Regency Energy Partners LP
Form 10-K
February 22, 2012
Table of Contents

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

Form 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2011
OR
¨ 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: 001-35262

REGENCY ENERGY PARTNERS LP
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	16-1731691 (I.R.S. Employer Identification No.)
2001 Bryan Street Suite 3700, Dallas, Texas	75201
(Address of principal executive offices)	(Zip Code)

(214) 750-1771
(Registrant’s telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report): None
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Units of Limited Partner Interests	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

---

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No ý
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. Yes ý 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(§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 file). Yes ý No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

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 the definitions of "large accelerated filer, accelerated filer and small reporting company" in Rule 12b-2 of the Exchange Act. ý Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer (Do not check if a 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 ¨ No ý

As of June 30, 2011, the aggregate market value of the registrant's common units held by non-affiliates of the registrant was $3,092,104,793 based on the closing sale price on such date as reported on the NASDAQ Global Select Market.

There were 157,437,608 common units outstanding as of February 15, 2012.

DOCUMENTS INCORPORATED BY REFERENCE

None

Table of Contents

REGENCY ENERGY PARTNERS LP
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2011
TABLE OF CONTENTS

Table of Contents

Introductory Statement

References in this report to the “Partnership,” “we,” “our,” “us” and similar terms refer to Regency Energy Partners LP and its subsidiaries. We use the following definitions in this annual report on Form 10-K:

Name	Definition or Description
/d	Per day
Alinda Investors	Alinda Gas Pipelines I, L.P. and Alinda Gas Pipelines II, L.P.
ACESA	The American Clean Energy and Security Act of 2009
AOCI	Accumulated Other Comprehensive Income
APM	Anadarko Pecos Midstream LLC
Bbls	Barrels
Bcf	One billion cubic feet
BTU	A unit of energy needed to raise the temperature of one pound of water by one degree Fahrenheit
CDM	CDM Resource Management LLC, a wholly-owned subsidiary of the Partnership
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
CFTC	Commodity Futures Trading Commission
CM	Chesapeake West Texas Processing, L.L.C.
DHS	U.S. Department of Homeland Security
DOT	U.S. Department of Transportation
EFS Haynesville	EFS Haynesville, LLC, a wholly-owned subsidiary of GECC
EIA	Energy Information Administration
ELG	Edwards Lime Gathering LLC
EPA	Environmental Protection Agency
EPD	Enterprise Products Partners L.P.
ERISA	Employee Retirement Income Security Act of 1974
ETC	Energy Transfer Company, the name assumed by La Grange Acquisition, L.P. for conducting business and shared services, a wholly-owned subsidiary of ETP
ETE	Energy Transfer Equity, L.P.
ETE GP	ETE GP Acquirer LLC
ETP	Energy Transfer Partners, L.P.
FASB	Financial Accounting Standards Board
FASB ASC	FASB Accounting Standards Codification
FERC	Federal Energy Regulatory Commission
Finance Corp.	Regency Energy Finance Corp., a wholly-owned subsidiary of the Partnership
GAAP	Accounting principles generally accepted in the United States of America
GE	General Electric Company
GE EFS	General Electric Energy Financial Services, a unit of GECC, combined with Regency GP Acquirer, L.P. and Regency LP Acquirer, L.P.
GECC	General Electric Capital Corporation, an indirect wholly-owned subsidiary of GE
General Partner	Regency GP LP, the general partner of the Partnership, or Regency GP LLC, the general partner of Regency GP LP, which effectively manages the business and affairs of the Partnership through Regency Employees Management LLC
GPM	Gallons per minute
GP Seller	Regency GP Acquirer, L.P.
Gulf States	Gulf States Transmission LLC, a wholly-owned subsidiary of the Partnership
HLPSA	Hazardous Liquid Pipeline Safety Act
HPC	RIGS Haynesville Partnership Co., a general partnership, and its wholly-owned subsidiary, Regency Intrastate Gas LP

ii

Table of Contents

Name	Definition or Description
ICA	Interstate Commerce Act
IDRs	Incentive Distribution Rights
IPO	Initial Public Offering of Securities
IRC	Internal Revenue Code
IRS	Internal Revenue Service
Kayne Anderson	Kayne Anderson Capital Advisors, L.P.
KMP	Kinder Morgan Energy Partners, L.P.
LDH	LDH Energy Asset Holdings LLC
LIBOR	London Interbank Offered Rate
Lone Star	Lone Star NGL LLC, a joint venture that is 70% owned by ETP and 30% owned by the Partnership
LTIP	Long-Term Incentive Plan
MBbls	One thousand barrels
MEP	Midcontinent Express Pipeline LLC
MLP	Master Limited Partnership
MMbtu	One million BTUs
MMcf	One million cubic feet
MQD	Minimum Quarterly Distribution ($0.35 per common unit)
NGA	Natural Gas Act of 1938
NGLs	Natural gas liquids, including ethane, propane, normal butane, iso butane and natural gasoline
NGPA	Natural Gas Policy Act of 1978
NGPSA	Natural Gas Pipeline Safety Act of 1968, as amended
NPDES	National Pollutant Discharge Elimination System
NYMEX	New York Mercantile Exchange
NASDAQ	NASDAQ Global Select Market
NYSE	New York Stock Exchange
OSHA	Occupational Safety and Health Act
Partnership	Regency Energy Partners LP
PHMSA	DOT's Pipeline and Hazardous Material Safety Administration
PTO	Paid time off
Ranch JV	Ranch Westex JV LLC, a joint venture that is 1/3 owned by the Partnership, 1/3 owned by APM and 1/3 owned by CM
RCRA	Resource Conservation and Recovery Act
Regency HIG	Regency Haynesville Intrastate Gas LLC, a wholly-owned subsidiary of the Partnership
RFS	Regency Field Services LLC, a wholly-owned subsidiary of the Partnership
RGS	Regency Gas Services LP, a wholly-owned subsidiary of the Partnership
RIG	Regency Intrastate Gas LP
RIGS	Regency Intrastate Gas System
SEC	Securities and Exchange Commission
Series A Preferred Units	Series A convertible redeemable preferred units
Services Co.	ETE Services Company, LLC
TCEQ	Texas Commission on Environmental Quality
TRRC	Texas Railroad Commission
WTI	West Texas Intermediate Crude
Zephyr	Zephyr Gas Services LLC, a wholly-owned subsidiary of the Partnership

Table of Contents

Cautionary Statement about Forward-Looking Statements

Certain matters discussed in this report include "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. Statements using words such as "anticipate," "believe," "intend," "project," "plan," "expect," "continue," "estimate," "goal," "forecast," "may" or similar expressions help identify forward-looking statements. Although we believe our forward-looking statements are based on reasonable assumptions and current expectations and projections about future events, we cannot give assurances that such expectations will prove to be correct. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions, including without limitation the following:

- volatility in the price of oil, natural gas and NGLs;
- declines in the credit markets and the availability of credit for us as well as for producers connected to our pipelines and our gathering and processing facilities, and for customers of our contract compression and contract treating businesses;
- the level of creditworthiness of, and performance by, our counterparties and customers;
- our access to capital to fund organic growth projects and acquisitions, and our ability to obtain debt or equity financing on satisfactory terms;
- our use of derivative financial instruments to hedge commodity and interest rate risks;
- the amount of collateral required to be posted from time-to-time in our transactions;
- changes in commodity prices, interest rates and demand for our services;
- changes in laws and regulations impacting the midstream sector of the natural gas industry, including those that relate to climate change and environmental protection and safety;
- weather and other natural phenomena;
- industry changes including the impact of consolidations and changes in competition;
- regulation of transportation rates on our natural gas pipelines;
- our ability to obtain indemnification related to cleanup liabilities and to clean up any hazardous materials release on satisfactory terms;
- our ability to obtain required approvals for construction or modernization of our facilities and the timing of production from such facilities; and
- the effect of accounting pronouncements issued periodically by accounting standard setting boards.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may differ materially from those anticipated, estimated, projected or expected.

Other factors that could cause our actual results to differ from our projected results are discussed in Item 1A of this annual report.

Each forward-looking statement speaks only as of the date of the particular statement and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Table of Contents

Part I

Item 1. Business

OVERVIEW

We are a growth-oriented publicly-traded Delaware limited partnership formed in 2005 engaged in the gathering and processing, contract compression, treating and transportation of natural gas and the transportation, fractionation and storage of NGLs. We focus on providing midstream services in some of the most prolific natural gas producing regions in the United States, including the Eagle Ford, Haynesville, Barnett, Fayetteville, Marcellus, Bone Spring, and Avalon shales as well as the Permian Delaware basin and the mid-continent region. Our assets are primarily located in Texas, Louisiana, Arkansas, Pennsylvania, California, Mississippi, Alabama, West Virginia and the mid-continent region of the United States, which includes Kansas, Colorado and Oklahoma.

We divide our operations into five business segments:

- Gathering and Processing. We provide "wellhead-to-market" services to producers of natural gas, which include transporting raw natural gas from the wellhead through gathering systems, processing raw natural gas to separate NGLs and selling or delivering the pipeline-quality natural gas and NGLs to various markets and pipeline systems.
- Joint Ventures. We own investments in four joint ventures:
  - a 49.99% general partner interest in HPC, which owns RIGS, a 450-mile intrastate pipeline that delivers natural gas from northwest Louisiana to downstream pipelines and markets;
  - a 50% membership interest in MEP, which owns an interstate natural gas pipeline with approximately 500 miles stretching from southeast Oklahoma through northeast Texas, northern Louisiana and central Mississippi to an interconnect with the Transcontinental Gas Pipe Line system in Butler, Alabama;
  - a 30% membership interest in Lone Star, an entity owning a diverse set of midstream energy assets including NGL pipelines, storage, fractionation and processing facilities located in the states of Texas, Mississippi and Louisiana; and
  - a 33.33% membership interest in Ranch JV, which, upon completion of construction in 2012, will process natural gas delivered from the NGLs-rich Bone Spring and Avalon shale formations in west Texas.
- Contract Compression. We own and operate a fleet of compressors used to provide turn-key natural gas compression services for customer specific systems.
- Contract Treating. We own and operate a fleet of equipment used to provide treating services, such as carbon dioxide and hydrogen sulfide removal, natural gas cooling, dehydration and BTU management, to natural gas producers and midstream pipeline companies.
- Corporate and Others. Our Corporate and Others segment comprises a small regulated pipeline and our corporate offices.

