

VISHAY INTERTECHNOLOGY INC
Form PRE 14A
March 28, 2008

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

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

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

Check the appropriate box:

- Preliminary proxy statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive proxy statement
 Definitive additional materials
 Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

VISHAY INTERTECHNOLOGY, INC.

(Name of Registrant as Specified in Its Charter)

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

Payment of filing fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(c)(1) and 0-11.
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| (1) | Title of each class of securities to which transaction applies: |
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| (4) | Date Filed: |

**VISHAY INTERTECHNOLOGY, INC.
63 LANCASTER AVENUE
MALVERN, PENNSYLVANIA 19355**

April [], 2008

Dear Stockholder:

You are cordially invited to attend the 2008 Annual Meeting of Stockholders of Vishay Intertechnology, Inc., to be held at 10:30 a.m., local time, on Wednesday, May 28, 2008, at The Rittenhouse Hotel Ballroom North, 2nd Floor at 210 West Rittenhouse Square, Philadelphia, PA 19103. The Board of Directors looks forward to greeting you personally at the annual meeting.

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

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

Sincerely,

Dr. Felix Zandman
Executive Chairman of the Board of Directors

**Important Notice Regarding the Availability of Proxy Materials for the
Annual Meeting of Stockholders to be Held May 28, 2008.**

**The following materials, also included with this Notice, are available for view on
the Internet:**

Proxy Statement for the 2008 Annual Meeting of Stockholders

2007 Annual Report to Stockholders

To view these materials, visit ir.vishay.com.

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

**NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON WEDNESDAY, MAY 28, 2008**

The 2008 Annual Meeting of Stockholders of Vishay Intertechnology, Inc. will be held at The Rittenhouse Hotel Ballroom North, 2nd Floor at 210 West Rittenhouse Square, Philadelphia, PA 19103, on Wednesday, May 28, 2008 at 10:30 a.m., local time. The meeting will be held to consider and act upon:

1. the election of four directors to hold office until 2011;
2. the ratification of our independent registered public accounting firm;
3. the amendment and restatement of our 2007 Stock Option Program;
4. amendments to our charter documents to limit the maximum size of the Board of Directors to fifteen and to grant the Board of Directors the exclusive authority to establish the size of the Board of Directors; and
5. such other business as may be brought properly before the meeting.

The stockholders of record at the close of business on April [11], 2008 will be entitled to vote at the annual meeting or at any adjournment thereof. Whether or not you expect to attend the meeting in person, please complete, date, and sign the enclosed proxy card and return it without delay in the enclosed envelope which requires no additional postage if mailed in the United States.

If you are enrolled in our electronic proxy materials delivery service and received these proxy materials via the Internet, you will need to follow the procedures for online voting to vote your shares.

By Order of the Board of Directors,

William M. Clancy
Corporate Secretary

Malvern, Pennsylvania
April [], 2008

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**VISHAY INTERTECHNOLOGY, INC.
63 LANCASTER AVENUE
MALVERN, PENNSYLVANIA 19355**

PROXY STATEMENT

The accompanying proxy is solicited by the Board of Directors of Vishay Intertechnology, Inc. for use at the 2008 Annual Meeting of Stockholders of Vishay to be held at The Rittenhouse Hotel Ballroom North, 2nd Floor at 210 West Rittenhouse Square, Philadelphia, PA 19103, on Wednesday, May 28, 2008 at 10:30 a.m., local time, or any adjournments thereof.

We are first sending the proxy materials to stockholders on or about April [], 2008.

ABOUT THE MEETING

Why did I receive these materials?

We hold a meeting of stockholders annually. This year’s meeting will be held on May 28, 2008. There will be several items of business that must be voted on by our stockholders at the meeting, and our Board of Directors is seeking your proxy to vote on these items. This proxy statement contains important information about Vishay Intertechnology, Inc. and the matters that will be voted on at the meeting. Please read these materials carefully so that you have the information you need to make informed decisions. Throughout this proxy statement, we will refer to ourselves as “Vishay Intertechnology, Inc.,” “Vishay,” “we,” “our,” or the “Company.”

What is a proxy?

A proxy is your legal designation of another person to vote the shares of stock that you own. The person you designate to vote your shares is also called a proxy. When you submit a proxy, the people named on the proxy card are required to vote your shares at the annual meeting in the manner you have instructed.

What is the record date and why is it important?

The record date is the date used by our Board of Directors to determine which stockholders are entitled to receive notice of, and vote on the items presented at, the annual meeting. Our Board established April [11], 2008 as the record date for the 2008 annual meeting.

What is the difference between “Stockholders of Record” and “Beneficial Owners”?

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

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

Who can attend the meeting?

All stockholders as of the record date, or their duly appointed proxies, are invited to attend the meeting.

1

What proposals will I be voting on and how does the Board of Directors recommend I vote?

The Board of Directors' recommendations are set forth together with the description of each proposal in this proxy statement. In summary, the Board of Directors (the "Board") recommends a vote

- **FOR** the election of four directors to hold office for terms of three years and until their successors are duly elected and qualified (see Proposal One);
- **FOR** the ratification of the appointment of Ernst & Young LLP as Vishay's independent registered public accounting firm for the year ending December 31, 2008 (see Proposal Two);
- **FOR** the approval of the amendment and restatement of Vishay's 2007 Stock Option Program (see Proposal Three); and
- **FOR** the approval of amendments to Vishay's charter documents to limit the maximum size of the Board to fifteen members and to grant the Board the exclusive authority to establish the size of the Board (see Proposal Four).

Does Vishay have more than one class of stock outstanding?

We have two classes of stock outstanding, common stock and Class B common stock. On the record date, there were [] shares of common stock and [] shares of Class B common stock outstanding and entitled to vote.

What are the voting rights of each class of stock?

Each share of common stock will be entitled to one vote and each share of Class B common stock will be entitled to 10 votes with respect to each matter to be voted on at the annual meeting.

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

What constitutes a quorum?

A quorum is the minimum number of votes required to be present at the annual meeting to conduct business. As set forth in Vishay's by-laws, the holders of a majority of the votes represented by the outstanding shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy, will constitute a quorum for the transaction of business at the annual meeting.

How are abstentions and broker non-votes considered?

Shares represented by proxies that are properly marked "ABSTAIN" will be counted for purposes of determining the presence of a quorum at the annual meeting. Abstentions are regarded as voted shares and will have the same effect as a vote "AGAINST" Proposals Two, Three and Four. Abstentions will have no effect on the election of directors under Proposal One.

Brokers holding shares for beneficial owners in street name must vote those shares according to specific instructions they receive from the beneficial owners. If instructions are not received, brokers may only vote the shares, in their discretion, on matters for which they are not precluded from exercising their discretion by the rules of the New York Stock Exchange (["NYSE"]). Under the NYSE rules, brokers may vote in their discretion on Proposals One and Two. Non-voted shares held by brokers and represented at the meeting are called broker non-votes. Broker non-votes will be counted in determining whether there is a quorum at the annual meeting but will not be regarded as voted shares. Accordingly, broker non-votes will have no effect on any of the proposals.

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What vote is required to approve each proposal?

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

- **Proposal One.** The election of four directors to hold office for terms of three years or until their successors are duly elected and qualified requires a plurality of the votes of the shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy and voted on the election of directors.
- **Proposal Two.** The ratification of the appointment of Ernst & Young LLP as Vishay's independent registered public accounting firm for the year ending December 31, 2008 requires the affirmative vote of holders of a majority of the votes of the shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy.
- **Proposal Three.** The approval of the amendment and restatement of the 2007 Stock Option Program requires the affirmative vote of holders of a majority of the votes of the shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy.
- **Proposal Four.** The approval of amendments to the Company's certificate of incorporation and by-laws to limit the maximum size of the Board to fifteen and to grant the Board the exclusive authority to establish the size of the Board requires the affirmative vote of the holders of a majority of the votes of the shares of common stock and Class B common stock, voting together as a single class.

How do I vote my shares? Can I vote electronically?

Please complete, date, and sign the enclosed proxy card and return it without delay in the enclosed envelope, which requires no additional postage if mailed in the United States.

If you are enrolled in our electronic proxy materials delivery service and received these proxy materials via the Internet, you will need to follow the procedures for online voting in order to vote your shares.

The shares represented by the accompanying proxy will be voted as directed with respect to each of the proposals set forth in the proxy statement, OR, if no direction is indicated, at the recommendations of the Board of Directors.

You may either vote ["FOR ALL"] or ["WITHHOLD"] your vote for the election of the nominees as directors under Proposal One, or you may vote for only some of the nominees. You may vote ["FOR," "AGAINST"] or ["ABSTAIN"] on Proposals Two, Three and Four.

Whether or not you plan to attend the meeting, we strongly encourage you to vote by proxy prior to the meeting.

Can I change my vote after I return my proxy card?

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

- sign and timely return another proxy card bearing a later date;
- provide written notice of the revocation to Vishay's Corporate Secretary; or
- attend the annual meeting and vote in person.

If your shares are held in a stock brokerage account or by a bank or other nominee, you must follow the instructions provided by your broker, bank, or nominee on how to revoke your proxy.

What will happen if I provide my proxy but do not vote on a proposal?

