

VISHAY INTERTECHNOLOGY INC
Form DEF 14A
April 07, 2004

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

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

Filed by the Registrant x
Filed by a party other than the Registrant o

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VISHAY INTERTECHNOLOGY, INC.

(Name of Registrant as Specified in Its Charter)

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

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- x No fee required.
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**VISHAY INTERTECHNOLOGY, INC.
63 LINCOLN HIGHWAY
MALVERN, PENNSYLVANIA 19355-2120**

[LOGO]

April 7, 2004

Dear Stockholder:

You are cordially invited to attend the 2004 annual meeting of stockholders of Vishay Intertechnology, Inc., to be held at 10:30 a.m., local time, on Wednesday, May 12, 2004, at the Four Seasons Hotel, Ballroom, Lobby Level, One Logan Square, Philadelphia, PA 19103. The Board of Directors looks forward to greeting you personally at the annual meeting.

During the annual meeting, we will discuss each item of business described in the attached notice of annual meeting of stockholders and proxy statement and provide a report on Vishay's business operations. There will also be time for questions.

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

Sincerely,

/s/ FELIX ZANDMAN

Dr. Felix Zandman
Chairman and Chief Executive Officer

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VISHAY INTERTECHNOLOGY, INC.

**63 LINCOLN HIGHWAY
MALVERN, PENNSYLVANIA 19355-2120**

**NOTICE OF 2004 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON WEDNESDAY, MAY 12, 2004**

The 2004 annual meeting of stockholders of Vishay Intertechnology, Inc. will be held at the Four Seasons Hotel, Ballroom, Lobby Level, One Logan Square, Philadelphia, PA 19103, on Wednesday, May 12, 2004 at 10:30 a.m., local time, to consider and vote on the following proposals:

1. To elect four directors to hold office for terms of three years (see Proposal One).
2. To ratify the appointment of Ernst & Young LLP as Vishay's independent auditors for the year ending December 31, 2004 (see Proposal Two).
3. To approve the amended and restated Vishay Intertechnology, Inc. Section 162(m) Cash Bonus Plan (see Proposal Three).
4. To approve the Vishay Intertechnology, Inc. Senior Executive Phantom Stock Plan (see Proposal Four).
5. To transact such other business as may properly come before the annual meeting and any postponement or adjournment thereof.

The stockholders of record at the close of business on March 29, 2004 will be entitled to vote at the annual meeting or at any adjournment thereof. If you do not expect to attend the meeting in person, please complete, date and sign the enclosed proxy card and return it without delay in the enclosed envelope which requires no additional postage if mailed in the United States.

By Order of the Board of Directors,

William J. Spires
Secretary

Malvern, Pennsylvania
April 7, 2004

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**VISHAY INTERTECHNOLOGY, INC.
63 LINCOLN HIGHWAY
MALVERN, PENNSYLVANIA 19355-2120**

PROXY STATEMENT

GENERAL INFORMATION

The accompanying proxy is solicited by the Board of Directors of Vishay Intertechnology, Inc. for use at the 2004 annual meeting of stockholders of Vishay to be held at the Four Seasons Hotel, Ballroom, Lobby Level, One Logan Square, Philadelphia, PA 19103, on Wednesday, May 12, 2004 at 10:30 a.m., local time, or any adjournments thereof.

We are first sending the proxy materials to the stockholders on or about April 7, 2004.

Stockholders Entitled to Vote

Holders of Vishay's common stock and Class B common stock as of the close of business on the record date of March 29, 2004 will be entitled to vote at the annual meeting. On the record date, there were outstanding and entitled to vote 145,541,251 shares of common stock, each of which is entitled to one vote with respect to each matter to be voted on at the annual meeting. On the record date, there were outstanding and entitled to vote 14,979,440 shares of Class B common stock, each of which is entitled to 10 votes with respect to each matter to be voted on at the annual meeting.

A list of stockholders entitled to vote at the annual meeting will be available for examination by Vishay's stockholders during ordinary business hours for a period of ten days prior to the annual meeting at Vishay's offices, 63 Lincoln Highway, Malvern, Pennsylvania 19355-2120. A stockholder list will also be available for examination at the annual meeting.