See Note 16 in the Notes to our Consolidated Financial Statements for additional financial information about our segments.

Table of Contents

The following map depicts the geographic areas of our operations:

Table of Contents

ORGANIZATIONAL STRUCTURE

The chart below depicts our organizational and ownership structure as of December 31, 2011:

INDUSTRY OVERVIEW

General. The midstream natural gas industry is the link between exploration and production of raw natural gas and the delivery of its components to end-user markets. It consists of natural gas gathering, compression, dehydration, processing, amine treating, fractionation and transportation. Raw natural gas produced from the wellhead is gathered and often delivered to a plant located near the production, where it is treated, dehydrated and/or processed. Natural gas processing involves the separation of raw natural gas into pipeline quality natural gas, principally methane and mixed NGLs. Natural gas treating entails the removal of impurities, such as water, sulfur compounds, carbon dioxide and nitrogen. Pipeline-quality natural gas is delivered by interstate and intrastate pipelines to markets. Mixed NGLs are typically transported via NGL pipelines or by truck to fractionators, which separate the NGLs into their components, such as ethane, propane, normal butane, isobutane and natural gasoline. The NGL components are then sold to end users.

Natural Gas Gathering. A gathering system typically consists of a network of small diameter pipelines and, if necessary, a compression system which together collects natural gas from points near producing wells and transports it to processing or treating plants or larger diameter pipelines for further transportation.

Compression. Ideally designed gathering systems are operated at pressures that maximize the total throughput volumes from all connected wells. Natural gas compression is a mechanical process in which a volume of gas at a lower pressure is boosted, or compressed, to a desired higher pressure, allowing the gas to flow into a higher pressure downstream pipeline to be transported to market. Since natural gas wells produce gas at progressively lower field pressures as they age, this raw natural gas must be compressed to deliver the remaining production at higher pressures in the existing connected gathering system. This field compression is typically used to lower the suction (entry) pressure, while maintaining or increasing the discharge (exit) pressure to the gathering system which allows the well production to flow at a lower receipt pressure while providing sufficient pressure to deliver gas into a higher pressure downstream pipeline.

Table of Contents

Dehydration. Dehydration removes water from the natural gas stream, which can form ice when combined with natural gas and cause corrosion when combined with carbon dioxide or hydrogen sulfide.

Processing. Natural gas processing involves the separation of natural gas into pipeline quality natural gas and a mixed NGL stream. The principal component of natural gas is methane, but most natural gas also contains varying amounts of heavier hydrocarbon components, or NGLs. Natural gas is described as lean or rich depending on its content of NGLs. Most natural gas produced by a well is not suitable for long-haul pipeline transportation or commercial use because it contains NGLs and impurities. Removal and separation of individual hydrocarbons by processing is possible because of differences in weight, boiling point, vapor pressure and other physical characteristics.

Amine Treating. The amine treating process involves a continuous circulation of a liquid chemical called amine that physically contacts with the natural gas. Amine has a chemical affinity for hydrogen sulfide and carbon dioxide that allows it to absorb these impurities from the gas. After mixing in the contact vessel, the gas and amine are separated, and the impurities are removed from the amine by heating. The treating plants are sized according to the amine circulation rate in terms of GPM.

Fractionation. NGL fractionation facilities separate mixed NGL streams into discrete NGL products: ethane, propane, normal butane, isobutane and natural gasoline. Ethane is primarily used in the petrochemical industry as feedstock for ethylene, one of the basic building blocks for a wide range of plastics and other chemical products. Propane is used both as a petrochemical feedstock in the production of propylene and as a heating fuel, an engine fuel and an industrial fuel. Normal butane is used as a petrochemical feedstock in the production of butadiene (a key ingredient in synthetic rubber) and as a blend stock for motor gasoline. Isobutane is typically fractionated from mixed butane (a stream of normal butane and isobutane in solution), principally for use in enhancing the octane content of motor gasoline. Natural gasoline, a mixture of pentanes and heavier hydrocarbons, is used primarily as motor gasoline blend stock or petrochemical feedstock.

Transportation. Natural gas transportation consists of moving pipeline-quality natural gas from gathering systems, processing or treating plants and other pipelines and delivering it to wholesalers, end users, local distribution companies and other pipelines.

Storage. Natural gas can be injected into underground storage facilities which are located near market centers that do not have a ready supply of locally produced natural gas.

INDUSTRY OUTLOOK

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—General Trends and Outlook".

GATHERING AND PROCESSING OPERATIONS

General. We operate gathering and processing assets in four geographic regions of the United States: north Louisiana, the mid-continent region of the United States, south Texas and west Texas. We contract with producers to gather raw natural gas from individual wells or central receipt points, which may have multiple wells behind them, located near our processing plants, treating facilities and/or gathering systems. Following the execution of a contract, we connect wells and central receipt points to our gathering lines through which the raw natural gas flows to a processing plant, treating facility or directly to interstate or intrastate gas transportation pipelines. At our processing plants and treating facilities, we remove impurities from the raw natural gas stream and extract the NGLs. We also perform a producer service function, whereby we purchase natural gas from producers at gathering systems and plants and sell this gas at downstream outlets.

All raw natural gas flowing through our gathering and processing facilities is supplied under gathering and processing contracts having terms ranging from month-to-month to the life of the oil and gas lease. For a description of our contracts, read "—Our Contracts" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Operations."

The pipeline-quality natural gas remaining after separation of NGLs through processing is either returned to the producer or sold, for our own account or for the account of the producer, at the tailgates of our processing plants for delivery to interstate or intrastate gas transportation pipelines.

Table of Contents

The following table sets forth information regarding our gathering systems and processing plants as of December 31, 2011:

Region	Pipeline Length (Miles)	Plants	Compression (Horsepower)
North Louisiana	442	6	116,734
South Texas			

Net revenues	$	602,890	$	572,781
Costs of products sold		459,670		439,227
Gross profit		143,220		133,554
Selling, general, and administrative expenses		90,067		89,095
Operating income		53,153		44,459
Other income (expense):				
Interest expense		(5,797)		(6,009)
Other		556		2,726
		(5,241)		(3,283)
Income before taxes		47,912		41,176
Income tax expense		15,043		18,687
Net earnings		32,869		22,489
Less: net earnings attributable to noncontrolling interests		150		209
Net earnings attributable to Vishay stockholders	$	32,719	$	22,280
Basic earnings per share attributable to Vishay stockholders	$	0.23	$	0.16
Diluted earnings per share attributable to Vishay stockholders	$	0.22	$	0.15
Weighted average shares outstanding - basic		144,937		143,273
Weighted average shares outstanding - diluted		151,890		150,118

See accompanying notes.

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

	Fiscal quarters ended	
	September 28, 2013	September 29, 2012
Net earnings	$ 32,869	$ 22,489
Other comprehensive income, net of tax		
Foreign currency translation adjustment	24,975	28,564
Pension and other post-retirement actuarial items	3,078	2,209
Unrealized gain on available-for-sale securities	60	603
Other comprehensive income	28,113	31,376
Comprehensive income	60,982	53,865
Less: comprehensive income attributable to noncontrolling interests	150	209
Comprehensive income attributable to Vishay stockholders	$ 60,832	$ 53,656

See accompanying notes.

7

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

	Nine fiscal months ended	
	September 28, 2013	September 29, 2012
Net revenues	$1,754,809	$1,699,527
Costs of products sold	1,331,998	1,281,645
Gross profit	422,811	417,882
Selling, general, and administrative expenses	273,941	262,348
Executive compensation charge (credit)	(1,778)	-
Gain on sale of property	-	(12,153)
Operating income	150,648	167,687
Other income (expense):		
Interest expense	(17,107)	(16,265)
Other	1,455	1,940
	(15,652)	(14,325)
Income before taxes	134,996	153,362
Income taxes	41,501	50,968
Net earnings	93,495	102,394
Less: net earnings attributable to noncontrolling interests	536	631
Net earnings attributable to Vishay stockholders	$92,959	$101,763
Basic earnings per share attributable to Vishay stockholders	$0.65	$0.67
Diluted earnings per share attributable to Vishay stockholders	$0.61	$0.65
Weighted average shares outstanding - basic	144,012	150,978
Weighted average shares outstanding - diluted	151,471	157,770

See accompanying notes.

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

	Nine fiscal months ended	
	September 28, 2013	September 29, 2012
Net earnings	$ 93,495	$ 102,394
Other comprehensive income, net of tax		
Foreign currency translation adjustment	10,304	1,347
Pension and other post-retirement actuarial items	9,250	7,764
Unrealized gain (loss) on available-for-sale securities	(154)	1,260
Other comprehensive income	19,400	10,371
Comprehensive income	112,895	112,765
Less: comprehensive income attributable to noncontrolling interests	536	631
Comprehensive income attributable to Vishay stockholders	$ 112,359	$ 112,134

See accompanying notes.

