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VISHAY INTERTECHNOLOGY INC

Form S-3/A

March 01, 2004

As filed with the Securities and Exchange Commission on March 1, 2004

Registration No. 333-110259

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

AMENDMENT NO. 3 TO

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

VISHAY INTERTECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

38-1686453

(I.R.S. Employer
Identification Number)

63 Lincoln Highway
Malvern, Pennsylvania 19355-2120
(610) 644-1300

(Address, including zip code, and telephone number, including area code,
of Registrant's principal executive offices)

Richard N. Grubb
Vishay Intertechnology, Inc.
63 Lincoln Highway
Malvern, Pennsylvania 19355-2120
(610) 644-1300

(Address, including zip code, and telephone number, including area code,
of Registrant's principal executive offices)

Copy to:
Abbe L. Dienstag, Esq.
Kramer Levin Naftalis & Frankel LLP
919 Third Avenue
New York, New York 10022
(212) 715-9100

Approximate Date of Commencement of Proposed Sale to the Public: From time to
time after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered
pursuant to dividend or interest reinvestment plans, check the following box.

☐

If any of the securities being registered on this form are to be offered on a
delayed or continuous basis pursuant to Rule 415 under the Securities Act of

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1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ☐

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Preliminary Prospectus, Subject to Completion, dated March 1, 2004

(Vishay logo)

\$500,000,000 Principal Amount of
3 5/8% Convertible Subordinated Notes Due 2023
and
Shares of Common Stock Issuable Upon Conversion of the Notes

We originally issued \$500 million aggregate principal amount of our 3 5/8% Convertible Subordinated Notes due 2023 in a private placement in August 2003. This prospectus will be used by selling securityholders to resell their notes and the common stock issuable upon conversion of the notes.

Holders may convert the notes into our common stock prior to stated maturity if: (1) the sale price of our common stock reaches specified thresholds; (2) the trading price of the notes falls below specified thresholds; (3) the notes have been called for redemption; (4) rating assigned to the notes by either one of two rating agencies is lowered by two or more rating levels, the credit rating assigned to the notes is suspended or withdrawn, or neither rating agency is rating the notes; or (5) specified corporate transactions occur.

The initial conversion rate is 46.9925 shares of our common stock per \$1,000 principal amount, which is equivalent to a conversion price of \$21.28 per share of common stock. The conversion rate is subject to adjustment upon the occurrence of specified events. Upon conversion, we will have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of our common stock.

We may not redeem the notes before August 1, 2010. On or after that date, we may redeem all or part of the notes for cash at a price equal to 100% of the principal amount of the notes to be redeemed plus any accrued and unpaid interest.

Holders may require us to purchase all or a portion of their notes on

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August 1, 2008, August 1, 2010, August 1, 2013 and August 1, 2018. Holders may also require us to purchase all or a portion of their notes, subject to specified exceptions, upon the occurrence of a fundamental change specified in this prospectus.

The notes will rank junior in right of payment to all of our existing and future senior indebtedness.

Since their initial issuance, the notes have been eligible for trading on the PORTAL Market of the New York Stock Exchange. However, notes sold by means of this prospectus are not expected to remain eligible for trading on the PORTAL Market. We do not intend to list the notes for trading on any other automated interdealer quotation system or any securities exchange.

Our shares of common stock trade on the New York Stock Exchange under the symbol "VSH". On February 27, 2004, the last sale price of the shares as reported on the New York Stock Exchange was \$22.51 per share.

Investing in our securities involves risks that are described in the "Risk Factors" section beginning on page 7 of this prospectus.

The selling securityholders will receive all of the net proceeds from the sale of the securities and will pay all underwriting discounts and selling commissions. We are responsible for the payment of other expenses incident to the registration of the securities.

Neither the Securities and Exchange Commission, any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2004.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Important Notice about the Information Presented in this Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. The business, financial condition, results of operations and prospects of Vishay may have changed since that date.

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PROSPECTUS SUMMARY

You should read this entire prospectus, including the information set forth under "Risk Factors" and the information incorporated by reference in this prospectus. As used in this prospectus, "Vishay," "company," "we," "us" and "our" refer to Vishay Intertechnology, Inc. and its consolidated subsidiaries, unless otherwise specified.

Vishay Intertechnology, Inc.

Vishay Intertechnology, Inc. is a leading international manufacturer and supplier of passive and active electronic components. Passive components include resistors, capacitors, transducers and inductors. Our offering of active components includes discrete semiconductors, diodes, rectifiers, infrared data communications devices and power and analog switching circuits. Passive electronic components and discrete active electronic components, together with integrated circuits, are the primary elements of almost every electronic circuit. We offer our customers "one-stop" access to one of the most comprehensive electronic component lines of any manufacturer in the United States, Europe and Asia. Our components are used in virtually all types of electronic products, including those in the industrial, automotive, consumer electronics, telecommunications, electronics manufacturing services, computer and military/aerospace markets. We had total net sales of \$1.82 billion in 2002 and total net sales of \$2.17 billion in 2003.

In the past two years, we have taken advantage of the downturn in the electronics industry and the strength of our balance sheet to acquire businesses at prices that we believe would not have been available in other economic environments. In December 2002, we acquired BCcomponents Holdings, a leading manufacturer of passive components in Europe, India and the People's Republic of China, with a broad portfolio of products. Also in 2002, our Measurements Group acquired five manufacturers of transducers and related products that are used in the measurement of stresses, loads, forces and pressure. In November 2001, we acquired General Semiconductor, Inc., a manufacturer of rectifiers, power management devices and other discrete semiconductor components. These acquisitions have broadened our product lines, cushioned the effects of the current downturn and, we believe, helped position our company for growth.

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Our long-term objective is to expand our position as a low-cost producer of a comprehensive line of electronic components. We are led by our founder, Dr. Felix Zandman, and senior executives who collectively have over 150 years of service to Vishay. This management team is focused on continued implementation of our growth strategy, through which we intend to:

- o expand within the electronic components industry, primarily through the acquisition of other manufacturers of electronic components that have established positions in major markets, reputations for product quality and reliability, and product lines with which we have substantial marketing and technical expertise;
- o achieve a leading position in the market for each of our major product lines;
- o reduce selling, general and administrative expenses through the integration or elimination of redundant sales offices and administrative functions at acquired companies;
- o achieve significant production cost savings through the transfer to and expansion of manufacturing operations in regions such as Israel, Mexico, Portugal, the Czech Republic, Malaysia, the Republic of China (Taiwan) and the People's Republic of China, which offer lower labor costs and tax and other government-sponsored incentives;
- o maintain significant production facilities in those regions where we market our products to service our customers;
- o consistently develop, introduce and market new and innovative products; and
- o strengthen our relationships with customers.

We were incorporated in Delaware in 1962 and maintain our principal executive offices at 63 Lincoln Highway, Malvern, Pennsylvania 19355-2143. Our telephone number is (610) 644-1300.

We have two classes of stock: common stock that has one vote per share and Class B common stock that has 10 votes per share. Only the common stock is publicly traded. The Class B common stock is privately held. All references in this prospectus to common stock are to our publicly traded common stock and not to the Class B common stock.

The Offering

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section of this prospectus entitled "Description of Notes." For purposes of the description of the notes included in this prospectus, references to "the company," "issuer," "us," "Vishay," "we" and "our" refer only to Vishay Intertechnology, Inc. and do not include our subsidiaries.

Securities Offered	\$500,000,000 aggregate principal amount of 3 5/8% Convertible Subordinated Notes due 2023.
Maturity	August 1, 2023, unless earlier redeemed, repurchased or converted.
Interest	3 5/8% per year on the principal amount, payable

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semiannually in arrears on each February 1 and August 1, beginning on February 1, 2004.

Conversion Rights

The notes are convertible at the option of the holder, prior to the close of business on the maturity date, under any of the following circumstances:

- (i) during any calendar quarter after the quarter ending September 30, 2003, if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price per share of our common stock;
- (ii) during the five-business-day period following any ten consecutive trading days in which the average of the trading prices for the notes was less than 98% of the average last reported sale price of our common stock multiplied by the conversion rate;
- (iii) if we have called the notes for redemption;
- (iv) during any period that the credit rating assigned to the notes by either Moody's Investors Service, Inc. or Standard & Poor's Rating Group is

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reduced by two or more ratings levels from the rating initially assigned by such rating agency to the notes, if the credit rating assigned to the notes is suspended or withdrawn by both such rating agencies or if neither rating agency is rating the notes; or

- (v) upon the occurrence of specified corporate transactions described under "Description of Notes--Conversion Rights--Conversion Upon Specified Corporate Transactions."

For each \$1,000 original principal amount of notes surrendered for conversion, holders will receive 46.9925 shares of our common stock. This represents an initial conversion price of \$21.28 per share of common stock. As described in this prospectus, the conversion rate may be adjusted for certain reasons, but it will not be adjusted for accrued and unpaid interest. Except as otherwise described in this prospectus, holders will not receive any payment representing accrued and unpaid interest upon conversion of a note; however, we will continue to pay additional amounts, if any, on the notes and the common stock issued upon conversion thereof to the holder in accordance with the registration rights agreement.

Upon conversion, we will have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of our common stock. See "Description of Notes--Conversion Rights."

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Optional Redemption On or after August 1, 2010, upon at least 30 days' notice, we may redeem for cash all or a portion of the notes at any time for a price equal to 100% of the principal amount of the notes to be redeemed, plus any accrued and unpaid interest, including additional amounts owed, if any, to but excluding the redemption date. See "Description of Notes--Optional Redemption."

Purchase of Notes by us at the Option of the Holder Holders of the notes will have the right to require us to purchase all or a portion of their notes on August 1, 2008, August 1, 2010, August 1, 2013 and August 1, 2018, each of which we refer to as a purchase date. In each case, we will pay a purchase price equal to 100% of the principal amount of notes to be purchased, plus any accrued and unpaid interest, to but excluding the purchase date. We may elect to pay the purchase price in cash, shares of common stock or any combination of cash and common stock. See "Description of Notes-Purchase of Notes by Us at the Option of the Holders."