Difference Between Stockholders of Record and Beneficial Owners

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

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

Proxy Solicitation Costs

The cost of solicitation of proxies will be borne by Vishay, which Vishay estimates will be under \$10,000. The Board of Directors may use the services of Vishay's directors, officers and other regular employees to solicit proxies personally or by telephone. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of the shares held of record by such fiduciaries, and Vishay will reimburse them for the reasonable expenses incurred by them in so doing.

Voting Procedures

The shares represented by the accompanying proxy will be voted as directed with respect to each of the proposals set forth in the proxy statement, OR, if no direction is indicated, your shares will be voted as follows:

FOR the election of four directors to hold office for terms of three years and until their successors are duly elected and qualified (see Proposal One);

FOR the ratification of the appointment of Ernst & Young LLP as Vishay's independent auditors for the year ending December 31, 2004 (see Proposal Two);

FOR the approval of the amended and restated Vishay Intertechnology, Inc. Section 162(m) Cash Bonus Plan (see Proposal Three);

FOR the approval of the Senior Executive Phantom Stock Plan (see Proposal Four).

Revoking Your Proxy

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

sign and timely return another proxy card bearing a later date;

provide written notice of the revocation to Vishay's Secretary; or

attend the annual meeting and vote in person.

Quorum; Abstentions and Broker Non-Votes

As set forth in Vishay's Bylaws, the holders of a majority of the votes represented by the outstanding shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy, will constitute a quorum for the transaction of business at the annual meeting.

Shares represented by proxies that are properly marked **ABSTAIN** will be counted for purposes of determining the presence of a quorum at the annual meeting. Abstentions are regarded as voted shares and will have the same effect as votes **AGAINST** Proposals Two, Three and Four. Abstentions will have no effect on the election of directors under Proposal One. Brokers holding shares for beneficial owners in street name must vote those shares according to specific instructions they receive from the beneficial owners. If instructions are not received, brokers may only vote the shares, in their discretion, on non-routine matters for which they are not precluded from exercising their discretion by the rules of the New York Stock Exchange. Non-voted shares held by brokers and represented at the meeting are called broker non-votes. Under the NYSE rules, brokers may vote in their discretion on Proposals One, Two and Three. Broker non-votes will be counted in determining whether there is a quorum at the annual meeting but will not be regarded as voted shares. Accordingly, broker non-votes will have no effect on Proposals One, Two and Three.

Votes Required for Each Proposal

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

Proposal One. The election of four directors to hold office for terms of three years or until their successors are duly elected and qualified requires a plurality of the votes of the shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy and voted on the election of directors.

Proposal Two. The ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2004 requires the affirmative vote of holders of a majority of the votes of the shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy and entitled to be cast on the proposal.

Proposal Three. Approval of the amended and restated Section 162(m) Cash Bonus Plan requires the affirmative vote of holders of a majority of the votes of the shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy and entitled to be cast on the proposal.

Proposal Four. Approval of the Senior Executive Phantom Stock Plan requires the affirmative vote of holders of a majority of the votes of the shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy and cast on the proposal, provided that the total votes cast on the proposal represent over 50 percent in interest of all shares of common stock and Class B common stock entitled to vote on the proposal.

You may vote either **FOR** or **WITHHOLD** your vote for the election of the nominees as directors under Proposal One. You may vote **FOR**, **AGAINST**, or **ABSTAIN** from voting on the matters set forth under Proposals Two, Three and Four.

Inspector of Elections

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

Voting of Shares by Dr. Felix Zandman

Dr. Felix Zandman, Founder, Chairman of the Board of Directors and Chief Executive Officer of the Company, directly, beneficially and as voting trustee under a voting trust agreement, has voting power over 50.3% of the total voting power of Vishay's outstanding shares of common stock and Class B common stock and intends to vote **FOR** each proposal to be voted on at the annual meeting.

PROPOSAL ONE

ELECTION OF DIRECTORS

The number of directors has been fixed by the Board of Directors at twelve. The Company has a staggered Board of Directors divided into three classes. Four directors will be elected to Class I for a term expiring at the annual meeting of stockholders in 2007.