9

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

	Nine fiscal months ended	
	September 28, 2013	September 29, 2012
Operating activities		
Net earnings	$93,495	$102,394
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	125,611	125,149
(Gain) loss on disposal of property and equipment	118	(13,063)
Accretion of interest on convertible debentures	2,709	2,160
Inventory write-offs for obsolescence	14,476	16,008
Other	(11,986)	9,813
Net change in operating assets and liabilities, net of effects of businesses acquired	(44,862)	(56,927)
Net cash provided by operating activities	179,561	185,534
Investing activities		
Capital expenditures	(91,591)	(86,754)
Proceeds from sale of property and equipment	3,866	7,770
Purchase of businesses, net of cash acquired	(23,034)	(85,493)
Purchase of short-term investments	(424,940)	(268,286)
Maturity of short-term investments	284,814	214,047
Other investing activities	1,246	(109)
Net cash used in investing activities	(249,639)	(218,825)
Financing activities		
Proceeds from long-term borrowings	-	150,000
Issuance costs	(4,558)	(4,827)
Common stock repurchase	-	(150,000)
Principal payments on long-term debt and capital leases	(21)	(21)
Net proceeds (payments) on revolving credit lines	21,000	(69,000)
Net changes in short-term borrowings	(142)	(116)
Proceeds from stock options exercised	-	174
Excess tax benefit from RSUs vested	456	-
Distributions to noncontrolling interests	(240)	(240)
Net cash provided by (used in) financing activities	16,495	(74,030)
Effect of exchange rate changes on cash and cash equivalents	939	(4,505)
Net decrease in cash and cash equivalents	(52,644)	(111,826)
Cash and cash equivalents at beginning of period	697,595	749,088
Cash and cash equivalents at end of period	$644,951	$637,262

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	-	-	-	92,959	-	92,959	536	93,495
Other comprehensive income	-	-	-	-	19,400	19,400	-	19,400
Distributions to noncontrolling interests	-	-	-	-	-	-	(240)	(240)
Restricted stock issuances (335,107 shares)	34	-	(2,184)	-	-	(2,150)	-	(2,150)
Stock compensation expense	-	-	(1,210)	-	-	(1,210)	-	(1,210)
Issuance of common stock for exchangeable unsecured notes (3,664,729 shares)	366	-	56,034	-	-	56,400	-	56,400
Tax effects of stock plan	-	-	456	-	-	456	-	456
Balance at September 28, 2013	$13,514	$1,213	$2,052,997	$(287,719)	$9,178	$1,789,183	$5,204	$1,794,387

See accompanying notes.

11

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

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

Note 1 – Basis of Presentation

The accompanying unaudited consolidated condensed financial statements of Vishay Intertechnology, Inc. ("Vishay" or the "Company") have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for presentation of financial position, results of operations, and cash flows required by accounting principles generally accepted in the United States ("GAAP") for complete financial statements. The information furnished reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair summary of the financial position, results of operations, and cash flows for the interim periods presented. The financial statements should be read in conjunction with the consolidated financial statements filed with the Company's Annual Report on Form 10 K for the year ended December 31, 2012. The results of operations for the fiscal quarter and nine fiscal months ended September 28, 2013 are not necessarily indicative of the results to be expected for the full year.

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

Recently Adopted Accounting Guidance

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

Reclassifications

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

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

Note 2 – Acquisition Activities

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

MCB Industrie S.A.

On June 13, 2013, Vishay acquired MCB Industrie S.A. ("MCB Industrie") in France, a well-established manufacturer of specialty resistors and sensors, for $23,034, net of cash acquired. The products and technology portfolio acquired is expected to enable Vishay to expand its presence in the European industrial market. For financial reporting purposes, the results of operations for this business have been included in the Resistors & Inductors segment from June 13, 2013. The inclusion of this business did not have a material impact on the Company's consolidated results for the fiscal quarter or nine fiscal months ended September 28, 2013. Based on an estimate of their fair values, the Company allocated $5,433 of the purchase price to definite-lived intangible assets. After allocating the purchase price to the assets acquired and liabilities assumed based on an estimation of their fair values at the date of acquisition, the Company recorded goodwill of $7,985 related to this acquisition. The goodwill associated with this transaction is not deductible for income tax purposes. The Company will test the goodwill for impairment at least annually in accordance with GAAP.

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

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

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

Note 3 – Restructuring and Related Activities

Gain on Sale of Vacated Property

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

Subsequent Events

On October 28, 2013, the Company announced various cost reduction programs as part of its continuous efforts to improve efficiency and operating performance.

The programs primarily focus on a plan to enhance the competitiveness of its MOSFETs segment and a voluntary separation / early retirement offer to certain employees Company-wide. The Company also plans to implement two other smaller cost reduction programs concerning the manufacturing of products within its Diodes segment. The cash costs for these programs, primarily severance, are expected to be approximately $26,000. Complete implementation of all of the programs is expected to occur before the end of the first fiscal quarter of 2016.

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

Note 4 – Income Taxes

The provision for income taxes consists of provisions for federal, state, and foreign income taxes. The effective tax rates for the periods ended September 28, 2013 and September 29, 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.

In July 2013, a new tax law was enacted in Israel which effectively increases the corporate income tax rate on certain types of income earned after January 1, 2014. Accordingly, the Company's deferred tax assets in Israel were increased to reflect the higher rate and a one-time tax benefit of $2,867 was recorded in the consolidated condensed statement of operations during the fiscal quarter and nine fiscal months ended September 28, 2013. 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 also recorded one-time tax benefits of $1,330 in the consolidated condensed statement of operations during the nine fiscal months ended September 28, 2013.

During the nine fiscal months ended September 28, 2013, the liabilities for unrecognized tax benefits decreased by $7,311 on a net basis, principally due to payments and the expiration of statute of limitations offset by increases for tax positions taken in prior periods and interest.

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

Note 5 – Long-Term Debt

Long-term debt consists of the following:

	September 28, 2013	December 31, 2012
Credit facility	$ 110,000	$ 89,000
Exchangeable unsecured notes, due 2102	38,642	95,042
Convertible senior debentures, due 2040	101,319	100,166
Convertible senior debentures, due 2041	51,978	51,399
Convertible senior debentures, due 2042	57,935	57,324
	359,874	392,931
Less current portion	-	-
	$ 359,874	$ 392,931

Credit Facility

The Company maintains a credit facility with a consortium of banks led by JPMorgan Chase Bank, N.A., as administrative agent (the "Credit Facility"). On August 8, 2013, the Company entered into an Amended and Restated Credit Agreement, which provides an aggregate commitment of $640,000 of revolving loans available until August 8, 2018. The original credit agreement became effective December 1, 2010 and was scheduled to expire on December 1, 2015. The Credit Facility, as amended and restated, also provides for the ability of Vishay to request up to $50,000 of incremental revolving commitments, subject to the satisfaction of certain conditions.

Borrowings under the Credit Facility bear interest at the London Interbank Offered Rate ("LIBOR") plus an interest margin. The applicable interest margin is based on the Company's leverage ratio. Based on the Company's current leverage ratio, borrowings bear interest at LIBOR plus 1.75%. The interest rate on the Company's borrowings will increase to LIBOR plus 2.00% if the Company's leverage ratio equals or exceeds 2.50 to 1 and will decrease to LIBOR plus 1.50% if the Company's leverage ratio decreases below 1.50 to 1. Vishay is also required to pay facility fees on the entire commitment amount based on the Company's leverage ratio. Based on the Company's current leverage ratio, the facility fee is 0.35% per annum. Such facility fee will increase to 0.50% per annum if the Company's leverage ratio equals or exceeds 2.50 to 1 and will decrease to 0.30% per annum if the leverage ratio decreases below 1.50 to 1.

The August 8, 2013 Amended and Restated Credit Agreement also removes certain restrictions related to the incurrence and repayment of certain intercompany indebtedness, mergers, liquidations, and transfers of ownership of wholly owned subsidiaries that were present in the original credit agreement. These changes will enable the Company to streamline its complex subsidiary structure and provide greater operating flexibility.

The borrowings under the Credit Facility are secured by a lien on substantially all assets, 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, assets located outside of the United States and deposit and securities accounts), of Vishay and certain significant subsidiaries located in the United States, and pledges of stock in certain significant domestic and foreign subsidiaries; and are guaranteed by certain significant subsidiaries. Certain of the Company's 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 are guaranteed by Vishay and certain subsidiaries. The Credit Facility also limits or restricts the Company and its subsidiaries, from, among other things, incurring indebtedness, incurring liens on its respective assets, making investments and acquisitions, making asset sales, and paying cash dividends and making other restricted payments, and requires the Company to comply with other covenants, including the maintenance of specific financial ratios.

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

The Credit Facility permits the Company to repurchase shares of its common stock up to a permitted capacity, conditioned upon Vishay maintaining (i) a pro forma leverage ratio of 2.75 to 1.00, (ii) a pro forma interest expense coverage ratio of 2.00 to 1.00, and (iii) $300,000 of available liquidity, as defined in the Credit Facility. The permitted capacity to repurchase shares of the Company's outstanding common stock under the Credit Facility increases each quarter by an amount equal to 20% of net income. At September 28, 2013, the Credit Facility allows the Company to repurchase up to $198,592 of its common stock. The amount and timing of any future stock repurchases remains subject to authorization of the Company's Board of Directors.

The Credit Facility also contains customary events of default, including, but not limited to, failure to pay principal or interest, failure to pay or default under other material debt, material misrepresentation or breach of warranty, violation of certain covenants, a change of control, the commencement of bankruptcy proceedings, the insolvency of Vishay or certain of its significant subsidiaries, and the rendering of a judgment in excess of $25,000 against Vishay or certain of its significant subsidiaries. Upon the occurrence of an event of default under the Credit Facility, the Company's obligations under the credit facility may be accelerated and the lending commitments under the credit facility terminated.

Exchangeable Unsecured Notes, due 2102

On December 13, 2002, Vishay issued $105,000 in nominal (or principal) amount of its floating rate unsecured exchangeable notes due 2102 in connection with an acquisition. The notes are governed by a note instrument and a put and call agreement dated December 13, 2002. The notes may be put to Vishay in exchange for shares of its common stock and, under certain circumstances, may be called by Vishay for similar consideration.