Repurchase at the Option of Holders Upon a Fundamental Change If we undergo a Fundamental Change (as defined under "Description of Notes-Fundamental Change Permits Holders to Require Us to Purchase Notes") prior to maturity, holders will have the right, at their option, to require us to purchase all of their notes or any portion of the principal amount thereof that is equal to \$1,000 or an integral multiple of \$1,000. We will pay the following purchase prices expressed as a percentage of the principal amount of the notes plus accrued and unpaid interest and additional amounts, if any, to but excluding the purchase date:

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Period -----	Purchase Price -----
Beginning on August 6, 2003 and ending on July 31, 2008.....	105.0%
August 1, 2008 and thereafter.....	100.0%

See "Description of Notes--Fundamental Change Permits Holders to Require Us to Purchase Notes."

We may choose to pay the purchase price in cash, shares of our common stock or a combination of cash and shares of the common stock. If we elect to pay all or a portion of the purchase price in shares of common stock, the shares of common stock will be valued at 98% of the market price (as defined herein) of the common stock.

Subordination The notes are junior in right of payment to all of our existing and future senior indebtedness. As of December 31, 2003, we had \$338 million of indebtedness outstanding other than the notes, \$105 million of which was senior to the notes. As of December 31, 2003, our subsidiaries had approximately \$1,372 million of liabilities outstanding which would effectively rank senior to the notes. The indenture under which the notes are issued does not limit our ability and the ability of

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our subsidiaries to incur additional indebtedness. See "Description of Notes-Subordination of Notes."

Events of Default

The following are events of default under the indenture for the notes:

- o we fail to pay principal of any note when due;
- o we fail to pay interest, including additional amounts, if any, on any note when due and that default continues for 30 days or more;
- o we fail to comply with or observe any other covenant or warranty in the indenture or in the notes and that failure continues for 60 days or more after written notice as provided in the indenture;
- o we fail to convert notes into shares of common stock upon exercise of a holder's conversion right and that default continues for 10 days or more;
- o we or any of our material subsidiaries fail to pay when due, either at its final stated maturity or upon acceleration thereof, any indebtedness (other than indebtedness which is non-recourse to us or any subsidiary) for money borrowed equal to \$25 million or more and such failure is not cured, or the acceleration is not rescinded or annulled, within 30 days after written notice as provided in the indenture; and
- o certain events of bankruptcy, insolvency or reorganization involving us or our material subsidiaries. See "Description of Notes--Events of Default and Remedies."

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Registration Rights

We have entered into a registration rights agreement with the initial purchasers of the notes in which we agreed to file the shelf registration statement of which this prospectus is a part with the SEC.

Book-Entry Form

The notes have been issued in book-entry form and are represented by one or more permanent global certificates deposited with, or on behalf of, The Depository Trust Company and registered in the name of a nominee of DTC. Beneficial interests in any of the notes are shown on, and transfers of the notes may be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except under limited circumstances.

Use of Proceeds

We will not receive any proceeds from the sale of the notes or the shares of common stock offered by this prospectus.

Trading

Since their initial issuances the notes have been eligible for trading in the PORTAL Market. However,

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notes sold by means of this prospectus are not expected to remain eligible for trading on the PORTAL Market.

We do not intend to apply for a listing of the notes on any securities exchange or any automated dealer quotation system, and we cannot assure you about the liquidity of or the development of any trading market for the notes. Our common stock is listed on the New York Stock Exchange under the symbol "VSH."

Ratio of Earnings to Fixed Charges

The following table sets forth the ratio of earnings to fixed charges for the nine months ended September 30, 2003 and for each of the preceding five fiscal years. In calculating these ratios, earnings include pre-tax income before adjustment for minority interest in consolidated subsidiaries plus fixed charges and exclude equity in net income of our affiliates. Fixed charges include gross interest expense, amortization of deferred financing expenses and an amount equivalent to interest included in rental charges. We have assumed that one-third of rental expense is representative of the interest factor.

	Nine Months Ended September 30, 2003	2002 (1)	Year Ended December 31		
	-----	-----	2001	2000	1999
Ratio of earnings to fixed charges.....	1.84	--	1.39	21.35	3.00

(1) Earnings were insufficient to cover fixed charges by \$61,674,000.

FORWARD LOOKING INFORMATION

Some of the statements in this prospectus and in documents incorporated by reference constitute forward-looking statements. These forward-looking statements reflect our current views with respect to future events or our financial performance, and involve certain known and unknown risks, uncertainties and other factors, including those identified below, which may cause our or our industry's actual or future results, levels of activity, performance or achievements to differ materially from those expressed or implied by any forward-looking statements or from historical results. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "would," "should," "believe," "expect," "plan," "anticipate," "intend," "estimate," "predict," "potential" and other expressions which indicate future events and trends. We have no duty to update or revise any forward-looking statements after the date of this prospectus or to conform them to actual results, new information, future events or otherwise.

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The following factors, among others, could cause our or our industry's future results to differ materially from historical results or those anticipated:

- o overall economic and business conditions;
- o competitive factors in the industries in which we conduct our business;
- o changes in governmental regulation;
- o the demand for our goods and services;
- o the fact that our customers may cancel orders they have placed with us, in whole or in part, without advance notice;
- o changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- o changes in generally accepted accounting principles or interpretations of those principles by governmental agencies and self-regulatory groups;
- o developments in and results of litigation;
- o interest rate fluctuations, foreign currency rate fluctuations and other capital market conditions;
- o economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders;
- o changes in the cost of raw materials used in our business;
- o the timing, impact and other uncertainties of acquisitions that we may consider or consummate; and
- o our ability to achieve anticipated synergies and other cost savings in connection with such acquisitions.

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These factors and the risk factors described in this document are all of the important factors of which we are aware that could cause actual results, performance or achievements to differ materially from those expressed in any of our forward-looking statements. We operate in a continually changing business environment, and new risk factors emerge from time to time. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. We cannot assure you that projected results or events will be achieved or will occur.

Risk Factors

You should carefully consider the following information with the other information contained or incorporated by reference in this prospectus.

Risk factors related to our business generally

Our business is cyclical and the current decline in demand in the electronic component industry may continue and may become more pronounced.

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We and others in the electronic and semiconductor component industry have for the past several years experienced a decline in product demand on a global basis, resulting in order cancellations and deferrals, lower average selling prices, and a material and adverse impact on our results of operations. This decline was primarily attributable to a slowing of growth in the personal computer and cellular telephone product markets. We have seen indications of improvements in the economy and electronic and semiconductor component industry and expect improvements in 2004. However, such expected or perceived improvements in the economy and the electronic and semiconductor component industry may not materialize. The slowdown may continue and may become more pronounced. A slowdown in demand, as well as recessionary trends in the global economy, make it more difficult for us to predict our future sales, which also makes it more difficult to manage our operations, and could adversely impact our results of operations.

We have incurred and may continue to incur restructuring costs.

To remain competitive, particularly when business conditions are difficult, we attempt to reduce our cost structure through restructuring activities. This includes acquisition-related restructuring, where we attempt to streamline the operations of companies we acquire and achieve synergies between our acquisitions and our existing business. It also includes restructuring our existing businesses, where we seek to eliminate redundant facilities and staff positions and move operations, where possible, to jurisdictions with lower labor costs. In 2002, we recorded restructuring costs of approximately \$48 million related to acquisitions and \$31 million related to our existing businesses. We incurred approximately \$29.6 million of additional restructuring and severance costs in 2003 and expect to continue to incur such expenses during 2004.

In the past we have grown through acquisitions but this may not continue.

Our long-term historical growth in revenues and net earnings has resulted in large part from our strategy of expansion through acquisitions. We cannot assure you, however, that we will identify or successfully complete transactions with suitable acquisition candidates in the future. We also cannot assure you that acquisitions that we complete in the future will be successful. If an acquired business fails to operate as anticipated or cannot be successfully integrated with our other businesses, our results of operations, enterprise value, market value and prospects could all be materially and adversely affected.

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Our debt levels have recently increased, which could adversely affect the perception in the financial markets of our financial condition.

Our outstanding debt increased from approximately \$141 million at the end of 2000 to approximately \$838 million at the end of 2003. This increase reflects the issuance of the notes, net of debt repaid with the proceeds of this issuance. It also reflects our acquisition activity, particularly the acquisition of General Semiconductor, Inc. in November 2001, in which we assumed approximately \$170 million in convertible notes issued by General Semiconductor and \$85 million in bank debt, and the acquisition of BCcomponents in December 2002, in which we issued or assumed indebtedness of approximately \$275 million. The increase in indebtedness was offset somewhat by the repayment of outstanding debt with cash from operations. The marketplace could react negatively to our current debt levels which in turn could affect our share price and also make it more difficult for us to obtain financing in the future. Our higher debt level was one of the factors cited by Moody's Investor Services, Inc. when it announced in April 2003 that it had lowered our debt ratings. On July 31, 2003,

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Moody's announced that it had upwardly revised its ratings of our debt based on its belief that the restructuring of our credit facility and the issuance of the notes alleviates short term liquidity concerns. On October 31, 2003, Moody's announced that it had downgraded our ratings, citing what it termed the continuing weakness in our business, particularly our passives business, and the possibility of further special charges, particularly in connection with our tantalum purchase commitments.

In June 2004, holders of our Liquid Yield Option(TM) Notes (LYONs) will have the right to "put" these notes to us at an aggregate price of approximately \$235 million, giving effect to our repurchase of a portion of the LYONs with proceeds from our sale of the notes. We believe that, if necessary, we will have adequate cash resources to finance the purchase of any LYONs that are put to us. Also, we may elect to pay all or part of the purchase price for the LYONs that are put to us in shares of our common stock. Nevertheless, our obligation to purchase the LYONs in June 2004 could be a cause of concern in the financial markets and was another factor cited by Moody's when it downgraded our debt.