You should provide voting instructions for all proposals appearing on the proxy card. The persons named as proxies on the enclosed proxy card will vote your shares according to your instructions. However, if you fail to provide instructions on how you want your shares to be voted, properly signed and dated proxies will be voted in accordance with the recommendation of the Board of Directors.

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What will happen if I do not provide my proxy?

If you are a stockholder of record, your shares will not be voted.

If you are the beneficial owner of shares held in street name, your broker, bank, or other holder of record might be authorized to vote your shares on certain routine matters. The NYSE considers the election of directors and the ratification of the independent registered public accounting firm to be routine matters. On these matters, your broker or nominee can vote your street name shares on these items even though you have not provided voting instructions, or choose not to vote your shares on these matters. Proposals Three and Four are not routine and cannot be voted without your instructions.

Who will verify the election results?

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

Are there any stockholders who own more than 5% of Vishay's shares or voting power?

Dr. Felix Zandman, Founder, Executive Chairman of the Board of Directors, and Chief Technical and Business Development Officer of Vishay, directly, beneficially, and as voting trustee under a voting trust agreement, has sole or shared voting power over 45.2% of the total voting power of Vishay's outstanding shares of common stock and Class B common stock and intends to vote **FOR ALL** nominees and **FOR** all proposals.

According to filings made with the Securities and Exchange Commission (SEC), Barclays Global Investors, NA; AXA Financial, Inc.; LSV Asset Management; and State Street Bank & Trust Co. each beneficially own greater than 5% of Vishay's outstanding common stock. See Security Ownership of Certain Beneficial Owners and Management for more information. None of the companies that each beneficially own greater than 5% of Vishay's outstanding common stock has indicated its intentions to Vishay regarding matters to be voted on at the annual meeting.

Who paid to send me the proxy materials?

Vishay is required to mail these materials to you, unless you consent to receive these materials electronically. You can receive Vishay's proxy materials for future meetings electronically, which will save Vishay printing and mailing costs, by registering for this program at www.icsdelivery.com/vsh or by contacting your broker.

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

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GOVERNANCE OF THE COMPANY

What is corporate governance?

Corporate governance is the process by which companies govern themselves.

At Vishay, day-to-day business activities are carried out by our employees under the direction and supervision of our Chief Executive Officer (["CEO"]). The Board of Directors oversees these activities. In doing so, each director is required to use his or her business judgment in the best interests of Vishay and its stockholders. The Board's primary responsibilities include:

- Review of Vishay's performance, strategies, and major decisions;
- Oversight of Vishay's compliance with legal and regulatory requirements and the integrity of its financial statements;
- Oversight of management, including review of the CEO's performance and succession planning for key management roles; and
- Oversight of compensation for the CEO, key executives and the Board, as well as oversight of compensation policies and programs for all employees.

Additional description of the Board's responsibilities is included in our Corporate Governance Principles document, which is available to stockholders on our website and in print upon request, as described below.

Where can I find more information about the corporate governance practices of Vishay?

Various corporate governance related documents are available on our website. These include:

- Corporate Governance Principles
- Code of Business Conduct and Ethics
- Code of Ethics Applicable to the Company's Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer or Controller and Financial Managers
- Audit Committee Charter
- Nominating and Corporate Governance Committee Charter
- Compensation Committee Charter
- Policy on Director Attendance at Annual Meetings
- Nominating and Corporate Governance Committee Policy Regarding Qualification of Directors
- Procedures for Securityholders' Submissions of Nominating Recommendations
- Securityholder Communications with Directors and Interested Party Communication with Non-Management Directors
- Whistleblower and Ethics Hotline Procedures
- Related Party Transaction Policy

To view these documents, access ir.Vishay.com and click on ["Corporate Governance."] Any of these documents can be obtained in print by any stockholder upon written request to Vishay's investor relations department.

We intend to post any amendments to, or any waivers from, a provision of our Code of Ethics Applicable to the Company's Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer or Controller and Financial Managers on our website.

What is the composition of the Board of Directors?

Vishay has a staggered Board of Directors divided into three classes. The maximum number of directors has been fixed by the Board of Directors at twelve. There are currently eleven members of the Board. As described in Proposal One, four directors will be elected to Class II for a term expiring at the annual meeting of stockholders in 2011. Biographical information on each of the directors is included in Proposal One.

How does the Board determine which directors are considered independent?

The Board of Directors has determined that, to be considered independent, an outside director may not have a direct or indirect material relationship with Vishay. A material relationship is one which impairs or inhibits, or has the potential to impair or inhibit, a director's exercise of critical and disinterested judgment on behalf of Vishay and its stockholders. The materiality standard applied by the Board includes, but is not limited to, the disqualifying relationships set forth in the governance listing standards of the NYSE.

The Board is aware that Dr. Zandman, our Executive Chairman and Chief Technical and Business Development Officer, and his family have approximately \$1 million invested in funds managed by the CMS Companies, which are controlled by director Mark Solomon, an amount constituting less than 1% of the total funds under management by these entities. The Board has affirmatively determined that this investment does not constitute a material relationship of Mr. Solomon with Vishay and that there is no other relationship of the non-management directors with Vishay or its management that constitutes a material relationship. The Board also considered social relationships between Dr. Zandman and some of the Company's non-management directors. The Board has affirmatively determined that these social relationships do not constitute a material relationship between Vishay and these directors.

Accordingly, the Board has concluded that Zvi Grinfas, Eliyahu Hurvitz, Dr. Abraham Ludomirski, Wayne M. Rogers, Mark Solomon, and Thomas Wertheimer qualify as independent directors. Each of the Audit Committee, the Nominating and Corporate Governance Committee, and the Compensation Committee of the Board is composed entirely of independent directors.

How often did the Board meet during 2007?

The Board of Directors met five times during the year ended December 31, 2007. In 2007, each director attended at least 80% of the aggregate number of meetings of the Board of Directors and any Committee on which such director served. Information regarding Vishay's policy on director attendance at annual meetings of stockholders and the number of directors attending last year's annual meeting may be found on our website at www.Vishay.com.

The non-management directors also periodically meet in sessions where management directors are not present. During the year ended December 31, 2007, the non-management directors met two times.

What is the role of the Board's Committees?

The Board of Directors maintains an Executive Committee, a Nominating and Corporate Governance Committee, an Audit Committee, and a Compensation Committee, each of which is described below.

Executive Committee - The Executive Committee is authorized to exercise all functions of the Board of Directors in the intervals between meetings of the Board to the extent permitted by Delaware law.

Nominating and Corporate Governance Committee - The functions of the Nominating and Corporate Governance Committee include identifying individuals qualified to become members of the Board; selecting, or recommending that the Board of Directors select, the director nominees for the next annual meeting of stockholders; developing and recommending to the Board a set of corporate governance principles for Vishay; overseeing the evaluation of the Board and the management of Vishay; administering Vishay's Related Party Transactions Policy; and performing other related functions specified in the Committee's charter. A copy of the Committee's charter is available to stockholders on our website and in print upon request.

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

Audit Committee - The functions of the Audit Committee include overseeing Vishay's accounting and financial reporting processes; overseeing the audits of our consolidated financial statements and the effectiveness of our internal control over financial reporting; assisting the Board in its oversight of the integrity of our financial

statements, our compliance with legal and regulatory requirements, the independence and qualifications of our independent registered public accounting firm, and the performance of our internal audit function and independent registered public accounting firm; and performing other related functions specified in the Committee's charter. A copy of the Committee's charter is available to stockholders on our website and in print upon request. Also see "Audit Committee Report."

The Audit Committee consists of three non-management directors, each of whom satisfies the independence requirements of the rules of the SEC and the governance listing requirements of the NYSE. All of the members of the Committee also satisfy the financial literacy requirements of the NYSE and Mr. Wertheimer, the chairman of the Committee, qualifies as an audit committee financial expert satisfying the rules of the SEC.

Compensation Committee - The functions of the Compensation Committee include evaluating the performance of the Chief Executive Officer and, based on this evaluation, determining and approving the compensation of the Chief Executive Officer; making recommendations to the Board with respect to compensation of our other executive officers; making recommendations to the Board with respect to compensation of non-management directors; making recommendations to the Board with respect to, and administering, our incentive compensation plans and equity based plans; and performing other related functions specified in the Committee's charter. The Compensation Committee is authorized, within the limits of the 1998 stock plan (which expired March 16, 2008) and the 2007 stock plan of Vishay, to determine the individuals who are to receive grants and the vesting requirements with respect to those grants, and to administer and interpret the stock plans. The Compensation Committee is also authorized, within the limits of our stock option programs, to determine the individuals who are to receive grants and the vesting requirements with respect to those grants and to administer and interpret the programs. The current chairman of the Committee is Mr. Grinfas. A copy of the Committee's charter is available to stockholders on our website and in print upon request. Also see "Executive Compensation."

The following table summarizes the composition of these committees as of April [11], 2008:

	Executive Committee	Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee
	(1)			(2)
Dr. Felix Zandman	**	□	□	□
Eliyahu Hurvitz	□	□	**	□
Zvi Grinfas	□	*	□	**
Dr. Abraham Ludomirski	□	□	*	*
Dr. Gerald Paul	*	□	□	□
Wayne M. Rogers	□	*	□	□
Ziv Shoshani	*	□	□	□
Mark I. Solomon	□	□	*	□
Thomas C. Wertheimer	□	**	□	*
Marc Zandman	*	□	□	□
Ruta Zandman	□	□	□	□
Number of Meetings during 2007	0	9	3	4
Actions by Unanimous Consent in Lieu of Meeting during 2007	1	0	0	1

(1) The Executive Committee meets informally once a month to discuss various business issues.