Under the terms of the put and call agreement, by reason of the spin-off of Vishay Precision Group, Inc. ("VPG"), Vishay was required to take action so that the existing notes are deemed exchanged as of the date of the spin-off, for a combination of new notes of Vishay reflecting a lower principal amount of the notes and new notes issued by VPG.

Based on the relative trading prices of Vishay and VPG common stock on the ten trading days following the spin-off, Vishay retained the liability for an aggregate $95,042 principal amount of exchangeable notes effective July 6, 2010. The assumption of a portion of the liability by VPG was recorded as a reduction in parent net investment just prior to the completion of the spin-off.

Under the terms of the put and call agreement the holders may at any time put the notes to Vishay in exchange for shares of Vishay's common stock, and Vishay may call the notes in exchange for cash or for shares of its common stock at any time after January 2, 2018. Subsequent to the spin-off of VPG, the put/call rate of the Vishay notes is $15.39 per share of common stock.

Effective August 26, 2013, a holder of the notes exercised its option to exchange $56,400 principal amount of the notes for 3,664,729 shares of Vishay common stock. Following this transaction, Vishay had outstanding exchangeable unsecured notes with a principal amount of $38,642, which are exchangeable for an aggregate of 2,511,742 shares of Vishay common stock.

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

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
<u>September 28, 2013</u>					
Due 2040	$ 275,000	(174,110)	429	$ 101,319	$ 110,094
Due 2041	$ 150,000	(98,321)	299	$ 51,978	$ 62,246
Due 2042	$ 150,000	(92,274)	209	$ 57,935	$ 57,874
Total	$ 575,000	$ (364,705)	$ 937	$ 211,232	$ 230,214
<u>December 31, 2012</u>					
Due 2040	$ 275,000	(175,456)	622	$ 100,166	$ 110,094
Due 2041	$ 150,000	(99,000)	399	$ 51,399	$ 62,246
Due 2042	$ 150,000	(92,958)	282	$ 57,324	$ 57,874
Total	$ 575,000	$ (367,414)	$ 1,303	$ 208,889	$ 230,214

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

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

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

	Contractual coupon interest	Non-cash amortization of debt discount	Non-cash amortization of deferred financing costs	Non-cash change in value of derivative liability	Total interest expense related to the debentures
September 28, 2013					
Due 2040	$ 1,547	458	22	(30)	$ 1,997
Due 2041	$ 844	231	11	(13)	$ 1,073
Due 2042	$ 844	233	13	3	$ 1,093
Total	$ 3,235	$ 922	$ 46	$ (40)	$ 4,163
September 29, 2012					
Due 2040	$ 1,547	423	22	47	$ 2,039
Due 2041	$ 844	213	12	(19)	$ 1,050
Due 2042	$ 844	216	13	(13)	$ 1,060
Total	$ 3,235	$ 852	$ 47	$ 15	$ 4,149

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

	Contractual coupon interest	Non-cash amortization of debt discount	Non-cash amortization of deferred financing costs	Non-cash change in value of derivative liability	Total interest expense related to the debentures
September 28, 2013					
Due 2040	$ 4,641	1,346	66	(193)	$ 5,860
Due 2041	$ 2,532	679	35	(100)	$ 3,146
Due 2042	$ 2,532	684	40	(73)	$ 3,183
Total	$ 9,705	$ 2,709	$ 141	$ (366)	$ 12,189
September 29, 2012					
Due 2040	$ 4,641	1,244	66	14	$ 5,965
Due 2041	$ 2,532	626	36	15	$ 3,209
Due 2042	$ 1,135	290	18	29	$ 1,472
Total	$ 8,308	$ 2,160	$ 120	$ 58	$ 10,646

19

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

Note 6 – Accumulated Other Comprehensive Income (Loss)

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

	Pension and other post-retirement actuarial items	Currency translation adjustment	Unrealized gain (loss) on available-for-sale securities	Total
Balance at January 1, 2013	$ (178,956)	$ 167,461	$ 1,273	$ (10,222)
Other comprehensive income before reclassifications	-	10,304	1,171	$ 11,475
Tax effect	-	-	(389)	$ (389)
Other comprehensive income before reclassifications, net of tax	-	10,304	782	$ 11,086
Amounts reclassified out of AOCI	13,808	-	(1,408)	$ 12,400
Tax effect	(4,558)	-	472	$ (4,086)
Amounts reclassified out of AOCI, net of tax	9,250	-	(936)	$ 8,314
Net comprehensive income	$ 9,250	$ 10,304	$ (154)	$ 19,400
Balance at September 28, 2013	$ (169,706)	$ 177,765	$ 1,119	$ 9,178

Reclassifications of pension and other post-retirement actuarial items out of AOCI are included in the computation of net periodic benefit cost. (See Note 7 for further information). The amount of unrealized gains (losses) on available-for-sale securities reclassified out of AOCI as a result of sales of securities held by the Company's rabbi trust used to fund a deferred compensation plan was $624 and $1,355, respectively, for the fiscal quarter and nine fiscal months ended September 28, 2013. These reclassifications are recorded as a component of compensation expense within Selling, General, and Administrative expenses on our consolidated condensed statements of operations. The pre-tax amount of unrealized gains (losses) on available-for-sale securities reclassified out of AOCI as a result of sales of available-for-sale securities was $97 and $53, respectively, for the fiscal quarter and nine fiscal months ended September 28, 2013. These reclassifications are recorded as a component of Other Income on our consolidated condensed statements of operations. The tax effect of the reclassifications of unrealized gains (losses) on available-for-sale securities is recorded as a component of Income Tax Expense on our consolidated condensed statements of operations.

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

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

Note 7 – Pensions and Other Postretirement Benefits

The Company maintains various retirement benefit plans.

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

	Fiscal quarter ended September 28, 2013		Fiscal quarter ended September 29, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Net service cost	$-	$ 864	$-	$ 800
Interest cost	3,471	2,022	3,925	2,289
Expected return on plan assets	(4,781)	(510)	(4,743)	(416)
Amortization of prior service cost (credit)	244	(9)	550	-
Amortization of losses	3,733	832	3,142	409
Net periodic benefit cost	$2,667	$ 3,199	$2,874	$ 3,082

The following table shows the components of the net periodic pension cost for the nine fiscal months ended September 28, 2013 and September 29, 2012 for the Company's defined benefit pension plans:

	Nine fiscal months ended September 28, 2013		Nine fiscal months ended September 29, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Net service cost	$-	$ 2,621	$-	$ 2,425
Interest cost	10,412	6,076	11,775	7,007
Expected return on plan assets	(14,343)	(1,559)	(14,229)	(1,242)
Amortization of prior service cost (credit)	733	(26)	1,650	-
Amortization of losses	11,198	2,499	9,427	1,243
Net periodic benefit cost	$8,000	$ 9,611	$8,623	$ 9,433

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

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

	Fiscal quarter ended September 28, 2013		Fiscal quarter ended September 29, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Service cost	$28	$ 74	$19	$ 62
Interest cost	78	64	130	70
Amortization of prior service (credit)	(200)	-	(101)	-
Amortization of transition obligation	-	-	8	-
Amortization of losses (gains)	1	-	(24)	-
Net periodic benefit cost	$(93)	$ 138	$32	$ 132

The following table shows the components of the net periodic pension cost for the nine fiscal months ended September 28, 2013 and September 29, 2012 for the Company's other postretirement benefit plans:

	Nine fiscal months ended September 28, 2013		Nine fiscal months ended September 29, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Service cost	$83	$ 222	$55	$ 189
Interest cost	235	191	391	214
Amortization of prior service (credit)	(599)	-	(305)	-
Amortization of transition obligation	-	-	24	-
Amortization of losses (gains)	3	-	(72)	-
Net periodic benefit cost	$(278)	$ 413	$93	$ 403

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

Note 8 – Stock-Based Compensation

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

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

The following table summarizes stock-based compensation expense recognized:

	Fiscal quarters ended September 28, 2013	September 29, 2012	Nine fiscal months ended September 28, 2013	September 29, 2012
Stock options	$-	$ 13	$18	$ 60
Restricted stock units	382	1,128	(1,336)	3,396
Phantom stock units	-	-	108	93
Total	$382	$ 1,141	$(1,210)	$ 3,549

The Company recognizes compensation cost for RSUs that are expected to vest and records cumulative adjustments in the period that the expectation changes. Stock-based compensation for the nine fiscal months ended September 28, 2013, as presented in the table above, includes the material reversal of stock-based compensation expense recognized for the performance-based RSUs scheduled to vest on January 1, 2014 recorded in the second fiscal quarter of 2013. $1,778 of these reversed costs had been originally reported as a separate line item upon cessation of employment of certain former executives in 2011, and accordingly, this adjustment is also reported as a separate line item in the consolidated condensed statements of operations.

The following table summarizes unrecognized compensation cost and the weighted average remaining amortization periods at September 28, 2013 (amortization periods in years):

	Unrecognized Compensation Cost	Weighted Average Remaining Amortization Periods
Stock options	$ -	0.0
Restricted stock units	12,432	1.4
Phantom stock units	-	0.0
Total	$ 12,432	

23

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 September 28, 2013, there were 109,000 options outstanding with a weighted average exercise price of $15.24. At September 28, 2013, the weighted average remaining contractual life of all outstanding options was 3.49 years.

During the nine fiscal months ended September 28, 2013, 30,000 options vested. At September 28, 2013, there were no unvested options outstanding.

