for the second fiscal quarter of 2012 includes a $12.2 million gain recognized on the sale of a vacated property in Belgium (see our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 20, 2013).

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

Our results for the first fiscal quarter of 2013 were impacted by the improving business environment in most of our markets and increased demand from distributors, which led to an increase in revenues compared to the prior fiscal quarter and the prior year period. Increased orders, particularly from distributors, led to an increase in the book-to-bill ratio and the backlog versus the prior fiscal quarter. Decreasing pricing pressure for commodity semiconductor products has resulted in the slowing of the decline of average selling prices versus the prior quarter and prior year periods.

The increase in sales volume and temporary fixed cost reductions led to an increase in gross margins in the first fiscal quarter of 2013 versus the previous fiscal quarter. The lower average selling prices in the first fiscal quarter of 2013 versus the first fiscal quarter of 2012 resulted in a decrease in gross margins compared to the prior year period.

Due to the increase in orders, particularly from the Asia market and distributors, the book-to-bill ratio increased to 1.14 in the first fiscal quarter of 2013 from 0.95 in the fourth fiscal quarter of 2012. The book-to-bill ratios for distributors and original equipment manufacturers ("OEM") were 1.24 and 1.04, respectively, versus ratios of 1.00 and 0.90, respectively, during the fourth fiscal quarter of 2012.

For the second fiscal quarter of 2013, we anticipate revenues between $570 million and $610 million at similar gross margins and slightly improved operating margins compared to the first fiscal quarter of 2013.

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Financial Metrics by Segment

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

	1st Quarter 2012	2nd Quarter 2012	3rd Quarter 2012	4th Quarter 2012	1st Quarter 2013
MOSFETs					
Net revenues	$94,838	$111,363	$123,325	$104,156	$100,888
Book-to-bill ratio	1.18	1.20	0.70	0.90	1.22
Gross profit margin	11.2 %	16.8 %	14.1 %	9.6 %	12.8 %
Segment operating margin	1.4 %	7.8 %	5.8 %	0.1 %	2.8 %
Diodes					
Net revenues	$120,134	$136,008	$124,108	$116,494	$125,112
Book-to-bill ratio	1.01	0.95	0.88	1.01	1.28
Gross profit margin	20.9 %	21.1 %	20.3 %	17.3 %	21.8 %
Segment operating margin	16.1 %	16.7 %	15.7 %	12.2 %	17.1 %
Optoelectronic Components					
Net revenues	$50,639	$58,083	$50,205	$50,267	$56,226
Book-to-bill ratio	1.12	0.91	0.95	1.03	1.08
Gross profit margin	34.2 %	32.0 %	31.0 %	32.8 %	35.2 %
Segment operating margin	27.7 %	26.2 %	24.7 %	25.8 %	28.8 %
Resistors & Inductors					
Net revenues	$159,010	$166,398	$163,712	$153,200	$165,866
Book-to-bill ratio	1.13	0.99	0.94	0.94	1.07
Gross profit margin	34.1 %	33.1 %	31.3 %	28.4 %	31.7 %
Segment operating margin	29.3 %	28.1 %	26.6 %	23.1 %	26.6 %
Capacitors					
Net revenues	$113,926	$116,347	$111,431	$106,453	$106,162

Book-to-bill ratio	1.12		0.97		0.87		0.93		1.06	
Gross profit margin	25.9	%	22.8	%	21.7	%	17.5	%	22.8	%
Segment operating margin	21.0	%	18.0	%	17.1	%	12.2	%	17.4	%

Acquisition Activity

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

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

In the second fiscal quarter of 2013, we signed a definitive purchase agreement to acquire MCB Industrie S.A. in France, a well-established manufacturer of specialty resistors and sensors. The transaction is expected to close in the second fiscal quarter of 2013, and is expected to enable Vishay to expand our presence in the European industrial market.

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

Cost Management

We place a strong emphasis on controlling our costs.

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

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

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

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

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

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

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

Foreign Currency Translation

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

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

Foreign Subsidiaries which use the Local Currency as the Functional Currency

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

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

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

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

Results of Operations

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Cost of products sold	75.3%	74.6 %
Gross profit	24.7%	25.4 %
Selling, general & administrative expenses	16.4%	16.0 %
Operating income	8.2 %	9.3 %
Income before taxes and noncontrolling interest	7.3 %	8.7 %
Net earnings attributable to Vishay stockholders	5.2 %	6.3 %
Effective tax rate	27.6%	27.4 %

Net Revenues

Net revenues were as follows (dollars in thousands):

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Net revenues	$554,254	$538,547
Change versus comparable prior year period	$15,707	
Percentage change versus comparable prior year period	2.9 %	

Changes in net revenues were attributable to the following:

	vs. Prior Year Quarter
Change attributable to:	
Increase in volume	6.2 %
Decrease in average selling prices	-3.1 %
Foreign currency effects	0.2 %
Other	-0.4 %
Net change	2.9 %

Our revenue results for the fiscal quarter ended March 30, 2013 were positively affected by improving business conditions and increased demand for our products, particularly from distributors, that we began to experience in the quarter. Our revenue results for the fiscal quarters ended March 30, 2013 and March 31, 2012 were both negatively affected by low demand for our products in the last six fiscal months of the previous years, which significantly reduced our backlog. Revenues for both periods are significantly below our normal run rate.