(2) Messrs. Grinfas and Wertheimer replaced Messrs. Hurvitz and Solomon on the Compensation Committee effective May 22, 2007.

** Chairman

* Member

How does the Board select nominees for the Board?

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

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

What qualifications must a director have?

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

Can I recommend a nomination for director?

Yes. The Nominating and Corporate Governance Committee will consider recommendations for director nominations submitted by stockholders entitled to vote generally in the election of directors. Submissions must be made in accordance with the Committee's procedures, as outlined below and set forth on our website. For each annual meeting of our stockholders, the Committee will accept for consideration only one recommendation from any stockholder or affiliated group of stockholders. The Committee will only consider candidates who satisfy our minimum qualifications for director, as summarized in this proxy statement and as set forth on our website. In considering a stockholder recommendation, the Committee will take into account, among other factors, the size and duration of the recommending stockholder's ownership interest in Vishay and whether the stockholder intends to continue holding that interest through the annual meeting date. Stockholders should be aware, as discussed above, that it is our general policy to re-nominate qualified incumbent directors and that, absent special circumstances, the Committee will not consider other candidates when a qualified incumbent director consents to stand for re-election.

A stockholder wishing to recommend to the Nominating and Corporate Governance Committee a candidate for election as director must submit the recommendation in writing, addressed to the Committee, care of our Corporate Secretary, at Vishay Intertechnology, Inc., 63 Lancaster Avenue, Malvern, PA 19355. Submissions must be made by mail, courier, or personal delivery. E-mailed submissions will not be considered. Submissions

recommending candidates for election at an annual meeting of stockholders must be received no later than 120 calendar days prior to the first anniversary of the date of the proxy statement for the prior annual meeting of stockholders. In the event that the date of an annual meeting of stockholders is more than 30 days following the first anniversary date of the annual meeting of stockholders for the prior year, the submission must be made a reasonable time in advance of the mailing of our proxy statement for the current year. Each nominating recommendation must be accompanied by the information called for by our "Procedures for Security Holders" Submission of Nominating Recommendations," which is posted on our website. This includes specified information concerning the stockholder or group of stockholders making the recommendation and the proposed nominee, any relationships between the recommending stockholder or stockholders and the proposed nominee and the qualifications of the proposed nominee to serve as director. The recommendation must also be accompanied by the consent of the proposed nominee to serve if nominated and elected and the agreement of the nominee to be contacted by the Committee, if the Committee decides in its discretion to do so.

How do stockholders and others communicate with the Board?

Vishay stockholders may communicate with the Board of Directors, any Committee of the Board or any individual director, and any interested party may communicate with the non-management directors of the Board as a group, by delivering such communications either in writing addressed to our Corporate Secretary at Vishay Intertechnology, Inc., 63 Lancaster Avenue, Malvern, PA 19355; or by e-mail to boardofdirectors@Vishay.com. Communications should not exceed 1,000 words.

All communications must be accompanied by the following information: (i) if the person submitting the communication is a securityholder, a statement of the type and amount of the securities of Vishay that the person holds; (ii) if the person submitting the communication is not a securityholder and is submitting the communication to the non-management directors as an interested party, the nature of the person's interest in Vishay; (iii) any special interest, meaning an interest not in the capacity as a stockholder of Vishay, of the person in the subject matter of the communication; and (iv) the address, telephone number and e-mail address, if any, of the person submitting the communication. Communications addressed to directors may, at the direction of the directors, be shared with Vishay management.

DIRECTOR COMPENSATION

Our non-employee directors each received a fee of \$2,500 for each individual Board or Committee meeting attended in person, and \$1,000 for each Board or Committee meeting attended telephonically, during 2007. Concurrent with the annual meeting, each non-employee director receives a retainer fee of \$30,000 for serving on the Board of Directors. Directors who are also employees of Vishay do not receive any additional compensation for their service as directors. See "Executive Compensation."

The following table provides information with respect to the compensation paid or provided to the Company's non-management directors during 2007:

Name	Fees Earned and Paid in Cash
Zvi Grinfas	\$54,000
Eliyahu Hurvitz	36,000
Dr. Abraham Ludomirski	42,000
Wayne M. Rogers	45,500
Mark I. Solomon	39,500
Thomas C. Wertheimer	52,000
Philippe Gazeau (1)	2,500

(1) Mr. Gazeau resigned from the Board of Directors on March 15, 2007.

The Company's non-management directors did not receive any option awards, stock awards, non-equity incentive compensation, pension, or other compensation in 2007. The Company is proposing to amend and restate its 2007 Stock Option Program to permit awards under the plan to non-management directors and to include awards under the program of restricted stock and restricted stock units. Subject to stockholder approval of the amendment and restatement at the annual meeting, the Board of Directors has determined to award to each of the non-management directors 24,000 restricted stock units, with vesting in three equal annual installments, and with accelerated vesting on the occurrence of a change of control. See Proposal Three.

Mrs. Ruta Zandman is employed by Vishay as a public relations associate and accordingly receives no compensation for her service on the Board of Directors. Mrs. Zandman's salary for 2007 was \$25,000. Mrs. Zandman does not participate in any of Vishay's retirement or incentive compensation programs.

PROPOSAL ONE

ELECTION OF DIRECTORS

Four directors will be elected to Class II for a term expiring at the annual meeting of stockholders in 2011.

Eliyahu Hurvitz, Dr. Abraham Ludomirski, Wayne M. Rogers and Mark I. Solomon are the nominees for election as Class II Directors for terms of three years, expiring at the 2011 annual meeting of stockholders. Each of the nominees is currently a member of the Board and has consented to serve if elected.

There is a vacancy in the position of one Class I director due to the resignation of Philippe Gazeau on March 15, 2007. The Board of Directors has not nominated a candidate to this position at the annual meeting, but may designate a director for the position at a later time.

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

The following table summarizes the current directors:

Name	Age	Director Since	Term Expiring
Nominees for Election as Class II Directors:			
Eliyahu Hurvitz	75	1994	2011
Dr. Abraham Ludomirski	55	2003	2011
Wayne M. Rogers	75	2006	2011
Mark I. Solomon	68	1993	2011
Class I Directors:			
Dr. Felix Zandman ⁽¹⁾⁽²⁾	79	1962	2010
Zvi Grinfas	67	2003	2010
Dr. Gerald Paul	59	1993	2010
Class III Directors:			
Ziv Shoshani ⁽¹⁾	41	2001	2009
Thomas C. Wertheimer	67	2004	2009
Marc Zandman ⁽¹⁾⁽³⁾	46	2001	2009
Ruta Zandman ⁽¹⁾	70	2001	2009

(1)

Dr. Zandman and Ruta Zandman are married. Marc Zandman is their son and Ziv Shoshani is their nephew.

(2) Executive Chairman of the Board.

(3) Vice Chairman of the Board.

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Nominees for Election as Class II Directors □ Terms Expiring 2011

Eliyahu Hurvitz is Chairman of the Board of Teva Pharmaceutical Industries Ltd., a leading generic pharmaceutical company, and was President and Chief Executive Officer of Teva prior to stepping down from these positions in April 2002. He serves as Chairman of the Board of The Israel Democracy Institute (IDI), Chairman of the Board of Neuro Survival Technologies Ltd., an Israeli molecular imaging and drug development company, Chairman of the Board of Pontifax Management (G.P) Ltd. and Chairman of the Board of Protalix BioTherapeutics, Inc. He was a member of the Belfer Center for Science and International Affairs at John F. Kennedy School of Government at Harvard University from 2002 until 2005. He received a B.A. in economics and business administration from the Hebrew University in 1957.

Dr. Abraham Ludomirski is the founder and managing director of Vitalife Fund, a venture capital company specializing in high-tech electronic medical devices. He is also the Chairman of the Board of Sightline Technologies Ltd., an Israeli high technology company specializing in miniature electronics and optical and video systems.

Wayne M. Rogers is an investor and regular stock commentator and analyst on Fox News Channel. Mr. Rogers is also president of Wayne M. Rogers & Co., an investment management firm.

Mark I. Solomon is a founder and Chairman of CMS Companies, a provider of financial advisory services, specializing in money management and real estate investments.

Under the Company's Corporate Governance Principals, directors may not stand for election or re-election after the age of 75, unless the Board makes an affirmative determination that, because of the importance and value of the continued service of a director, the retirement policy should be waived. The Board has made such a determination with respect to Messrs. Hurvitz and Rogers.

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

Class I Directors □ Terms Expiring 2010

Dr. Felix Zandman is a founder of Vishay, and has been Executive Chairman of the Board since 1989 and a Director since Vishay's inception in 1962. In addition to his position as Executive Chairman, Dr. Zandman became Chief Technical and Business Development Officer on January 1, 2005. Dr. Zandman was Chief Executive Officer of Vishay from its inception in 1962 through December 31, 2004, when Dr. Gerald Paul was appointed Chief Executive Officer. Dr. Zandman had been President of Vishay from its inception through March 1998.

Zvi Grinfas has been a technology consultant to Israeli companies since 1988. Prior to that, Mr. Grinfas served in various executive positions including CEO and Chairman of the Board of IMP, Inc., a semiconductor company.

Dr. Gerald Paul was appointed Chief Executive Officer effective January 1, 2005. Dr. Paul has served as a Director of Vishay since 1993, and has been President of Vishay since March 1998. Dr. Paul also was Chief Operating Officer from 1996 to 2006. Dr. Paul previously was an Executive Vice President of Vishay from 1996 to 1998, and President of Vishay Electronic Components, Europe from 1994 to 1996. Dr. Paul has been Managing Director of Vishay Electronic GmbH, a subsidiary of Vishay, since 1991. Dr. Paul has been employed by Vishay and a predecessor company since 1978.

Class III Directors □ Terms Expiring 2009

Ziv Shoshani was promoted to the position of Chief Operating Officer effective January 1, 2007. During 2006, he was Deputy Chief Operating Officer. Mr. Shoshani has been Executive Vice President of Vishay since 2000 with various areas of responsibility. Mr. Shoshani has been employed by Vishay since 1995. He is the nephew of Dr. Felix Zandman, Vishay's Executive Chairman and Chief Technical and Business Development Officer.

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Thomas C. Wertheimer became a director effective May 1, 2004. Mr. Wertheimer is an independent financial and accounting consultant. Prior to his retirement in 2000, he was a senior audit partner with the accounting firm of PricewaterhouseCoopers LLP and its predecessor Coopers & Lybrand LLP. In this capacity, Mr. Wertheimer was responsible for the audits of major U.S. and international public companies and was also a technical consulting partner in the firm's national office. From 2003 until 2007, Mr. Wertheimer was a consultant for the Public Company Accounting Oversight Board (PCAOB). He is also a director of Fiserv, Inc., an information management and service provider, and Xinyuan Real Estate Co., Ltd., a residential real estate developer in China.

Marc Zandman has been Vice Chairman of the Board since 2003, a Director of Vishay since 2001, and President of Vishay Israel Ltd. since 1998. Mr. Zandman was appointed Chief Administration Officer as of January 1, 2007. Mr. Zandman was Group Vice President of Vishay Measurements Group from 2002 to 2004. Mr. Zandman has served in various other capacities with Vishay since 1984. He is the son of Dr. Felix Zandman, Vishay's Executive Chairman and Chief Technical and Business Development Officer.

Ruta Zandman has been employed by Vishay since October 1993 as a Public Relations Associate. She is the wife of Dr. Felix Zandman, Vishay's Executive Chairman and Chief Technical and Business Development Officer, and usually accompanies Dr. Zandman on business trips as a representative of Vishay. Mrs. Zandman has shared or contingent voting power over shares representing approximately 25.5% of the total voting power of Vishay's outstanding shares of common stock and Class B common stock.

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REPORT OF THE AUDIT COMMITTEE

Management is responsible for maintaining effective internal control over financial reporting, for assessing the effectiveness of internal control over financial reporting, and for preparing our consolidated financial statements. Our independent registered public accounting firm is responsible for, among other things, performing an independent audit of our consolidated financial statements in accordance with standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and issuing a report thereon. Our independent registered public accounting firm is also responsible for auditing the effectiveness of our internal control over financial reporting in accordance with standards of the PCAOB, and issuing a report thereon. It is the responsibility of the Audit Committee to monitor and oversee these processes.

In fulfilling its oversight duties, the Audit Committee reviewed and discussed the following with management and our independent registered public accounting firm, Ernst & Young LLP: (a) the audited financial statements for the fiscal year ended December 31, 2007; (b) the effectiveness of our internal control over financial reporting; and (c) the matters required to be discussed by *Statement on Auditing Standards No. 114 (Communications with Audit Committees)* and Rule 2-07 of SEC Regulation S-X. These required communications addressed, among other topics, the independent registered public accounting firm's responsibility under the standards of the PCAOB; critical accounting policies and practices; judgments and accounting estimates; alternative accounting treatments; any significant audit adjustments; any disagreements or difficulties encountered in performing the audit; and other material communications between the independent registered public accounting firm and management. The Audit Committee received the written disclosures and the letter from Ernst & Young LLP required by *Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees)* and discussed with Ernst & Young LLP the firm's independence. The Audit Committee also considered the compatibility of non-audit services provided to Vishay by Ernst & Young LLP, and the fees and costs billed or to be billed for these services, with the maintenance of the independent registered public accounting firm's independence. The Committee has concluded that the provision of the non-audit services by Ernst & Young LLP in 2007 did not impair the independent registered public accounting firm's independence. (The fees and costs billed by the independent registered public accounting firm for audit and non-audit services in 2006 and 2007 are shown under Proposal Two.) Under the Audit and Non-Audit Services Pre-Approval Policy that was adopted by the Audit Committee in May 2003, the Audit Committee must pre-approve all audit and non-audit services

provided to Vishay by the independent registered public accounting firm. The policy sets forth the procedures and conditions for pre-approval of these services. All of the audit and non-audit services provided by the independent registered public accounting firm since adoption of the Audit and Non-Audit Services Pre-Approval Policy were pre-approved by the Committee in accordance with such policy.

Based upon the above review and discussions with management and the independent registered public accounting firm, the Audit Committee recommended to the Board of Directors that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 for filing with the Securities and Exchange Commission. The Audit Committee has also appointed Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2008, but the Committee has determined in accordance with our historical practices to submit the appointment for ratification by stockholders (See Proposal Two).

Respectfully submitted,

The Audit Committee of the Board of Directors

Thomas C. Wertheimer, Chairman
Zvi Grinfas
Wayne M. Rogers

PROPOSAL TWO

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors is responsible for the selection of our independent registered public accounting firm. The Committee has determined to reappoint the public accounting firm of Ernst & Young LLP as independent registered public accounting firm to audit our financial statements for the fiscal year ending December 31, 2008, as well as to audit the effectiveness of our internal control over financial reporting. Ernst & Young LLP has served as our independent registered public accounting firm since 1968. Although stockholder approval for the appointment of the independent registered public accounting firm is not required, we are continuing our practice of submitting the selection of the independent registered public accounting firm to stockholders for their ratification.

Representatives of the firm of Ernst & Young LLP are expected to be present at the annual meeting and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions from stockholders.

Under the Audit and Non-Audit Services Pre-Approval Policy that was adopted by the Audit Committee in May 2003, the Audit Committee must pre-approve all audit and non-audit services provided to Vishay by the independent registered public accounting firm. The policy sets forth the procedures and conditions for pre-approval of these services. The Audit Committee has pre-approved generally the engagement of the independent registered public accounting firm for services relating to our filings with the SEC (including comfort letters and consents for securities offerings); acquisition or disposition related diligence activities; internal control review and compliance; interpretation and compliance with accounting and accounting-related disclosure rules and standards; certain attest services; domestic and international tax planning and compliance; and risk management.

The following table sets forth the aggregate fees billed by Ernst & Young LLP for audit and non-audit services rendered to Vishay in 2007 and 2006. These fees are categorized as audit fees, audit-related fees, tax fees, and all other fees. The nature of the services provided in each category is described following the table.

	2007	2006
Audit fees	\$6,500,000	\$6,300,000
Audit-related fees	100,000	300,000

Tax fees	900,000	900,000
All other fees	200,000	100,000
Total fees	\$7,700,000	\$7,600,000

Audit fees. These fees generally consist of professional services rendered for the audits of the consolidated financial statements of Vishay and its internal control over financial reporting, quarterly reviews, subsidiary or equity investment audits, issuance of comfort letters, consents, income tax provision procedures, and assistance with and review of documents filed with the SEC.

Audit-related fees. These fees generally consist of assurance and other services related to the performance of the audit or review of Vishay's financial statements or that are traditionally performed by the independent registered public accounting firm, issuance of consents and letters to underwriters, due diligence related to acquisitions, internal control reviews, attest services that are not required by statute or regulation, consultations concerning financial accounting and reporting standards, and financial audits of employee benefit plans.

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Tax fees. These fees generally relate primarily to tax compliance, including review and preparation of corporate and expatriate tax returns, assistance with tax audits, review of the tax treatment for certain expenses, extra-territorial tax analysis, and tax due diligence relating to acquisitions. They also include fees for state and local tax planning and consultations with respect to various domestic and international tax matters.

All other fees. These fees generally consist of reviews for compliance with various government regulations, risk management and treasury reviews and assessments and audits of various contractual arrangements.

Vishay did not make use in fiscal 2007 of the rule that waives pre-approval requirements for non-audit services in certain cases if the fees for these services constitute less than 5% of the total fees paid to the independent registered public accounting firm during the year.

The Audit Committee and the Board of Directors recommend that you vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

On April [11], 2008, Vishay had outstanding [] shares of common stock, each of which entitles the holder to one vote, and [] shares of Class B common stock, each of which entitles the holder to 10 votes. Voting is not cumulative.

The following table shows the number of shares of Vishay common stock and Class B common stock beneficially owned by (a) each director and director nominee, (b) each Named Executive Officer identified under Executive Compensation, (c) the directors and executive officers of Vishay as a group and (d) any person owning more than 5% of Vishay common stock or the Class B common stock.

Name	Common Stock Right to Acquire			Class B Common Stock		
	Amount and Nature of Beneficial Ownership	Ownership Under Options Exercisable within 60 days	Percent of Class	Amount and Nature of Beneficial Ownership	Percent of Class	Voting Power
Directors and Executive Officers						
Dr. Felix Zandman	153	67,526	*	14,261,316(1)	99.4%	45.2%

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Zvi Grinfas	1,000	-	*	-	-	*
Richard N. Grubb	60,393	45,000	*	-	-	*
Eliyahu Hurvitz	11,996	-	*	-	-	*
Dr. Abraham Ludomirski	1,000	-	*	-	-	*
Dr. Gerald Paul	62,004	45,000	*	-	-	*
Wayne M. Rogers	19,342	-	*	-	-	*
Ziv Shoshani	6,376	34,166	*	-	-	*
Mark I. Solomon	16,552	-	*	-	-	*
Thomas C. Wertheimer	1,400	-	*	-	-	*
Marc Zandman	4,278	34,166	*	1,500(2)	*	*
Ruta Zandman ⁽³⁾	1,159	-	*	8,000,100(3)	55.7%	25.5%

All Directors and Executive

Officers as a group (12 Persons)

c/o Vishay Intertechnology, Inc. 63 Lancaster Avenue Malvern, PA 19355	185,653	225,858	*	14,262,816	99.4%	45.3%
Barclays Global Investors NA ⁽⁴⁾ 45 Fremont Street San Francisco, CA 94105	11,152,388	-	6.48%	-	-	-
AXA Financial, Inc. ⁽⁵⁾ 1290 Avenue of the Americas New York, NY 10104	9,482,503	-	5.50%	-	-	-
LSV Asset Management ⁽⁶⁾ 1 N. Wacker Drive, Suite 4000 Chicago, IL 60606	9,328,416	-	5.40%	-	-	-
State Street Bank & Trust Co. ⁽⁷⁾ State Street Financial Center One Lincoln Street Boston, MA 02111	8,726,730	-	5.07%	-	-	-

* Represents less than 1% of the outstanding shares of such class or the total voting power, as the case may be.

- (1) Includes 616,734 shares of Class B common stock directly owned by Dr. Felix Zandman; 8,000,100 shares held in a family trust, of which Dr. Zandman is the trustee and over which Dr. Zandman shares voting and dispositive control with Mrs. Ruta Zandman; and 5,644,482 shares held in a voting trust, of which Dr. Zandman is the trustee and over which Dr. Zandman has sole voting control. The shares held in the voting trust consist of 3,134,074 shares deposited by the Estate of Mrs. Luella B. Slaner and 2,510,408 shares deposited by Mrs. Slaner's children and various trusts for the benefit of Mrs. Slaner's children and grandchildren. The voting trust agreement that governs the voting trust will remain in effect until the earlier of (x) February 1, 2050 or (y) the death or resignation or inability to act of Dr. Zandman, but will terminate at any earlier time upon the due execution and acknowledgment by the trustee of a deed of termination, duly filed with the registered office of Vishay.

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- (2) Includes 750 shares of Class B common stock directly owned by Marc Zandman and 750 shares of Class B common stock owned by Marc

Zandman's minor child.

- (3) Includes 8,000,100 shares of Class B common stock held in a family trust, of which Dr. Felix Zandman is the trustee and over which Mrs. Zandman shares voting and dispositive control with Dr. Zandman. Excludes 616,734 shares of Class B common stock directly owned by Dr. Zandman; however, Mrs. Zandman has the authority to vote Dr. Zandman's directly owned Vishay shares in the event of his incapacity.
- (4) Based on information provided in a Schedule 13G filed on February 5, 2008 by Barclays Global Investors, NA; Barclays Global Investors, NA consists of Barclays Global Fund Advisors, Barclays Global Investors, Ltd., Barclays Global Investors Japan Trust and Banking Company Ltd., Barclays Global Investors Japan Ltd., Barclays Global Investors Canada Ltd., Barclays Global Investors Australia Ltd. and Barclays Global Investors (Deutschland) AG. According to the Schedule 13G, Barclays Global Investors, NA may be deemed to have sole power to vote or direct the vote with respect to 6,467,213 shares of common stock; and sole power to dispose or direct the disposition with respect to 8,018,109 shares. Barclays Global Fund Advisors may be deemed to have sole power to vote or direct the vote with respect to 2,551,980 shares of common stock; and sole power to dispose or direct the disposition with respect to 2,551,980 shares. Barclays Global Investors, Ltd. may be deemed to have sole power to vote or direct the vote with respect to 312,335 shares of common stock; and sole power to dispose or direct the disposition with respect to 367,116 shares. Barclays Global Investors Japan Limited may be deemed to have sole power to vote or direct the vote with respect to 204,158 shares of common stock; and sole power to dispose or direct the disposition with respect to 204,158 shares. Barclays Global Investors Canada Limited may be deemed to have sole power to vote or direct the vote with respect to 11,025 shares of common stock; and sole power to dispose or direct the disposition with respect to 11,025 shares.
- (5) Based on information provided in a Schedule 13G/A filed on February 14, 2008 by AXA Financial, Inc., a majority of shares reported in that Schedule 13G/A are held by unaffiliated third-party client accounts in three mutual insurance companies managed by Alliance Capital Management LP, an investment advisor. Alliance Capital Management LP is a majority-owned subsidiary of AXA Financial, Inc. The three French mutual insurance companies are AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle, and AXA Courtage Assurance Mutuelle (collectively "AXA Mutuelles"). According to the Schedule 13G/A, AXA Mutuelles may be deemed to have sole power to vote or direct the vote with respect to 6,232,138 shares of common stock; shared power to vote or direct the vote of 23,168 shares; sole power to dispose or direct the disposition with respect to 9,482,343 shares; and shared power to dispose or direct the disposition with respect to 160 shares. AXA Financial, Inc. may be deemed to have sole power to vote or direct the vote with respect to 3,863,394 shares of common stock; shared power to vote or direct the vote with respect to 23,168 shares; sole power to dispose or direct the disposition with respect to 4,302,441 shares; and shared power to dispose or direct the disposition with respect to 160 shares. AXA may be deemed to have sole power to vote or direct the vote with respect to 6,232,138 shares of common stock; shared power to vote or direct the vote of 23,168 shares; sole power to dispose or direct the disposition with respect to 9,482,343 shares; and shared power to dispose or direct the disposition with respect to 160 shares.

- (6) Based on information provided in a Schedule 13G filed on February 12, 2008 by LSV Asset Management. According to the Schedule 13G, LSV Asset Management may be deemed to have sole power to vote or direct the vote with respect to 9,328,416 shares of common stock; and sole power to dispose or direct the disposition with respect to 9,328,416 shares.
- (7) Based on information provided in a Schedule 13G filed on February 12, 2008 by State Street Bank & Trust Co. According to the Schedule 13G, State Street Bank & Trust Co. may be deemed to have sole power to vote or direct the vote with respect to 8,726,730 shares of common stock; and shared power to dispose or direct the disposition with respect to 8,726,730 shares.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers and persons who beneficially own more than ten percent of our common stock to report their ownership of and transactions in our stock in filings with the SEC. Copies of these reports are also required to be supplied to Vishay. Vishay believes, based solely on a review of the copies of such reports received, that our directors and executive officers and persons who beneficially own more than ten percent of our common stock complied with all applicable Section 16(a) reporting requirements during the year ended December 31, 2007, except that each of Dr. Zandman, Dr. Paul, Mr. Grubb, Mr. Shoshani and Mr. Zandman inadvertently failed to report timely on Form 4 their annual awards of phantom stock units for the years 2004 through 2007, although these awards have been regularly disclosed in the proxy discussion of the compensation arrangements of these executives, and Messrs. Shoshani and Zandman inadvertently failed to make a timely filing with respect to a stock option grant in 2007. All of the Forms 4 have now been filed.

Compensation Committee Interlocks and Insider Participation

Dr. Ludomirski and Messrs. Grinfas and Wertheimer are the members of the Compensation Committee. Mr. Solomon was a member of the Compensation Committee through May 22, 2007. Dr. Zandman and his family have approximately \$1 million invested in various funds managed by the CMS Companies, of which Mr. Solomon is the Chairman.

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EXECUTIVE COMPENSATION

Information Concerning Executive Officers

The named executive officers of Vishay, along with their respective ages and positions with Vishay, as of April [11], 2008, are as follows:

Name	Age	Position
Felix Zandman*	79	Executive Chairman of the Board, Chief Technical and Business Development Officer
Gerald Paul*	59	Chief Executive Officer, President and Director
Marc Zandman*	46	Vice Chairman of the Board, Chief Administration Officer, President of Vishay Israel Limited
Richard N. Grubb	61	Executive Vice President and Chief Financial Officer
Ziv Shoshani*	41	Executive Vice President, Chief Operating Officer and Director

* Biography is provided with Board of Directors.

Richard N. Grubb has been Chief Financial Officer of Vishay since 1994, and has been an Executive Vice President of Vishay since 1996. He also served as Treasurer from 1994 to 2007. Mr. Grubb has been associated with Vishay in various capacities since 1975, and was a Director from 1994 to 2003.

Officers serve, at the discretion of the Board of Directors, until the meeting of the Board of Directors next following each annual meeting of stockholders, subject to their rights under any contracts of employment described under "Compensation Discussion and Analysis."

Compensation Discussion and Analysis

Overview

The Compensation Committee of the Board of Directors is responsible for establishing and approving the compensation of the Chief Executive Officer, recommending to the Board of Directors the compensation of other executive officers, and for administering Vishay's incentive compensation and equity based plans. Other than with respect to the Chief Executive Officer, the Board of Directors makes the final determination with respect to compensation of Vishay's senior executives.

In 2004, under the direction of its Compensation Committee, Vishay engaged in a major review and overhaul of the compensation practices for its named executive officers. In connection with this review, the Compensation Committee engaged Mullin Consulting, currently MullinTBG, a nationally known and recognized executive compensation consulting firm. Mullin was retained to assist in developing appropriate benefits and compensation plans for the Company's top executives. As part of its engagement, Mullin made recommendations concerning the proposed terms of the executives' employment contracts, including particularly salary and bonus compensation, deferred compensation arrangements, severance arrangements and other supplemental and post-retirement benefits. Mullin performed an analysis comparing the then current compensation of Vishay's senior executive officers with those of its closest peers in the passive and semiconductor component industries. The Committee was also in regular communication with Dr. Zandman, Dr. Paul, and Mr. Grubb concerning this project. As a consequence of this review, Vishay (and where relevant, certain of its subsidiaries) entered into comprehensive employment agreements and other arrangements with each of its named executive officers. These agreements and arrangements, except for base salaries, have remained unchanged since that time and have governed the compensation paid and awarded to the executive officers over the past four years, including the year ended December 31, 2007.

The Compensation Committee, in consultation with Dr. Zandman, Dr. Paul, and Mr. Grubb, undertakes an annual review of the compensation arrangements of Vishay's executive officers. The Committee has determined not to make any changes for 2008 to the compensation arrangements provided in the executives' respective employment contracts, except for increases in base salary, as described below. The Committee has determined to provide the executives with certain additional equity based compensation, in the form of restricted stock units, subject to approval by stockholders of the amendment and restatement of the 2007 Stock Option Program, as described below in Proposal Three.

Compensation perspective of the Committee generally

In 2004, the Compensation Committee crafted the compensation packages for Vishay's executive officers with a view to the roles that each was expected to play over the medium term in Vishay's operations, development, and strategic planning. Over the past four years, the executives have continued to function in the anticipated roles, so that the Committee believes that the determinations made in 2004 continue to be relevant and appropriate to our compensation philosophy.

Although Dr. Zandman was our chief executive officer in 2004, it was contemplated that he would relinquish that position to focus full time on technical and business development issues. This occurred effective January 1, 2005. Vishay has always viewed its internal growth through technical advance and its external growth through strategic acquisitions as the primary drivers of stockholder value. Dr. Zandman had been responsible for these areas in the past and, because he would remain with these responsibilities going forward, the Committee determined that it was appropriate for Dr. Zandman's compensation to continue to reflect his role as chief architect of our growth and success.

Dr. Paul and Mr. Grubb, working with Dr. Zandman and each other, have had senior responsibility for our overall business and financial affairs, respectively, and have been instrumental as well in promoting our strategic advances. With the assumption by Dr. Paul of the duties of chief executive officer in 2005, certain responsibilities shifted from Dr. Zandman to Dr Paul, but the collective leadership function of the three most senior executives remained intact. The compensation of Dr. Paul and Mr. Grubb reflects their positions and responsibilities at the most senior executive level.

Our succession plan provides for the gradual transition of Mr. Zandman and Mr. Shoshani into the roles of senior management upon the eventual retirement of Drs. Zandman and Paul. The responsibilities of these executives have been increasing so that, for example, since the inception of the agreements in 2004, Mr. Zandman has become Chief Administrative Officer of Vishay and Mr. Shoshani has succeeded Dr. Paul in the position of Chief Operating Officer. The compensation of these executives is intended to reflect their transitional status. Currently, Mr. Zandman and Mr. Shoshani report to Dr. Paul, and their compensation in part is subject to Dr. Paul's annual assessment of their performance.

The compensation arrangements were embodied in agreements with each of the executives, with the expectation that they would remain in place for a period of time. The agreements have an evergreen feature, whereby at the end of each year another year is added, so that effectively the agreements always have three remaining years in their term. An evergreen term is essentially similar to the right of an executive to receive severance if the company does not renew his employment agreement at the end of its stated term, a not uncommon feature in senior executive employment arrangements. The Compensation Committee chose to include the evergreen feature rather than a right to severance upon end-of-term non-renewal in recognition of the long-standing affiliation of each of the senior executives with the Company, their significant contributions to the growth of the Company over the years and the expectation that their affiliation with the Company would continue for the foreseeable future. As a consequence, the compensation arrangements can only be modified with the respective executives' consent, without which, the executive would otherwise have the right to terminate employment and receive severance pay. Given the longstanding employment relationship with, and other ties to, Vishay of each of the executives, the Compensation Committee did not believe that the evergreen feature would impede change in the executive compensation structure for senior management, where such change would be desirable and in the best interests of Vishay.

Compensation Components

The components of the compensation packages for our named executive officers, as prescribed by their contracts, have included base salary, commensurate with the roles and responsibility of the executives discussed above; annual performance based bonuses; deferred compensation; and customary welfare and retirement benefits. The Committee also considers the award of extra-contractual equity based compensation on a year-by-year basis. The basic compensation packages for Drs. Zandman and Paul and Mr. Grubb have generally been congruent, with certain variations reflecting their respective positions.

The Committee reviewed data on compensation practices of 47 public companies that are similar to Vishay in terms of revenues, number of employees, market capitalization, geographic location and/or scope of international operations, and that are found in the Fortune 1000 listing and the S&P MidCap 400 Index. These companies included several active in the semiconductor and electronic components industry, and others in different industries. However, the Committee did not select a specific peer group for these purposes or perform a quantitative benchmarking analysis.

Based on data it reviewed, the Committee believes that the compensation packages, taken as a whole, are generally in line with compensation arrangements at comparable public companies. The Committee noted that the cash compensation, including both salary and bonus, paid to Drs. Zandman and Paul and Mr. Grubb is generally higher than the cash compensation paid to executives at other, comparable public companies, while the equity based compensation is lower. This has been consistent with the Company's historical emphasis on cash compensation, as discussed below under "Incentive Compensation." Mr. Grubb's compensation package is somewhat larger than the compensation of chief financial officers of other, comparable companies, in recognition of his participation with Drs. Zandman and Paul in analyzing and implementing the strategic direction for the Company and his non-financial reports, in addition to his duties as CFO. The salary packages of Messrs. Marc Zandman and Shoshani have been somewhat lower than the compensation of executive officers of their rank at other, comparable public companies in consideration of their transitional status in the Company's management

structure.

The compensation packages for the Company's senior executives also include severance benefits that the Compensation Committee believes are consistent with severance programs for similarly situated senior executives at comparable public companies.

Base salary

The minimum base salary levels for the named executive officers are fixed in the 2004 employment agreements. The Compensation Committee determined the minimum base salaries in 2004 in consultation with Mullin Consulting, based upon the executives' salary levels in force at the time, then present responsibilities and expectations with respect to future responsibilities and a comparison to peer group executive salaries. The peer group of companies included AVX and Kemet, manufacturers of passive components, and International Rectifier and Fairchild Semiconductor, manufacturers of semiconductor components. The Compensation Committee selected this group of companies on the advice of the compensation consultants and because these companies have traditionally been most closely associated with Vishay in the electronic components industry. Compensation practices in the peer group was only one of the factors considered by the Compensation Committee, and the Company did not perform a quantitative benchmarking analysis.

The Compensation Committee reviews the base salary levels each year to determine whether any increase would be appropriate. In this process, the Committee may consider the prior years' compensation level of the executives, our recent operating results, other components of the executive pay packages, perceived salary trends in executive base salary among our peer group and, in the case of executives other than Dr. Paul and Dr. Zandman, input from our Chief Executive Officer on executive performance.

Incentive compensation

Dr. Zandman, Dr. Paul, and Mr. Grubb participate in the Vishay Intertechnology Section 162(m) Cash Bonus Plan (the "162(m) Plan") based on "adjusted net income," as described below.

Over many years, we have viewed adjusted net income as the primary indicator of the performance of our senior management team. As more specifically addressed below, adjusted net income refers to net income determined in accordance with U.S. generally accepted accounting principles ("GAAP"), adjusted to eliminate the after tax effects of items, positive or negative, that do not relate to our intrinsic operations. These items include, among others, restructuring and severance charges, inventory write-downs and related charges, and individually material unusual gains or losses that impact GAAP net income. We utilize this measure in part because it eliminates factors that mask the actual performance of on-going operations and because of its currency with other public company industry participants. Accordingly, the Compensation Committee has determined that the incentive compensation of Drs. Zandman and Paul and Mr. Grubb should be primarily in the form of a percentage of adjusted net income, with a cap or other feature to avoid compensation that in fact or in appearance might be deemed excessive.

The 162(m) Plan provides an annual bonus as a percentage of our adjusted net income. Dr. Zandman's bonus is equal to 3.0% of adjusted net income and Dr. Paul and Mr. Grubb's bonuses each are equal to 1% of adjusted net income. Each of Dr. Zandman, Dr. Paul and Mr. Grubb's bonuses under the 162(m) Plan is limited to three times the executive's base salary.

Mr. Zandman and Mr. Shoshani receive a discretionary performance bonus of up to 42.5% of base salary, as determined by the Compensation Committee, based on their individual performances. The individual performance goals are established by the Chief Executive Officer in consultation with the executives themselves at the beginning of each calendar year and include both a quantitative and qualitative component. The performance of each executive is reviewed by the Chief Executive Officer and the Compensation Committee following the end of the year, and each executive is assigned a performance score for each of several categories. The total maximum score that each executive could achieve is 42.5, which would entitle an executive to a discretionary performance bonus of 42.5% of base salary.

In 2007, the individual performance goals of Mr. Zandman related to his position as chief administrative officer and included meeting budgeted general and administrative costs, providing a three year general and administrative cost reduction plan, updating the Company's interaccountability process and controlling the implementation of SAP in Israel according to a defined plan. The individual performance goals of Mr. Shoshani related to his position as chief operating officer and executive vice president in charge of the Company's Foil and Measurements Group. These goals included developing and implementing an integration plan for on-board weighing in the United Kingdom, co-developing a plan to improve the cash collection cycle and co-developing a plan to analyze early shipments and delay payments.

The Chief Executive Officer reported to the Compensation Committee that each of the two executives achieved the majority of their goals. In light of their individual performances, the Compensation Committee determined to award discretionary performance bonuses to each of Messrs. Zandman and Shoshani in amounts equal to 30.5% and 24.7% of their base salaries, respectively.

Equity Based Compensation

In recent years, the Compensation Committee was not inclined to award significant amounts of equity-based compensation, and the 2004 employment arrangements with our executive officers reflect this approach. In part, the Committee's determination not to rely on equity-based compensation was motivated to avoid dilution of the interests of stockholders generally. Also, this approach is a reflection of our stock performance, which in recent years, in the view of the Committee, has not accurately mirrored our operating performance in comparison to our peers. The Committee has reconsidered this policy and intends to consider the award of extra-contractual equity-based compensation on a year-by-year basis. The reconsideration has been motivated in part by the goal of aligning executive compensation with the Company's stock performance, which has lagged over the past several years, and in part by limitations on the amount of incentive compensation payable under the Company's 162(m) cash bonus plan. When the Committee recommended adoption of amendments to the Company's 162(m) plan in 2004, limiting payments to three times base salary, the Committee contemplated levels of adjusted net income (the basis for payments under the 162(m) plan) in the range of \$100 million. In the past two years, adjusted net income has substantially exceeded this amount, as described below, and the Committee believes that it is appropriate to reflect this increase in the compensation of our executives. The Committee anticipates that its decision to make equity awards in the future will be guided in substantial part by the Company's operating performance in the year prior to the award.

In 2007, the Committee made awards of stock options, as described below, and this year the Committee has granted restricted stock units, subject to stockholder approval of the amendment and restatement of the Company's 2007 Stock Option Program (See Proposal Three).

Deferred compensation

The named executive officers participate in a nonqualified deferred compensation plan, which is available to all employees who meet certain criteria under the Internal Revenue Code. Vishay annually contributes \$150,000 to this plan on behalf of Dr. Zandman, and \$100,000 for each of the other named executive officers, pursuant to their respective employment agreements.

As noted, each of the named executive officers has a long-standing relationship with Vishay, and the expectation exists that each will continue to serve Vishay for so long as their services are desired and they can make effective management contributions. The Committee therefore considers this deferred compensation in the nature of a retirement benefit and an anticipatory reward for loyalty to Vishay over time. The deferral is also intended to delay payment until such time as the compensation should be deductible under Section 162(m) of the Internal Revenue Code.

Amounts contributed to these plans prior to January 1, 2005 were deemed deferred until retirement or termination of employment. Effective January 1, 2005, all employees that participate in the plan were given the option to choose shorter deferral periods for all or a portion of their deferred compensation. All of the named executive officers have elected to defer all amounts of compensation until retirement or termination of employment, at which time, the amounts would be paid in a lump sum.

While deferred, amounts are credited with [earnings] based on the performance of notional investment options available under the plan. No portion of the earnings credited during 2007 was [above market] or [preferential].

Phantom stock units

The Compensation Committee also determined to award deferred compensation in the form of phantom stock units to each of the executives. The Senior Executive Phantom Stock Plan was approved by stockholders at our 2004 annual meeting. Similar to the deferred cash compensation described above, the Committee considers the grant of phantom stock units in the nature of a retirement benefit and an anticipatory reward for loyalty to Vishay over time.

Deferred equity compensation consists of 5,000 phantom stock units per year per named executive officer. The number of shares to be granted annually was determined based on the market price of Vishay common stock in 2004, at the time the deferred compensation program was crafted, of approximately \$20 per share, so that the deferred cash and stock compensation would be of similar magnitude. The Compensation Committee determined not to grant \$100,000 in value of phantom stock units annually, because this could have the effect of inappropriately rewarding executives with more shares when stock prices declined. Accordingly, the Committee elected to maintain a level award of phantom stock units to the executives from year to year. The cumulative increase in the number of phantom stock units held by the executives over time also is intended to strengthen the alignment of executive and stockholder interests in the long term appreciation of Vishay's equity value.

Severance

The Compensation Committee believes that severance payments in the event of an involuntary termination of employment are part of a standard compensation package for senior executives. Also, the changes in management roles anticipated when the compensation program was developed in 2004 may have created some uncertainty regarding the continuity of employment of the executives other than Dr. Zandman. Consequently, the Committee included customary severance provisions for the named executive officers in their 2004 contracts.

Dr. Zandman's employment contract includes a provision entitling him to a royalty during the ten years following his termination of employment equal to 5% of gross sales, less returns and allowances, of Vishay products incorporating inventions created, discovered or developed by him or under his direction. The royalty is payable in the event Dr. Zandman is terminated without cause or resigns for [good reason], as defined in his employment agreement. This provision was carried over from Dr. Zandman's original employment agreement of March 1985, and could not have been modified or eliminated without Dr. Zandman's consent. Because payments under this royalty arrangement can be substantial, the arrangement theoretically provides Dr. Zandman with considerable leverage regarding any changes in the terms of his employment with the Company. As a practical matter, however, the Committee believes that Dr. Zandman would continue to act with due regard to the best interests of the Company and its stockholders should the Committee determine that changes to his employment arrangements were advisable.

Retirement benefits

The Compensation Committee believes that providing an adequate pension benefit commensurate with position is essential to retaining qualified individuals for long-term employment. Vishay maintains pension programs for most employees in the United States and Germany, including its executive officers. With the exception of Dr. Zandman's pension, as discussed below, the retirement benefits for executive officers are not materially preferential to those of other employees.

Perquisites

We provide executive officers with perquisites and other personal benefits that Vishay and the Compensation Committee believe are reasonable and consistent with our overall compensation program. These perquisites are not intended, however, to constitute a material portion of the executive's compensation packages. In general, the perquisites, while not integral to the performance of an executive's duties, must bear some relationship to the executive's employment and be of perceived benefit to Vishay. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers.

Individual considerations

The disparity in compensation among the Company's senior executives reflects a general assessment of their contributions to the Company's current performance and its prospects for growth in the future. While Dr. Zandman no longer serves as Chief Executive Officer, he continues to function as Chief Technical Officer and Chief Business Development Officer. The Company's successes have always been driven by the twin engines of technological innovation and synergistic acquisition. Dr. Zandman continues to lead in both these areas and his higher compensation reflects a perception by the Compensation Committee that the areas of his responsibility will continue to be the key drivers for the Company's future performance. The compensation of Dr. Paul is intended to be commensurate with his responsibility and oversight, as Chief Executive Officer, for all areas of the Company's operations. The compensation of Mr. Grubb reflects not only his role as Chief Financial Officer but also as a direct report for various financial and non-financial departments and his strategic input on all major corporate initiatives. While it is anticipated that Messrs. Zandman and Shoshani will succeed to the Company's top operational posts over time, they currently are responsible primarily for specific areas of the Company's operations and report to the Chief Executive Officer. Their lower compensation reflects their current transitional status.

2007 Executive Compensation

The components of 2007 compensation for named executive officers were largely consistent with their employment agreements and consisted of:

- base salary;
- cash and equity performance-based bonuses;
- deferred compensation;
- other equity compensation;
- severance and change in control benefits;
- retirement benefits; and
- perquisites and other personal benefits.

In addition, the executive officers were awarded extra-contractual stock options under the Company's 2007 Stock Option Program.

The tables and accompanying footnotes that follow provide additional information regarding the compensation earned, held by, or paid to each of our named executive officers in 2007.

Additional considerations of the Committee are discussed below.

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Base salary

Base salaries for the named executive officers were prescribed in their respective employment contracts and remained the same through 2005. For 2006, the Compensation Committee approved a revised base salary for Dr. Paul, and, on the recommendation of the Committee, the Board increased the base salaries of the other named executive officers other than Dr. Zandman. These base salaries were again increased 2007. The base salary of Dr. Paul has always been denominated in euro, and, beginning in 2007, the base salaries of Mr. Marc Zandman and Mr. Shoshani have been denominated in Israeli shekels. A portion of the increase in the salaries of Dr. Paul, Mr. Marc Zandman and Mr. Shoshani since 2005, expressed in terms of U.S. dollars, reflects the significant weakening of the dollar against the currency of the home jurisdiction of these executives. Dr. Zandman's base salary has remained unchanged since 1998.

For 2008, the Compensation Committee has approved Dr. Paul's base salary and the Board of Directors approved the base salaries of Vishay's other executive officers, on the recommendation of the Compensation Committee. The base salaries for 2008 are set forth below:

Name	2008 Base Salary	Percentage Increase from Prior Year(1)
Dr. Felix Zandman	\$975,000	None.

Dr. Gerald Paul	€752,776 (approximately \$1,107,000)(2)	7.0%
Richard N. Grubb	\$484,380	3.5%
Marc Zandman	NIS 1,422,981 (approximately \$385,000)(3)	3.5%
Ziv Shoshani	NIS 1,201,329 (approximately \$325,000)(3)	3.5%

(1) Determined in the currency of payment.

(2) Paid in euro.

(3) Paid in Israeli shekels (NIS).

Performance-based bonus

Dr. Zandman, Dr. Paul, and Mr. Grubb receive a bonus in accordance with the 162(m) Plan, and Mr. Zandman and Mr. Shoshani receive a discretionary performance bonus. The bonuses for Dr. Zandman, Dr. Paul, and Mr. Grubb are limited to three times base salary by the terms of the 162(m) Plan, and the discretionary bonuses for Mr. Zandman and Mr. Shoshani are limited to 42.5% of base salary.

Stock-based compensation

As set forth in the following table (dollars in millions), the Company's net income and adjusted net income for 2007 and 2006 substantially exceeded \$100 million, which had not been the case in prior years:

	2007	2006	2005	2004
Net income	\$ 130.8	\$ 139.7	\$ 62.3	\$ 44.7
Adjusted net income	181.5	196.1	92.9	103.9

Because of the limitation of the cash amounts payable under the 162(m) Plan for 2006, the Committee determined to award stock options to the executive officers in recognition of the Company's exemplary 2006 operating performance. Dr. Zandman received options to acquire 210,000 shares, Dr. Paul 140,000 shares, Mr. Grubb 70,000 shares and each of Messrs. Shoshani and Zandman 25,000 shares. The exercise price of the options equals the price of the common stock on the effective date of grant of the options, which for Dr. Zandman, Dr. Paul and Mr. Grubb was the date stockholders approved necessary amendments to the Company's 1998 stock option program under which they were issued. The options automatically vest in equal installments over six years. The Committee elected to award stock options rather than to make additional cash awards to the executives in order to render the awards deductible under section 162(m) of the Internal Revenue Code and to align the interests of the executives with the performance of the Company's stock.

The Company's operating performance for 2007, as measured by adjusted net income, nearly equaled its performance in 2006, and the Committee again determined to award the executives equity-based compensation. This year, the Committee decided to award restricted stock units (subject to stockholder approval of the amendment and restatement of the Company's 2007 Stock Option Program to allow issuance of restricted stock and restricted stock units). To maintain equivalence with the 2007 stock option award, the Committee employed a customary ratio of options to acquire 2.5 shares of common stock for each restricted stock unit. The restricted stock units will vest over six years (or upon a change of control, if sooner) and will be paid in shares of common stock upon vesting. In addition, as a condition of vesting, the Company must achieve a prescribed percentage increase in adjusted net income per share in 2008 over adjusted net income per share in 2007. The term "adjusted net income" has the same meaning as under the Company's 162(m) Plan. The Committee believes that the achievement of this condition, while uncertain, is attainable. The Committee chose to award restricted stock units this year rather than stock options because it believed that the greater certainty of receipt of the benefits of the award would provide a more meaningful incentive to the executives. Also, with the price of the common stock currently near historical lows, the Committee believed that the potential issuance upon exercise of stock options for 2.5 times the number shares issuable under the award of restricted stock units would be overly dilutive.

Other Considerations Regarding Executive Compensation

Israeli benefits

Mr. Zandman and Mr. Shoshani are employed by Vishay Israel Ltd., an Israeli subsidiary of Vishay Intertechnology, Inc. and are residents of Israel. As a result, they are entitled to certain benefits that are generally available to employees in Israel on a non-discriminatory basis, but are not afforded to the other named executive officers, including:

- advanced training fund, 7.5% of base salary
- severance fund, 8.33% of base salary
- disability insurance, 2.5% of base salary
- pension fund, 5% of base salary

These benefits are required by Israeli law and employment practices generally, and were taken into account by the Compensation Committee in formulating the overall compensation package for these executives.

Foreign currency considerations

Dr. Paul is employed by Vishay Europe GmbH, a German subsidiary of Vishay Intertechnology, Inc., and is a German citizen. Accordingly, our employment agreement with Dr. Paul provides for his base salary to be denominated (and paid) in euro. Mr. Marc Zandman and Mr. Shoshani in 2007, as residents of Israel, now have their base salaries denominated (and paid) in Israeli shekels. As described above, the recent weakening of the U.S. dollar versus the euro and the Israeli shekel has effectively increased the amounts reported in U.S. dollars as compensation for these executives.

The Compensation Committee evaluates the effect of foreign currency conversion rates in formulating the overall compensation package for these executives.

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Tax deductibility of executive compensation

Section 162(m) of the Internal Revenue Code limits to \$1 million the annual tax deduction for compensation paid to each of the Chief Executive Officer and any of the four highest paid other executive officers. However, compensation that qualifies as performance-based compensation is deductible even in excess of \$1 million. As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Code. Vishay believes that the compensation generally is fully deductible for federal income tax purposes. The annual bonus for Dr. Zandman, Dr. Paul, and Mr. Grubb is based on Vishay's earnings, and therefore qualifies as performance-based compensation. All stock options awarded by Vishay also qualify as performance-based compensation, as do awards of restricted stock and restricted stock units, the vesting of which requires the Company to achieve performance targets of a type contemplated by a plan approved by stockholders.

In certain situations, the Compensation Committee may approve compensation that will not satisfy the requirements of Section 162(m), in order to ensure competitive levels of total compensation for its executive officers. For example, Dr. Paul's base salary for 2008 will exceed \$1 million, largely because his salary is payable in euro and the dollar has weakened considerably against the euro in recent years. The 2004 employment agreements provide for mandatory deferral of any such compensation until the payment of the compensation would be deductible by Vishay for federal income tax purposes.

Nonqualified deferred compensation

On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, adding Section 409A to the Internal Revenue Code, which changed the tax rules applicable to nonqualified deferred compensation arrangements. A violation of these new rules could result in the imposition of a 20% penalty tax on the affected executives. While the final regulations have not become effective yet, Vishay believes it is operating in good faith compliance with the statutory provisions which were effective January 1, 2005. The Compensation Committee, through its legal counsel, is monitoring compliance with Section 409A.

Certain covenants

Under the terms of their employment contracts, the executives are subject to customary non-competition, non-solicitation, non-disparagement and confidentiality covenants. The non-competition and non-solicitation covenants remain in force through the second anniversary of the date of termination of the executive's employment with the Company. The non-disparagement and confidentiality covenants have no specified term. While the payments and benefits to the executives are made in consideration of the executives' compliance with these covenants, there are no specific forfeiture provisions in the employment contracts for a breach of the covenants.

REPORT OF THE COMPENSATION COMMITTEE

To Our Stockholders:

We have reviewed and discussed with management the Compensation Discussion and Analysis. Based on that review and discussion, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted,

The Compensation Committee of the Board of Directors

Zvi Grinfas, Chairman
Dr. Abraham Ludomirski
Thomas C. Wertheimer

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COMPENSATION TABLES

Summary Compensation Table

The following table summarizes information regarding compensation earned, held by, or paid to our named executive officers during 2007. The information included in the table should be read in conjunction with the footnotes which follow, the descriptions of the employment agreements with each named executive officer described in "Compensation Discussion and Analysis," and the "Grants of Plan Based Awards," "Outstanding Equity Awards," "Option Exercises and Stock Vested," "Pension Benefits," and "Nonqualified Deferred Compensation" tables on the pages which follow.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Options Awards	Non-Equity Incentive Plan Comp.	Change in Pension Value and Non-qualified Deferred Comp. Earnings
		(1) (\$)	(2) (\$)	(3) (\$)	(4) (\$)	(2) (\$)	(5) (6) (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Dr. Felix Zandman Executive Chairman of the Board and Chief Technical and Business Development Officer	2007	\$ 975,000		\$ 68,750	\$505,306	\$2,925,000	
	2006	975,000		69,550	8,229	2,925,000	
Dr. Gerald Paul President and Chief Executive Officer (8)	2007	961,105		68,750	336,874	1,814,948	214,651

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	2006	830,000		69,550	5,486	1,965,788	186,095
Richard Grubb	2007	468,000		68,750	168,438	1,404,000	69,578
Executive Vice President and Chief Financial Officer (9)	2006	450,000		69,550	5,486	1,350,000	76,077
Marc Zandman	2007	333,704	101,780	68,750	66,586		
Vice Chairman of the Board, Chief							