The pretax aggregate intrinsic value (the difference between the closing stock price on the last trading day of the third fiscal quarter of 2013 of $12.97 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 September 28, 2013 is $8. This amount changes based on changes in the market value of the Company's common stock. During the nine fiscal months ended September 28, 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 September 28, 2013 and changes during the nine fiscal months then ended are presented below (number of RSUs in thousands):

	Number of RSUs	Weighted Average Grant-date Fair Value per Unit
Outstanding:		
January 1, 2013	1,316	$ 12.53
Granted	374	12.76
Vested*	(500)	9.82
Cancelled or forfeited	-	-
Outstanding at September 28, 2013	1,190	$ 13.74
Expected to vest at September 28, 2013	570	

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

The number of performance-based RSUs that are scheduled to vest on January 1, 2014 and January 1, 2015 is fixed based on the full achievement of the defined target performance criteria. The number of performance-based RSUs that are scheduled to vest on January 1, 2016 increases ratably based on the achievement of defined performance criteria between the established target and maximum levels. RSUs with performance-based vesting criteria are expected to vest as follows (number of RSUs in thousands):

Vesting Date	Expected to Vest	Not Expected to Vest	Total
January 1, 2014	-	233	233
January 1, 2015	-	276	276
January 1, 2016	111	111	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 September 28, 2013 and changes during the nine 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 September 28, 2013	107	

25

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

Note 9 – Segment Information

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

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

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

The following tables set forth business segment information:

	MOSFETs	Diodes	Optoelectronic Components	Resistors & Inductors	Capacitors	Total
Fiscal quarter ended September 28, 2013:						
Product Sales	$ 115,143	$ 140,790	$ 56,796	$ 176,885	$ 111,910	$ 601,524
Royalty Revenues	25	-	51	1,290	-	$ 1,366
Total Revenue	$ 115,168	$ 140,790	$ 56,847	$ 178,175	$ 111,910	$ 602,890
Gross Margin	$ 15,735	$ 32,405	$ 20,163	$ 54,093	$ 20,824	$ 143,220
Fiscal quarter ended September 29, 2012:						
Product Sales	$ 123,289	$ 124,108	$ 50,205	$ 161,979	$ 111,431	$ 571,012
Royalty Revenues	36	-	-	1,733	-	$ 1,769
Total Revenue	$ 123,325	$ 124,108	$ 50,205	$ 163,712	$ 111,431	$ 572,781
Gross Margin	$ 17,402	$ 25,209	$ 15,563	$ 51,254	$ 24,126	$ 133,554
Nine fiscal months ended September 28, 2013:						
Product Sales	$ 331,473	$ 406,525	$ 171,419	$ 510,630	$ 329,821	$ 1,749,868
Royalty Revenues	146	-	51	4,744	-	$ 4,941
Total Revenue	$ 331,619	$ 406,525	$ 171,470	$ 515,374	$ 329,821	$ 1,754,809
Gross Margin	$ 45,101	$ 91,093	$ 59,088	$ 161,039	$ 66,490	$ 422,811
Nine fiscal months ended September 29, 2012:						
Product Sales	$ 329,316	$ 380,250	$ 158,900	$ 484,136	$ 341,704	$ 1,694,306
Royalty Revenues	210	-	27	4,984	-	$ 5,221
Total Revenue	$ 329,526	$ 380,250	$ 158,927	$ 489,120	$ 341,704	$ 1,699,527
Gross Margin	$ 46,728	$ 78,939	$ 51,462	$ 160,586	$ 80,167	$ 417,882

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Operating margin reconciliation:				
MOSFETs	$5,313	$7,127	$13,828	$17,126
Diodes	26,240	19,432	72,968	61,473
Optoelectronic Components	16,492	12,420	48,259	41,657
Resistors & Inductors	45,096	43,617	134,836	136,817
Capacitors	14,879	19,033	48,920	63,901
Executive Compensation Credit (Charge)	-	-	1,778	-
Gain on Sale of Property	-	-	-	12,153
Unallocated Selling, General, and Administrative Expenses	(54,867)	(57,170)	(169,941)	(165,440)
Consolidated Operating Income	$53,153	$44,459	$150,648	$167,687

28

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

Note 10 – Earnings Per Share

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Numerator:				
Numerator for basic earnings per share:				
Net earnings	$32,719	$22,280	$92,959	$101,763
Adjustment to the numerator for continuing operations and net earnings:				
Interest savings assuming conversion of dilutive convertible and exchangeable notes, net of tax	33	71	124	233
Numerator for diluted earnings per share:				
Net earnings	$32,752	$22,351	$93,083	$101,996
Denominator:				
Denominator for basic earnings per share:				
Weighted average shares	144,937	143,273	144,012	150,978
Effect of dilutive securities:				
Convertible and exchangeable debt instruments	6,560	6,176	7,045	6,176
Restricted stock units	279	572	301	517
Other	114	97	113	99
Dilutive potential common shares	6,953	6,845	7,459	6,792
Denominator for diluted earnings per share:				
Adjusted weighted average shares	151,890	150,118	151,471	157,770
Basic earnings per share attributable to Vishay stockholders	$0.23	$0.16	$0.65	$0.67
Diluted earnings per share attributable to Vishay stockholders	$0.22	$0.15	$0.61	$0.65

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		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Convertible and exchangeable notes:				
Convertible Senior Debentures, due 2040	19,809	19,809	19,809	19,809
Convertible Senior Debentures, due 2041	7,885	7,885	7,885	7,885
Convertible Senior Debentures, due 2042	-	12,704	-	5,677
Weighted average employee stock options	77	124	87	199
Weighted average warrants	-	8,824	-	8,824
Weighted average other	285	231	370	211

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 September 28, 2013, certain conditions which could trigger conversion have been deemed to be non-substantive, and accordingly, the Company has always assumed the conversion of these instruments in its diluted earnings per share computation during periods in which they are dilutive.

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

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

Note 11 – Fair Value Measurements

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

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

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

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

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

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

	Total Fair Value	Level 1	Level 2	Level 3
September 28, 2013:				
Assets:				
Assets held in rabbi trusts	$35,889	$23,370	$12,519	$-
Available for sale securities	$7,212	7,212	-	-
	$43,101	$30,582	$12,519	$-
Liabilities:				
Embedded derivative - convertible debentures due 2040	$(429)	$-	$-	$(429)
Embedded derivative - convertible debentures due 2041	$(299)	-	-	(299)
Embedded derivative - convertible debentures due 2042	$(209)	-	-	(209)
	$(937)	$-	$-	$(937)
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 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 September 28, 2013 and December 31, 2012 is approximately $739,900 and $686,800, respectively, compared to its carrying value, excluding the derivative liabilities, of $358,937, 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 September 28, 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 September 28, 2013 and December 31, 2012, the Company's cash and cash equivalents were comprised of demand deposits, time deposits with maturities of three months or less when purchased, and money market funds. The Company estimates the fair value of its cash, cash equivalents, and short-term investments using level 2 inputs. Based on the current interest rates for similar investments with comparable credit risk and time to maturity, the fair value of the Company's cash, cash equivalents, and short-term investments approximate the carrying amounts reported in the consolidated condensed balance sheets.

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

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

Overview

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

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

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

We are focused on enhancing stockholder value and improving earnings per share. In addition to our growth plan, we also have opportunistically repurchased our stock. We have repurchased 44.3 million shares of our common stock since the fourth fiscal quarter of 2010, representing 24% of our shares outstanding before we began this initiative. The exchange of $56.4 million principal amount of our exchangeable unsecured notes by a holder of the notes in the third fiscal quarter of 2013 increased the number of our common shares outstanding by 3.7 million, but did not affect the number of weighted average shares outstanding used for computing diluted earnings per share because our earnings per share computation assumes that the exchangeable unsecured notes would be converted. 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 September 28, 2013, our total permitted capacity to repurchase shares of stock under our credit facility is $198.6 million. Although we have no current plans, we will continue to evaluate attractive stock repurchase opportunities.

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

We utilize several financial metrics, including net revenues, gross profit margin, segment operating income, end-of-period backlog, book-to-bill ratio, inventory turnover, change in average selling prices, net cash and short-term investments (debt), and free cash generation to evaluate the performance and assess the future direction of our business. (See further discussion in "Financial Metrics" and "Financial Condition, Liquidity, and Capital Resources.") The year 2012 was characterized by a strong first half and a weak second half. Through the first six fiscal months of 2012, our business was recovering from the reduction in demand and high inventory levels experienced in the last six fiscal months of 2011, but experienced another substantial downturn in demand in the third fiscal quarter of 2012, which continued through the end of 2012. After experiencing improving economic conditions through the first six fiscal months of 2013, we experienced a sudden and unexpected reduction of orders predominantly from distribution in the third fiscal quarter of 2013. The reduction in orders resulted in a decrease in nearly all key financial metrics compared to the first half of 2013. We are in the process of establishing a targeted cost reduction program to support our profitability without jeopardizing our growth plan.

Net revenues for the fiscal quarter ended September 28, 2013 were $602.9 million, compared to $572.8 million for the fiscal quarter ended September 29, 2012. The net earnings attributable to Vishay stockholders for the fiscal quarter ended September 28, 2013 were $32.7 million, or $0.22 per diluted share, compared to $22.3 million, or $0.15 per diluted share for the fiscal quarter ended September 29, 2012.

Net revenues for the nine fiscal months ended September 28, 2013 were $1,754.8 million, compared to $1,699.5 million for the nine fiscal months ended September 29, 2012. The net earnings attributable to Vishay stockholders for the nine fiscal months ended September 28, 2013 were $93.0 million, or $0.61 per diluted share, compared to $101.8 million, or $0.65 per diluted share for the nine fiscal months ended September 29, 2012.

Net earnings attributable to Vishay stockholders for the fiscal quarters and nine fiscal months ended September 28, 2013 and September 29, 2012 include items affecting comparability. The reconciliation below includes certain financial measures which are not recognized in accordance with GAAP, including adjusted net earnings and adjusted net earnings per share. These non-GAAP measures should not be viewed as an alternative to GAAP measures of performance. Non-GAAP measures such as adjusted net earnings and adjusted net earnings per share do not have uniform definitions. These measures, as calculated by Vishay, may not be comparable to similarly titled measures used by other companies. Management believes that these measures are meaningful because they provide insight with respect to our intrinsic operating results. Reconciling items to arrive at adjusted net earnings represent significant charges or credits that are important to understanding our intrinsic operations.