To remain successful, we must continue to innovate.

Our future operating results are dependent on our ability to continually develop, introduce and market new and innovative products, to modify existing products, to respond to technological change and to customize certain products to meet customer requirements. There are numerous risks inherent in this process, including the risks that we will be unable to anticipate the direction of technological change or that we will be unable to develop and market new products and applications in a timely fashion to satisfy customer demands. If this occurs, we could lose customers and experience adverse effects on our financial condition and results of operations.

Future acquisitions could require us to issue additional indebtedness or equity.

If we were to undertake a substantial acquisition for cash, the acquisition would likely need to be financed in part through bank borrowings or the issuance of public or private debt. This acquisition financing would likely decrease our ratio of earnings to fixed charges and adversely affect other leverage criteria. Under our existing credit facility, we are required to obtain the lenders' consent for certain additional debt financing and to comply with other covenants including the application of specific financial ratios. We are also restricted from paying cash dividends on our capital stock. We cannot assure you that the necessary acquisition financing would be available to us on acceptable terms when required. If we were to undertake an acquisition for equity, the acquisition may have a dilutive effect on the interests of the holders of our common stock.

(TM)Trademark of Merrill Lynch & Co., Inc.

Our results are sensitive to raw material availability, quality and cost.

General: Many of our products require the use of raw materials that are produced in only a limited number of regions around the world or are available from only a limited number of suppliers. Our results of operations may be materially and adversely affected if we have difficulty obtaining these raw materials, the quality of available raw materials deteriorates or there are significant price increases for these raw materials. For example, the prices for tantalum and palladium, two raw materials that we use in our capacitors, are subject to fluctuation. For periods in which the prices of these raw materials are rising, we may be unable to pass on the increased cost to our customers which would result in decreased margins for the products in which they are used.

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For periods in which the prices are declining, we may be required to write down our inventory carrying cost of these raw materials, since we record our inventory at the lower of cost or market. Depending on the extent of the difference between market price and our carrying cost, this write-down could have a material adverse effect on our net earnings. As discussed below, we have recorded substantial write-downs of tantalum and palladium in the current economic downturn.

From time to time there have been short-term market shortages of raw materials. While these shortages have not historically adversely affected our ability to increase production of products containing tantalum and palladium, they have historically resulted in higher raw material costs for us. We cannot assure you that any of these market shortages in the future would not adversely affect our ability to increase production, particularly during periods of growing demand for our products.

Tantalum: We are a major consumer of the world's annual production of tantalum. Tantalum, a metal purchased in powder or wire form, is the principal material used in the manufacture of tantalum capacitors. There are currently three major suppliers that process tantalum ore into capacitor grade tantalum powder. Due to the strong demand for our tantalum capacitors and difficulty in obtaining sufficient quantities of tantalum powder from our suppliers, we stockpiled tantalum ore in 2000 and early 2001. During 2001, we experienced a significant decrease in sales due to declining orders and the deferral or cancellation of existing orders. Our tantalum capacitor business was particularly impacted by the slowdown in sales. Prices for tantalum ore and powder decreased during this period. As a result, we recorded write-downs of \$52,000,000 on tantalum during 2001.

In June 2002, we agreed with Cabot Corporation to amend our two tantalum supply agreements for the supply by Cabot to us of tantalum powder and wire. Pursuant to the amendments, we and Cabot agreed to reduce volumes, and starting in 2003, prices of tantalum products under the agreements and to extend the term of one of the agreements by one year. We also agreed to purchase tantalum products at regular intervals over the term of the agreements. These amendments require us to purchase tantalum products in excess of our current usage requirements.

In the fourth quarter of 2002 we took charges of approximately \$106 million against our contractual commitments to purchase tantalum powder and wire from Cabot through 2006 and wrote-down approximately \$25.7 million of our existing inventory of tantalum ore, powder and wire to present market value. In 2003, we took additional charges of approximately \$11.4 million against our contractual commitments to purchase tantalum powder and wire from Cabot, and wrote-down inventory on hand by approximately \$5.4 million to present market value. We did this because the current market prices of tantalum are substantially below the prices at which we are committed to purchase tantalum under our long-term contracts with Cabot and the prices at which we were carrying our tantalum raw materials inventory. If market prices for tantalum were to decline further, we could be required to record additional write-downs on our tantalum purchase commitments and inventory.

Palladium: Palladium, a metal used to produce multi-layered ceramic capacitors, is currently found primarily in South Africa and Russia. Palladium is a commodity product subject to price volatility.

The price of palladium has fluctuated in the range of approximately \$148 to \$1,090 per troy ounce during the last three years. As of December 31, 2003, the price of palladium was approximately \$195 per troy ounce. During 2001, 2002 and

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2003, we recorded write-downs on our palladium inventories of \$18 million, \$1.7 million and \$1.6 million, respectively.

Our backlog is subject to customer cancellation.

As of December 31, 2003, our backlog was \$532 million. Many of the orders that comprise our backlog may be canceled by our customers without penalty. Our customers may on occasion double and triple order components from multiple sources to ensure timely delivery when backlog is particularly long. They often cancel orders when business is weak and inventories are excessive, a phenomenon that we have experienced in the current economic slowdown. Therefore, we cannot be certain the amount of our backlog does not exceed the level of orders that will ultimately be delivered. Our results of operations could be adversely impacted if customers cancel a material portion of orders in our backlog.

We face intense competition in our business, and we market our products to an increasingly concentrated group of customers.

Our business is highly competitive worldwide, with low transportation costs and few import barriers. We compete principally on the basis of product quality and reliability, availability, customer service, technological innovation, timely delivery and price. The electronics components industry has become increasingly concentrated and globalized in recent years and our major competitors, some of which are larger than us, have significant financial resources and technological capabilities.

Our customers have become increasingly concentrated in recent years, and as a result, their buying power has increased and they have had greater ability to negotiate favorable pricing. This trend has adversely affected our average selling prices, particularly for commodity components.

We may not have adequate facilities to satisfy future increases in demand for our products.

Our business is cyclical and in periods of a rising economy, we may experience intense demand for our products. During such periods, we may have difficulty expanding our manufacturing to satisfy demand. Factors which could limit such expansion include delays in procurement of manufacturing equipment, shortages of skilled personnel and capacity constraints at our facilities. If we are unable to meet our customers' requirements and our competitors sufficiently expand production, we could lose customers and/or market share. This loss could have an adverse effect on our financial condition and results of operations.

Future changes in our environmental liability and compliance obligations may harm our ability to operate or increase costs.

Our manufacturing operations, products and/or product packaging are subject to environmental laws and regulations governing air emissions, wastewater discharges, the handling, disposal and remediation of hazardous substances, wastes and certain chemicals used or generated in our manufacturing processes, employee health and safety labeling or other notifications with respect to the content or other aspects of our processes, products or packaging, restrictions on the use of certain materials in or on design aspects of our products or product packaging and responsibility for disposal of products or product packaging. We establish reserves for specifically identified potential environmental liabilities which we believe are adequate. Nevertheless, we often unavoidably inherit certain pre-existing environmental liabilities, generally based on successor liability doctrines. Although we have never been involved in any environmental matter that has had a material adverse impact on our overall operations, there can be no assurance that in connection with any past or future acquisition we will not be obligated to

address environmental matters that could have a material adverse impact on our operations. In addition, more stringent environmental regulations may be enacted in the future, and we cannot presently determine the modifications, if any, in our operations that any such future regulations might require, or the cost of compliance with these regulations. In order to resolve liabilities at various sites, we have entered into various administrative orders and consent decrees, some of which may be, under certain conditions, reopened or subject to renegotiations.

Our products may experience a reduction in product classification levels under various military specifications.

We have qualified certain of our products under various military specifications, approved and monitored by the United States Defense Electronic Supply Center, and under certain European military specifications. These products are assigned certain classification levels. In order to maintain the classification level of a product, we must continuously perform tests on the product and the results of these tests must be reported to governmental agencies. If any of our products fails to meet the requirements of the applicable classification level, that product's classification may be reduced to a lower level. A decrease in the classification level for any of our products with a military application could have an adverse impact on the net sales and earnings attributable to that product.

Risk factors relating to Vishay's operations outside the United States

We obtain substantial benefits by operating in Israel, but these benefits may not continue.

We have increased our operations in Israel over the past several years. The low tax rates in Israel applicable to earnings of our operations in that country, compared to the rates in the United States, have had the effect of increasing our net earnings, although this was not the case in 2002. Also, we have benefited from employment incentive grants made by the Israeli government. Recently, the Israeli government suspended payment on one of these grants after we were forced to lay off a significant number of employees as a result of the current economic downturn. Although we reached agreement with the Israeli government to resume payment on this grant, there can be no assurance that we will maintain our eligibility for this or other existing project grants. There can also be no assurance in the future the Israeli government will continue to offer new grant and tax incentive programs applicable to us or that, if it does, such programs will provide the same level of benefits we have historically received or that we will continue to be eligible to take advantage of them. Any significant increase in the Israeli tax rates or reduction or elimination of the Israeli grant programs that have benefited us could have an adverse impact on our results of operations.

We attempt to improve profitability by operating in countries in which labor costs are low, but the shift of operations to these regions may entail considerable expense.

Our strategy is aimed at achieving significant production cost savings through the transfer and expansion of manufacturing operations to and in countries with lower production costs, such as Israel, Mexico, Portugal, the Czech Republic, Malaysia, the Republic of China (Taiwan) and the People's Republic of China. In this process, we may experience under-utilization of certain plants and factories in high labor cost regions and capacity constraints in plants and factories located in low labor cost regions. This under-utilization may result initially in production inefficiencies and higher

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costs. These costs include those associated with compensation in connection with work force reductions and plant closings in the higher labor cost regions, and start-up expenses, manufacturing and construction delays, and increased depreciation costs in connection with the initiation or expansion of production in lower labor cost regions.

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As we implement transfers of certain of our operations we may experience strikes or other types of labor unrest as a result of lay-offs or termination of our employees in high labor cost countries.

We are subject to the risks of political, economic and military instability in countries outside the United States in which we operate.

We have operations outside the United States, and approximately 74% of our revenues during 2003 were derived from sales to customers outside the United States. Some of the countries in which we operate have in the past experienced and may continue to experience political, economic and military instability or unrest. These conditions could have an adverse impact on our ability to operate in these regions and, depending on the extent and severity of these conditions, could materially and adversely affect our overall financial condition and operating results. In particular, current tensions in the Middle East could adversely affect our business operations in Israel and elsewhere.

Our business was affected by the outbreak of SARS in 2003 and the effects of that outbreak may linger.

The outbreak of severe acute respiratory syndrome, or SARS, that began in the People's Republic of China adversely affected our business during the first six months of 2003, particularly in Asia where we derived approximately 36% and 38% of our revenue in 2003 and 2002, respectively. This impact included disruptions in the operations of our customers, a slowdown in customer orders and reduced sales in certain end markets. If an outbreak of SARS or like disease were to recur on a comparable scale in Asia, we could experience similar disruptions to our business.

Risk factors relating to Vishay's capital structure

The holders of our Class B common stock have effective voting control of Vishay.

The holders of our Class B common stock have voting control of Vishay. We have two classes of common stock: common stock and Class B common stock. The holders of our common stock are entitled to one vote for each share held, while the holders of our Class B common stock are entitled to 10 votes for each share held. Currently, the principal holder of our Class B common stock, our chairman and chief executive officer, controls approximately 50.5% of our outstanding voting power. As a result, this holder of Class B common stock can effectively cause the election of directors and approve other actions as a stockholder without the approval of other stockholders of Vishay.

The existence of our Class B common stock may deprive other stockholders of a premium value for their shares in a takeover.

The control that holders of our Class B common stock have over our company may make us less attractive as a target for a takeover proposal. It may also discourage a merger proposal or foreclose a proxy contest for the removal of the incumbent directors, even if such actions were favored by a substantial majority of our stockholders other than the holders of our Class B common stock. Accordingly, this may deprive the holders of our common stock of an opportunity they might otherwise have to sell their shares at a premium over the prevailing

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market price in connection with a merger or acquisition of Vishay with or by another company.

We have a staggered board of directors which could make a takeover of Vishay difficult.

At our most recent annual meeting of stockholders, our stockholders approved a proposal to stagger our board of directors. A staggered board of directors might discourage, delay or prevent a change in control of our company by a third party and could discourage proxy contests and make it more difficult

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for our stockholders to elect directors and take other corporate actions. Also, as a consequence of our staggered board, directors may not be removed without cause, even though a majority of stockholders may wish to do so.

Risk factors relating to the notes

Because the notes are subordinated to our senior debt and effectively subordinated to the debt and other liabilities of our subsidiaries, you may not receive full payment on your notes.

The notes are junior in right of payment to all of our debt, other than any future debt that expressly provides that it ranks *pari passu* with, or is subordinated in right of payment to, the notes. As a result, upon any distribution to our creditors in a bankruptcy, liquidation, reorganization or similar proceeding, the holders of our senior debt will be entitled to be paid in full before any payment will be made on the notes.

In addition, all payments on the notes may be blocked in the event of a payment default until cured, or for up to 179 days in the event of certain non-payment defaults of senior indebtedness.

In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to us, holders of the notes will participate in our assets with trade creditors and all other holders of our debt. However, because the indenture for the notes requires that amounts otherwise payable to holders of the notes in a bankruptcy or similar proceeding to be paid to holders of senior debt instead, holders of the notes may receive less ratably than holders of our other debt in any such proceeding. In any of these cases, holders of the notes may not be paid in full.

As of December 31, 2003, we had approximately \$338 million of debt outstanding other than the notes, \$105 million of which is senior in right of payment to the notes.

The notes are also effectively subordinated in right of payment to all debt and other liabilities of all of our subsidiaries.

We derive substantially all our revenues from, and hold substantially all our assets through, our subsidiaries. As a result, we depend on distributions and advances from our subsidiaries in order to meet our payment obligations under the notes and our other obligations. In general, these subsidiaries are separate and distinct legal entities and have no obligations to pay any amounts due on our debt securities, including the notes, or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or otherwise. Our right to receive any assets of any subsidiary in the event of a bankruptcy or liquidation of the subsidiary, and therefore the right of our creditors to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In

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addition, even if we were a creditor of any subsidiary, our rights as a creditor would be subordinated to any indebtedness of that subsidiary senior to that held by us, including secured indebtedness to the extent of the assets securing such indebtedness. As of December 31, 2003, our subsidiaries had approximately \$1,372 million of liabilities outstanding which would effectively rank senior to the notes.

The indenture under which the notes are issued does not limit our ability or the ability of our subsidiaries to incur additional indebtedness. See "Description of Notes--Subordination."

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We expect that the trading value of the notes will be significantly affected by the price of our common stock and other factors and our stock price may be volatile and could decline substantially.

The market price of the notes is expected to be significantly affected by the market price of our common stock. This may result in greater volatility in the trading value of the notes than would be expected for nonconvertible debt securities we issue. From the beginning of 2002 to December 31, 2003, the reported high and low sales prices for our common stock ranged from a low of \$6.70 per share to a high of \$26.15 per share. The market price of our common stock will likely continue to fluctuate in response to factors including those listed elsewhere in this "Risk Factors" section, under the caption "Forward Looking Information" and the following, many of which are beyond our control:

- o quarterly fluctuations in our operating and financial results;
- o changes in financial estimates and recommendations by financial analysts;
- o fluctuations in the stock price and operating results of our competitors;
- o our credit rating with major credit rating agencies;
- o the prevailing interest rates being paid by other companies similar to us;
- o other financing activity in which we may engage;
- o our financial condition, financial performance and future prospects; and
- o the overall condition of the financial markets.

The stock markets in general, including the New York Stock Exchange, have experienced substantial price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of our notes and our common stock.

In addition, the existence of the notes may encourage short selling in our common stock by market participants which could depress the price of our common stock.

We may be unable to repay or repurchase the notes.

At maturity, the entire outstanding principal amount of the notes will

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become due and payable by us. In addition, holders of the notes will have the right to require us to repurchase all or a portion of their notes on August 1, 2008, August 1, 2010, August 1, 2013 and August 1, 2018 or if a "Fundamental Change," as defined in the indenture, occurs. If a purchase date or a Fundamental Change occurs at a time when we are prohibited from purchasing or redeeming notes under our revolving bank credit facility we could seek the consent of our lenders to redeem the notes or attempt to refinance the notes or, if permitted to do so at the time, pay the purchase or redemption price in shares of our common stock. We cannot assure you that we will have sufficient funds or will be able to obtain any required consents or arrange for additional financing to pay the principal amount at maturity or repurchase price when due. Our failure to repay the notes at maturity or to repurchase any tendered notes would constitute an event of default under the indenture. Any such default, in turn, may cause a default under the terms of our other debt.

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In such event, holders of the notes would be subordinate in right of payment to holders of all of our senior debt.

The notes are not protected by restrictive covenants.

The indenture governing the notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries. The indenture contains no covenants or other provisions to afford protection to holders of the notes in the event of a fundamental change involving us, except to the extent described under "Description of Notes--Fundamental Change Permits Holders to Require Us to Purchase Notes."

Shares eligible for public sale after this offering could adversely affect our stock price and in turn the market price of the notes.

The future sale of a substantial number of our shares of common stock in the public market, or the perception that such sales could occur, could significantly reduce our stock price which, in turn, could adversely affect the market price of the notes. It could also make it more difficult for us to raise funds through equity offerings in the future.

We cannot assure you that a trading market will exist for the notes.

Although a market in the notes is currently being made by certain financial institutions, this market making activity may be discontinued at any time without notice. Consequently, we cannot ensure that the market for the notes will be maintained. If an active market for the notes is not sustained, the trading price of the notes could be materially and adversely affected, and the notes could trade at prices that may be lower than the initial offering price of the notes.

The conditional conversion feature of the notes could result in you receiving less than the value of the common stock into which a note is convertible.

The notes are convertible into shares of our common stock only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your notes, and you may not be able to receive the value of the common stock into which the notes would otherwise be convertible.

The market price for the notes may be affected by their ratings.

The notes have been assigned a rating by each of Moody's Investor

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Services, Inc. and Standard & Poor's Rating Group. If the ratings assigned to the notes were reduced or withdrawn in the future, the market price of the notes and our common stock could be adversely affected. Also, a negative change in the rating of other debt that we issue could adversely affect the trading value of the notes.

RECENT DEVELOPMENTS

Results for the Quarter and Year Ended December 31, 2003

On February 6, 2004, we announced our unaudited financial results for the quarter and year ended December 31, 2003. Sales for the quarter ended December 31, 2003 were \$567.2 million, as compared to sales of \$459.4 million for the quarter ended December 31, 2002. Net earnings for the quarter ended December 31, 2003 were \$10.3 million, or \$0.06 per share, compared with a net loss for the quarter ended December 31, 2002 of \$123.8 million, or \$0.78 per share. Earnings for the quarter ended December 31, 2003 were impacted by restructuring and severance costs of \$10.3 million and a write-down of tantalum inventories on hand to market value of \$1.2 million, offset by a gain on an insurance claim of \$3.5 million. The quarter ended December 31, 2002 included charges for restructuring, inventory write-downs, a loss on purchase commitments, and other charges of \$162.4 million. Our book-to-bill ratio for the fourth quarter was 1.14, reflecting a book-to-bill for our actives business of 1.23 and a book-to-bill for our passives business of 1.06. Bookings for fourth quarter 2003 increased to \$648 million, a sequential increase of 18% over third quarter 2003 bookings of \$550 million. Our backlog increased by \$98 million during the fourth quarter to \$532 million at December 31, 2003.

Sales for the year ended December 31, 2003 were \$2.171 billion, compared to sales of \$1.823 billion for the year ended December 31, 2002. Net earnings for the year ended December 31, 2003 were \$26.8 million, or \$0.17 per share, compared with a net loss for the year ended December 31, 2002 of \$92.6 million, or \$0.58 per share. Earnings for the year ended December 31, 2003 were impacted by restructuring and severance costs of \$29.6 million, a loss on extinguishment of debt of \$9.9 million, a loss on long-term purchase commitments of \$11.4 million, and a write-down of tantalum inventories on hand to market value of \$5.4 million, offset by a gain on an insurance claim of \$33.9 million. The year ended December 31, 2002 included charges for restructuring, inventory write-downs, a loss on purchase commitments and other charges of \$169.9 million.

During the fourth quarter of 2003, we saw strength in our bookings and increases in our backlogs not only in our actives business, but now also in our passives business. There is an overall decrease in the rate of price declines and in some of our products, where there are long lead times, even some price increases. The sales increase for the quarter ended December 31, 2003 included \$64 million of sales from the acquisition of BCcomponents in December 2002. We are on track with the integration of BCcomponents and the \$70 million of cost savings related to this integration. We are also on track with the integration of our Measurements Group's transducer acquisitions. We continued to generate cash from operations during 2003, and our cash position was \$555 million at December 31, 2003. We believe that our strategy of a broad product line, opportunistic acquisitions, new product introductions and cost reduction efforts have enabled us to generate operating profits this year despite the difficult times and now will be the foundation for future growth as the economy turns positive.

The tables that follow reflect Vishay and its subsidiaries unaudited summary of operations for the three months ended December 31, 2003 and 2002 and the years ended December 31, 2003 and 2002 and unaudited consolidated condensed balance sheets as of December 31, 2003 and 2002.

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VISHAY INTERTECHNOLOGY, INC. AND SUBSIDIARIES Summary of Operations (In thousands, except per share amounts) (Unaudited)

	Three Months Ended December 31,		
	2003	2002	2003
	-----	-----	-----
Net Sales	\$ 567,199	\$ 459,377	\$ 2,170,
GROSS PROFIT (LOSS)	124,666 22.0%	(39,457) -8.6%	468, 2
Selling, general, and administrative expenses	96,868	82,667	381,
Restructuring and severance costs	10,302	23,472	29,
	-----	-----	-----
OPERATING INCOME (LOSS)	17,496 3.1%	(145,596) -31.7%	57,
OTHER INCOME AND (EXPENSE):			
Interest expense	(8,640)	(7,605)	(37,
Minority interest	(2,217)	(2,872)	(8,
Loss on extinguishment of debt	--	--	(9,
Gain on insurance claim	3,545	--	33,
Other	2,303	3,909	2,
	-----	-----	-----
	(5,009)	(6,568)	(19,
	-----	-----	-----
EARNINGS (LOSS) BEFORE INCOME TAXES	12,487	(152,164)	38,
Income taxes	2,148	(28,399)	11,
	-----	-----	-----
NET EARNINGS (LOSS)	\$ 10,339 =====	\$ (123,765) =====	\$ 26, =====
	1.8%	-26.9%	
Basic earnings (loss) per share	\$ 0.06	\$ (0.78)	\$ 0
Diluted earnings (loss) per share	\$ 0.06	\$ (0.78)	\$ 0
Weighted average shares outstanding - basic	159,767	159,537	159,
Weighted average shares outstanding - diluted	161,258	159,537	160,

(1) Gross profit for the quarter and year ended December 31, 2003 include writedowns of raw material inventory to lower of cost or market (\$1,221,000

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and \$5,406,000, respectively) and an accrual of loss on long-term purchase commitments (\$0 and \$11,392,000, respectively).

- (2) Gross profit for the quarter and year ended December 31, 2002 include a writedown of raw material inventory to lower of cost or market (\$26,800,000 and \$27,400,000, respectively) and an accrual of loss on long-term purchase commitments (\$106,000,000).

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

	December 31	
	2003	2002
Assets		
Current assets:		
Cash and cash equivalents	\$ 555,540	\$ 339,938
Accounts receivable	374,240	343,511
Inventories:		
Finished goods	171,447	219,769
Work in process	154,532	142,846
Raw materials	189,413	191,451
Deferred income taxes	48,471	47,297
Prepaid expenses and other current assets	143,610	188,881
Total current assets	1,637,253	1,473,693
Property and equipment - at cost:		
Land	110,021	118,000
Buildings and improvements	375,178	339,869
Machinery and equipment	1,644,270	1,609,931
Construction in progress	85,169	61,830
	2,214,638	2,129,630
Less allowances for depreciation	(994,843)	(854,780)
	1,219,795	1,274,850
Goodwill	1,466,714	1,356,293
Other intangible assets	128,955	122,417
Other assets	119,796	87,906
Total assets	\$ 4,572,513	\$ 4,315,159
Liabilities and stockholders' equity		
Current liabilities:		
Notes payable to banks	\$ 17,511	\$ 18,161
Trade accounts payable	158,182	123,999
Payroll and related expenses	111,842	103,184
Other accrued expenses	290,208	303,609
Income taxes	10,112	8,734
Current portion of long-term debt	1,282	18,550
Total current liabilities	589,137	576,237

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Long-term debt - less current portion	836,606	706,316
Deferred income taxes	35,036	52,935
Deferred income	27,659	42,345
Other liabilities	248,652	279,462
Accrued pension and other post retirement costs	239,950	223,092
Minority interest	83,215	75,985
Stockholders' equity:		
Common Stock	14,467	14,429
Class B convertible Common Stock	1,538	1,538
Capital in excess of par value	1,917,009	1,910,994
Retained earnings	550,196	523,354
Unearned compensation	(306)	(413)
Accumulated other comprehensive income (loss)	29,354	(91,115)
	-----	-----
Total stockholders' equity	2,512,258	2,358,787
	-----	-----
Total liabilities and stockholders' equity	\$ 4,572,513	\$ 4,315,159
	=====	=====

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USE OF PROCEEDS

We will not receive any cash proceeds from the sale of the notes or the shares of common stock offered by this prospectus.

DESCRIPTION OF NOTES

The notes were issued under an indenture dated as of August 6, 2003, between us and Wachovia Bank, National Association, as trustee. Copies of the indenture and the registration rights agreement entered into with the initial purchasers of the notes are filed as exhibits to the registration statement of which this prospectus forms a part and may be obtained in the manner indicated under "Where You Can Find More Information." The following is a summary of certain provisions of the indenture and the registration rights agreement and does not purport to be complete. Reference should be made to all provisions of the indenture and the registration rights agreement, including the definitions of certain terms contained therein. As used in this section, the terms "Vishay," the "company," "we," "us" and "our" refer to Vishay Intertechnology, Inc., but not any of our subsidiaries, unless the context requires otherwise.

General

The notes are our general unsecured obligations. Our payment obligations under the notes are subordinated in right of payment to all of our existing and future senior indebtedness and are effectively subordinated to all existing and future liabilities of our subsidiaries. See "--Subordination of Notes." The indenture under which the notes are issued does not limit us or our subsidiaries from incurring additional indebtedness.

The notes will mature on August 1, 2023, and are limited to an aggregate principal amount of \$500 million.

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Holders of notes have the option, subject to fulfillment of certain conditions and during the periods described below, to convert their notes into shares of our common stock initially at a conversion price of \$21.28 per share of common stock, subject to adjustments as described below. This is equivalent to a conversion rate of approximately 46.9925 shares of common stock per \$1,000 principal amount of notes. Upon conversion of a note, holders will receive only shares of our common stock and a cash payment to account for fractional shares. In lieu of delivering common stock upon conversion of all or any portion of the notes, we may elect to pay holders surrendering notes for conversion cash or any combination of cash and common stock as described herein. See "Description of the Notes--Conversion Rights."

The notes accrue interest at a rate of 3 5/8% per annum from August 6, 2003, or from the most recent interest payment date to which interest has been paid or duly provided for, and any accrued and unpaid interest and additional amounts, if any, will be payable semi-annually in arrears on February 1 and August 1 of each year, beginning February 1, 2004. Interest will be paid to the person in whose name a note is registered at the close of business on the January 15 or July 15 (any of which we refer to as a "record date") immediately preceding the relevant interest payment date. However, in the case of a note redeemed by us at our option or repurchased upon the occurrence of a Fundamental Change, as described below, during the period from the applicable record date to, but excluding, the next succeeding interest payment date, accrued interest will be payable to the holder of the note redeemed or repurchased, and we will not be required to pay interest on such interest payment date in respect of any such note (or portion thereof). Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed. Interest payments for the notes will include accrued interest from and including the date of issue or from and including the last date in respect of which interest has been paid, as the case may be, to, but excluding the related interest payment date or date of maturity, as the case may be.

We are not subject to any financial covenants under the indenture. In addition, we are not restricted under the indenture from paying dividends, incurring debt, securing our debt or issuing or repurchasing our securities.

Holders of notes are not afforded protection in the event of a highly leveraged transaction, or a change of control of us under the indenture, except to the extent described below under the caption "--Fundamental Change Permits Holders to Require Us to Purchase Notes."

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Principal, interest and additional amounts, if any, on the notes will be payable in same-day funds by transfer to an account maintained by the payee at the office or agency maintained for such purpose. Until otherwise designated by us, the office or agency maintained for such purpose will be the principal corporate trust office of the trustee.

If any interest payment date, maturity date, purchase date or Fundamental Change repurchase date falls on a day that is not a business day, the required payment of principal, interest and additional amounts, if any, will be made on the next succeeding business day as if made on the date that the payment was due, and no interest will accrue on that payment for the period from and after the interest payment date, maturity date, purchase date or Fundamental Change repurchase date, as the case may be, to the date of payment on the next succeeding business day. The term "business day" means, with respect to any note, any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close.

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The notes have been issued in book-entry form and are represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company and registered in the name of a nominee of DTC. Beneficial interests in any of the notes are shown on, and transfers of the notes may be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except under limited circumstances. For so long as the notes are held in book-entry form, references in this section to holders of the notes, unless the context otherwise requires, refers to beneficial owners of interests in the global notes acting through DTC and its participants in accordance with the practices and procedures of DTC and those participants. See "--Book Entry; Global Notes."

Ranking

The notes are junior in right of payment to all of our existing and future senior indebtedness. As of December 31, 2003, we had \$338 million of indebtedness outstanding other than the notes, \$105 million of which were senior to the notes. The notes are also effectively subordinated in right of payment to all debt and other liabilities of our subsidiaries. As of December 31, 2003, our subsidiaries had approximately \$1,372 million of liabilities outstanding which effectively rank senior to the notes. The indenture does not limit the amount of additional indebtedness that we can create, incur, assume or guarantee, or limit the amount of assets that we can use to secure our other indebtedness, nor does the indenture limit the amount of indebtedness and other liabilities that any subsidiary can create, incur, assume or guarantee.

Conversion Rights

Subject to the conditions and during the periods described below, prior to the close of business on the maturity date of the notes (subject to prior redemption or repayment), holders may convert all or some of their notes into shares of our common stock initially at a conversion price of \$21.28 per share of common stock. This is equivalent to a conversion rate of approximately 46.9925 shares of common stock per \$1,000 principal amount of notes. The conversion rate and the equivalent conversion price in effect at any given time are subject to adjustment as described below. A note for which a holder has delivered a purchase notice or a notice requiring us to redeem such note upon a Fundamental Change may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

Upon conversion, we may choose to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of our common stock, as described below.

Except as described below under "--Conversion Price Adjustments," no adjustment will be made on conversion of any notes for any interest or additional amounts accrued on the notes or for dividends on any common stock issued. If notes are converted after a record date for the payment of interest and prior to the next succeeding interest payment date, such notes must be accompanied by funds equal to the interest and additional amounts, if any, payable on such succeeding interest payment date on the principal amount so converted; provided, however, no such funds need be paid if (1) a payment default has occurred and is continuing or (2) we have specified a redemption date that is after a record date and prior to the next interest payment date. Holders will not receive any cash payments representing accrued interest upon conversion except with respect to notes converted on an interest payment date. Delivery of shares of common stock into which a note is convertible, together with any cash payment in lieu of any fractional shares, will satisfy our

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obligation to pay the principal amount of such note and the accrued but unpaid cash interest through the conversion date. Thus, the accrued but unpaid interest through the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited. Notwithstanding conversion of any notes, the holders of the notes and any common stock issuable upon conversion thereof will continue to be entitled to receive additional amounts in accordance with the registration rights agreement. See "--Registration Rights." For a discussion of the tax treatment to you of receiving our common stock upon conversion. See "Certain United States Federal Income Tax Considerations."

We are not required to issue fractional shares of common stock upon conversion of notes and, in lieu of such fractional shares, we will pay a cash adjustment based upon the average last reported sale price (as defined below) of the common stock during the five trading days immediately preceding the date of conversion.

In the event any holder exercises its right to require us to purchase any notes on any purchase date, such holder's conversion right with respect to such notes will terminate on the close of business on the relevant purchase date, unless we default on the payment due upon purchase of such notes or the holder elects to withdraw the submission of election to have such notes purchased. See "--Purchase of Notes by Us at the Option of the Holders." In the event any holder exercises its right to require us to repurchase any notes upon a Fundamental Change, such holder's conversion right with respect to such notes will terminate on the close of business on the Fundamental Change purchase date, unless we default on the payment due upon repurchase or the holder elects to withdraw the submission of election to repurchase. See "--Fundamental Change Permits Holders to Require Us to Purchase Notes."

The right of conversion attaching to any note may be exercised by the holder, if the conditions to conversion are met, by delivering the note at the specified office of a conversion agent, accompanied by a duly signed and completed notice of conversion, together with any funds that may be required. Such notice of conversion can be obtained from the trustee. Beneficial owners of interests in a global note may exercise their right of conversion by delivering to DTC the appropriate instruction form for conversion pursuant to DTC's conversion program. The conversion date will be the date on which the note, the duly signed and completed notice of conversion, and any funds that may be required as described above shall have been so delivered. The note will be deemed to have been converted immediately prior to the close of business on the conversion date. A holder delivering a note for conversion will not be required to pay any taxes or duties payable in respect of the issue or delivery of common stock on conversion, but will be required to pay any tax or duty which may be payable in respect of any transfer involved in the issue or delivery of the common stock in a name other than the holder of the note. Certificates representing shares of common stock will not be issued or delivered unless all taxes and duties, if any, payable by the holder have been paid.

In lieu of delivering shares of common stock upon conversion of all or any portion of the notes, we may elect to pay holders surrendering notes for conversion an amount in cash for each \$1,000

principal amount of notes equal to the average of the last reported sale prices (as defined below) for the five consecutive trading days (i) immediately following the date of our notice of our election to deliver cash, as described below, if we have not given notice of redemption, or (ii) ending on the third trading day prior to the conversion date, in the case of a conversion following our notice of redemption specifying that we intend to deliver cash upon conversion, in either case multiplied by the conversion rate in effect on the

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conversion date.

We will inform holders through the trustee no later than two business days following the conversion date of our election to deliver shares of common stock or to pay cash in lieu of delivery of shares of common stock, unless we have already informed holders of our election in connection with our optional redemption of the notes as described below under "--Optional Redemption." If we elect to deliver all of such payment in shares of common stock, the shares of common stock will be delivered through the trustee no later than the fifth business day following the conversion date. If we elect to pay all or a portion of such payment in cash, the payment, including any delivery of shares of common stock, will be made to holders surrendering notes no later than the tenth business day following the conversion date. If an event of default, as described below under "--Events of Default" (other than a default in a cash payment upon conversion of the notes) has occurred and is continuing or during any period when we are prohibited from making payments on the notes pursuant to the subordination provisions of the notes as described below under "--Subordination of Notes," we may not pay cash upon conversion of any notes (other than cash in lieu of fractional shares).

Our ability to pay holders cash in lieu of shares of common stock upon a conversion of the notes is prohibited under our existing credit facility and may be prohibited or limited in the future by the terms of our borrowing agreements in effect from time to time.

Conversion upon satisfaction of sale price condition

A holder may surrender any of its notes for conversion into shares of our common stock in any calendar quarter after the quarter ending September 30, 2003 if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than 130% of the conversion price per share of our common stock on such last trading day.

The "last reported sale price" of our common stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and asked prices or, if more than one in either case, the average of the average bid and the average asked prices) on that date as reported in composite transactions for the principal U.S. securities exchange on which our common stock is traded or, if our common stock is not listed on a U.S. national or regional securities exchange, as reported by the Nasdaq National Market. If our common stock is not listed for trading on a U.S. national or regional securities exchange and not reported by the Nasdaq National Market on the relevant date, the "last reported sale price" will be the last quoted bid price for our common stock in the over-the-counter market on the relevant date as reported by the National Quotation Bureau or similar organization. If our common stock is not so quoted, the "last reported sale price" will be the average of the mid-point of the last bid and asked prices for our common stock on the relevant date from each of at least three nationally recognized independent investment banking firms selected by us for this purpose.

Conversion based on trading price of the notes

A holder also may surrender any of its notes for conversion into shares of our common stock during the five-business-day period following any ten consecutive trading days in which the average of

the trading prices for the notes was less than 98% of the average of the last reported sale prices of our common stock during such period multiplied by the

conversion rate.

The "trading price" of the notes on any date of determination means the average of the secondary market bid quotations per \$1,000 principal amount of notes obtained by the trustee for \$10,000,000 principal amount of the notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select, provided that if at least three such bids cannot be obtained, but two such bids are obtained by the trustee, then the average of the two bids shall be used. If the trustee cannot reasonably obtain at least two bids for \$10,000,000 principal amount of the notes from a nationally recognized securities dealer on any date, or in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the notes on such date, then the trading price of the notes on such date will be deemed to be equal to 97.9% of (i) the conversion rate of the notes on the date of determination multiplied by (ii) the last reported sale price of our common stock on such date.

The trustee will determine the trading price after being requested to do so by us. We will have no obligation to make that request unless a holder of notes provides us with reasonable evidence that the trading price of the notes may be less than 98% of the average last reported sale prices of our common stock multiplied by the applicable conversion rate for the applicable period. If a holder provides such evidence, we will instruct the trustee to determine the trading price of the notes for the applicable period.

Conversion upon credit rating event

A holder may surrender its notes for conversion into shares of our common stock any time during any period in which the respective ratings assigned to the notes by either Moody's Investor Services, Inc. or Standard & Poor's Rating Group is reduced by two or more ratings levels from the rating initially assigned by such rating agency to the notes, if the credit rating assigned to the notes is suspended or withdrawn by both such rating agencies or if the notes are no longer rated by at least one of these rating agencies. On October 31, 2003, Moody's downgraded its rating for the notes by one level from the initially assigned rating of B2 to B3.

Conversion upon notice of redemption

If we call any or all of the notes for redemption, holders may convert notes into our common stock at any time prior to the close of business on the second business day prior to the redemption date, even if the notes are not otherwise convertible at such time. Upon conversion after a redemption call, we may, at our option, in lieu of delivering shares of common stock to the holder, elect to pay an amount in cash as described herein. We will give notice of our election to pay cash in lieu of common stock in the notice of redemption.

Conversion upon specified corporate transactions

If we elect to:

- o distribute to all holders of our common stock certain rights entitling them to purchase, for a period expiring within 60 days after the date of the distribution, shares of our common stock at less than the last reported sale price of a share of our common stock on the trading day immediately preceding the declaration date of the distribution; or
- o distribute to all holders of our common stock assets, debt securities or certain rights to purchase our securities, which distribution has a per share value as determined by our board

of directors exceeding 15% of the last reported sale price of a share of our common stock on the trading day immediately preceding the declaration date of the distribution,

we must notify the holders of the notes at least 20 business days prior to the ex-dividend date for such distribution. Once we have given such notice, holders may surrender their notes for conversion at any time until the earlier of the close of business on the business day immediately prior to the ex-dividend date and our announcement that such distribution will not take place, even if the notes are not otherwise convertible at such time. The ex-dividend date is the first date upon which a sale of the common stock does not automatically transfer the right to receive the relevant distribution from the seller of the common stock to its buyer.

In addition, if we engage in certain reclassifications of our common stock or are a party to a consolidation, merger, binding share exchange or transfer of all or substantially all of our assets pursuant to which our common stock is converted into cash, securities or other property, a holder may surrender notes for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual effective date of such transaction, and, at the effective time of the transaction, the right to convert a note into our common stock will be changed into a right to convert a note into the kind and amount of cash, securities or other property which the holder would have received if the holder had converted its notes immediately prior to the effective date of for such transaction. If the transaction also constitutes a Fundamental Change as defined below, a holder can require us to purchase all or a portion of its notes as described under "--Fundamental Change Permits Holders to Require Us to Purchase Notes."

Conversion price adjustments

The conversion price is subject to adjustment (under formulae set forth in the indenture) in certain circumstances, including:

- (i) the issuance of our common stock as a dividend or distribution on our common stock;
- (ii) certain subdivisions and combinations of our common stock;
- (iii) the issuance to all holders of our common stock of certain rights or warrants to purchase, for a period expiring within 60 days after the date of issuance, our common stock at a price per share less than the current market price (as defined in the indenture);
- (iv) the distribution to all holders of our common stock of shares of our capital stock (other than common stock), cash, evidences of our indebtedness or other assets (including securities, but excluding those rights, warrants, dividends and distributions referred to above); and
- (v) the purchase of our common stock pursuant to a tender offer or exchange offer made by us or any of our subsidiaries, to the extent that the cash and value of any other consideration included in the payment per share of common stock exceeds the last reported sale price of common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer.

The fair market value of other consideration payable under clause (v)

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above will be calculated as of the expiration of the tender offer or exchange offer.

In the case of:

- o any reclassification or change of our common stock; or

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- o consolidation, merger, share exchange or combination involving us or a sale, conveyance or other disposition to another corporation of our property and assets as an entirety or substantially as an entirety,

in each case, as a result of which holders of our common stock will be entitled to receive stock, other securities, other property or assets (including cash) with respect to or in exchange for our common stock, the holders of the notes then outstanding will be entitled thereafter to convert such notes into the kind and amount of shares of stock, other securities, other property or assets, which they would have owned or been entitled to receive upon such reclassification, change, consolidation, merger, share exchange, combination, sale, conveyance or other disposition had such notes been converted into common stock immediately prior to such reclassification, change, consolidation, merger, share exchange, combination, sale, conveyance or other disposition (assuming, in a case in which our stockholders may exercise rights of election, that a holder of notes would not have exercised any rights of election as to the stock, other securities, other property or assets receivable in connection therewith and would have received per share the kind and amount received per share by a plurality of non-electing shares). Certain of the foregoing events may also constitute or result in a Fundamental Change requiring us to offer to repurchase the notes. See "--Fundamental Change Permits Holders to Require us to Purchase Notes." The adjustment will not be made for a consolidation, merger or share exchange or combination that does not result in any reclassification, conversion, exchange or cancellation of our common stock.

Certain adjustments to, or failures to adjust, the conversion price of the notes may cause holders of notes or common stock to be treated for United States federal income tax purposes as having received a taxable distribution under the federal income tax laws. See "Certain U.S. Federal Income Tax Considerations." We may, at our option, make such reductions in the conversion price as our board of directors deems advisable to avoid or diminish any potential income tax liability to the holders of our common stock which may result from the absence of such adjustments.

In addition, we may from time to time (to the extent permitted by law) reduce the conversion price underlying the notes by any amount for any period of at least 20 days, in which case we will give at least 15 days' notice of such decrease, if our board of directors has made a determination that such decrease would be in our interests, which determination will be conclusive.

No adjustment in the conversion price will be required unless such adjustment would require a change of at least 1% of the conversion price then in effect; provided that any adjustment that would otherwise be required to be made will be carried forward and taken into account in any subsequent adjustment. Except as stated above, the conversion price will not be adjusted for the issuance of common stock or any securities convertible into or exchangeable for common stock or carrying the right to purchase any of the foregoing.

Optional Redemption

No sinking fund is provided for the notes. Prior to August 1, 2010, the

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notes will not be redeemable. On or after August 1, 2010, we may redeem for cash all or a portion of the notes at any time for a price equal to 100% of the principal amount of the notes to be redeemed plus any accrued and unpaid interest, including any additional amounts, to but excluding the redemption date. We will provide not less than 30 nor more than 60 days' notice mailed to each registered holder of the notes to be redeemed. If the redemption notice is given and funds deposited as required, then interest, including any additional amounts, will cease to accrue on and after the redemption date on the notes or portions of such notes called for redemption.

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Notes or portions of notes called for redemption will be convertible by the holder until the close of business on the second business day prior to the redemption date. Upon conversion after a redemption call, we may, at our option, in lieu of delivering shares of common stock to the holder, elect to pay an amount in cash for each \$1,000 principal amount of notes equal to the average last reported sale price per share of common stock for the five consecutive trading days ending on the third trading day prior to the conversion date multiplied by the then applicable conversion rate. We will give notice of our election to pay cash in lieu of shares of common stock upon a conversion in the notice of redemption.

If we decide to redeem fewer than all of the outstanding notes, the trustee will select the notes to be redeemed in principal amounts of \$1,000 or multiples of \$1,000 by lot, or on a pro rata basis or by another method the trustee considers fair and appropriate.

If the trustee selects notes for partial redemption and a holder converts a portion of its notes, the converted portion will be deemed to be from the portion selected for redemption.

Purchase of Notes by Us at the Option of the Holders

Holders have the right to require us to purchase all or a portion of their notes on August 1, 2008, August 1, 2010, August 1, 2013 and August 1, 2018 (each, a "purchase date"). We will be required to purchase any outstanding notes for which a holder delivers a written purchase notice to the paying agent. This notice must be delivered during the period beginning at any time from the opening of business on the date that is 20 business days prior to the relevant purchase date until the close of business on the third business day prior to the purchase date. If the purchase notice is given and withdrawn during such period, we will not be obligated to purchase the related notes.

The purchase price payable will be equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest, including any additional amounts, to, but excluding, the purchase date.

We may, at our option, elect to pay the purchase price in cash, shares of common stock or any combination of cash and common stock.

On or before the 20th business day prior to each purchase date, we will provide to the trustee, the paying agent and all holders of the notes at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, a company notice together with a form of purchase notice. Our company notice will state, among other things:

- o the purchase price and the then applicable conversion rate;
- o the name and address of the paying agent and the conversion agent;

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- o that notes as to which a purchase notice has been given may be converted only if the purchase notice is withdrawn in accordance with the indenture;
- o the procedures that holders must follow to require us to purchase their notes;
- o a brief description of the conversion rights of the notes;
- o the procedures for withdrawing a purchase notice;

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- o whether we will pay the purchase price of notes in cash, shares of common stock or any combination of cash and shares of common stock, specifying the percentages of each; and
- o if we elect to pay in shares of common stock, that the number of shares of common stock to be issued will be equal to the purchase price divided by the market price of our common stock (as defined in this section below) and the method of calculating the market price.

In connection with providing such notice, we will publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on our website or through such other public medium as we may use at that time.

The purchase notice given by each holder electing to require us to purchase notes must be given so as to be received by the paying agent no later than the close of business on the third business day prior to the purchase date and must state:

- o the relevant purchase date;
- o if certificated notes have been issued, the certificate numbers of the notes to be purchased;
- o the portion of the principal amount of notes to be purchased, in integral multiples of \$1,000;
- o that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture; and
- o in the event we elect, pursuant to the notice that we are required to give, to pay the purchase price in shares of common stock, in whole or in part, but the purchase price is ultimately to be paid to the holder entirely in cash because any of the conditions to payment of the purchase price or portion of the purchase price in shares of common stock is not satisfied prior to the close of business on the purchase date, as described below, whether the holder elects:
 - (i) to withdraw the purchase notice as to some or all of the notes to which it relates; or
 - (ii) to receive cash in such event in respect of the entire purchase price for all notes or portions of notes subject to such purchase notice.

If the holder fails to indicate its choice with respect to the election described in the final bullet point above, the holder will be deemed to have elected to receive cash in respect of the entire purchase price for all notes

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subject to the purchase notice in these circumstances. For a discussion of the United States federal income tax treatment of a holder receiving cash, shares of common stock or any combination thereof, see "Certain United States Federal Income Tax Considerations."

If the notes are not in certificated form, exercise of the purchase right must comply with appropriate DTC procedures.

Holders may withdraw any purchase notice in whole or in part by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the purchase date. The notice of withdrawal must state:

- o the principal amount of the withdrawn notes;
- o if certificated notes have been issued, the certificate numbers of the withdrawn notes; and

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- o the principal amount, if any, which remains subject to the purchase notice.

If the notes are not in certificated form, a withdrawal must comply with appropriate DTC procedures.

If we elect to pay the purchase price, in whole or in part, in shares of common stock, the number of shares of common stock to be delivered by us will be equal to the portion of the purchase price to be paid in shares divided by the market price of the common stock. The "market price" of the common stock means the average last reported sale prices of our common stock for the five-day trading period ending on the third trading day prior to the applicable purchase date.

Because the market price of the common stock is determined prior to the applicable purchase date, holders of notes bear the market risk with respect to the value of the shares of common stock to be received from the date such market price is determined to such purchase date.

Our right to purchase notes, in whole or in part, with common stock is subject to various conditions, including:

- o our providing timely written notice, as described above, of our election to purchase all or part of the notes with common stock;
- o our common stock then being listed on a national securities exchange or quoted on the Nasdaq National Market;
- o information necessary to calculate the market price of our common stock then being published in a daily newspaper of national circulation;
- o our registration of the common stock under the Securities Act and the Exchange Act, if required; and
- o our obtaining any necessary qualification or registration under applicable state securities law or the availability of an exemption from such qualification and registration.

If these conditions are not satisfied with respect to a holder prior to the close of business on the purchase date, we will pay the purchase price of

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the notes entirely in cash. Except in this circumstance, we may not change the form or components or percentages of components of consideration to be paid for the notes once we have given the notice that we are required to give to holders regarding purchase of the notes.

In connection with any purchase offer, we will:

- o comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act which may then be applicable; and
- o file a Schedule TO, if required, or any other required schedule under the Exchange Act.

Holders must either effect book-entry transfer or deliver the notes, together with necessary endorsements, to the office of the paying agent after delivery of the purchase notice to receive payment of the purchase price. Holders will receive payment promptly following the later of the purchase date or the time of book-entry transfer or the delivery of the notes. If the paying agent holds money and/or shares of

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common stock, as applicable, sufficient to pay the purchase price of the notes on the business day following the purchase date, then:

- o the purchased notes will cease to be outstanding and interest and any additional amounts will cease to accrue (whether or not book-entry transfer of the notes is made or whether or not the notes are delivered to the paying agent); and
- o all other rights of the holders of the purchased notes will terminate (other than the right to receive the purchase price upon delivery or transfer of the notes).

Our ability to purchase notes with cash may be limited by the terms of our then existing borrowing agreements.

We may not purchase any notes at the option of holders (other than through the issuance of shares of common stock and cash in lieu of fractional shares) if there has occurred and is continuing an event of default with respect to the notes other than a default in the payment of the purchase price with respect to such notes.

Fundamental Change Permits Holders to Require Us to Purchase Notes

If a Fundamental Change (as defined below in this section) occurs at any time, holders will have the right, at their option, to require us to purchase any or all of their notes, or any portion of the principal amount thereof, that is equal to \$1,000 or an integral multiple of \$1,000. We will pay the following purchase prices expressed as a percentage of the principal amount of such notes plus accrued and unpaid interest and additional amounts, if any, to but excluding the Fundamental Change purchase date:

Period -----	Purchase Price -----
Beginning on August 6, 2003 and ending on July 31, 2008.....	105.0%
August 1, 2008 and thereafter.....	100.0%

Instead of paying the purchase price in cash, we may elect to pay the purchase price in shares of our common stock, cash or a combination of common stock and cash, at our option. If we elect to pay all or a portion of the purchase price in shares of common stock, the shares of the common stock will be valued at 98% of the market price (as defined above under "--Purchase of Notes by Us at the Option of the Holders") of our common stock. However, we may not pay the purchase price in shares of common stock or a combination of shares of common stock and cash, unless we satisfy certain conditions prior to the repurchase date as provided in the indenture including those described below.

A "Fundamental Change" will be deemed to have occurred at the time after the notes are originally issued that any of the following occurs:

- (i) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act other than us, our subsidiaries, our or their employee benefit plans or permitted holders (as defined below), files a Schedule 13D or Schedule TO (or any successor to those schedules) disclosing that such person or group has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of 50% or more of the voting power of our common stock and Class B common stock or other capital stock into which our common stock or Class B common stock is reclassified or changed;
- (ii) permitted holders file a Schedule 13D or Schedule TO (or any successors to those schedules) stating that they have become beneficial owners of our voting stock representing more than 80%, in the aggregate, of the voting power of our common stock and Class B common stock or other capital stock into which our common stock or Class B common stock is reclassified or changed, with certain exceptions;
- (iii) consummation of any share exchange, consolidation or merger of our company pursuant to which our common stock and Class B common stock will be converted into cash, securities or other property or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, to any person other than one of our subsidiaries; provided that a transaction where the holders of such capital stock immediately prior to such transaction own, directly or indirectly, more than 50% of aggregate voting power of all classes of capital stock of the continuing or surviving corporation or transferee entitled to vote generally in the election of directors immediately after such event will not be a Fundamental Change;
- (iv) continuing directors (as defined below) cease to constitute at least a majority of our board of directors;
- (v) our stockholders approve any plan or proposal for the liquidation or dissolution of the company; or
- (vi) our common stock ceases to be listed on a national securities exchange or quoted on the Nasdaq National Market or another established automated over-the-counter trading market in the United States.

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A Fundamental Change will not be deemed to have occurred, however, if either:

- (i) the last reported sale price of our common stock for any five trading days within the 10 consecutive trading days ending immediately before the later of the Fundamental Change or the announcement thereof, equals or exceeds 105% of the conversion price of the notes in effect immediately before the later of Fundamental Change or the public announcement thereof; or
- (ii) at least 90% of the consideration, excluding cash payments for fractional shares, in the transaction or transactions constituting the Fundamental Change consists of shares of common stock traded on a national securities exchange or quoted on the Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with a Fundamental Change (these securities being referred to as "publicly traded securities") and as a result of this transaction or transactions the notes become convertible into such publicly traded securities, excluding cash payments for fractional shares.

"Permitted holders" means each of Dr. Felix Zandman or his wife, children or lineal descendants, the Estate of Mrs. Luella B. Slaner or her children or lineal descendants, any trust established for the benefit of such persons, or any "person" (as such term is used in Section 13(d) or 14(d) of the Exchange Act), directly or indirectly, controlling, controlled by or under common control with any such person mentioned in this paragraph or any trust established for the benefit of such persons or any charitable trust or non-profit entity established by a permitted holder, or any group in which such permitted holders hold more than a majority of the voting power of our common stock and Class B common stock deemed to be beneficially owned by such group.

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"Continuing director" means a director who either was a member of our board of directors on July 31, 2003 or who becomes a director of the company subsequent to that date and whose election, appointment or nomination for election by our stockholders is duly approved by a majority of the continuing directors on our board of directors at the time of such approval, either by a specific vote or by approval of the proxy statement issued by us on behalf of our entire board of directors in which such individual is named as nominee for director.

On or before the 20th day after the occurrence of a Fundamental Change, we will provide to all holders of the notes and the trustee and paying agent a notice of the occurrence of the Fundamental Change together with a form of purchase notice to be used by the holders exercising the purchase right. Our Fundamental Change notice will state, among other things:

- o the events causing a Fundamental Change;
- o the date of the Fundamental Change;
- o whether we will pay the Fundamental Change purchase price in cash, common stock or a combination thereof, specifying the percentages of each;
- o the Fundamental Change purchase price;
- o the termination date for the exercise of the purchase right;

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- o the Fundamental Change purchase date;
- o the name and address of the paying agent and conversion agent;
- o the conversion price and any adjustments to the conversion price;
- o that the notes with respect to which a Fundamental Change purchase notice has been given by the holder may be converted only if the holder withdraws the Fundamental Change purchase notice in accordance with the terms of the indenture;
- o the procedures that holders must follow to require us to purchase their notes; and
- o if we elect to pay in common stock, that the number of shares of common stock to be issued will be equal to the purchase price divided by 98% of the market price of our common stock (as defined above) and the method of calculating the market price.

In connection with providing such notice, we will publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on our website or through such other public medium as we may use at that time.

To exercise the purchase right, holders must deliver the notes to be purchased to the paying agent. If the notes are in certificated form, they must be duly endorsed for transfer, together with a written purchase notice and the form entitled "Form of Fundamental Change Purchase Notice" on the reverse side of the notes duly completed. This delivery must be made on or before a date specified as the termination date for exercise of the purchase right that is not later than 35 business days from the date we mail the Fundamental Change Notice, subject to extension to comply with applicable law. The purchase notice must state:

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- o if the notes are certificated, the certificate numbers of the notes to be delivered for purchase;
- o the portion of the principal amount of notes to be purchased, which must be \$1,000 or an integral multiple thereof;
- o that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture; and
- o in the event we elect, pursuant to the notice that we are required to give, to pay the Fundamental Change purchase price in common stock, in whole or in part, but the Fundamental Change purchase price is ultimately to be paid to the holder entirely in cash because any condition to payment of the Fundamental Change purchase price or portion of the Fundamental Change purchase price in common stock is not satisfied prior to the close of business on the Fundamental Change purchase date, as described below, whether the holder elects:
 - (1) to withdraw the purchase notice as to some or all of the notes to which it relates; or
 - (2) to receive cash in respect of the entire Fundamental Change purchase price for some or all of the notes subject to the purchase notice.

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If a holder fails to indicate its choice with respect to the election described in the final bullet point above, it will be deemed to have elected to receive cash in respect of the entire Fundamental Change purchase price for all notes subject to the purchase notice in these circumstances. For a discussion of the United States federal income tax treatment of a holder receiving cash, shares of common stock or any combination thereof, see "Certain United States Federal Income Tax Considerations."

If the notes are not in certificated form, exercise of the purchase right must comply with appropriate DTC procedures.

A holder may withdraw any purchase notice (in whole or in part) by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the Fundamental Chang