We deduct, from the sales that we record to distributors, allowances for future credits that we expect to provide for returns, scrapped product, and price adjustments under various programs made available to the distributors. We make deductions corresponding to particular sales in the period in which the sales are made, although the corresponding credits may not be issued until future periods. We estimate the deductions based on sales levels to distributors, inventory levels at the distributors, current and projected market trends and conditions, recent and historical activity under the relevant programs, changes in program policies, and open requests for credits. We recorded deductions from gross revenues under our distributor incentive programs of $17.9 million and $18.0 million for the three fiscal months ended March 30, 2013 and March 31, 2012, respectively, or 3.1% and 3.2% of gross revenues, respectively. Actual credits issued under the programs were $21.7 million during both the three fiscal months ended March 30, 2013 and March 31, 2012. Increases and decreases in these incentives are largely attributable to the then-current business climate.

Royalty revenues, included in net revenues on the consolidated condensed statements of operations, were approximately $2.0 million and $1.9 million for the three fiscal months ended March 30, 2013 and March 31, 2012, respectively.

Gross Profit and Margins

Gross profit margins for the fiscal quarter ended March 30, 2013 were 24.7% versus 25.4%, for the comparable prior year period. The decrease in gross profit margin for the fiscal quarter ended March 30, 2013 versus the fiscal quarter ended March 31, 2012 is primarily due to lower average selling prices, partially offset by increased sales volume.

Segments

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

MOSFETs

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Net revenues	$100,888	$94,838
Change versus comparable prior year period	$6,050	
Percentage change versus comparable prior year period	6.4 %	

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

	vs. Prior Year Quarter
Change attributable to:	
Increase in volume	14.4 %
Decrease in average selling prices	-6.4 %
Foreign currency effects	0.2 %
Other	-1.8 %
Net change	6.4 %

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Gross profit margin	12.8%	11.2 %

The MOSFETs segment is being positively affected by the increased demand from distributors in Asia. The increase in gross profit margin versus the fiscal quarter ended March 31, 2012 is primarily due to the increase in sales volume and the non-recurring manufacturing issue associated with purchased materials that negatively affected the fiscal quarter ended March 31, 2012 results, partially offset by decreased average selling prices.

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

Customer qualification of next generation high voltage MOSFETs is currently on-going. These new and innovative products have received a good reception by the market thus far.

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Diodes

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Net revenues	$125,112	$120,134
Change versus comparable prior year period	$4,978	
Percentage change versus comparable prior year period	4.1 %	

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

	vs. Prior Year Quarter
Change attributable to:	
Increase in volume	8.7 %
Decrease in average selling prices	-3.8 %
Foreign currency effects	-0.1 %
Other	-0.7 %
Net change	4.1 %

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Gross profit margin	21.8%	20.9 %

The Diodes segment is being positively affected by the increased demand from distributors in Asia. We are in the process of increasing manufacturing capacities. The increase in gross profit margin versus the fiscal quarter ended March 31, 2012 is primarily due to the increase in sales volume and manufacturing efficiencies, partially offset by decreased average selling prices.

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

Optoelectronic Components

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Net revenues	$56,226	$50,639
Change versus comparable prior year period	$5,587	
Percentage change versus comparable prior year period	11.0 %	

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

	vs. Prior Year Quarter
Change attributable to:	
Increase in volume	14.2 %
Decrease in average selling prices	-2.8 %
Foreign currency effects	0.4 %
Other	-0.8 %
Net change	11.0 %

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Gross profit margin	35.2%	34.2 %

The Optoelectronic Components segment was relatively stable through the second half of 2012 and is now beginning to grow. The increase in gross profit margin versus the fiscal quarter ended March 31, 2012 is primarily due to the increase in sales volume.

Average selling prices increased slightly versus the prior fiscal quarter, but the typical pricing pressure for our established Optoelectronic Components products continues and resulted in a decrease in the average selling prices versus the prior year period.