Dr. Felix Zandman, Philippe Gazeau, Zvi Grinfas and Dr. Gerald Paul will be the nominees for election as the Class I Directors for terms of three years, expiring at the 2007 annual meeting of stockholders. Each of the nominees is currently a member of the Board and has consented to serve if elected.

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

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

DIRECTOR, NOMINEE AND EXECUTIVE OFFICER INFORMATION

The following sets forth information regarding the age, principal occupation and other major affiliations during the past five years of each of the nominees and directors, as well as any family relationships among the nominees and directors.

Name	Age	Director Since	Term Expiring
Nominees for Election as Class I Directors			
Dr. Felix Zandman ⁽¹⁾⁽²⁾	75	1962	2007
Philippe Gazeau	64	2003	2007
Zvi Grinfas	63	2003	2007
Dr. Gerald Paul	55	1993	2007
Class II Directors			
Eliyahu Hurvitz	71	1994	2005
Dr. Abraham Ludomirski	51	2003	2005
Dr. Edward B. Shils	88	1981	2005
Mark I. Solomon	64	1993	2005
Class III Directors			
Ziv Shoshani ⁽¹⁾	38	2001	2006
Marc Zandman ⁽¹⁾⁽³⁾	42	2001	2006
Ruta Zandman ⁽¹⁾	66	2001	2006

(1) Marc Zandman is the son of Dr. Felix Zandman and Ruta Zandman. Ruta Zandman is the wife of Dr. Zandman, and Ziv Shoshani is the nephew of Ruta Zandman and Dr. Felix Zandman.

(2) Chairman of the Board.

(3) Vice Chairman.

Nominees for Election as Class I Directors

Dr. Felix Zandman is the Founder, Chairman of the Board of Directors and Chief Executive Officer of the Company. Dr. Zandman served as President of the Company until March 1998 and served as the Chief Executive Officer since the Company's inception. Dr. Zandman has served as the Chairman of the Board of Directors since 1989.

Philippe Gazeau has been a private investor for the past five years. Prior to that Mr. Gazeau held various positions at Vishay S.A. (formerly, Sfernice S.A.), a subsidiary of Vishay engaged in the business of manufacturing passive components, including being Chairman of the Board, President, and Chief Executive Officer.

Zvi Grinfas has been a technology consultant to Israeli companies since 1988. Prior to that, Mr. Grinfas served in a variety of managerial and executive capacities including Chairman and Chief Executive Officer of small to medium size semiconductor companies in the United States and the United Kingdom.

Dr. Gerald Paul has been President of the Company since March 1998. Dr. Paul has been Chief Operating Officer of the Company since August 1996. He served as a Senior Vice President of the Company from August 1996 to March 1998 and was a Vice President of the Company from May 1993 to August 1996. In addition, Dr.

Paul was the President of Vishay Electronic Components, Europe from January 1994 to August 1996 and has been employed by Vishay Europe GmbH since February 1978.

Class II Directors Terms Expiring 2005

Eliyahu Hurvitz is Chairman of the Board of Teva Pharmaceutical Industries Ltd. and was President and Chief Executive Officer of Teva for more than five years prior to stepping down from these positions in April 2002. He is also a director of Koor Industries Ltd. and NeuroSurvival Ltd.

Dr. Abraham Ludomirski is the founder and managing director of Vitalife fund, a dedicated life-sciences fund specifically focused on medical devices with which he has been associated for the past five years. He is also the Chairman of the Board of Sightline Technologies Ltd., an Israeli high technology company specializing in miniature electronics and optical and video systems.

Dr. Edward B. Shils is a consultant, a director of the Wharton Entrepreneurial Center and George W. Taylor Professor Emeritus of Entrepreneurial Studies, The Wharton School, University of Pennsylvania and an attorney in private practice. He is also on the Board of Governors of the University of Pennsylvania Dental School and a Trustee of the Philadelphia University.

Mark I. Solomon has served as Chairman of CMS Companies, a provider of financial advisory services, for more than the past five years.

Class III Directors Terms Expiring 2006

Ziv Shoshani has been Executive Vice President of Vishay's Resistor and Inductor Group since 2003. He was Executive Vice President of the Capacitors Group in 2001 and 2002 and was Executive Vice President, Specialty Products Division in 2000 and 2001, including responsibility for oversight of Vishay's Measurements Group Division. Prior to that, Mr. Shoshani served in various capacities with Vishay, including Senior Vice President Precision Resistors, Worldwide Foil Resistors Manager, Plant Manager, Holon, Israel, and Quality Control Manager, Holon. Mr. Shoshani has been employed by the Company since 1995.