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
GAAP net earnings attributable to Vishay stockholders	$32,719	$22,280	$92,959	$101,763
<u>Reconciling items affecting operating margin:</u>				
Executive compensation charge (credit)	$-	$-	$(1,778)	$-
Gain on sale of property	-	-	-	(12,153)
<u>Reconciling items affecting tax expense:</u>				
Tax effects of items above and other one-time tax expense (benefit)	$(2,867)	$-	$(3,564)	$4,131
Adjusted net earnings	$29,852	$22,280	$87,617	$93,741
Adjusted weighted average diluted shares outstanding	151,890	150,118	151,471	157,770
Adjusted earnings per diluted share *	$0.20	$0.15	$0.58	$0.60

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

Our results for the fiscal quarter and nine fiscal months ended September 28, 2013 represent the effects of a rapid reduction of orders from distribution in the third fiscal quarter of 2013 following a recovery of business conditions in the first six fiscal months of 2013 from the poor business environment at the end of 2012. Our results for the fiscal quarter and nine fiscal months ended September 29, 2012 also represented the effects of a deteriorating business environment in the third fiscal quarter of 2012. This period of business environment deterioration followed a period of improvement in the first six fiscal months of 2012 compared to the last six fiscal months of 2011.

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 third fiscal quarter of 2012 through the third fiscal quarter of 2013 (dollars in thousands):

	3rd Quarter 2012	4th Quarter 2012	1st Quarter 2013	2nd Quarter 2013	3rd Quarter 2013
Net revenues	$572,781	$530,570	$554,254	$597,665	$602,890
Gross profit margin	23.3 %	20.5 %	24.7 %	23.9 %	23.8 %
Operating margin (1)	7.8 %	4.1 %	8.2 %	8.7 %	8.8 %
End-of-period backlog (2)	$525,900	$506,000	$578,100	$646,700	$613,800
Book-to-bill ratio	0.87	0.95	1.14	1.08	0.93
Inventory turnover	4.00	3.99	4.04	4.21	4.08
Change in ASP vs. prior quarter	-0.7 %	-1.6 %	-0.8 %	-1.1 %	-0.6 %

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

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

Our results for the third fiscal quarter of 2013 were negatively impacted by the rapid and unexpected reduction of orders from distributors. Revenues continued on the same level as the prior fiscal quarter, but were slightly below expectations. The distributor order level abruptly declined, which led to a decrease in the book-to-bill ratio and backlog versus the prior fiscal quarter. Average selling prices continue to decline primarily due to our commodity semiconductor products.

Gross margins were relatively unchanged from the prior fiscal quarter. The expected improvement in gross margins and operating margins did not materialize due to less revenues than anticipated. The anticipated seasonal pick up in the computing and consumer end markets during the third fiscal quarter did not materialize.

The book-to-bill ratio in the third fiscal quarter of 2013 decreased to 0.93 from 1.08 in the second fiscal quarter of 2013. The book-to-bill ratios for distributors and original equipment manufacturers ("OEM") were 0.91 and 0.96, respectively, versus ratios of 1.13 and 1.01, respectively, during the second fiscal quarter of 2013.

For the fourth fiscal quarter of 2013, we anticipate revenues between $570 million and $610 million.

36

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 third fiscal quarter of 2012 through the third fiscal quarter of 2013 (dollars in thousands):

	3rd Quarter 2012	4th Quarter 2012	1st Quarter 2013	2nd Quarter 2013	3rd Quarter 2013
MOSFETs					
Net revenues	$123,325	$104,156	$100,888	$115,563	$115,168
Book-to-bill ratio	0.70	0.90	1.22	1.11	0.94
Gross profit margin	14.1 %	9.6 %	12.8 %	14.2 %	13.7 %
Segment operating margin	5.8 %	0.1 %	2.8 %	4.9 %	4.6 %
Diodes					
Net revenues	$124,108	$116,494	$125,112	$140,623	$140,790
Book-to-bill ratio	0.88	1.01	1.28	1.17	0.88
Gross profit margin	20.3 %	17.3 %	21.8 %	22.3 %	23.0 %
Segment operating margin	15.7 %	12.2 %	17.1 %	18.0 %	18.6 %
Optoelectronic Components					
Net revenues	$50,205	$50,267	$56,226	$58,397	$56,847
Book-to-bill ratio	0.95	1.03	1.08	1.00	0.87
Gross profit margin	31.0 %	32.8 %	35.2 %	32.8 %	35.5 %
Segment operating margin	24.7 %	25.8 %	28.8 %	26.6 %	29.0 %
Resistors & Inductors					
Net revenues	$163,712	$153,200	$165,866	$171,333	$178,175
Book-to-bill ratio	0.94	0.94	1.07	1.04	1.04
Gross profit margin	31.3 %	28.4 %	31.7 %	31.7 %	30.4 %
Segment operating margin	26.6 %	23.1 %	26.6 %	26.6 %	25.3 %
Capacitors					
Net revenues	$111,431	$106,453	$106,162	$111,749	$111,910
Book-to-bill ratio	0.87	0.93	1.06	1.05	0.84

Gross profit margin	21.7 %	17.5 %	22.8 %	19.2 %	18.6 %
Segment operating margin	17.1 %	12.2 %	17.4 %	13.9 %	13.3 %

Acquisition Activity

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

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

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

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

Cost Management

We place a strong emphasis on controlling our costs.

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

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

Historically, our primary cost reduction technique was through the transfer of production to the extent possible from high-labor-cost countries, such as the United States and Western Europe, to lower-labor-cost countries, such as the Czech Republic, Hungary, 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 did not initiate any new restructuring projects in 2010, 2011, 2012 or the first nine fiscal months of 2013 and thus did not record any restructuring and severance expenses during such periods.

Occasionally, our ongoing cost containment activities are not adequate and we must take actions to maintain our cost competitiveness. On October 28, 2013, we announced various cost reduction programs as part of our continuous efforts to improve efficiency and operating performance.

The programs primarily focus on a plan to enhance the competitiveness of our MOSFETs segment and a voluntary separation / early retirement offer to certain employees Company-wide. We also plan to implement two other smaller cost reduction programs concerning the manufacturing of products within our Diodes segment. The programs in total are expected to lower costs by approximately $36 million per year when fully implemented at expected cash costs of approximately $26 million.

The project for the MOSFETs segment will extend over a period of approximately two years. The manufacture of wafers for certain critical products will be transferred into a more cost-efficient fab. As a consequence, certain other wafer manufacturing currently occurring in-house will be transferred to third-party foundries.

The total cash costs associated with the MOSFETs initiatives, principally severance, are expected to be approximately $10 million. Once fully implemented, we anticipate that the MOSFETs programs will result in an annual reduction in variable and fixed manufacturing costs of approximately $23 million at current volumes.

The voluntary separation / early retirement offer will be made to employees worldwide who are eligible because they will have met job classification, age, and/or years-of-service criteria as of October 31, 2013. The program benefits vary by country and job classification, but generally offer a cash loyalty bonus. All responses are due, subject to applicable rescission rights, on or before March 28, 2014. The voluntary separation / early retirement program will not impact manufacturing operations or our growth plan. Our named executive officers (as defined in our proxy statement) and certain other key employees, generally research, development, and engineering personnel, are not eligible for the voluntary separation / early retirement program. The effective separation / retirement date for most eligible employees who accept the offer will be June 30, 2014 or earlier, with a few exceptions to allow for a transition period.

We estimate that total costs associated with the voluntary separation / early retirement program will be approximately $13 million, based on the expected acceptance rate. Once fully implemented, the Company anticipates that the program will result in an annual reduction in fixed costs of approximately $10 million, split approximately one-third in manufacturing and two-thirds in selling, general, and administrative expenses.

Two other smaller cost reduction programs relate to the transfer of production of certain products within our Diodes segment, which will be implemented in the course of 2014. Both programs are connected to production moves, in order to take advantage of lower labor costs in one program and from the consolidation of manufacturing locations in the other. The total cash costs associated with these production transfers are expected to be approximately $3 million, and will result in annual cost savings of approximately $3 million when fully implemented.

We believe that our manufacturing footprint is suitable to serve our customers and end markets, while maintaining lower manufacturing costs. Except for the distinct and targeted programs noted above, we do not anticipate any other material restructuring activities during the remainder of 2013 or 2014. As we have demonstrated the past two years, we believe that we can substantially maintain our trained workforce, even at lower manufacturing activity levels, by reducing hours and limiting the use of subcontractors and foundries. However, a continued sluggish business environment for the electronics industry or the recurrence of a significant economic downturn may require us to implement additional restructuring initiatives.

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

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

Foreign Currency Translation

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

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

Foreign Subsidiaries which use the Local Currency as the Functional Currency

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

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

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

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

Results of Operations

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Cost of products sold	76.2%	76.7%	75.9%	75.4%
Gross profit	23.8%	23.3%	24.1%	24.6%
Selling, general & administrative expenses	14.9%	15.6%	15.6%	15.4%
Operating income	8.8%	7.8%	8.6%	9.9%
Income before taxes and noncontrolling interest	7.9%	7.2%	7.7%	9.0%
Net earnings attributable to Vishay stockholders	5.4%	3.9%	5.3%	6.0%
Effective tax rate	31.4%	45.4%	30.7%	33.2%

Net Revenues

Net revenues were as follows (dollars in thousands):

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Net revenues	$602,890	$572,781	$1,754,809	$1,699,527
Change versus comparable prior year period	$30,109		$55,282	
Percentage change versus comparable prior year period	5.3%		3.3%	

Changes in net revenues were attributable to the following:

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Increase in volume	6.6%	5.7%
Decrease in average selling prices	-3.6%	-3.3%
Foreign currency effects	1.4%	0.6%
Acquisition	1.3%	0.6%
Other	-0.4%	-0.3%
Net change	5.3%	3.3%

Our revenue results for the fiscal quarter ended and nine fiscal months ended September 28, 2013 were negatively affected by deteriorating business conditions and reduced demand for our products, particularly from distributors compared to the first six fiscal months of 2013. Our revenue results for the fiscal quarters and nine fiscal months ended September 28, 2013 and September 29, 2012 were both negatively affected by lower than anticipated demand for our products in the third fiscal quarters of 2013 and 2012. Revenues for the periods presented are significantly below our normal run rate.