Resistors & Inductors

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Net revenues	$165,866	$159,010
Change versus comparable prior year period	$6,856	
Percentage change versus comparable prior year period	4.3 %	

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

	vs. Prior Year Quarter
Change attributable to:	
Increase in volume	6.1 %
Decrease in average selling prices	-1.5 %
Foreign currency effects	0.2 %
Other	-0.5 %
Net change	4.3 %

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Gross profit margin	31.7%	34.1 %

The Resistors & Inductors segment began to recover from the slowing of demand in Europe that negatively affected its results in the second half of 2012. The segment gross profit margin remains high, but decreased slightly versus the fiscal quarter ended March 31, 2012 due in part to decreases in average selling prices. The segment gross profit margin increased versus the prior fiscal quarter due to increased sales volume and manufacturing efficiencies.

Following the successful acquisitions of HiRel Systems and Huntington Electric in the previous two years, which have positively impacted our results, we continue our efforts to further enhance our Resistor & Inductors segment; particularly our focus to penetrate medical end-use markets. In the second fiscal quarter of 2013, we signed a definitive purchase agreement to acquire MCB Industrie S.A. in France, a well-established manufacturer of specialty resistors and sensors. The transaction is expected to close in the second fiscal quarter of 2013, and is expected to enable Vishay to expand our presence in the European industrial market.

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

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Capacitors

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Net revenues	$106,162	$113,926
Change versus comparable prior year period	$(7,764)	
Percentage change versus comparable prior year period	-6.8 %	

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

	vs. Prior Year Quarter
Change attributable to:	
Decrease in volume	-5.6 %
Decrease in average selling prices	-1.7 %
Foreign currency effects	0.3 %
Other	0.2 %
Net change	-6.8 %

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

	Fiscal quarters ended	
	March 30, 2013	March 31, 2012
Gross profit margin	22.8%	25.9 %

The Capacitors segment continues to be negatively affected by the economic slow-down in Europe and a reduction in demand for renewable energies, but an improving book-to-bill and normal backlog level are signs of a possible low point in sales in the first fiscal quarter of 2013. The decrease in gross profit margin versus the fiscal quarter ended March 31, 2012 is primarily due to decreased sales volume and average selling prices.

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

Selling, General, and Administrative Expenses

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

	Fiscal quarters ended March 30, 2013	March 31, 2012
Total SG&A expenses	$91,129	$86,364
as a percentage of revenues	16.4 %	16.0 %

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

	Fiscal quarters ended March 30, 2013	March 31, 2012
Amortization of intangible assets	$3,710	$3,599
Net loss (gain) on sales of assets	137	(996)

Other Income (Expense)

Interest expense for the fiscal quarter ended March 30, 2013 increased by $0.8 million versus the comparable prior year period. The increase is primarily due to interest on the convertible senior debentures due 2042 that were issued on May 31, 2012.

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

	Fiscal quarters ended March 30, 2013	March 31, 2012	Change
Foreign exchange gain (loss)	$1,200	$(1,290)	$2,490
Interest income	1,234	2,543	(1,309)
Other	(2,319)	55	(2,374)
	$115	$1,308	$(1,193)

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Income Taxes

For the fiscal quarter ended March 30, 2013, our effective tax rate was 27.6%, as compared to 27.4%, for the fiscal quarter ended March 31, 2012. The effective tax rate is generally less than the U.S. statutory rate primarily because of earnings in foreign jurisdictions.

Our effective tax rate for the fiscal quarter ended March 30, 2013 includes one-time tax benefits due to the retroactive enactment of the American Taxpayer Relief Act of 2012, signed into law on January 2, 2013, of approximately $1.3 million.

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

During the three fiscal months ended March 30, 2013, the liabilities for unrecognized tax benefits decreased by $0.7 million on a net basis, principally due to reductions for tax positions of prior years due to settlements and expiration of statutes of limitations.

Financial Condition, Liquidity, and Capital Resources

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

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

We continued to generate positive cash flows from operations and free cash during the fiscal quarter ended March 30, 2013. Despite a slow start in terms of free cash generation, we continue to expect cash generation in 2013 in line with our history despite the volatile economic environment. There is no assurance, however, that we will be able to continue to generate cash flows from operations and free cash at the same levels, or at all, going forward if the current economic environment worsens.

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

We also entered into a new, larger, revolving credit facility in December 2010, which has been favorably amended at minimal cost. The total revolving commitment of our credit facility is $528 million and we have the ability to request up to an additional $22 million of incremental commitments, subject to the satisfaction of certain conditions. At March 30, 2013 and December 31, 2012, $90 million and $89 million, respectively, was outstanding under the credit facility. The credit facility provides a revolving commitment through December 1, 2015.