Marc Zandman has been a Vice Chairman of the Board since March 1, 2003, Group Vice President in charge of Vishay's Measurements Group Division since August 2002, Vice President Corporate Marketing since January 2001 and the President of Vishay Israel Limited since April 1998. Prior to that, Mr. Zandman served in various capacities with Vishay including Executive Vice President of Vishay Israel Limited from 1997 to 1998 and Vice President from 1996 to 1997. Mr. Zandman has been employed by the Company since August 1984.

Ruta Zandman has been employed by the Company since October 1993 as a Public Relations Associate. Mrs. Zandman has the authority to vote Dr. Zandman's directly owned shares in the event of his incapacity.

Other Information Concerning Directors

Jean-Claude Tine, a director of the Company since 1988, is a Class I director whose term expires at the annual meeting and who has decided not to stand for re-election. The Company is grateful to Mr. Tine for his many years of exemplary service on the Board.

The Board has elected *Thomas C. Wertheimer* as a Class III director effective May 1, 2004 to fill the vacancy created by the resignation of Avi D. Eden in November 2003. Mr. Wertheimer, age 63, is an independent financial and accounting consultant. Prior to his retirement in 2000, he was a senior audit partner with the accounting firm of PricewaterhouseCoopers LLP and its predecessor Coopers & Lybrand LLP. In this capacity, Mr. Wertheimer was responsible for the audits of major U.S. and international public companies and was also a technical consulting partner in the firm's national office. Mr. Wertheimer is currently consulting with the Public Company Accounting Oversight Board (PCAOB). He is also a director of Fiserv, Inc., a provider of data processing systems and related information management services and products.

Director Independence

The Board of Directors has determined that, to be considered independent, an outside director may not have a direct or indirect material relationship with the Company. A material relationship is one which impairs or inhibits or has the potential to impair or inhibit a director's exercise of critical and disinterested judgment on behalf of the Company and its stockholders. The materiality standard applied by the Board includes, but is not limited to, the disqualifying relationships set forth in the governance listing standards of the New York Stock Exchange. The Board is aware that Dr. Zandman, the Company's chief executive officer, and his family have approximately \$2 million invested in funds managed by companies controlled by director Mark Solomon, an amount constituting less than 1% of the total funds under management by these entities. The Board has affirmatively determined that this investment does not constitute a material relationship of Mr. Solomon with the Company and that there is no other relationship of the non-management directors with the Company or its management that constitutes a material relationship. Accordingly, the Board has concluded that each of Philippe Gazeau, Zvi Grinfas, Eliyahu Hurvitz, Dr. Abraham Ludomirski, Dr. Edward Shils, Mark Solomon and Jean-Claude Tine qualify as independent directors. The Board has similarly concluded that Thomas Wertheimer, when he assumes his position on the Board on May 1, 2004, will be independent. Each of the Audit Committee, Nominating and Corporate Governance Committee and the Compensation Committee of the Board is composed entirely of independent directors.

Compensation of Directors

The Company's non-employee directors, Drs. Ludomirski and Shils and Messrs. Gazeau, Grinfas, Hurvitz, Solomon and Tine, each received a fee of \$2,500 for each individual Board or Committee meeting attended during fiscal 2003. Each non-employee director also received a retainer fee of \$15,000 for serving on the Board of Directors. Directors who are also employees of the Company do not receive any additional compensation for their service as directors and are compensated as described under Executive Compensation.

Meetings of the Board of Directors

The Board of Directors met five times during the twelve months ended December 31, 2003. Each director attended at least 75% of the aggregate number of meetings of the Board of Directors and any committee on which such director served, except for Mr. Hurvitz, who attended 50% of such meetings. Information regarding the Company's policy on director attendance at annual meetings of stockholders and the number of directors attending last year's annual meeting may be found on the Company's website. *To access this information and the governance materials on our website referred to below, go to www.vishay.com, click on Company Info, then Investor Relations and then Corporate Governance.*

Committees

The following table sets forth the Committees in existence and their membership as of the date of this proxy statement.