We deduct, from the sales that we record to distributors, allowances for future credits that we expect to provide for returns, scrapped product, and price adjustments under various programs made available to the distributors. We make deductions corresponding to particular sales in the period in which the sales are made, although the corresponding credits may not be issued until future periods. We estimate the deductions based on sales levels to distributors, inventory levels at the distributors, current and projected market trends and conditions, recent and historical activity under the relevant programs, changes in program policies, and open requests for credits. We recorded deductions from gross revenues under our distributor incentive programs of $63.1 million and $53.5 million for the nine fiscal months ended September 28, 2013 and September 29, 2012, respectively, or 3.5% and 3.1% of gross revenues, respectively. Actual credits issued under the programs during the nine fiscal months ended September 28, 2013 and September 29, 2012 were $65.3 million and $59.4 million, respectively. Increases and decreases in these incentives are largely attributable to the then-current business climate.

Royalty revenues, included in net revenues on the consolidated condensed statements of operations, were approximately $4.9 million and $5.2 million for the nine fiscal months ended September 28, 2013 and September 29, 2012, respectively.

Gross Profit and Margins

Gross profit margins for the fiscal quarter and nine fiscal months ended September 28, 2013 were 23.8% and 24.1%, respectively, versus 23.3% and 24.6%, respectively, for the comparable prior year periods. The decrease in gross profit margin for the nine fiscal months ended September 28, 2013 versus the nine fiscal months ended September 29, 2012 is primarily due to higher manufacturing fixed costs and temporary issues that included start-up inefficiencies at a major foundry, inventory valuation effects, increased palladium prices, unfavorable changes in other metals prices, and unfavorable product mix shifts experienced in the second fiscal quarter of 2013. The increase in gross profit margin for the fiscal quarter ended September 28, 2013 versus the fiscal quarter ended September 29, 2012 is primarily due to volume related efficiencies.

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		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Net revenues	$115,168	$123,325	$331,619	$329,526
Change versus comparable prior year period	$(8,157)		$2,093	
Percentage change versus comparable prior year period	-6.6%		0.6%	

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

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Increase in volume	0.3%	8.2%
Decrease in average selling prices	-7.2%	-6.6%
Foreign currency effects	0.3%	0.2%
Other	0.0%	-1.2%
Net change	-6.6%	0.6%

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Gross profit margin	13.7%	14.1%	13.6%	14.2%

The MOSFETs segment was negatively affected by the reduced demand from distributors in Asia in the third fiscal quarter of 2013. The gross profit margin remains lower than expected primarily due to lower than expected volume and remaining manufacturing inefficiencies. The decrease in gross profit margin versus the fiscal quarter and nine fiscal months ended September 29, 2012 is primarily due to decreased average selling prices and manufacturing inefficiencies.

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

On October 28, 2013, we announced a cost reduction program to enhance the competitiveness of our MOSFETs segment. See "Cost Management" above.

We continue to be optimistic about the long-term prospects of the MOSFETs segment and continue to make capital and R&D investments in this business.

Diodes

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Net revenues	$140,790	$124,108	$406,525	$380,250
Change versus comparable prior year period	$16,682		$26,275	
Percentage change versus comparable prior year period	13.4 %		6.9 %	

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

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Increase in volume	17.1 %	10.9 %
Decrease in average selling prices	-3.2 %	-3.4 %
Foreign currency effects	0.6 %	0.1 %
Other	-1.1 %	-0.7 %
Net change	13.4 %	6.9 %

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Gross profit margin	23.0%	20.3 %	22.4%	20.8 %

The Diodes segment was negatively affected by the sequentially reduced demand from distributors in the third fiscal quarter of 2013. However, the Diodes segment is benefiting from a higher level of demand compared to the prior year periods. The increase in gross profit margin versus the fiscal quarter and nine fiscal months ended September 29, 2012 is primarily due to the increase in sales volume and manufacturing efficiencies, partially offset by decreased average selling prices, and slightly higher manufacturing fixed costs after the end of our temporary fixed costs savings program.

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

The cost reduction programs announced on October 28, 2013 include two smaller projects to improve the results of the Diodes segment. See "Cost Management" above.

Optoelectronic Components

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Net revenues	$56,847	$ 50,205	$171,470	$158,927
Change versus comparable prior year period	$6,642		$12,543	
Percentage change versus comparable prior year period	13.2 %		7.9 %	

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

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Increase in volume	13.6 %	9.8 %
Decrease in average selling prices	-2.2 %	-2.5 %
Foreign currency effects	2.2 %	1.0 %
Other	-0.4 %	-0.4 %
Net change	13.2 %	7.9 %

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Gross profit margin	35.5%	31.0 %	34.5%	32.4 %

The Optoelectronic Components segment was relatively stable through the second half of 2012 and net revenues have now fully recovered to their normal run rate. The increase in gross profit margin versus the fiscal quarter and nine fiscal months ended September 29, 2012 is primarily due to the increase in sales volume, partially offset by slightly lower average selling prices.

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

Resistors & Inductors

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Net revenues	$178,175	$163,712	$515,374	$489,120
Change versus comparable prior year period	$14,463		$26,254	
Percentage change versus comparable prior year period	8.8 %		5.4 %	

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

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Increase in volume	4.3 %	4.3 %
Decrease in average selling prices	-1.6 %	-1.6 %
Foreign currency effects	2.0 %	0.9 %
Acquisition	4.6 %	2.1 %
Other	-0.5 %	-0.3 %
Net change	8.8 %	5.4 %

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Gross profit margin	30.4%	31.3 %	31.2%	32.8 %

The Resistors & Inductors segment continues to generate an increasing amount of revenues. The segment gross profit margin remains high, but decreased slightly versus the fiscal quarter and nine fiscal months ended September 29, 2013 as savings from a reduction in material prices and other cost reductions were not sufficient to fully absorb the unfavorable impact from a reduction of average selling prices, revaluation, and inflationary effects.

Along with our successful acquisitions of HiRel Systems and certain assets of Huntington Electric in the previous two years, MCB Industrie is positively contributing to gross margins of the Resistors & Inductors segment.

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

Capacitors

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Net revenues	$111,910	$111,431	$329,821	$341,704
Change versus comparable prior year period	$479		$(11,883)	
Percentage change versus comparable prior year period	0.4 %		-3.5 %	

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

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Change in volume	2.2 %	-2.0 %
Decrease in average selling prices	-3.8 %	-2.5 %
Foreign currency effects	2.2 %	1.0 %
Other	-0.2 %	0.0 %
Net change	0.4 %	-3.5 %

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Gross profit margin	18.6%	21.7 %	20.2%	23.5 %

The Capacitors segment continues to be negatively affected by the reduction in demand for renewable energies compared to the first half of 2012 as government spending has declined. The segment was further negatively affected by reduced sales of commodity tantalum capacitor products in the third fiscal quarter of 2013. The gross profit margin decreased versus the fiscal quarter and nine fiscal months ended September 29, 2012 as savings from a reduction in material prices and other cost reductions were not sufficient to fully absorb the unfavorable impact from a reduction of average selling prices, reduced sales volume, revaluation effects, a reduction of distributor inventory, and a strong Israeli Shekel.

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

48

Selling, General, and Administrative Expenses

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Total SG&A expenses	$90,067	$ 89,095	$273,941	$262,348
as a percentage of revenues	14.9 %	15.6 %	15.6 %	15.4 %

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

	Fiscal quarters ended		Nine fiscal months ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Amortization of intangible assets	$3,795	$ 3,700	$11,242	$ 10,989
Net loss (gain) on sales of assets	32	7	118	(910)

We also recorded a $12.2 million gain on the sale of vacated property in Belgium in the second fiscal quarter of 2012 that is reported on a separate line of the consolidated condensed statements of operations for the nine fiscal months ended September 29, 2012.

On October 28, 2013, we announced a voluntary separation / early retirement program targeting SG&A expenses. See "Cost Management" above.

Other Income (Expense)

Interest expense for the fiscal quarter ended September 28, 2013 decreased by $0.2 million versus the fiscal quarter ended September 29, 2012. The decrease is primarily due to lower interest rates on our amended revolving credit facility, lower average outstanding balances on our credit facility in 2013, and the redemption of senior exchangeable notes in the third fiscal quarter of 2013. Interest expense for the nine fiscal months ended September 28, 2013 increased by $0.8 million versus the nine fiscal months ended September 29, 2012. 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

	September 28, 2013	September 29, 2012	Change
Foreign exchange gain (loss)	$(877)	$ 620	$(1,497)
Interest income	1,019	1,584	(565)
Other	414	522	(108)
	$556	$ 2,726	$(2,170)

	Nine fiscal months ended September 28, 2013	September 29, 2012	Change
Foreign exchange gain (loss)	$(75)	$ (4,737)	$4,662
Interest income	3,326	5,925	(2,599)
Other	(1,796)	752	(2,548)
	$1,455	$ 1,940	$(485)

Income Taxes

For the fiscal quarter and nine fiscal months ended September 28, 2013, our effective tax rate was 31.4% and 30.7%, respectively, as compared to 45.4% and 33.2%, respectively, for the fiscal quarter and nine fiscal months ended September 29, 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 and nine fiscal months ended September 28, 2013 includes a one-time tax benefit of $2.9 million due to a new tax law enacted in Israel in July 2013 which effectively increases the corporate income tax rate on certain types of income earned after January 1, 2014, and, therefore, increases our deferred tax assets. Our effective tax rate for the nine fiscal months ended September 28, 2013 also 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 nine fiscal months ended September 28, 2013, the liabilities for unrecognized tax benefits decreased by $7.3 million on a net basis, principally due to payments and the expiration of statute of limitations offset by increases for tax positions taken in prior periods and interest.

Financial Condition, Liquidity, and Capital Resources

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

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

We continued to generate positive cash flows from operations and free cash during the fiscal quarter ended September 28, 2013. Despite a slow start in terms of free cash generation, we generated more normal levels of cash in the second and third fiscal quarters and we continue to expect cash generation in 2013 in line with our history despite the volatile economic environment. There is no assurance, however, that we will be able to continue to generate cash flows from operations and free cash at the same levels, or at all, going forward if the current economic environment worsens.

Beginning in the fourth fiscal quarter of 2010, we have reacted to favorable market conditions to significantly reshape the company's capital structure. We have completed three issuances of low-coupon convertible debentures since the fourth fiscal quarter of 2010, each of which matures thirty years from the date of issuance. We utilized the proceeds of those debenture offerings to repurchase 44.3 million shares of our common stock, representing approximately 24% of our outstanding stock prior to implementing these initiatives. In the third fiscal quarter of 2013, a holder of our exchangeable unsecured notes exercised its option to exchange $56.4 million principal amount of the notes for 3.7 million shares of our common stock. The exchange increases the number of our common shares outstanding, but has no effect on the calculation of the weighted average shares outstanding used for computing diluted earnings per share because our earnings per share computation assumes that the exchangeable unsecured notes would be converted, while also reducing our outstanding debt and improving our ratio of total debt to Vishay stockholders' equity.

We also entered into a new, larger, revolving credit facility in 2010, which was amended and restated on August 8, 2013. The amended and restated credit facility extends the term of our available credit, secures lower interest rates than we were previously paying for the next five years, and provides us with additional financial flexibility to pursue our growth plan. The total revolving commitment of our credit facility increased to $640 million and we have the ability to request up to an additional $50 million of incremental commitments, subject to the satisfaction of certain conditions. At September 28, 2013 and December 31, 2012, $110 million and $89 million, respectively, were outstanding under our credit facility. The credit facility provides a revolving commitment through August 8, 2018.

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 1.75%. The interest rate on our borrowings will increase to LIBOR plus 2.00% if our leverage ratio equals or exceeds 2.50 to 1 and will decrease to LIBOR plus 1.50% if our leverage ratio decreases below 1.50 to 1. We are also required to pay facility fees on the entire commitment amount based on our leverage ratio. Based on our current leverage ratio, the facility fee is 0.35% per annum. Such facility fee will increase to 0.50% per annum if our leverage ratio equals or exceeds 2.50 to 1 and will decrease to 0.30% per annum if our leverage ratio decreases below 1.50 to 1.

The amendment and restatement of the credit facility also removed certain restrictions related to the incurrence and repayment of certain intercompany indebtedness, mergers, liquidations, and transfers of ownership of wholly owned subsidiaries that were present in the original credit agreement. These changes will enable us to streamline our complex subsidiary structure and provide greater operating flexibility.

The borrowings under the credit facility are secured by a lien on substantially all assets, 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, assets located outside of the United States and deposit and securities accounts), of Vishay and certain significant subsidiaries located in the United States, 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 and certain subsidiaries.

The credit facility also limits or restricts us, from, among other things, incurring indebtedness, incurring liens on assets, making investments and acquisitions, making asset sales, and paying cash dividends and making other restricted payments, and 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 VI 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 August 8, 2013.

We were in compliance with all financial covenants under the credit facility at September 28, 2013. Our interest expense coverage ratio and leverage ratio were 10.62 to 1 and 2.00 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 September 28, 2013, our credit facility allows us to repurchase up to $198.6 million of our common stock. The amount and timing of any future stock repurchases remains subject to authorization of our Board of Directors.

The balance of our revolving credit facility was $89 million at December 31, 2012. We borrowed $179 million and repaid $158 million on our credit facility during the nine fiscal months ended September 28, 2013. Included in both the amounts borrowed and repaid is $108 million borrowed to repay the amounts outstanding on our credit facility at the time it was amended and restated. The average outstanding balance on our credit facility calculated at fiscal month-ends was $100.1 million and the highest amount outstanding on our credit facility at a month end was $110 million during the nine fiscal months ended September 28, 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. No principal payments on our outstanding debt are due before the maturity of our revolving credit facility in August 2018.

Substantially all of our September 28, 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. Our substantially undrawn credit facility provides us with significant liquidity in the U.S.

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 0.4% and are approximately 19 basis points higher than interest rates on our cash accounts. Transactions related to these investments are classified as investing activities on our consolidated condensed statements of cash flows.

The following table summarizes the components of net cash and short-term investments (debt) at September 28, 2013 and December 31, 2012 (in thousands):

	September 28, 2013	December 31, 2012
Credit facility	$ 110,000	$ 89,000
Exchangeable unsecured notes, due 2102	38,642	95,042
Convertible senior debentures, due 2040*	101,319	100,166
Convertible senior debentures, due 2041*	51,978	51,399
Convertible senior debentures, due 2042*	57,935	57,324
Total debt	359,874	392,931
Cash and cash equivalents	644,951	697,595
Short-term investments	445,614	294,943
Net cash and short-term investments (debt)	$ 730,691	$ 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 September 28, 2013 continued to be strong, with a current ratio (current assets to current liabilities) of 4.4 to 1, as compared to 4.3 to 1 at December 31, 2012. The increase in the ratio is primarily due to the increase in inventories, accounts receivable, cash, and short-term investments being partially offset by an increase in trade accounts payable and payroll related liabilities in the first nine fiscal months of 2013. Our ratio of total debt to Vishay stockholders' equity was 0.20 to 1 at September 28, 2013, as compared to 0.24 to 1 at December 31, 2012. The significant decrease in the ratio is primarily due to the exchange by a holder of $56.4 million principal amount of our exchangeable unsecured notes for shares of our common stock in the third fiscal quarter of 2013.

Cash flows provided by operating activities were $179.6 million for the nine fiscal months ended September 28, 2013, as compared to cash flows provided by operations of $185.5 million for the nine fiscal months ended September 29, 2012.

Cash paid for property and equipment for the nine fiscal months ended September 28, 2013 was $91.6 million, as compared to $86.8 million for the nine fiscal months ended September 29, 2012. We have adapted our capital spending budget to the current economic conditions and now expect capital spending of approximately $160 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. Except as described below, there were no material changes to these commitments since the filing of our Annual Report on Form 10-K.

The following tables represent our long-term debt obligations and expected cash requirements for interest as of September 28, 2013 and December 31, 2012, reflecting the exchange of $56.4 million principal amount of exchangeable unsecured notes due 2102 for shares of common stock (see Note 5 to the consolidated condensed financial statements included in Item 1) and amended interest rate terms and net borrowings of $21 million on our credit facility (see Note 5 to the consolidated condensed financial statements included in Item 1) during the nine fiscal months ended September 28, 2013.

Contractual Obligations as of September 28, 2013 (in thousands):

		Payments due by period			
	Total	2013	2014 - 2015	2016 - 2017	2018 and beyond
Long-term debt (1)	$723,642	$-	$-	$-	$723,642
Interest payments on long-term debt (2)	$390,393	4,425	35,398	35,398	315,172

(1) Excludes unamortized debt discount associated with our convertible senior debentures due 2040, due 2041, and due 2042.
(2) Excludes the non-cash interest expense related to the amortization of the discount associated with our convertible senior debentures due 2040, due 2041, and due 2042.

Contractual Obligations as of December 31, 2012 (in thousands):

		Payments due by period			
	Total	2013	2014 - 2015	2016 - 2017	2018 and beyond
Long-term debt (1)	$759,042	$-	$89,000	$-	$670,042
Interest payments on long-term debt (2)	$406,449	17,091	33,860	26,464	329,034

(1) Excludes unamortized debt discount associated with our convertible senior debentures due 2040 and due 2041.
(2) Excludes the non-cash interest expense related to the amortization of the discount associated with our convertible senior debentures due 2040 and due 2041.

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

As previously disclosed in our Quarterly Report on Form 10-Q for the fiscal quarter ending June 29, 2013, on April 2, 2013 the plaintiffs filed a petition for review with the Supreme Court of the State of California requesting that the Supreme Court review the decision of the Court of Appeal of the State of California affirming the Superior Court's dismissal of the Proctor Litigation. Vishay opposed this petition. The Supreme Court denied the plaintiff's petition to review the case on June 12, 2013.

Item 1A. Risk Factors

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

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

Effective August 26, 2013, a holder of the Company's floating rate exchangeable unsecured notes due 2102 exercised its option to exchange approximately $56.4 million principal amount of the notes for 3,664,729 shares of Vishay common stock. The issuance of the common stock was effected in reliance upon an exemption from registration provided by Section 3(a)(9) under the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6.	Exhibits
10.1	Credit Agreement, dated as of December 1, 2010, as amended and

	restated as of August 8, 2013 among Vishay Intertechnology, Inc. and JPMorgan Chase Bank, N.A., as administrative agent and the lenders and other parties thereto. Incorporated by reference to Exhibit 10.1 to our current report on Form 8-K filed August 8, 2013.
31.1	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Dr. Gerald Paul, Chief Executive Officer.
31.2	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Lori Lipcaman, Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section

	1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Dr. Gerald Paul, Chief Executive Officer.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Lori Lipcaman, Chief Financial Officer.
101	Interactive Data File (Quarterly Report on Form 10-Q, for the quarterly period ended September 28, 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: October 29, 2013

57