Borrowings under the credit facility bear interest at LIBOR plus an interest margin. The applicable interest margin is based on our leverage ratio. Based on our current leverage ratio, borrowings bear interest at LIBOR plus 1.95%. The interest rate on our borrowings will increase if our leverage ratio equals or exceeds 2.00 to 1 and will decrease if our leverage ratio decreases below 1.50 to 1. We are also required to pay facility commitment fees of 0.35% per annum on the entire commitment amount. Such facility commitment fees will increase if our leverage ratio equals or exceeds 2.50 to 1.

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

The credit facility includes limits or restrictions on, among other things, incurring indebtedness, incurring liens on assets, making investments and acquisitions, making asset sales, repurchasing our common stock, and paying cash dividends and making other restricted payments. The credit facility also requires us to comply with other covenants,

including the maintenance of specific financial ratios.

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

We were in compliance with all covenants under the credit facility at March 30, 2013. Our interest expense coverage ratio and leverage ratio were 9.75 to 1 and 1.93 to 1, respectively. We expect to continue to be in compliance with these covenants based on current projections.

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

Our permitted capacity to repurchase shares of our outstanding common stock under the credit facility increases each quarter by an amount equal to 20% of net income. At March 30, 2013, our credit facility allows us to repurchase up to $180.3 million of our common stock. The amount and timing of any future stock repurchases remains subject to authorization of our Board of Directors.

The balance of our revolving credit facility was $89 million at December 31, 2012. We borrowed $16 million and repaid $15 million on our credit facility during the three fiscal months ended March 30, 2013. The average outstanding balance on our credit facility calculated at fiscal month-ends was $95 million and the highest amount outstanding on our credit facility at a month end was $100 million during the three fiscal months ended March 30, 2013.

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

Substantially all of our March 30, 2013 cash and cash equivalents and short-term investments balances were held by our non-U.S. subsidiaries. At the present time, we expect the remaining cash and profits generated by foreign subsidiaries will continue to be reinvested outside of the U.S. indefinitely. If additional cash is needed to be repatriated to the U.S., we would be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits), state income taxes, incremental foreign income taxes, and withholding taxes payable to various foreign countries.

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

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

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The following table summarizes the components of net cash and short-term investments (debt) at March 30, 2013 and December 31, 2012 (in thousands):

	March 30, 2013	December 31, 2012
Credit facility	$90,000	$89,000
Exchangeable unsecured notes, due 2102	95,042	95,042
Convertible senior debentures, due 2040*	100,459	100,166
Convertible senior debentures, due 2041*	51,533	51,399
Convertible senior debentures, due 2042*	57,475	57,324
Total debt	394,509	392,931
Cash and cash equivalents	632,780	697,595
Short-term investments	352,199	294,943
Net cash and short-term investments (debt)	$590,470	$599,607

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

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

Our financial condition as of March 30, 2013 continued to be strong, with a current ratio (current assets to current liabilities) of 4.5 to 1, as compared to 4.3 to 1 as of December 31, 2012. The increase in the ratio is primarily due to a reduction in accounts payable and increase in inventory and accounts receivable, partially offset by a reduction in deferred income taxes and prepaid expenses in the first three fiscal months of 2013. Our ratio of total debt to Vishay stockholders' equity was 0.24 to 1 at March 30, 2013, unchanged from our total debt to Vishay stockholders' equity at December 31, 2012. The stability in the ratio is primarily due to the slight increase in Vishay stockholders' equity offsetting the slight increase in debt caused by net borrowings on the credit facility and the accretion of the discounts on the convertible senior debentures in the first three fiscal months of 2013.

Cash flows provided by operating activities were $23.4 million for the three fiscal months ended March 30, 2013, as compared to cash flows provided by operations of $22.6 million for the three fiscal months ended March 31, 2012. This slight increase is principally due to changes in working capital.

Cash paid for property and equipment for the three fiscal months ended March 30, 2013 was $20.2 million, as compared to $16.8 million for the three fiscal months ended March 31, 2012. We expect capital spending of approximately $165 million in 2013.

Contractual Commitments and Off-Balance Sheet Arrangements

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

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

Safe Harbor Statement

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

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Proctor Litigation

On April 2, 2013 the plaintiffs filed a petition for review with the California Supreme Court requesting that the California Supreme Court review the decision of the Court of Appeal of the State of California. Vishay has opposed the request. The California Supreme Court has discretion to hear the case.

Item 1A. Risk Factors

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

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

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

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

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	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Dr. Gerald Paul, Chief Executive Officer.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Lori Lipcaman, Chief Financial Officer.
101	Interactive Data File (Quarterly Report on Form 10-Q, for the quarterly period ended March 30, 2013, furnished in XBRL (eXtensible Business Reporting Language)).

SIGNATURES

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

VISHAY
INTERTECHNOLOGY,
INC.

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

Date: April 30, 2013