Director	Executive Committee	Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee	Employee Stock Plan Committee	Stock Option Committee
Dr. Felix Zandman	**					
Eliyahu Hurvitz			**			
Philippe Gazeau		*				
Zvi Grinfas						
Dr. Abraham Ludomirski		*	*			
Dr. Gerald Paul	*					
Dr. Edward B. Shils		**		**	**	**
Ziv Shoshani	*					
Mark I. Solomon		*	*	*	*	*
Jean-Claude Tine		*				
Marc Zandman	*					
Ruta Zandman						
**Chairman						
*Member						

Effective as of May 1, 2004, the Employee Stock Plan Committee and the Stock Option Committee will be disbanded and their functions will be assumed by the Compensation Committee. Also effective as of that date, the members of the Audit Committee will be Thomas Wertheimer, chairman, Philippe Gazeau and Zvi Grinfas, and the members of the Compensation Committee will be Eliyahu Hurvitz, chairman, Dr. Abraham Ludomirski and Mark Solomon.

Executive Committee

The Executive Committee did not meet during the twelve months ended December 31, 2003. The Executive Committee is authorized to exercise all functions of the Board of Directors in the intervals between meetings of the Board to the extent permitted by Delaware law.

Nominating and Corporate Governance Committee

The functions of the Nominating and Corporate Governance Committee include identifying individuals qualified to become members of the Board; selecting, or recommending that the Board of Directors select, the director nominees for the next annual meeting of stockholders; developing and recommending to the Board a set of corporate governance principles for the Company; overseeing the evaluation of the Board and the management of the Company; and performing other related functions specified in the Committee's charter. A copy of the charter, as well as the Company's Corporate Governance Principles, Code of Business Conduct and Ethics and Code of Ethics for the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or Controller and Financial Managers are available on the Company's website.

The chairman of the Nominating and Corporate Governance Committee is designated under the Company's Corporate Governance Principles to preside at the executive sessions of the Board's non-management directors. The current chairman of the Committee is Mr. Hurvitz.

Policy and Procedures Regarding Stockholder Nominating Recommendations

The Nominating and Corporate Governance Committee will consider recommendations for director nominations submitted by stockholders entitled to vote generally in the election of directors. Submissions must be made in accordance with the Committee's procedures, as outlined below and set forth on the Company's website.

For each annual meeting of the Company's stockholders, the Committee will accept for consideration only one recommendation from any stockholder or affiliated group of stockholders. The Committee will only consider candidates who satisfy the Company's minimum qualifications for director, as outlined below and set forth on the Company's website. In considering a stockholder recommendation, the Committee will take into account, among other factors, the size and duration of the recommending stockholder's ownership interest in the Company and whether the stockholder intends to continue holding that interest through the annual meeting date. Stockholders should be aware, as discussed below, that it is the general policy of the Company to re-nominate qualified incumbent directors and that, absent special circumstances, the Committee will not consider other candidates when a qualified incumbent consents to stand for re-election.

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

Policy Regarding Qualifications of Directors

Under a policy formulated by our Nominating and Corporate Governance Committee, the Company generally requires that all candidates for directors be persons of integrity and sound ethical character; be able to represent all stockholders fairly; have no interests that materially conflict with those of the Company and its stockholders; have demonstrated professional achievement; have meaningful management, advisory or policy making experience; have a general appreciation of the major business issues facing the Company; have adequate time to devote to service on the Board of Directors; and satisfy the Company's retirement policy for directors. The Company also requires that a majority of directors be independent; at least three of the directors have the financial literacy necessary for service on the audit committee and at least one of these directors qualify as an audit committee financial expert; at least some of the independent directors have served as a senior executive of a public or substantial private company; and at least some of the independent directors have general familiarity with the major industries in which the Company operates. For a detailed description of the qualifications required of candidates for director, as well as any specific qualities or skills the Company believes should be possessed by one or more directors, see the Company's website.

Procedures for Identifying and Evaluating Candidates for Director

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

nominees from persons who the Committee believes are likely to be familiar with qualified candidates, including members of the Board and senior management. The Committee may also engage a search firm to assist in identifying qualified candidates; where such a search firm is engaged, the Committee sets the fees and scope of engagement. The Committee will review and evaluate each candidate who it believes merits serious consideration, taking into account all available information concerning the candidate, the qualifications for Board membership established by the Committee, the existing composition and mix of talent and expertise on the Board and other factors that it deems relevant. In conducting its review and evaluation, the Committee may solicit the views of management and other members of the Board and may, if deemed helpful, conduct interviews of proposed candidates. The Committee will evaluate candidates recommended by stockholders in the same manner as candidates recommended by other persons, except that the Committee may consider, as one of the factors in its evaluation of stockholder recommended candidates, the size and duration of the interest of the recommending stockholder or stockholder group in the equity of the Company.

Audit Committee

The Audit Committee met fifteen times during the twelve months ended December 31, 2003. The functions of the Audit Committee include overseeing the accounting and financial reporting processes of the Company and the audits of financial statements of the Company; assisting the Board in its oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independence and qualifications of the Company's independent auditor, and the performance of the Company's internal audit function and independent auditors; and performing other related functions specified in the Committee's charter. A copy of the charter is included in this proxy statement as Annex A and is also available on the Company's website. Also see Audit Committee Report.

The Audit Committee presently consists of five non-management directors, each of whom satisfies the independence requirements of the rules of the Securities and Exchange Commission and the governance listing requirements of the New York Stock Exchange. Also, all of the members of the Committee satisfy the financial literacy requirements of the New York Stock Exchange and at least one member has accounting or related management expertise as interpreted by the Board. In 2003, the Committee did not have an audit committee financial expert satisfying the rules of the SEC. Although the Company and the Committee engaged in a diligent search to identify such an expert, they were unable to do so in sufficient time for the 2003 year-end audit process. The Board has since elected Thomas C. Wertheimer as a director effective May 1, 2004. Mr. Wertheimer qualifies as an audit committee financial expert and will become chairman of the Audit Committee as of the date he joins the Board. The Audit Committee will then be reconstituted to consist of three independent directors, as described above.

Compensation Committee, Employee Stock Plan Committee and Stock Option Committee

The Compensation Committee met twice during the twelve months ended December 31, 2003. The functions of the Compensation Committee include evaluating the performance of the chief executive officer and, based on this evaluation, determining and approving the compensation of the chief executive officer; making recommendations to the Board with respect to compensation of the Company's other executive officers; making recommendations to the Board with respect to compensation of non-management directors; making recommendations to the Board with respect to, and administering, the Company's incentive compensation plans and equity based plans; and performing other related functions specified in the Committee's charter. A copy of the charter is available on the Company's website. Also see Report on Executive Compensation.

The Employee Stock Plan Committee and the Stock Option Committee met once during the twelve months ended December 31, 2003. The Employee Stock Plan Committee is authorized, within the limits of the 1986 stock plans of the Company and its subsidiary, Vishay Dale Electronics, Inc., to determine the individuals who are to receive grants and the vesting requirements with respect to those grants, and to administer and interpret the stock plans. The Stock Option Committee is authorized, within the limits of the Company's stock option programs, to determine the individuals who are to receive grants and the vesting requirements with respect to those grants and to administer and interpret the programs. As noted above, effective as of May 1, 2004, the Employee Stock Plan Committee and the Stock Option Committee will be disbanded and their functions will be assumed by the Compensation Committee. The Compensation Committee will then be reconstituted, as described above.

Compensation Committee Interlocks and Insider Participation

Dr. Shils and Mr. Solomon were the members of the Compensation Committee, Employee Stock Plan Committee and Stock Option Committee during fiscal 2003. Dr. Shils and Mr. Solomon may not be awarded common stock or options under the stock plans or the stock option programs administered by the Board committees on which they served. As noted above, Dr. Zandman and his family have approximately \$2 million invested in various funds managed by the CMS Companies, of which Mr. Solomon is the Chairman.

Securityholder Communications with the Board

Securityholders of the Company may communicate with the Board of Directors, any committee of the Board or any individual director, and any interested party may communicate with the non-management directors of the Board as a group, by following the procedures set forth on the Company's website.

Information Concerning Executive Officers

The executive officers of the Company, along with their respective ages and positions with the Company, as of March 29, 2004, are as follows: