

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2000

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

For the transition period from \_\_\_ to \_\_\_

Commission file number 0-18277

VICOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

04-2742817

(State or other jurisdiction of  
incorporation or organization)

(IRS employer identification no.)

25 FRONTAGE ROAD, ANDOVER, MASSACHUSETTS 01810

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (978) 470-2900

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

Securities registered pursuant to Section  
12(g) of the Act:

Common Stock, \$.01 par value

(Title of Class)

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$430,118,057 as of February 28, 2001.

On February 28, 2001, there were 30,293,307 shares of Common Stock outstanding and 11,993,348 shares of Class B Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive proxy statement (the "Definitive Proxy Statement") to be filed with the Securities and Exchange Commission pursuant to Regulation 14A and relating to the Company's 2001 annual meeting of stockholders are incorporated by reference into Part III.

PART I

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "believes," "expects," "anticipates," "intends," "estimate," "plan," "assumes" and other similar expressions identify forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements as a result of the risk factors set forth in this report. Reference is made in particular to the discussions set forth under Item 1 - "Business - Second-Generation Automated Manufacturing Line," "- Competition," "- Patents," "- Licensing," and "- Risk Factors," and under Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations." The risk factors contained in this report may not be exhaustive. Therefore, the information contained in this report should be read together with other reports and documents that the Company files with the Securities and Exchange Commission from time to time, including Forms 10-Q and 8-K, which may supplement, modify, supersede or update those risk factors.

ITEM 1 - BUSINESS

The Company

Vicor Corporation was incorporated in Delaware in 1981. Unless the context indicates otherwise, the term "Company" means Vicor Corporation and its consolidated subsidiaries. The Company designs, develops, manufactures and

markets modular power components and complete power systems using an innovative, patented, high frequency electronic power conversion technology called "zero current switching." Power systems, a central element in any electronic system, convert power from a primary power source (e.g., a wall outlet) into the stable DC voltages that are required by most contemporary electronic circuits.

In 1987, the Company formed VLT Corporation as its licensing subsidiary. During 2000, the Company reincorporated VLT Corporation in California by merging it with and into VLT, Inc., a wholly-owned subsidiary of the Company. In 1990, the Company established a Technical Support Center in Germany and a foreign sales corporation (FSC). In 1995, the Company established Technical Support Centers in France, Italy, Hong Kong, and England. Also in 1995, the Company established Vicor Integration Architects ("VIA's"), most of which are majority owned subsidiaries. VIA's provide customers with local design and manufacturing services for turnkey custom power solutions. At December 31, 2000 there were five (5) VIA's operating in the United States. In 1996, the Company established Vicor B.V., a Netherlands company, which serves as a European Distribution Center. In 1998, the Company acquired the principal assets of the switching power supply businesses owned by the Japan Tobacco, Inc. group and established a direct presence in Japan through a new subsidiary called Vicor Japan Company, Ltd. ("VJCL"). VJCL markets and sells the Company's products and provides customer support in Japan. The Company's Common Stock became publicly traded on the NASDAQ National Market System in April 1990.

## Products

Power systems are incorporated into virtually all electronic products, such as computers and telecommunications equipment, to convert electric power from a primary source, for example a wall outlet, into the stable DC voltages required by electronic circuits. Because power systems are configured in a myriad of application-specific configurations, the Company's basic strategy is to exploit the density and performance advantages of its technology by offering comprehensive families of economical, component-level building blocks which can be applied by users to easily configure a power system specific to their needs. In addition to component-level power converters, which serve as modular power system building blocks, the Company also manufactures and sells complete configurable power systems, accessory products, and custom power solutions. The Company's principal product lines include:

### Modular Power Converters

The Company currently offers four first-generation families of component-level DC-DC power converters: the VI-200, VI-J00, MI-200, and MI-J00 families. Designed to be mounted directly on a printed circuit board assembly and soldered in place using contemporary manufacturing processes, each family comprises a comprehensive set of products which are offered in a wide range of input voltage, output voltage and power ratings. This allows end users to select products appropriate to their individual applications.

The product families differ in maximum power ratings, performance characteristics, package size and, in the case of the "MI" families, in target market. The MI families are designed specifically to meet many of the performance and environmental requirements of the military/defense markets.

In 1998, the Company introduced the first complete family of its second-generation of high power density, component-level DC-DC converters. This family operates from 48 Volts input and is designed for the telecommunications market as well as distributed power systems. It consists of 26 modules with the most popular output voltages in all three of the Company's second-generation standard packages: the full size (Maxi), the half size (Mini) and the quarter size (Micro). Output power levels from 50 to 500 Watts are covered by this offering. In 1999, this was followed by two additional families: a 300 Volt input for off-line (rectified 115 or 230 Volt ac) and distributed power applications, and a 375 Volt input specifically designed for use in power factor corrected systems. This latter family increased the power available to 600 Watts.

In November 2000, the Company introduced a new power conversion architecture, called PowerStick, which is specifically designed to address the market for low profile, high density, board mounted DC-DC converters. PowerStick converters will be able to deliver up to 75 Watts per module and up to 900 Watts in fault tolerant arrays.

#### Configurable Products

Utilizing its standard converters as core elements, the Company has developed several product families which provide complete power solutions configured to a customer's specific needs. These products exploit the benefits of the component-level approach to offer higher performance, higher power densities, lower costs, greater flexibility and faster delivery than traditional competitive offerings.

Most electronic and data processing ("EDP") and industrial electronic products operate directly off of AC lines. "Off-line" power systems require "front end" circuitry to convert AC line voltage into DC voltage for the core converters. The Company's off-line AC-DC products incorporate a set of modular front end subassemblies to offer a complete power solution from AC line input to highly regulated DC output. The product selection includes a low-profile modular design in various sizes and power levels, and a choice of alternatives to conventional "box switchers"--high power, off-line bulk supplies in industry-standard packages. Voltage and power levels are either factory or field configurable.

Many telecommunications, defense and industrial electronic products are powered from central DC sources (battery plants or generators). The Company's DC-DC power system choices include a low-profile modular design similar to the corresponding AC-DC system and a rugged, compact assembly for chassis-mounted, bulk power applications.

#### Accessory Power System Components

Accessory power system components, used with the Company's component-level power converters, integrate other important functions of the power system, facilitating the design of complete power systems by interconnecting several modules. In general, accessory products are used to condition the inputs and outputs of the Company's modular power components.

VI-HAMs (Harmonic Attenuator Modules) are universal-AC-input, power-factor-correcting front ends for use with compatible power converters. VI-AIMs (AC Input Modules) provide input filtering, transient protection and rectification of the AC line. VI-IAMs (Input Attenuator Modules) provide the DC input filtering and transient protection required in industrial and telecommunications markets. VI-RAMs (Ripple Attenuator Modules) condition converter module outputs for extremely low noise systems. In 1998, the Company doubled the power capability of its component-level AC front end, the VI-ARM (AC Rectifier Module). This new front end product is packaged in the same "Micro" package and includes a microcontroller that tracks the AC line to ensure correct operation for domestic or international line voltages. In addition, two accessory products for the 48 Volt input second-generation family were introduced in 1999: the FiltMod for input filtering and the IAM48 for transient and spike protection.

## Customer Specific Products

Since its inception, the Company has accepted a certain amount of "custom" power supply business. In most cases, the customer was unable to obtain a conventional solution which could achieve the desired level of performance in the available space. By utilizing its component-level power products as core elements in developing most of these products, the Company was able to meet the customer's needs with a reliable, high power density, total solution. However, in keeping with the Company's strategy of focusing on sales of standard families of component-level power building blocks, custom product sales have not been directly pursued. The Company has traditionally pursued these custom opportunities through Value-Added-Resellers ("VAR's"). The Company has established a network of VIA's (see "The Company," above in Item 1 - "Business"). Most of the VIA's are majority owned by the Company, while VAR's are independent businesses. Both VIA's and VARs are distributed geographically and are in close proximity to many of their customers.

## Sales and Marketing

The Company sells its products through a network of 33 independent sales representative organizations in North and South America; internationally, 50 independent distributors are utilized. Sales activities are managed by a staff of Regional and Strategic Sales Managers and sales personnel based at the Company's world headquarters in Andover, Massachusetts, its Westcor division in Sunnyvale, California, a Technical Support Center in Lombard, Illinois, and in its Technical Support Center subsidiaries in Munich, Germany; Camberley Surrey, England; Milan, Italy; Paris, France; Hong Kong and Tokyo, Japan.

Export sales, as a percentage of total net revenues, were approximately 32%, 30% and 29%, in 2000, 1999 and 1998, respectively.

Because of the technical nature of the Company's product lines, the Company engages a staff of Field Applications Engineers to support the Company's sales activities. Field Applications Engineers provide direct technical sales support worldwide to review new applications and technical matters with existing and potential customers. There are Field Application Engineers assigned to all Company locations and are supported by product specialists (Product Line Engineers) located in Andover. The Company generally warrants its standard products for a period of two years.

The Company also sells directly to customers through Vicor Express, an in-house distribution group. Through advertising and periodic mailing of its catalogs, Vicor Express generally offers customers rapid delivery on small quantities of many standard products. The Company, through Vicor B.V., has expanded its Vicor Express operation to include locations in Germany, France, Italy and England.

## Customers and Applications

The Company's customer base is comprised of large Original Equipment Manufacturers (OEMs) and smaller, lower volume users which are broadly distributed across several major market areas. Some examples of the diverse applications of the Company's products are:

### Telecommunications:

- Central Office Systems
- Fiber Optic Systems
- Cellular Telecommunications
- Microwave Communications
- Voice Processing Multiplexers
- Paging Equipment
- Broadcast Equipment
- Power Amplifiers

### EDP:

- RAID Systems
- Supercomputers
- Data Storage Systems
- ATM Switches
- Networking Equipment
- LAN/WAN Systems
- File Servers
- Optical Switches

Measurement and Control:	Military:
Process Control Equipment	Communications
Medical Equipment	Airborne Radar and Displays
Seismic Equipment	Aircraft/Weapons Test Equipment
Test Equipment	Ruggedized Computers
Transportation Systems	Electro-Optical Systems
Agricultural Equipment	IR Reconnaissance/Targeting Systems
Marine Products	

For the years ended December 31, 2000, 1999 and 1998, no single customer accounted for more than 10% of net revenues.

#### Backlog

As of December 31, 2000, the Company had a backlog of approximately \$70.3 million compared to \$58.7 million at December 31, 1999. Backlog is comprised of orders for products which have a scheduled shipment date within the next 12 months. The Company believes that a substantial portion of sales in each quarter is, and will continue to be, derived from orders booked in the same quarter.

#### Research and Development

As a basic element of its long term strategy, the Company is committed to the continued advancement of power conversion technology and power component product development. The Company's research and development efforts are focused in three areas: continued enhancement of the Company's patented technology; expansion of the Company's families of component level DC-DC converter products; and continued development of configurable products based upon market opportunities. The Company invested approximately \$20.6 million, \$19.9 million and \$20.7 million, in research and development in 2000, 1999 and 1998, respectively. Investment in research and development represented 8.0%, 10.5% and 12.5%, of net revenues in 2000, 1999 and 1998. The Company plans to continue to invest a significant percentage of revenues into research and development.

#### Manufacturing

The Company's principal manufacturing processes consist of assembly of electronic components onto printed circuit boards, automatic testing of components, wave, reflow and infrared soldering of assembled components, encapsulation of converter subassemblies, final "burn-in" of certain products and product test using automatic test equipment.

The Company continues to pursue its strategy to minimize manual assembly processes, reduce manufacturing costs, increase product quality and reliability and ensure its ability to rapidly and effectively expand capacity. The strategy is based upon the phased acquisition and/or fabrication, qualification and integration of automated manufacturing equipment. The Company plans to make continuing investments in manufacturing equipment, particularly for the Company's second-generation products, in order to expand capacity (see "Second-Generation Automated Manufacturing Line," below).

Components used in the Company's products are purchased from a variety of vendors. Most of the components are available from multiple sources. In instances of single source items, the Company maintains levels of inventories it considers to be appropriate. Incoming components, assemblies and other parts are subjected to several levels of inspection procedures.

Compliance by the Company with applicable environmental laws has not had a material effect on the financial condition or operations of the Company.

## Second-Generation Automated Manufacturing Line

Shipments of second-generation products approximately doubled in 2000 over 1999. Both first and second-generation products are sold to similar customers. The Company continues to refine the designs, processes, equipment and parts associated with second-generation products. The Company began depreciation on a significant portion of the second-generation automated manufacturing line, approximately \$32.5 million, in the second quarter of 1998. Depreciation on another \$1.6 million of the line commenced during the second half of 1998. Approximately \$3.3 million of these initial costs are being depreciated on a straight-line basis over a period of five years, and approximately \$30.8 million are being depreciated on a straight-line basis over a period of eight years. Additional equipment of approximately \$4.8 million was placed into service during 2000 (\$6.4 million in 1999). While unit production in 2000 more than doubled compared to 1999, gross margins on second-generation products continue to be significantly lower than those of first-generation products. The Company is taking steps to increase the capacity of second-generation manufacturing, which includes adding equipment and re-deploying personnel and equipment from first-generation production. The Company is also in the process of completing an upgrade to second-generation products, internally designated as FasTrak, which the Company anticipates will also help to increase capacity and reduce costs. It will take several quarters before these steps will be fully implemented and their effects realized. Gross margins during 2001 will continue to be negatively impacted until higher production volumes, higher yield levels and component cost reductions are attained with respect to second-generation products.

## Competition

Many power supply manufacturers target markets similar to those of the Company. Representative examples are: Lambda Electronics, a subsidiary of Invensys, plc; the former Power Systems business unit of Lucent Technologies, now a subsidiary of Tyco International, Ltd.; Artesyn Technologies; Astec America, a subsidiary of Emerson Electronic Company; Power-One, Inc.; and C&D Technologies, Inc., Power Electronics Division. Although certain of the Company's competitors have significantly greater financial and marketing resources and longer operating histories than the Company, the Company believes that it has a strong competitive position, particularly with customers who need small, high density power system solutions requiring a variety of input-output configurations.

## Patents

The Company believes that its patents afford significant advantages by erecting fundamental and multilayered barriers to competitive encroachment upon key features and performance benefits of its principal product families. The Company's patents cover the fundamental conversion topologies used to achieve the performance attributes of its converter product lines; converter array architectures which are the basis of the products' "parallelability"; product packaging design; product construction; high frequency magnetic structures; and automated equipment and methods for circuit and product assembly.

On February 16, 1999, the United States Patent and Trademark Office issued U.S. patent RE36,098 (the "Reissue Patent") as a reissue of U.S. Patent 4,441,146 (the "Reset Patent"). The Reissue Patent includes original claims 1 through 5 of the Reset Patent plus 38 additional new claims. The claims in the Reissue Patent cover non-coincident active clamp technology in a broadly defined class of single-ended forward converters and enable design of power converters which are smaller and more energy efficient than conventional power supplies. The claims cover, but are not limited to, so-called "zero-voltage switching" ("ZVS") technology. The Company believes that its rights under the Reset Patent and the Reissue Patent have been and are being infringed. The Company believes in vigorously protecting its rights under its patents (see "Item 3 - Legal Proceedings" below).

The Company has been issued 72 patents in the United States (which expire between 2001 and 2018), 20 in Europe (which expire between 2002 and 2015), and 22 in Japan (which expire between 2002 and 2016). The Company also has a number of patent applications pending in the United States, Europe and the Far East. Although the Company believes that patents are an effective way of protecting its technology, there can be no assurances that the Company's patents will prove to be enforceable (see, e.g., "Item 3 - Legal Proceedings" below). While some of the Company's patents are deemed materially important to the Company's operations, the Company believes that no one patent is essential to the success of the Company.

## Licensing

In addition to generating revenue, licensing is an element of the Company's strategy for building worldwide product and technology acceptance and market share. In granting licenses, the Company retains the right to use its patented technologies, and manufacture and sell its products, in all licensed geographic areas and fields of use. Licenses are granted and administered through the Company's wholly owned subsidiary, VLT, Inc., the successor to VLT Corporation, which owns the Company's patents. Revenues from licensing arrangements have not exceeded 10% of the Company's consolidated revenues in any of the last three fiscal years.

## Employees

As of December 31, 2000, the Company employed approximately 1,654 full time and 353 part time people. The Company believes that its continued success depends, in part, on its ability to attract and retain qualified personnel. Although there is strong demand for qualified technical personnel, the Company has not to date experienced difficulty in attracting and retaining sufficient engineering and technical personnel to meet its needs (See "- Risk Factors - Dependence on Key Personnel," below).

None of the Company's employees is subject to a collective bargaining agreement. The Company has not experienced any work stoppages and believes that its employee relations are good.

## Risk Factors

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results could differ materially from those projected in the forward-looking statements as a result of, among other factors, the risk factors set forth below.

### Need for Technological Developments

The power supply industry and the industries in which many of our customers operate are characterized by intense competition, rapid technological change, product obsolescence and price erosion for mature products, each of which could have an adverse effect on the Company's results of operations. The failure of the Company to continue to develop and commercialize leading-edge technologies and products that are cost effective and maintain high standards of quality, could have a material adverse affect on the Company's competitive position and results of operations.

### Dependence on Customers' Business Prospects

The Company manufactures modular power components and power systems that are incorporated into its customers' electronic products. The Company's growth is therefore dependent on the continued growth in the sales of its customers' products as well as the development by its customers of new products. The failure of the Company to anticipate changes in our customers' businesses and their changing product needs could negatively impact our financial position.

### Need to Provide Additional Manufacturing Capacity

In order to meet anticipated future growth, the Company will need to continue to increase manufacturing capacity through the installation of additional equipment and additional automated manufacturing lines. The Company has been working to increase the capacity for second-generation products through the acquisition of new equipment and the re-deployment of equipment and personnel from first-generation production. This will continue to increase fixed costs and could have a negative impact on the Company's gross margins and profitability. In addition, the process of installing equipment and new lines, as well as hiring and training new personnel, could cause disruptions in production or delays in the shipping of products.

#### Dependence on Third Party Suppliers and Subcontractors

The Company depends on third party suppliers and subcontractors to provide components and assemblies used in our products. If suppliers or subcontractors cannot provide their products or services on time or to our specifications, the Company may not be able to meet the demand for its products or it may negatively affect delivery times. In addition, the Company cannot directly control the quality of the products and services provided by third parties. In order to grow, the Company may need to find new or change existing suppliers and subcontractors. This could cause disruptions in production, delays in the shipping of product or increases in prices paid to third-parties.

#### Foreign Sales and Distribution

International sales have been and are expected to be a significant component of total sales. Dependence on foreign third parties for sales and distribution is subject to special concerns, such as: foreign economic and political instability, foreign currency controls and market fluctuations, trade barriers and tariffs, foreign regulations and exchange rates.

#### Dependence on Key Personnel

The Company's success depends on our ability to retain the services of its executive officers. The loss of one or more members of senior management could adversely affect the Company's business and financial results. In particular, the Company is dependent on the services of Dr. Patrizio Vinciarelli, its founder, Chairman, President and Chief Executive Officer. The loss of the services of Dr. Vinciarelli could have a material adverse effect on the Company's development of new products and on its results of operations. In addition, the Company depends on highly skilled engineers and other personnel with technical skills that are in high demand and are difficult to replace. The Company's continued operations and growth depends on its ability to attract and retain highly qualified employees in a very competitive employment market.

#### Patents and Proprietary Rights

The Company operates in an industry in which the ability to compete depends on the development or acquisition of proprietary technologies which must be protected to preserve the exclusive use of such technologies. The Company devotes substantial resources to establish and protect our patents and proprietary rights, and relies on patent and intellectual property law to protect such rights. Such protection, though, may not prevent competitors from independently developing products similar or superior to the Company's products. The Company may be unable to protect or enforce current patents, may rely on unpatented technology that competitors could restrict or may be unable to acquire patents in the future, and this may have a material adverse affect on the Company's competitive position. In addition, the intellectual property laws of foreign countries may not protect the Company's rights to the same extent as those of the United States. The Company has been and may need to continue to defend or challenge patents. The Company may incur significant costs in and devote significant resources to these efforts which, if unsuccessful, may have a material adverse effect on its results of operations.

#### ITEM 2 - PROPERTIES

The Company's corporate headquarters building, which the Company owns and is located in Andover, Massachusetts, provides approximately 90,000 square feet of office space for its sales, marketing, engineering and administration personnel.

The Company also owns a building of approximately 230,000 square feet, in Andover, Massachusetts which houses all Massachusetts manufacturing activities.

The Company's Westcor division owns and occupies a building of approximately 31,000 square feet in Sunnyvale, California.



ITEM 3 - LEGAL PROCEEDINGS

On February 1, 1999, the Company announced that it had concluded an arrangement under which Vicor and Reltec Corporation entered into a license agreement and agreed to settle all pending litigation and disputes relating to Reltec's past use of certain Vicor intellectual property. In consideration for the license under the Company's reset patents, and the separate settlement of the litigation, Reltec made a one-time payment of \$22.5 million into an escrow account. Vicor is obligated to make know-how and technical support available to Reltec under the license and will receive and recognize income from the escrow fund through the first quarter of 2001.

In June 1998, the Company and VLT Corporation (which has since merged with and into VLT, Inc.) filed a lawsuit in the United States District Court of Massachusetts alleging that Unitrode Corporation ("Unitrode") has infringed and is infringing U.S. Reissue Patent No. 36,098 (the "Reset Patent") entitled "Optimal Resetting of the Transformer's Core in Single Ended Forward Converters." The Reset Patent is a reissue of U.S. Patent No. 4,441,146, which issued on April 3, 1984. On January 24, 2001, the Court issued a summary judgment decision in which the Court concluded that the Reset Patent is not anticipated by certain prior art. The Court further concluded that the Reset Patent is not invalid for failure to disclose the best mode of practicing the invention nor is it invalid for indefiniteness. Finally, the Court concluded that certain single-ended forward converters built by Unitrode, Siemens Corp., Lucent Technologies, Inc. ("Lucent"), Artesyn Technologies Inc., and Magnetek Inc. infringed the Reset Patent. The Court declined to rule on certain other matters relating to the Reset Patent, and a jury trial is scheduled to begin on April 23, 2001.

In May 2000, the Company and VLT Corporation filed a lawsuit in the United States District Court of Massachusetts alleging that Lucent has infringed and is infringing the Reset Patent.

In February 2001, the Company and VLT, Inc. filed a lawsuit in the United States District Court of Massachusetts alleging that Power-One Inc. ("Power-One") has infringed and is infringing the Reset Patent.

In March 2001, the Company and VLT, Inc. filed separate lawsuits in the United States District Court of Massachusetts against Magnetek Inc., Siemens Corp. and Siemens Medical Systems, Inc., a wholly-owned subsidiary of Siemens Corp., alleging that these companies have infringed and are infringing the Reset Patent.

The Company is in the process of enforcing its rights against other third parties that it believes are infringing the Company's intellectual property.

The Company is involved in certain litigation incidental to the conduct of its business. While the outcome of lawsuits against the Company cannot be predicted with certainty, management does not expect any current litigation to have a material adverse impact on the Company (see "Item 1 - Business - Licensing" above).

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Stock of the Company is listed on the National Market System of the National Association of Securities Dealers Automated Quotation ("NASDAQ") System and is traded in the over-the-counter market under the NASDAQ symbol "VICR". The Class B Common Stock of the Company is not traded on any market and is subject to restrictions on transfer under the Company's Restated Certificate of Incorporation, as amended. The following table sets forth the quarterly high and low sales prices for the Common Stock as reported by NASDAQ for the periods indicated:

1999	High	Low
- - - - -	- - - - -	- - -
First Quarter	13 7/16	8 13/16
Second Quarter	21 5/8	11 3/4
Third Quarter	23 3/4	18
Fourth Quarter	45 1/4	21 3/8
2000		
- - - - -		
First Quarter	45 3/4	17 1/2
Second Quarter	36 1/2	17 1/2
Third Quarter	56 5/8	32 1/4
Fourth Quarter	54 3/4	25 7/8

As of February 28, 2001, there were approximately 383 holders of record of the Company's Common Stock and approximately 26 holders of record of the Company's Class B Common Stock. These numbers do not reflect persons or entities who hold their stock in nominee or "street name" through various brokerage firms.

Dividend Policy

The Company has not paid cash dividends on its common equity and it is the Company's present intention to retain earnings to finance the expansion of the Company's business.

ITEM 6 - SELECTED FINANCIAL DATA

The following selected consolidated financial data with respect to the Company's statements of income for the years ended December 31, 2000, 1999 and 1998 and with respect to the Company's balance sheets as of December 31, 2000 and 1999 are derived from the Company's consolidated financial statements, which appear elsewhere in this report and which have been audited by Ernst & Young LLP, independent auditors. The following selected consolidated financial data with respect to the Company's statements of income for the years ended December 31, 1997 and 1996 and with respect to the Company's balance sheets as of December 31, 1998, 1997 and 1996 are derived from the Company's audited consolidated financial statements, which are not included herein. The data should be read in conjunction with the consolidated financial statements, related notes and other financial information included herein.

	Year Ended December 31				
	-----				
	(in thousands except per share data)				
Income Statement Data	2000	1999	1998	1997	1996
-----	----	----	----	----	----
Net revenues	\$257,583	\$189,887	\$164,634	\$162,243	\$144,983
Income from operations	46,010	24,427	18,365	35,950	36,532
Net income	33,920	19,088	15,835	26,217	25,639
Net income per share -diluted	.78	.45	.37	.60	.60
Weighted average shares-diluted	43,265	42,412	42,785	43,344	42,764

  

	At December 31				
	-----				
	(in thousands)				
Balance Sheet Data	2000	1999	1998	1997	1996
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Working capital	\$146,478	\$123,017	\$84,594	\$128,267	\$108,551
Total assets	294,113	268,905	249,551	228,843	186,443
Total liabilities	31,192	24,372	40,292	20,419	15,699
Stockholders' equity	262,921	244,533	209,259	208,424	170,744

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table sets forth certain items of selected consolidated financial information as a percentage of net revenues for the periods indicated. This table and the subsequent discussion should be read in conjunction with the selected financial data and the Consolidated Financial Statements of the Company contained elsewhere in this report.

	Year ended December 31		
	-----		
	2000	1999	1998
	----	----	----
Net revenues	100.0%	100.0%	100.0%
Gross margin	42.6%	42.8%	44.9%
Selling, general and administrative expenses	16.8%	19.4%	21.2%
Research and development expenses	8.0%	10.5%	12.5%
Income before income taxes	19.3%	14.7%	14.1%

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999:

Net revenues for fiscal 2000 were \$257,583,000, an increase of \$67,696,000 (35.7%) as compared to \$189,887,000 for fiscal 1999. The growth in revenues resulted primarily from a net increase in unit shipments of standard and custom products of approximately \$73,403,000, which was offset by a decrease in license revenue of approximately \$5,707,000. The decrease in license revenue was primarily due to non-recurring payments from licensees for past use of Vicor's intellectual property in 1999. Although net revenues increased substantially in fiscal 2000, the Company experienced a reduction in demand for its first-generation products in the fourth quarter of 2000 which has continued in early 2001. Shipments of second-generation products approximately doubled in 2000 versus 1999 and have continued to increase in early 2001. Both first and second-generation products are sold to similar customers.

Gross margin increased \$28,568,000 (35.2%) from \$81,184,000 to \$109,752,000, and decreased as a percentage of net revenues from 42.8% to 42.6%. The primary component of the increase in gross margin dollars was an increase in net revenues. The primary components of the decrease in gross margin percentage were an increase in depreciation on the second-generation automated production line of approximately \$1,300,000 in 2000 and changes in the revenue mix. These items were offset by the increase in net revenues. The Company continues to refine the designs, processes, equipment and parts associated with second-generation products. Until the Company achieves higher production volumes, higher yield levels and attains component cost reductions on second-generation products, gross margins will continue to be adversely affected.

Selling, general, and administrative expenses were \$43,179,000 for the year, an increase of \$6,348,000 (17.2%) over fiscal 1999. As a percentage of net revenues, selling, general and administrative expenses decreased from 19.4% to 16.8%. The principal components of the \$6,348,000 increase were \$2,037,000 (43.2%) of increased sales commissions costs, \$1,802,000 (14.3%) of increased compensation expense, \$1,161,000 (45.4%) of increased marketing program costs and \$756,000 (69.1%) of increased legal fees. The increase in marketing program costs were due to an increase in space advertising and direct mail to support new product introductions and increased international marketing expense.

Research and development expenses increased \$637,000 (3.2%) to \$20,563,000, and decreased as a percentage of net revenues to 8.0% from 10.5%. The principal components of the \$637,000 increase were \$1,314,000 (12.8%) of increased compensation expense, \$249,000 (26.8%) of increased research and development costs associated with the operations of the Vicor Integrated Architects ("VIA's") and \$198,000 (102.6%) of increased temporary labor and personnel expenses. The principle component offsetting the above increase was \$1,286,000 (35.3%) of decreased project material costs. The Company has a long-term commitment to reinvesting its profits in new product design and development in order to maintain and improve its competitive position.

Other income increased \$347,000 (10.1%) to \$3,786,000. Other income is primarily comprised of interest income derived from invested cash and cash equivalents and short-term investments, as well as a note receivable associated with the Company's real estate transaction, as described in Note 5 to the financial statements. Other income increased primarily due to an increase in interest income due to an increase in cash and cash equivalents balances and short-term investments and an increase in average interest rates, partially offset by write-downs of \$513,000 for certain equipment no longer in use.

Income before income taxes was \$49,796,000, an increase of \$21,930,000 (78.7%) compared to 1999. As a percentage of net revenues, income before income taxes increased from 14.7% in 1999 to 19.3% in 2000.

The provision for income taxes totaled \$15,876,000 in 2000 compared to \$8,778,000 in 1999. The Company's overall tax rate was 31.9% and 31.5% for 2000 and 1999, respectively. The increase in the effective tax rate was due to the reduced impact of tax credits in 2000 on a higher level of income before income taxes. On a preliminary basis, the effective tax rate is expected to increase to between 36.0% and 37.5% in 2001, due to a reduced amount of available tax credits.

Net income in 2000 increased by \$14,832,000 to \$33,920,000. Diluted earnings per share were \$.78 in 2000 compared to \$.45 in 1999.

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998:

Net revenues for fiscal 1999 were \$189,887,000, an increase of \$25,253,000 (15.3%) as compared to \$164,634,000 for fiscal 1998. The growth in revenues resulted primarily from a net increase in unit shipments of standard and custom products of approximately \$14,750,000 and an increase in license revenue of approximately \$10,500,000. The increase in license revenue was primarily due to non-recurring payments from licensees for past use of Vicor's intellectual property.

Gross margin increased \$7,235,000 (9.8%) from \$73,949,000 to \$81,184,000, and decreased as a percentage of net revenues from 44.9% to 42.8%. The primary components of the increase in gross margin dollars were an increase in net revenues and changes in the revenue mix. The primary components of the decrease in gross margin percentage were an increase in depreciation on the second-generation automated production line of approximately \$1,647,000 in 1999, changes in the revenue mix and a non-recurring charge of \$700,000 in the first quarter of 1999 for exit costs in connection with the relocation of certain manufacturing operations from a leased facility to the Company's owned manufacturing facility at Federal Street in Andover, Massachusetts. These items were offset by the increase in net revenues.

Selling, general, and administrative expenses were \$36,831,000 for the year, an increase of \$1,897,000 (5.4%) over fiscal 1998. As a percentage of net revenues, selling, general and administrative expenses decreased from 21.2% to 19.4%. The principal components of the \$1,897,000 increase were \$2,290,000 (176.6%) of increased selling, general and administrative expenses incurred by Vicor Japan Company Ltd. ("VJCL"), which began operations in July 1998, \$894,000 of payroll tax expense associated with the exercise of stock options, \$710,000 (38.1%) of increased depreciation and amortization expense and \$460,000 (43.6%) of increased facility costs. The principle components offsetting the above increase were \$1,382,000 (35.1%) of decreased advertising costs and \$978,000 (47.2%) of decreased legal expenses. The decrease in advertising costs were due to a reduction in the use of printed materials and lower international advertising expense. Legal expense, in the third quarter of 1998, included approximately \$700,000 of legal costs incurred in connection with intellectual property litigation.

Research and development expenses decreased \$724,000 (3.5%) to \$19,926,000, and decreased as a percentage of net revenues to 10.5% from 12.5%. The principal components of the \$724,000 decrease were \$2,404,000 (19.1%) of decreased compensation expense in the research and development departments due to these departments transitioning from research and development to manufacturing costs centers. These cost centers are charged to cost of sales and are primarily related to the second-generation automated production line. The principle components offsetting the above decrease were \$895,000 (32.6%) of increased project material costs, \$574,000 (106.4%) of increased research and development costs associated with VJCL and \$299,000 (47.5%) of increased research and development costs associated with the operations of the VIA's.

Other income decreased \$1,483,000 (30.1%) to \$3,439,000. Other income is primarily comprised of interest income which was derived from invested cash and cash equivalents, as well as a note receivable associated with the Company's real estate transaction. Interest income decreased primarily due to a decrease in the average rates from 1998 to 1999.

Income before income taxes was \$27,866,000, an increase of \$4,579,000 (19.7%) compared to 1998. As a percentage of net revenues, income before income taxes increased from 14.1% in 1998 to 14.7% in 1999.

The provision for income taxes totaled \$8,778,000 in 1999 compared to \$7,452,000 in 1998. The Company's overall tax rate was 31.5% and 32.0% for 1999 and 1998, respectively. The decrease in the effective tax rate was due to the impact of expected tax credits in 1999.

Net income in 1999 increased by \$3,253,000 to \$19,088,000. Diluted earnings per share were \$.45 in 1999 compared to \$.37 in 1998.

## LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2000, the Company had \$62,916,000 in cash and cash equivalents. Working capital increased \$23,461,000 during the year ended December 31, 2000. This increase was due primarily to higher earnings in 2000, an increase in accounts receivable and inventories of \$27,353,000 and an increase in short-term investments of \$5,600,000, offset by a decrease in cash of \$6,193,000 and an increase in income taxes payable of \$3,712,000.

Cash used in investing activities during fiscal 2000 was \$22,353,000, an increase of \$6,660,000 (42.4%) compared to fiscal 1999. This increase was primarily due to an increase in net additions to property and equipment of \$1,956,000 and a net increase in short-term investments of \$5,600,000. Cash used in financing activities was \$22,529,000 compared to cash provided by financing activities of \$9,498,000 in 1999, a net change of \$32,027,000. This change is primarily attributed to a net increase in the acquisition cost of treasury stock of \$24,425,000 in 2000, and a decrease in the net proceeds from the issuance of Common Stock upon the exercise of stock options of \$7,602,000.

The Company's primary liquidity needs are for making continuing investments in manufacturing equipment, much of which is built internally, particularly for the Company's second-generation products. The internal construction of manufacturing machinery, in order to provide for additional manufacturing capacity, is a practice which the Company expects to continue over the next several years. The Company is taking steps to increase the capacity of second-generation manufacturing, which includes adding equipment and re-deploying personnel and equipment from first-generation production. In February 2001, management approved approximately \$16 million in new capital expenditures to execute this plan.

In February 2000, the Board of Directors of the Company authorized the repurchase of up to \$30,000,000 of the Company's Common Stock (the "February 2000 Plan"). The February 2000 Plan authorizes the Company to make such repurchases from time to time in the open market or through privately negotiated transactions. The timing of this program and the amount of the stock that may be repurchased is at the discretion of management based on its view of economic and financial market conditions. In 2000, the Company spent \$32,989,000 for the repurchase of shares of its Common Stock under the February 2000 Plan and a prior repurchase plan.

In November 2000, the Board of Directors of the Company authorized the repurchase of up to an additional \$30,000,000 of the Company's Common Stock, under terms similar to those of the February 2000 Plan.

The Company believes that cash generated from operations and its cash and cash equivalents will be sufficient to fund planned operations and capital equipment purchases for the foreseeable future. At December 31, 2000, the Company had approximately \$500,000 of capital expenditure commitments.

The Company does not consider the impact of inflation and changing prices on its business activities or fluctuations in the exchange rates for foreign currency transactions to have been material during the last three fiscal years.

### ITEM 7(a) QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

The Company is exposed to a variety of market risks, including changes in interest rates affecting the return on its cash and cash equivalents and fluctuations in foreign currency exchange rates. The Company's exposure to market risk for a change in interest rates relates primarily to the Company's cash and cash equivalents and short-term investments.

As the Company's cash and cash equivalents consist principally of money market securities, which are short-term in nature, the Company's exposure to market risk on interest rate fluctuations is not significant. The Company's exposure to market risk for fluctuations in foreign currency exchange rates relates primarily to the operations of VJCL. The Company believes that this market risk is currently not material due to the relatively small size of VJCL's operations.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX

FINANCIAL STATEMENTS

Report of Independent Auditors

Consolidated Balance Sheets at December 31, 2000 and 1999

Consolidated Statements of Income For the Years Ended December 31, 2000, 1999 and 1998

Consolidated Statements of Cash Flows For the Years Ended December 31, 2000, 1999 and 1998

Consolidated Statements of Stockholders' Equity For the Years Ended December 31, 2000, 1999 and 1998

Notes to the Consolidated Financial Statements

Schedule (Refer to Item 14)

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Stockholders  
Vicor Corporation

We have audited the accompanying consolidated balance sheets of Vicor Corporation as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Vicor Corporation at December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/Ernst & Young LLP

Boston, Massachusetts  
January 25, 2001



VICOR CORPORATION  
CONSOLIDATED BALANCE SHEETS  
December 31, 2000 and 1999

2000            1999  
----            ----  
(in thousands, except share data)

ASSETS

Current assets:

Cash and cash equivalents	\$ 62,916	\$ 69,109
Short-term investments	5,600	--
Accounts receivable, less allowance of \$1,196 in 2000 and \$853 in 1999	48,094	32,465
Inventories, net	44,497	33,360
Other current assets	8,577	6,940
	-----	-----
Total current assets	169,684	141,874

Property, plant and equipment, net

Property, plant and equipment, net	107,807	109,079
Notes receivable	9,066	8,698
Other assets	7,556	9,254
	-----	-----
	\$ 294,113	\$ 268,905
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 9,515	\$ 10,317
Accrued compensation and benefits	4,372	3,553
Accrued expenses	5,064	4,429
Income taxes payable	4,255	558
	-----	-----
Total current liabilities	23,206	18,857

Deferred income taxes

Deferred income taxes	7,986	5,515
Commitments and contingencies	--	--

Stockholders' equity:

Preferred Stock, \$.01 par value, 1,000,000 shares authorized; 360,001 issued and none outstanding in 2000 and 1999	--	--
Class B Common Stock: 10 votes per share, \$.01 par value, 14,000,000 shares authorized, 11,993,348 issued and outstanding (12,067,007 in 1999)	120	121
Common Stock: 1 vote per share, \$.01 par value, 62,000,000 shares authorized, 36,550,504 shares issued and 30,235,806 outstanding (35,597,623 issued and 30,369,965 outstanding in 1999)	367	356
Additional paid-in capital	142,573	124,451
Retained earnings	219,899	185,979
Accumulated other comprehensive income	214	889
Treasury stock at cost: 6,314,698 shares (5,227,658 shares in 1999)	(100,252)	(67,263)
	-----	-----
Total stockholders' equity	262,921	244,533
	-----	-----
	\$ 294,113	\$ 268,905
	=====	=====

See accompanying notes

VICOR CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME  
Years ended December 31, 2000, 1999 and 1998

	2000 ----	1999 ----	1998 ----
	(in thousands, except per share amounts)		
Net revenues	\$257,583	\$189,887	\$164,634
Costs and expenses:			
Cost of revenue	147,831	108,703	90,685
Selling, general and administrative	43,179	36,831	34,934
Research and development	20,563	19,926	20,650
	-----	-----	-----
	211,573	165,460	146,269
	-----	-----	-----
Income from operations	46,010	24,427	18,365
Other income	3,786	3,439	4,922
	-----	-----	-----
Income before income taxes	49,796	27,866	23,287
Provision for income taxes	15,876	8,778	7,452
	-----	-----	-----
Net income	\$ 33,920	\$ 19,088	\$ 15,835
	=====	=====	=====
Net income per common share:			
Basic	\$ .80	\$ .46	\$ .37
	=====	=====	=====
Diluted	\$ .78	\$ .45	\$ .37
	=====	=====	=====
Shares used to compute net income per share:			
Basic	42,276	41,568	42,292
	=====	=====	=====
Diluted	43,265	42,412	42,785
	=====	=====	=====

See accompanying notes

VICOR CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended December 31, 2000, 1999 and 1998

	2000 ----	1999 ----	1998 ----
	(in thousands)		
<b>Operating activities:</b>			
Net income	\$ 33,920	\$ 19,088	\$ 15,835
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	18,326	15,782	11,607
(Gain) loss on disposal of equipment	625	110	(23)
Deferred income taxes	764	890	303
Tax benefit relating to stock option plans	7,672	6,148	718
Change in current assets and liabilities, net	(22,430)	(25,745)	3,084
	-----	-----	-----
Net cash provided by operating activities	38,877	16,273	31,524
<b>Investing activities:</b>			
Additions to property, plant and equipment	(16,783)	(14,827)	(36,392)
Purchase of short-term investments	(9,600)	--	--
Sales and maturities of short-term investments	4,000	--	--
Proceeds from sale of equipment	34	17	42
Acquisition of business	--	--	(1,850)
Decrease (increase) in other assets	364	(1,276)	(3,574)
Decrease (increase) in notes receivable	(368)	393	6
	-----	-----	-----
Net cash used in investing activities	(22,353)	(15,693)	(41,768)
<b>Financing activities:</b>			
Proceeds from exercise of stock options	10,460	18,062	1,558
Acquisitions of treasury stock	(32,989)	(8,564)	(17,625)
	-----	-----	-----
Net cash provided by (used in) financing activities	(22,529)	9,498	(16,067)
Effect of foreign exchange rates on cash	(188)	134	349
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(6,193)	10,212	(25,962)
Cash and cash equivalents at beginning of year	69,109	58,897	84,859
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 62,916	\$ 69,109	\$ 58,897
	=====	=====	=====

Continued on following page

VICOR CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
Years ended December 31, 2000, 1999 and 1998

	2000	1999	1998
	----	----	----
	(in thousands)		
Change in current assets and liabilities:			
Accounts receivable	\$(15,927)	\$ (3,950)	\$ 7,013
Inventories	(11,426)	(3,595)	(4,447)
Other current assets	3	(374)	(754)
Accounts payable and other accrued items	1,208	(13,225)	1,243
Income taxes payable	3,712	(4,601)	49
Deferred revenue	--	--	(20)
	-----	-----	-----
	\$(22,430)	\$(25,745)	\$ 3,084
	=====	=====	=====
Supplemental disclosures:			
Cash paid during the year for income taxes, net of refunds	\$ 3,935	\$ 5,777	\$ 5,568
Liabilities incurred related to acquisition	\$ --	\$ --	\$ 16,000

See accompanying notes

VICOR CORPORATION  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
Years ended December 31, 2000, 1999 and 1998

(in thousands)

	Class B Common Stock -----	Common Stock -----	Additional Paid-in Capital -----	Retained Earnings -----	Accumulated Other Comprehensive Income -----	Treasury Stock -----	Total Stockholders' Equity -----
Balance at December 31, 1997	\$122	\$340	\$97,980	\$151,056	\$ --	\$(41,074)	\$208,424
Sales of Common Stock		1	1,557				1,558
Conversion of Class B Common Stock to Common Stock	(1)	1					--
Income tax benefit from transactions involving stock options			718				718
Purchase of treasury stock						(17,625)	(17,625)
Net income for 1998				15,835			15,835
Currency translation adjustments					349		349
Comprehensive income							----- 16,184
Balance at December 31, 1998	----- 121	----- 342	----- 100,255	----- 166,891	----- 349	----- (58,699)	----- 209,259
Sales of Common Stock		14	18,048				18,062
Conversion of Class B Common Stock to Common Stock							--
Income tax benefit from transactions involving stock options			6,148				6,148
Purchase of treasury stock						(8,564)	(8,564)
Net income for 1999				19,088			19,088
Currency translation adjustments					540		540
Comprehensive income							----- 19,628
Balance at December 31, 1999	----- 121	----- 356	----- 124,451	----- 185,979	----- 889	----- (67,263)	----- 244,533
Sales of Common Stock		10	10,450				10,460
Conversion of Class B Common Stock to Common Stock	(1)	1					--
Income tax benefit from transactions involving stock options			7,672				7,672
Purchase of treasury stock						(32,989)	(32,989)
Net income for 2000				33,920			33,920
Currency translation adjustments					(675)		(675)
Comprehensive income							----- 33,245
Balance at December 31, 2000	----- \$120 =====	----- \$367 =====	----- \$142,573 =====	----- \$219,899 =====	----- \$ 214 =====	----- \$(100,252) =====	----- \$ 262,921 =====

See accompanying notes

VICOR CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Description of business

Vicor Corporation (the "Company") designs, develops, manufactures and markets modular power converters, power system components, and power systems using a patented, high frequency power conversion technology designated "zero current switching." The Company also licenses certain rights to its technology in return for ongoing royalties. The principal markets for the power converters and systems are large Original Equipment Manufacturers and smaller, lower volume users which are broadly distributed across several major market areas.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

Revenue recognition

Product revenue is recognized in the period when persuasive evidence of an arrangement with a customer exists, the products are shipped and title has transferred to the customer, the price is fixed and determinable, and collection is considered probable. License fees are recognized ratably over the period of exclusivity or as additional royalty payments would have been required, if greater, or over the period in which the Company provides services. The Company recognizes revenue on such arrangements only when the contract is signed, the license term has begun, all obligations have been delivered to the customer, and collection is probable. During the year, the Company evaluated the provisions of Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements." There was no cumulative effect associated with implementing SAB 101.

Foreign currency translation

The financial statements of Vicor Japan Company, Ltd. ("VJCL"), for which the functional currency is the Japanese yen, have been translated into U.S. dollars in accordance with FASB Statement No. 52, "Foreign Currency Translation". All balance sheet accounts have been translated using the exchange rate in effect at the balance sheet date. Income statement amounts have been translated at the average exchange rates in effect during the year. The gains and losses resulting from the changes in exchange rates from year to year have been reported in other comprehensive income. The effect on the statements of income of transaction gains and losses is insignificant for all years presented.

Cash and cash equivalents

Cash and cash equivalents include funds held in checking and money market accounts with banks, certificates of deposit and debt securities with maturities of less than three months when purchased and money market securities. Cash and cash equivalents are valued at cost which approximates market value. The Company's money market securities, which are classified as cash equivalents on the balance sheet, are purchased and redeemed at par. The estimated fair value is equal to the cost of the securities and due to the nature of the securities there are no unrealized gains or losses at the balance sheet dates. As of December 31, 2000, the Company has approximately \$52 million of available-for-sale securities included in cash and cash equivalents (\$58 million as of December 31, 1999).

Short-term investments

The Company's short-term investments are classified as available for sale securities, and the fair value approximates the cost of the securities. These investments consist of corporate bonds with original maturities of greater than three months when purchased. As of December 31, 2000, these bonds have remaining maturities between 18 months and 2 years. The Company considers these investments, which represent funds for current operations, to be an integral part of its cash management activities. The Company has no trading securities or held-to-maturity securities.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, short-term investments and trade accounts receivable. The Company maintains cash and cash equivalents and certain other financial instruments with various high credit, quality financial institutions. Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of entities comprising the Company's customer base. Credit losses have consistently been within management's expectations and have not been material.

Intangible Assets

Intangible assets, which are included in the other assets in the accompanying balance sheets, consist primarily of values assigned to patents and to the excess of cost over the assigned value of net assets acquired. Intangible assets are amortized using the straight-line method over periods ranging from five to fifteen years. Amortization expense was approximately \$1,057,000, \$929,000 and \$536,000 in 2000, 1999 and 1998, respectively. Accumulated amortization was \$2,585,000 at December 31, 2000 and \$1,924,000 at December 31, 1999.

Long-lived assets, such as these intangible assets, are included in impairment evaluations when events or circumstances exist that indicate the carrying amount of those assets may not be recoverable. If the impairment evaluation indicates the affected asset is not recoverable, the asset's carrying value would be reduced to fair value. No event has occurred that would impair the value of long-lived assets recorded in the accompanying consolidated financial statements.

Advertising expense

The cost of advertising is expensed as incurred. The Company incurred \$3,506,000, \$2,189,000, and \$3,197,000 in advertising costs during 2000, 1999 and 1998, respectively.

Net income per common share

Basic and diluted income per share are calculated in accordance with FASB Statement No. 128, "Earnings per Share."

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Comprehensive income

The Company reports comprehensive income in accordance with FASB Statement No. 130, "Reporting Comprehensive Income." Statement No. 130 requires the foreign currency translation adjustments related to VJCL to be included in other comprehensive income.

Impact of recently issued accounting standards

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, (FAS 133), "Accounting for Derivative Instruments and Hedging Activities", which required adoption in periods beginning after June 15, 1999. FAS 133 was subsequently amended by FAS 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133" and will now be effective for fiscal years beginning after June 15, 2000, with earlier adoption permitted. The Company will adopt FAS 133 on a cumulative basis during fiscal 2001, as required. The Company does not expect the adoption of FAS 133 to have a significant impact on its financial position or the results of operations.

VICOR CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. ACQUISITION

Effective July 1, 1998, the Company and its wholly-owned subsidiary VJCL acquired the principal assets of the switching power supply businesses owned by the Japan Tobacco, Inc. Group ("JT"). The assets acquired included automated manufacturing equipment, existing raw material and finished goods inventories, customer lists and certain intellectual property. VJCL also assumed certain warranty obligations for products manufactured by JT prior to the acquisition date and for a six month transition period ending December 31, 1998. The acquisition was accounted for by the purchase method. The total value of consideration given and liabilities assumed aggregated \$19.1 million. In addition to cash payments for inventories, the Company paid for the automated equipment in three equal installments of \$5.3 million through December 31, 1999. The total cost of the purchase in excess of the net assets acquired of approximately \$3.2 million, including final purchase accounting adjustments recorded during 1999, is being amortized over ten years.

The following unaudited pro forma financial information for the years ended December 31, 1998 assumes the acquisition occurred as of January 1, 1998 (in thousands, except per share amounts):

	1998
	----
Net revenues	\$173,421
Net income	\$14,216
Net income per share-diluted	\$ 0.33

The pro forma financial information is not necessarily indicative of the operating results that would have occurred had the acquisition been completed as of January 1, 1998, nor are they necessarily indicative of future operating results.

3. INVENTORIES

Inventories are valued at the lower of cost (determined using the first-in, first-out method) or market. Inventories were as follows (in thousands):

	December 31	
	2000	1999
	----	----
Raw materials	\$31,341	\$22,924
Work-in-process	6,513	4,957
Finished goods	6,643	5,479
	-----	-----
	\$44,497	\$33,360
	=====	=====



VICOR CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost and are depreciated and amortized over a period of 3 to 31.5 years generally under the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. Property, plant and equipment were as follows (in thousands):

	December 31	
	2000	1999
	----	----
Land	\$ 2,089	\$ 2,089
Buildings and improvements	36,203	36,321
Machinery and equipment	136,258	122,749
Furniture and fixtures	5,061	4,708
Leasehold improvements	3,126	2,418
Construction-in-progress	8,847	7,625
	-----	-----
	191,584	175,910
Less accumulated depreciation and amortization	83,777	66,831
	-----	-----
	\$107,807	\$109,079
	=====	=====

During 2000, the Company had write-downs of approximately \$513,000 for certain equipment no longer in use, which was included in other income in the accompanying consolidated statements of income.

At December 31, 2000, the Company had approximately \$500,000 of capital expenditure commitments.

5. NOTES RECEIVABLE

In May 1997, the Company received a promissory note in the amount of \$7,500,000 from an unrelated third party in exchange for \$5,000,000 in cash plus the termination of an existing note in the amount of \$2,500,000. The note bears interest at 9% and is due in May 2002. The note is secured by a mortgage on certain real estate and by the assignment of certain leases and other contracts.

The Company's President has borrowed funds from the Company pursuant to a series of unsecured term notes. The notes have terms of five years and are due at various dates through November 2005. The notes bear interest at the higher of the Company's prime borrowing rate less 1%, or the applicable federal rate under the Internal Revenue Code of 1986, as amended. As of December 31, 2000, the notes and interest receivable balance was approximately \$1,600,000 (\$1,300,000 as of December 31, 1999) and the applicable interest rate at December 31, 2000 was 8.50% (7.50% at December 31, 1999).

6. STOCKHOLDERS' EQUITY

In February 2000, the Board of Directors of the Company authorized the repurchase of up to \$30,000,000 of the Company's Common Stock (the "February 2000 Plan"). The plan authorizes the Company to make such repurchases from time to time in the open market or through privately negotiated transactions. The timing of this program and the amount of the stock that may be repurchased is at the discretion of management based on its view of economic and financial market conditions. In 2000, the Company spent \$32,989,000 in the repurchase of its Common Stock under the February 2000 Plan and a prior repurchase plan.

In November 2000, the Board of Directors of the Company authorized the repurchase of up to an additional \$30,000,000 of the Company's Common Stock, under terms similar to those of the February 2000 Plan.

VICOR CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. STOCKHOLDERS' EQUITY (Continued)

Common Stock

Each share of Common Stock entitles the holder thereof to one vote on all matters submitted to the stockholders. Each share of Class B Common Stock entitles the holder thereof to ten votes on all such matters.

Shares of Class B Common Stock are not transferable by a stockholder except to or among such stockholder's spouse, certain of such stockholder's relatives, and certain other defined transferees. Class B Common Stock is not listed or traded on any exchange or in any market. Class B Common Stock is convertible at the option of the holder thereof at any time and without cost to the stockholder into shares of Common Stock on a one-for-one basis.

During 2000, a total of 879,222 shares of Common Stock were issued upon the exercise of stock options, and 73,659 shares of Class B Common Stock were converted into 73,659 shares of Common Stock.

7. INCOME PER SHARE

The following table sets forth the computation of basic and diluted income per share (in thousands, except per share amounts):

	2000 ----	1999 ----	1998 ----
Numerator:			
Net income	\$33,920 =====	\$19,088 =====	\$15,835 =====
Denominator:			
Denominator for basic income per share - weighted average shares	42,276	41,568	42,292
Effect of dilutive securities:			
Employee stock options	989 -----	844 -----	493 -----
Denominator for diluted income per share - adjusted weighted -average shares and assumed conversions	43,265 =====	42,412 =====	42,785 =====
Basic income per share	\$ .80 =====	\$ .46 =====	\$ .37 =====
Diluted income per share	\$ .78 =====	\$ .45 =====	\$ .37 =====

Options to purchase 15,730 shares of Common Stock were outstanding during 2000 (none in 1999 and 663,587 in 1998) but were not included in the computation of diluted income per share because the options' exercise prices were greater than the average market price of the Common Stock and, therefore, the effect would have been antidilutive.

8. EMPLOYEE BENEFIT PLANS

Stock Options

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations in accounting for its employee stock options because, as discussed below, the alternative fair value accounting provided for under FASB Statement No. 123, "Accounting for Stock-Based Compensation," requires use of option valuation models that were not developed

8. EMPLOYEE BENEFIT PLANS (Continued)

for use in valuing employee stock options. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Under the Company's 2000 Stock Option and Incentive Plan (the "2000 Plan"), the Board of Directors or the Compensation Committee may grant certain stock incentive awards based on the Company's Common Stock, including stock options, stock appreciation rights, restricted stock, performance shares, unrestricted stock, deferred stock and dividend equivalent rights. Awards may be granted to employees and other key persons, including non-employee directors. Incentive stock options may be granted to employees at a price at least equal to the fair market value per share of the Common Stock on the date of grant, and non-qualified options may be granted to non-employee directors at a price at least equal to 85% of the fair market value of the Common Stock on the date of grant. A total of 2,000,000 shares of Common Stock have been reserved for issuance under the 2000 Plan. The period of time during which an option may be exercised and the vesting periods will be determined by the Compensation Committee. The term of each option may not exceed ten years from the date of grant.

Under the Company's 1998 Stock Option and Incentive Plan (the "1998 Plan"), the Board of Directors or the Compensation Committee may grant certain stock incentive awards based on the Company's Common Stock, including stock options, stock appreciation rights, restricted stock, performance shares, unrestricted stock, deferred stock and dividend equivalent rights. Awards may be granted to employees and other key persons, including non-employee directors. Incentive stock options may be granted to employees at a price at least equal to the fair market value per share of the Common Stock on the date of grant, and non-qualified options may be granted to non-employee directors at a price at least equal to 85% of the fair market value of the Common Stock on the date of grant. A total of 2,000,000 shares of Common Stock have been reserved for issuance under the 1998 Plan. The period of time during which an option may be exercised and the vesting periods will be determined by the Compensation Committee. The term of each option may not exceed ten years from the date of grant.

Under the 1993 Stock Option Plan (the "1993 Plan"), the Board of Directors or the Compensation Committee may grant stock options to employees and non-employee directors to purchase shares of Common Stock at a price at least equal to the fair market value per share of the outstanding Common Stock at the time the option is granted. Both incentive stock options intended to qualify under Section 422 of the Internal Revenue Code and non-qualified stock options have been authorized to be granted. Incentive stock options may be granted to employees, including employees who are directors of the Company, and non-qualified options may be granted to non-employee directors. Both employee directors and non-employee directors automatically receive stock options upon election or re-election as a director. A total of 4,000,000 shares of Common Stock have been reserved for issuance under the 1993 Plan. Stock options are typically granted with vesting periods and become exercisable over various periods of time, ranging from six months to five years from the date of grant, and expire over various periods of time, ranging from one to ten years from the date of grant.

Under the Company's 1984 Stock Option Plan, as amended (the "1984 Plan"), the Board of Directors or the Compensation Committee granted stock options to employees to purchase shares of Common Stock at a price at least equal to the fair market value per share of the outstanding Common Stock at the time the option was granted. Stock options under the 1984 Plan were typically granted with vesting periods and became exercisable over various periods of time, ranging from six months to five years from the date of grant, and expire over various periods of time, ranging from one to thirteen years from the date of grant. In connection with the adoption of the 1993 Plan, the Board of Directors terminated the granting of options under the 1984 Plan upon approval of the 1993 Plan, discussed above.

VICOR CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. EMPLOYEE BENEFIT PLANS (Continued)

Activity as to stock options is as follows:

	2000 ----	1999 ----	1998 ----
Outstanding at beginning of year	2,774,879	2,624,657	2,197,852
Granted	1,293,937	1,865,943	841,934
Forfeited and expired	(258,388)	(376,874)	(221,297)
Exercised	(879,222)	(1,338,847)	(193,832)
	-----	-----	-----
Outstanding at end of year	2,931,206 =====	2,774,879 =====	2,624,657 =====
Exercisable at end of year	917,019 =====	1,204,361 =====	1,650,164 =====
Weighted - average exercise price:			
Outstanding at beginning of year	\$14.00	\$15.30	\$11.15
Granted	\$30.95	\$12.40	\$25.72
Forfeited and expired	\$20.60	\$16.95	\$21.05
Exercised	\$11.90	\$13.49	\$8.10
Outstanding at end of year	\$21.53	\$14.00	\$15.30
Exercisable at end of year	\$14.64	\$11.53	\$12.33
Weighted - average fair value of options granted during the year	\$14.23	\$4.97	\$3.71
Price range per share of outstanding options	\$1.25-54.50 =====	\$1.00-31.56 =====	\$.84-31.13 =====
Price range per share of options granted	\$17.94-54.50 =====	\$9.13-31.56 =====	\$8.06-28.50 =====
Price range per share of options exercised	\$1.00-31.13 =====	\$.84-31.13 =====	\$8.00-29.56 =====
Available for grant at end of year	1,517,184 =====	976,639 =====	2,468,312 =====

The weighted - average contractual life for options outstanding as of December 31, 2000 is 6.09 years.

VICOR CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. EMPLOYEE BENEFIT PLANS (Continued)

The following table summarizes information about stock options outstanding as of December 31, 2000:

	Range of Exercise Prices			
	\$1.25-\$12.06	\$12.25-\$20.50	\$20.94-\$39.94	\$41.47-\$54.50
Options Outstanding:				
Number Outstanding	1,041,817	971,945	603,111	314,333
Weighted-Average Remaining Contractual Life	6.78	5.63	6.09	5.18
Weighted-Average Exercise Price	\$10.31	\$18.82	\$33.50	\$44.12
Options Exercisable:				
Number Exercisable	424,600	377,074	115,157	188
Weighted-Average Exercise Price	\$ 8.00	\$18.15	\$27.61	\$41.47

Pro forma information regarding net income and earnings per share is required by Statement No. 123, which also requires that the information be determined as if the Company had accounted for its employee stock options granted subsequent to December 31, 1994 under the fair value method described in that Statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 2000, 1999 and 1998, respectively: risk-free interest rates of 6.1%, 5.4% and 5.3%; dividend yields of zero; volatility factor of the expected market price of the Company's common stock of .59, .55 and .55; and a weighted-average expected life of the option of 4.4, 3.3 and 3.4 years.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair values of its employee stock options.

VICOR CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. EMPLOYEE BENEFIT PLANS (Continued)

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information follows (in thousands except for earnings per share information):

	2000 ----	1999 ----	1998 ----
Pro forma net income	\$28,133	\$15,811	\$12,964
Pro forma net income per share:			
Basic	\$.67	\$.38	\$.31
Diluted	\$.66	\$.38	\$.30

The effects on 2000, 1999 and 1998 pro forma net income and net income per share of expensing the fair value of stock options issued are not necessarily representative of the effects on reporting the pro forma results of operations for future years as the periods presented include only six, five and four years, respectively, of option grants under the Company's plans.

401(k) Plan

The Company sponsors a savings plan available to all domestic employees which qualifies under Section 401(k) of the Internal Revenue Code. Employees may contribute to the plan from 1% to 20% of their pre-tax salary subject to statutory limitations. Beginning October 1, 2000, the Company began to match employee contributions to the plan at a rate of 50% up to the first 3% of an employee's contribution. The Company's matching contributions currently vest at a rate of 20% per year based upon years of service. The Company's contribution to the plan was approximately \$176,000 in 2000.

Stock Bonus Plan

Under the Company's 1985 Stock Bonus Plan, as amended, shares of Common Stock may be awarded to employees from time to time as determined by the Board of Directors. At December 31, 2000, 109,964 shares were available for further award. All shares awarded to employees under this plan have vested. No further awards are contemplated under this plan at present.

VICOR CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows (in thousands):

	December 31	
	2000	1999
	----	----
Deferred tax assets:		
Inventory reserves	\$2,199	\$1,762
Investment tax credit carry forward	1,442	1,450
Vacation	986	840
Research and development tax credit carry forward	850	--
Bad debt	493	351
Other	546	406
	-----	-----
Total deferred tax assets (current)	6,516	4,809
Deferred tax liabilities:		
Depreciation	(6,637)	(3,878)
Patent amortization	(1,349)	(1,637)
	-----	-----
Total deferred tax liabilities (noncurrent)	(7,986)	(5,515)
	-----	-----
Net deferred tax assets (liabilities)	\$(1,470)	\$(706)
	=====	=====

Significant components of the provision for income taxes are as follows (in thousands):

	2000	1999	1998
	----	----	----
Federal:			
Current	\$13,691	\$7,073	\$6,573
Deferred (prepaid)	764	890	303
	-----	-----	-----
	14,455	7,963	6,876
State:			
Current	1,421	815	576
	-----	-----	-----
	\$15,876	\$8,778	\$7,452
	=====	=====	=====

The reconciliation of the federal statutory rate to the effective income tax rate is as follows:

	2000	1999	1998
	----	----	----
Statutory federal tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	1.9	1.9	1.6
Tax credits	(3.5)	(3.6)	(4.7)
Foreign Sales Corporation benefit	(0.5)	(0.6)	(1.1)
Other	(1.0)	(1.2)	1.2
	-----	-----	-----
	31.9%	31.5%	32.0%
	=====	=====	=====

The research and development tax credit carry forwards expire beginning in 2015. The investment tax credits may be carried forward indefinitely.

VICOR CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. COMMITMENTS AND CONTINGENCIES

The Company leases certain of its office, warehousing and manufacturing space, as well as certain equipment. The future minimum rental commitments under noncancelable operating leases with remaining terms in excess of one year are as follows (in thousands):

Year	
2001	\$1,102
2002	881
2003	584
2004	524
2005	310

Rent expense was approximately \$1,028,000, \$1,146,000, and \$1,534,000 in 2000, 1999 and 1998, respectively. The Company also pays executory costs such as taxes, maintenance and insurance.

The Company has a contract with a third-party to supply nitrogen for its manufacturing and research and development activities. Under the contract, the Company is obligated to pay a minimum of \$250,000 annually, subject to semi-annual price adjustments, through 2015.

The Company is involved in certain litigation incidental to the conduct of its business. While the outcome of lawsuits against the Company cannot be predicted with certainty, management does not expect any current litigation to have a material adverse effect on the Company.

11. SEGMENT INFORMATION

The Company operates in one industry segment: the development, manufacture and sale of power conversion components and systems. During 2000, 1999 and 1998, no customer accounted for more than 10% of net revenues. Export sales, as a percentage of total revenue, were approximately 32%, 30%, and 29% in 2000, 1999 and 1998, respectively. Export sales and receipts are recorded and received in U.S. dollars. Foreign exchange fluctuations have not been material to the Company's operating results during the last three years.

12. LICENSE AGREEMENT AND LITIGATION SETTLEMENT

On February 1, 1999, the Company and Reltec Corporation ("Reltec") entered into a license agreement under which Reltec acquired a non-exclusive, worldwide license to use Vicor's patented "reset" technology. Concurrently, the Company and Reltec agreed to settle all pending litigation and disputes relating to Reltec's past use of certain Vicor intellectual property. In consideration for the license and the separate settlement of the litigation, Reltec made a one-time payment of \$22.5 million into an escrow fund. Vicor is obligated to make know-how and technical support available to Reltec under the license and will receive and recognize income from the escrow fund through the first quarter of 2001.



VICOR CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Continued)

13. QUARTERLY RESULTS OF OPERATIONS (Unaudited)

The following table sets forth certain unaudited quarterly financial data (in thousands, except per share amounts):

	First -----	Second -----	Third -----	Fourth -----	Total -----
2000: Net revenues	\$57,786	\$62,778	\$67,851	\$69,168	\$257,583
Gross profit	24,767	27,156	30,030	27,799	109,752
Net income	7,116	8,215	10,039	8,550	33,920
Net income per share:					
Basic	.17	.19	.24	.20	.80
Diluted	.16	.19	.23	.20	.78

	First -----	Second -----	Third -----	Fourth -----	Total -----
1999: Net revenues	\$41,964	\$44,808	\$49,373	\$53,742	\$189,887
Gross profit	18,688	18,801	21,371	22,324	81,184
Net income	3,665	4,168	5,558	5,697	19,088
Net income per share:					
Basic	.09	.10	.13	.14	.46
Diluted	.09	.10	.13	.13	.45

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated by reference from the Company's Definitive Proxy Statement for its 2001 annual meeting of stockholders.

ITEM 11 - EXECUTIVE COMPENSATION

Incorporated by reference from the Company's Definitive Proxy Statement for its 2001 annual meeting of stockholders.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference from the Company's Definitive Proxy Statement for its 2001 annual meeting of stockholders.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference from the Company's Definitive Proxy Statement for its 2001 annual meeting of stockholders.

PART IV

ITEM 14 - FINANCIAL STATEMENTS, SCHEDULES, EXHIBITS, AND REPORTS ON FORM 8-K

(a) (1) Financial Statements

See index in Item 8

(a) (2) Schedules

Schedule II Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(a) (3) Exhibits

Exhibits Description of Document

- 3.1 o Restated Certificate of Incorporation, dated February 28, 1990 (1)
- 3.2 o Certificate of Ownership and Merger Merging Westcor Corporation, a Delaware Corporation, into Vicor Corporation, a Delaware Corporation, dated December 3, 1990 (1)
- 3.3 o Certificate of Amendment of Restated Certificate of Incorporation, dated May 10, 1991 (1)
- 3.4 o Certificate of Amendment of Restated Certificate of Incorporation, dated June 23, 1992 (1)
- 3.5 o Bylaws, as amended (1)
- 4.1 o Specimen Common Stock Certificate (2)
- 10.1 o 1984 Stock Option Plan of the Company, as amended (2)
- 10.2 o 1993 Stock Option Plan (3)
- 10.3 o \$7,500,000 Promissory Note to Vicor Corporation from Andover Park Realty Trust dated May 29, 1997 (4)
- 10.4 o Loan Agreement between Vicor Corporation and Andover Park Realty Trust dated May 29, 1997 (4)
- 10.5 o Mortgage and Security Agreement to Vicor Corporation from Andover Park Realty Trust dated May 29, 1997 (4)
- 10.6 o 1998 Stock Option and Incentive Plan (5)

ITEM 14 - FINANCIAL STATEMENTS, SCHEDULES, EXHIBITS, AND REPORTS ON FORM 8-K  
(continued)

- 10.7 o 2000 Stock Option and Incentive Plan (6)
- 21.1 o Subsidiaries of the Company (1)
- 23.1 o Consent of Independent Auditors(1)

- (1) Filed herewith
- (2) Filed as an exhibit to the Company's Registration Statement on Form 10, as amended, under the Securities Exchange Act of 1934 (File No. 0-18277), and incorporated herein by reference.
- (3) Filed as an exhibit to the Company's Registration Statement on Form S-8, as amended, under the Securities Act of 1933 (No. 33-65154), and incorporated herein by reference.
- (4) Filed as an exhibit to the Company's Form 10-Q dated June 30, 1997 and incorporated herein by reference.
- (5) Filed as an exhibit to the Company's Registration Statement on Form S-8, as amended, under the Securities Act of 1933 (No. 333-61177), and incorporated herein by reference.
- (6) Filed as an exhibit to the Company's Registration Statement on Form S-8, as amended, under the Securities Act of 1933 (No. 333-44790), and incorporated herein by reference.

(b) Reports on Form 8-K

None

VICOR CORPORATION  
SCHEDULE II  
Valuation and Qualifying Accounts  
Years ended December 31, 2000, 1999 and 1998

	Balance at Beginning of Period -----	(Credit) Charge to Costs and Expenses -----	Other Charges Deductions (1) -----	Balance at End Of Period -----
2000				
Allowance for doubtful accounts	\$853,000	\$348,000	(\$5,000)	\$1,196,000
1999				
Allowance for doubtful accounts	\$955,000	\$28,000	(\$130,000)	\$853,000
1998				
Allowance for doubtful accounts	\$971,000	\$11,000	(\$27,000)	\$955,000

(1) Reflects uncollectible accounts written off, net of recoveries.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 28, 2001

Vicor Corporation

By: /s/Mark A. Glazer

-----  
 Mark A. Glazer  
 Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/Patrizio Vinciarelli ----- Patrizio Vinciarelli	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	March 28, 2001
/s/Mark A. Glazer ----- Mark A. Glazer	Chief Financial Officer (Principal Financial Officer)	March 28, 2001
/s/Estia J. Eichten ----- Estia J. Eichten	Director	March 28, 2001
/s/David T. Riddiford ----- David T. Riddiford	Director	March 28, 2001
/s/Jay M. Prager ----- Jay M. Prager	Director	March 28, 2001
/s/Barry Kelleher ----- Barry Kelleher	Director	March 28, 2001
/s/M. Michael Ansur ----- M. Michael Ansur	Director	March 28, 2001
----- Samuel Anderson	Director	March 28, 2001

RESTATED CERTIFICATE OF INCORPORATION

OF

VICOR CORPORATION

Pursuant to Sections 242 and 245 of the  
General Corporation Law of the State of Delaware

Vicor Corporation (hereinafter called the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, the Certificate of Incorporation of which was filed in the Office of the Secretary of State of Delaware on November 10, 1981 and recorded in the Office of the Recorder of Deeds of New Castle County, State of Delaware, on November 10, 1981, does hereby certify that this Restated Certificate of Incorporation amending and restating the Certificate of Incorporation, as amended, of the Corporation in its entirety has been duly adopted pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware.

FIRST: The name of the Corporation is Vicor Corporation.

SECOND: The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware.

THIRD: The nature of the business or purpose to be conducted or promoted is as follows:

To conduct or engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue shall be twenty-two million (22,000,000) shares, of which fourteen million (14,000,000) shall be Common Stock, par value \$.01 per share ("Common Stock"), seven million (7,000,000) shall be Class B Common Stock, par value \$.01 per share ("Class B Common Stock"), and one million (1,000,000) shall be Preferred Stock, par value \$.01 per share, issuable in series ("Preferred Stock").

As of the date and time this Restated Certificate of Incorporation shall become effective under the laws of the State of Delaware (the "Effective Time"), each share of Common Stock, par value \$.01 per share ("Old Common Stock"), issued and outstanding immediately prior to the Effective Time shall be automatically converted (without any further act on the part of the Corporation or the holder thereof) into (i) 0.5 fully paid and non-assessable shares of Common Stock, and (ii) 0.5 fully paid and non-assessable shares of Class B Common Stock; provided, however, that no fractional shares shall be issued upon conversion of Old Common Stock into Common Stock or Class B Common Stock and that, with respect to any stockholder of record who owns an odd number of shares of Old Common Stock, said shares shall automatically be converted into (1) the number of shares of Common Stock that such stockholder would receive pursuant to clause (i) of this sentence if such stockholder owned one less share of Old Common Stock than the stockholder in question owns, and (2) the number of shares of Class B Common Stock that such stockholder would receive pursuant to clause (ii) of this sentence if such stockholder owned one additional share of Old Common Stock than the stockholder in question owns. Until presented and surrendered for cancellation, each certificate for shares of the Old Common Stock outstanding as of the Effective Time shall be deemed to represent the number of shares of Common Stock

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and Class B Common Stock determined in accordance with this paragraph, and upon such presentation and surrender each holder of a certificate or certificates for such Old Common Stock shall be entitled to receive a certificate for such number of shares of Common Stock and Class B Common Stock.

Except as otherwise specifically stated in this Article Fourth, shares of Common Stock and shares of Preferred Stock may be issued by the Corporation from time to time as approved by its Board of Directors without the approval of the stockholders. Subsequent to the Effective Time, no shares of Class B Common Stock may be issued by the Board of Directors without the prior approval of at least two-thirds in interest of the holders of Class B Common Stock and the Common Stock, voting as separate classes, except (i) as provided in Sections A.4 and A.5 of this Article Fourth, (ii) for issuances to holders of options issued pursuant to the 1984 Stock Option Plan, as amended, of the Corporation outstanding as of the effective date of this Restated Certificate of Incorporation, and (iii) for issuances upon the conversion of Series A Convertible Preferred Stock, Series B Convertible Preferred Stock, and Series C Convertible Preferred Stock outstanding as of the effective date of this Restated Certificate of Incorporation. The consideration for the issuance of shares shall be paid in full before their issuance and shall not be less than the par value per share. The consideration for the shares shall be such consideration as is lawful under the General Corporation Law of the State of Delaware at the time of issue, and the value of such property, labor or services, as determined by the Board of Directors of the Corporation, shall be conclusive. Upon payment of such consideration, such shares shall be deemed to be fully paid and non-assessable. In the case of a stock dividend, that part of the surplus or retained earnings of the Corporation which is transferred to stated capital upon the issuance of shares as a share dividend shall be deemed to be the consideration for such issuance.

A description of the different classes of the Corporation's capital stock and a statement of the powers, designations, preferences and relative, participating, optional or other specified rights of each class of capital stock or series thereof and the qualifications, limitations or restrictions appertaining thereto are as follows:

A. Common Stock and Class B Common Stock

1. Voting.

(a) At every meeting of the stockholders of the Corporation (or with respect to any action by written consent in lieu of a meeting of stockholders), each share of Common Stock shall be entitled to one (1) vote (whether voted in person by the holder thereof or by proxy or pursuant to a stockholders' consent) and each share of Class B Common Stock shall be entitled to ten (10) votes (whether voted in person by the holder thereof or by proxy or pursuant to a stockholders' consent), voting together as one class on all matters which may lawfully be submitted to a vote of stockholders, except to the extent otherwise required by law and except as otherwise provided in this Restated Certificate of Incorporation.

(b) In determining whether any resolution has been adopted by the vote of a specified percentage of the holders of shares of the Corporation pursuant to the Corporation's By-laws or otherwise, such percentage shall be calculated as a percentage of the total number of votes entitled to be cast by the holders of the Common Stock and the Class B Common Stock (and any other shares entitled to vote thereon) except to the extent such holders vote as separate classes as required by law or as otherwise provided in this Restated Certificate of Incorporation.

2. Conversion.

(a) Each share of Class B Common Stock may at any time be converted into one (1) fully paid and non-assessable share of Common Stock. Such conversion right shall be exercised by the surrender of the certificate representing such share of Class B Common Stock to be converted by the record holder thereof at any time during normal business hours at the principal executive offices of the Corporation or, if an agent for the registration of the transfer of shares of Common Stock is then duly appointed and acting (the "Transfer Agent"), then at the office of the Transfer Agent, accompanied by a written notice of the election by the record

holder thereof to convert, and (if so required by the Corporation or the Transfer Agent) by instruments of transfer, in form reasonably satisfactory to the Corporation or the Transfer Agent. A conversion shall be deemed to have occurred at the close of business on the date when the Corporation or the Transfer Agent has received the prescribed written notice, the required certificate or certificates and any such instruments of transfer; provided, however, that any such conversions within five (5) business days after the Effective Time shall be deemed to have occurred at the time the Corporation or Transfer Agent, as applicable, receives all such documentation in proper form. The Corporation or the Transfer Agent shall deliver a certificate or certificates representing the shares of Common Stock issuable upon such conversion to the record holder requesting such conversion promptly thereafter. Any such conversion shall be made without charge for any stamp or similar tax in respect of the issuance of the certificate or certificates for the shares of Common Stock issued in connection with such conversion, unless such certificate or certificates are to be issued in a name other than that of the record holder of the share or shares of Class B Common Stock converted, in which case such record holder shall pay to the Corporation or the Transfer Agent the amount of any stamp or similar tax which may be payable in respect of any transfer involved in such conversion.

(b) The Corporation shall not be required to convert Class B Common Stock and no surrender of Class B Common Stock shall be effective for that purpose while the stock transfer books of the Corporation are closed for any purpose; but the valid presentation of Class B Common Stock for conversion during any period such books are so closed shall become effective for conversion immediately upon the re-opening of such books, as if the conversion had been made on the date such Class B Common Stock was surrendered.

(c) The Corporation covenants that it will at all times reserve and keep available, solely for the purpose of issuance upon conversion of the outstanding shares of Class B Common Stock, such number of shares of Common Stock as shall be issuable upon the conversion of all such outstanding shares of Class B Common Stock, provided that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of the outstanding shares of Class B Common Stock by delivery of shares of Common Stock which are held in the treasury of the Corporation. The Corporation covenants that if any shares of Common Stock required to be reserved for purposes of conversion hereunder require registration with or approval of any governmental authority under any federal or state law before such shares of Common Stock may be issued upon conversion, the Corporation will use its best efforts to cause such shares to be duly registered or approved, as the case may be. The Corporation will endeavor to list the shares of Common Stock required to be delivered upon conversion prior to such delivery upon each national securities exchange or listing service, if any, upon which the outstanding Common Stock is listed at the time of such delivery. The Corporation covenants that all shares of Common Stock which shall be issued upon conversion of the shares of Class B Common Stock, will, upon issuance, be fully paid and non-assessable and not entitled to any preemptive rights.

(d) At such time as the total number of shares of Class B Common Stock issued and outstanding shall constitute less than ten percent (10%) of the aggregate number of shares of Common Stock and Class B Common Stock issued and outstanding, all of the outstanding shares of Class B Common Stock shall be automatically converted (without any further act of any party, including any holder thereof or the Corporation) into an identical number of shares of Common Stock pursuant to the terms of this Section A.2. Such conversion shall be deemed to be effective at such time, regardless of whether the certificate or certificates for such outstanding shares of Class B Common Stock shall have been duly surrendered for conversion.

(e) All shares of Class B Common Stock converted pursuant to this Section A.2 shall thereupon be retired and revert to the status of authorized and unissued shares, and may not be reissued except as provided in Section A.3 or A.4 of this Article Fourth.

3. Further Authorization of Class B Common Stock.



Following the Effective Time, no additional shares of Class B Common Stock shall be authorized without the affirmative vote of a majority of all votes entitled to be cast by the holders of the Common Stock and Class B Common Stock, voting as separate classes.

#### 4. Dividends.

Dividends may be declared by the Board of Directors upon and paid to the holders of the Common Stock and Class B Common Stock out of funds legally available therefor; provided, however, that such dividends, when, as and if declared and paid, shall be so declared and paid to such holders pro rata according to the number of shares of Common Stock and Class B Common Stock held by each such holder (with the number of shares of outstanding Common Stock and Class B Common Stock being aggregated and considered a single class for this purpose); and provided further, however, that no dividend or other distribution may be declared upon the Common Stock, whether payable in cash or in shares of Common Stock or otherwise, unless a comparable dividend shall be declared upon the Class B Common Stock and vice versa. If the dividend declared upon the Common Stock is payable in shares of Common Stock, the comparable dividend declared upon the Class B Common Stock shall be payable in shares of Class B Common Stock, and vice versa. No dividend declared on shares of Common Stock shall be payable in shares of Class B Common Stock, and vice versa.

#### 5. Stock Splits and Other Transactions.

Shares of Common Stock or Class B Common Stock may not be split up, subdivided, combined or reclassified, unless at the same time the shares of such other class are proportionately so split up, subdivided, combined or reclassified in a manner which maintains the same proportionate equity ownership (i.e., the same proportion of shares of Common Stock and Class B Common Stock held by each class) between the holders of Common Stock and Class B Common Stock as comprised on the record date for any such transaction.

#### 6. Liquidation Rights.

In the event of a liquidation or dissolution of the Corporation, or a winding up of its affairs, whether voluntary or involuntary, or a merger or consolidation of the Corporation, after payment or provision for payment of the debts or liabilities of the Corporation and the amounts to which holders of Preferred Stock, if any, may be entitled, holders of Common Stock and Class B Common Stock shall be entitled to share ratably as one class for this purpose (i.e., an equal amount of assets for each share of either Common Stock or Class B Common Stock) in the remaining assets of the Corporation.

#### 7. Restriction on Transfer of Class B Common Stock.

(a) No person holding shares of Class B Common Stock of record (hereinafter called a "Class B Holder") may transfer, and the Corporation shall not register the transfer of, such shares of Class B Common Stock, whether by sale, assignment, gift, bequest, appointment or otherwise, except to a Permitted Transferee (as hereinafter defined). A Permitted Transferee shall mean, with respect to each person from time to time shown as the record holder of shares of Class B Common Stock, as follows:

(i) In the case of a Class B Holder who is a natural person, a Permitted Transferee shall mean:

(A) The spouse of such Class B Holder, any lineal descendant of a grandparent of such Class B Holder, and any spouse of such lineal descendant (which lineal descendants, their spouses, the Class B Holder, and his or her spouse are herein collectively referred to as the "Class B Holder's Family Members");

(B) The trustee of a trust for the benefit of such Class B Holder and/or one or more of his or her Permitted Transferees described in each subclause of this clause (i) other than this subclause (B), provided that such trust may also grant a general or special power of

appointment to one or more of such Class B Holder's Family Members and may permit trust assets to be used to pay taxes, legacies and other obligations of the trust or of the estates of one or more of such Class B Holder's Family Members payable by reason of the death of any of such Family Members;

(C) A corporation of which all of the beneficial ownership of outstanding capital stock entitled to vote for the election of directors is owned by, or a partnership of which all of the beneficial ownership of the partnership interests entitled to participate in the management of the partnership are held by, the Class B Holder or his or her Permitted Transferees determined under this clause (i), provided that if by reason of any change in the ownership of such stock or partnership interests, such corporation or partnership would no longer qualify as a Permitted Transferee, all shares of Class B Common Stock then held by such corporation or partnership shall thereupon, without any further act on anyone's part, be converted into shares of Common Stock, and stock certificates formerly representing such shares of Class B Common Stock shall thereupon and thereafter be deemed to represent the like number of shares of Common Stock (provided, further, that such corporation may in turn transfer shares of Class B Common Stock back to the person who first transferred such shares to such corporation or to such person's Permitted Transferees);

(D) The estate of such Class B Holder; and

(E) The trustee or trustees of a voting trust established by one or more Class B Holders and/or one or more of his or her Permitted Transferees described in each subclause of this clause (i) other than this subclause (E).

(ii) In the case of a Class B Holder holding the shares of Class B Common Stock in question as trustee pursuant to a trust (including a voting trust) other than an irrevocable trust as provided in subsection (iii) below, "Permitted Transferee" means (A) any person who originally transferred such Class B Common Stock to such trust and (B) any Permitted Transferee of any such transferor determined pursuant to clause (i) above.

(iii) In the case of a Class B Holder holding the shares of Class B Common Stock in question as trustee pursuant to a trust which is irrevocable, "Permitted Transferee" means (A) any person to whom or for whose benefit principal may be distributed either during or at the end of the term of such trust whether by power of appointment or otherwise and (B) any Permitted Transferee of any such person determined pursuant to clause (i) above.

(iv) In the case of a corporation which holds Class B Common Stock as of the effective date of this Restated Certificate of Incorporation, such corporation may transfer such shares of Class B Common Stock only to (A) persons owning stock in such corporation as of the effective date of this Restated Certificate of Incorporation (and then only to the extent of such persons percentage ownership of such corporation), or (B) any Permitted Transferee of any such person determined pursuant to clause (i) above.

(v) In the case of a Class B Holder which is the estate of a deceased Class B Holder, or which is the estate of a bankrupt or insolvent Class B Holder, which holds record and beneficial ownership of the shares of Class B Common Stock in question, "Permitted Transferee" means a Permitted Transferee of such deceased, bankrupt or insolvent Class B Holder as determined pursuant to clause (i), (ii), (iii) or (iv) above, as the case may be.

(vi) In the case of a Class B Holder which is a partnership holding record and beneficial ownership of the shares of Class B Common Stock in question, "Permitted Transferee" means (A) any of its partners (limited or general), (B) any retired partners of such partnership, (C) the estates of any such limited or general or retired partners, or (D) in the case of its limited or general partners or retired partners where such partner's interest in the partnership holding record and beneficial ownership of the shares of Class B Common Stock in question is held in a partnership, any of its partners (limited or general).

(b) Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such Holder's shares of Class B Common Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to, or registered in, the name of the pledgee and shall remain subject to the provisions of this Section A.7. In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class B Common Stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of Common Stock, as the pledgee may elect.

(c) For purposes of this Section A.7:

(i) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.

(ii) Each joint owner of shares of Class B Common Stock shall be considered a "Class B Holder" of such shares.

(iii) A minor for whom shares of Class B Common Stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Class B Holder of such shares.

(iv) Unless otherwise specified, the term "person" means both natural persons and legal entities.

(v) Each reference to a corporation shall include any successor corporation resulting from merger or consolidation; and each reference to a partnership shall include any successor partnership resulting from the death, admission or withdrawal of a partner.

(d) Any transfer of shares of Class B Common Stock not permitted hereunder shall result in the automatic conversion of those shares of Class B Common Stock into an equal number of shares of Common Stock without any further act, effective as of the date on which certificates representing such shares are presented for transfer on the books of the Corporation. The Corporation may, in connection with preparing a list of stockholders entitled to vote at any meeting of stockholders, or as a condition to the transfer or the registration of shares of Class B Common Stock on the Corporation's books, require the furnishing of such affidavits or other proof as it deems necessary to establish that any person is the beneficial owner of shares of Class B Common Stock or is a Permitted Transferee.

(e) Shares of Class B Common Stock shall be registered in the names of the beneficial owners thereof and not in "street" or "nominee" name. For this purpose, a "beneficial owner" of any shares of Class B Common Stock shall mean a person who, or an entity which, possesses the power, either singly or jointly, to direct the voting or disposition of such shares (including any voting trustee under a voting trust). The Corporation shall note on the certificates for shares of Class B Common Stock the restrictions on transfer and registration of transfer imposed by this Section A.7 or otherwise.

#### B. Preferred Stock

The Board of Directors is hereby authorized from time to time to provide by resolution for the issuance of shares of Preferred Stock in one or more series not exceeding the aggregate number of shares of Preferred Stock authorized by this Restated Certificate of Incorporation, as amended from time to time; and to determine with respect to each such series the designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions appertaining thereto, including without limiting the generality of the foregoing, the voting rights appertaining to shares of Preferred Stock of any series (which may be applicable generally or only upon the happening and continuance of stated events or conditions), the rate of dividend to which holders of Preferred Stock of any series may be entitled (which may be cumulative or non-cumulative), the rights of holders of Preferred Stock of any series in the event of liquidation, dissolution or winding up of the affairs of the Corporation, and the rights (if any) of holders of Preferred Stock of any series to convert or exchange such shares of Preferred Stock of such series for shares of any other class of capital stock (including the determination of the price or prices or the rate or rates applicable to such rights to convert or exchange and the adjustment thereof, the time or times during which the right to convert or exchange shall be applicable and the time or times during which a particular price or rate shall be applicable); provided, however, that the Corporation shall not issue any shares of Preferred Stock carrying in excess of one vote per share or Preferred Stock convertible into Class B Common Stock without the prior approval of at least two-thirds in interest of the holders of the Class B Common Stock and the Common Stock, voting as separate classes.

Before the Corporation shall issue any shares of Preferred Stock of any series, a certificate setting forth a copy of the resolution or resolutions of the Board of Directors, fixing the powers, designations, preferences and relative, participating, optional or other rights, if any, and the qualifications, limitations and restrictions, if any, appertaining to the shares of Preferred Stock of such series, and the number of shares of Preferred Stock of such series authorized by the Board of Directors to be issued, shall be made under seal of the Corporation and signed by Chairman of the Board or the President or a Vice President and attested to by the Secretary or an Assistant Secretary and acknowledged by such Chairman of the Board or President or Vice President as

provided by the laws of the State of Delaware and shall be filed and a copy thereof recorded in the manner prescribed by the laws of the State of Delaware.

1. Designation and Amount.

175,000 shares of the Preferred Stock are hereby designated as the "Series A Convertible Preferred Stock", 110,000 shares of the Preferred Stock are hereby designated as the "Series B Convertible Preferred Stock" and 75,001 shares of the Preferred Stock are hereby designated as the "Series C Convertible Preferred Stock." As hereinafter used in this Article Fourth, the Series A Convertible Preferred Stock, Series B Convertible Preferred Stock and Series C Preferred Stock are collectively referred to as the "Senior Preferred Stock."

2. Voting.

Except as may be otherwise provided in these terms of the Senior Preferred Stock or by law, the Senior Preferred Stock shall vote together with all other classes and series of stock of the Corporation as a single class on all actions to be taken by the stockholders of the Corporation. When the Senior Preferred Stock is voting together with the Common Stock and Class B Common Stock as a single class, each share of Senior Preferred Stock shall entitle the holder thereof to such number of votes per share on each such action as shall equal the sum of (i) the number of shares of Common Stock into which each share of Senior Preferred Stock is then convertible, plus (ii) the product of 10 multiplied by the number of shares of Class B Common Stock into which each share of Senior Preferred Stock is then convertible. When the Senior Preferred Stock, or any series thereof, shall be entitled to vote separately as a single class, then each of such shares of Senior Preferred Stock shall entitle the holder thereof to one vote. When either the Common Stock or Class B Common Stock shall be entitled to vote separately as a single class, then the Senior Preferred Stock shall not vote with either such class.

3. Dividends.

The holders of the Senior Preferred Stock shall be entitled to receive, out of funds legally available therefor, dividends at the same rate as dividends (other than dividends paid in additional shares of the common equity of the Corporation) are paid with respect to the common equity of the Corporation (treating each share of Senior Preferred Stock as being equal to the number of shares of the Common Stock and Class B Common Stock of the Corporation (including fractions of a share) into which each share of Senior Preferred Stock is then convertible).

4. Liquidation.

Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the shares of Senior Preferred Stock shall first be entitled, before any distribution or payment is made upon any stock ranking on liquidation junior to the Senior Preferred Stock, to be paid an amount equal to (i) \$10.00 per share in the case of the Series A Convertible Preferred Stock, (ii) \$15.00 per share in the case of the Series B Convertible Preferred Stock and (iii) \$12.00 per share in the case of the Series C Convertible Preferred Stock, plus, in the case of each share of Senior Preferred Stock, an amount equal to all declared and unpaid dividends thereon, such amount payable with respect to one share of Senior Preferred Stock being sometimes referred to as the "Senior Preferred Stock Liquidation Preference Payment" and with respect to all shares of Senior Preferred Stock being sometimes referred to as the "Senior Preferred Stock Liquidation Preference Payments". If upon such liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the assets to be distributed among the holders of Senior Preferred Stock shall be insufficient to permit payment in full to the holders of Senior Preferred Stock of the Senior Preferred Stock Liquidation Preference Payments, then the entire assets of the Corporation to be so distributed shall be distributed ratably among the holders of Senior Preferred Stock based on the aggregate liquidation value of Senior

Preferred Stock held by each holder and according to the respective amounts which would have been payable with respect to the shares of each series of Senior Preferred Stock outstanding held by them upon such distribution if all amounts payable with respect to said shares were paid in full. Upon any such liquidation, dissolution or winding up of the Corporation, immediately after the holders of Senior Preferred Stock shall have been paid in full the Senior Preferred Stock Liquidation Preference Payments and the holders of any other Preferred Stock shall have been paid the amount of any preferential liquidation payment, the remaining net assets of the Corporation available for distribution shall be distributed among the holders of common equity such that the holders of Common Stock and Class B Common Stock shall be entitled to be paid an amount equal to \$2.50 per share of Common Stock or Class B Common Stock, as the case may be, such aggregate amount payable with respect to one share of Common Stock and one share of Class B Common Stock being sometimes referred to as the "Common Stock Liquidation Preference Payment" and with respect to all shares of Common Stock and Class B Common Stock being sometimes referred to as the "Common Stock Liquidation Preference Payments". If upon such liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the assets to be distributed among holders of Common Stock and Class B Common Stock shall be insufficient to permit payment in full to the holders of Common Stock and Class B Common Stock of the Common Stock Liquidation Preference Payments, then the entire assets of the Corporation to be so distributed shall be distributed ratably among the holders of Common Stock and Class B Common Stock. In case the Corporation shall at any time subdivide (by any stock split, stock dividend or otherwise) its outstanding shares of the Common Stock or Class B Common Stock into a greater number of shares, the Common Stock Liquidation Preference Payment in effect immediately prior to such subdivision shall be proportionately reduced, and, conversely, in the case the outstanding shares of Common Stock or Class B Common Stock shall be combined into a smaller number of shares, the Common Stock Liquidation Preference Payment in effect immediately prior to such combination shall be proportionately increased. Upon any such liquidation, dissolution or winding up of the Corporation, immediately after the holders of Common Stock and Class B Common Stock shall have been paid in full the Common Stock Liquidation Preference Payments, the remaining net assets of the Corporation available for distribution shall be distributed ratably among the holders of Senior Preferred Stock, any other Preferred Stock and Common Stock and Class B Common Stock (with each share of Senior Preferred Stock and of any other Preferred Stock being deemed, for such purpose, to be equal to the number of shares of Common Stock and Class B Common Stock (including fractions of a share) into which such share of Preferred Stock is convertible immediately prior to the close of business on the business day fixed for such distribution.

Written notice of such liquidation, dissolution or winding up, stating a payment date and the place where said payments shall be made, shall be given by mail, postage prepaid, or by telex to non-U.S. residents, not less than 20 days prior to the payment date stated therein, to the holders of record of Senior Preferred Stock, such notice to be addressed to each such holder at its address as shown by the records of the Corporation. The consolidation or merger of the Corporation into or with any other entity or entities which results in the exchange of outstanding shares of the Corporation for securities or other consideration issued or paid or caused to be issued or paid by any such entity or affiliate thereof, and the sale or transfer by the Corporation of all or substantially all its assets, shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of the provisions of this Section B.4; provided, however, that each holder of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock shall have the right to elect the benefits of subsection B.6(r) hereof in lieu of receiving payment in liquidation, dissolution or winding up of the Corporation pursuant to this Section B.4. For purposes hereof, the Common Stock and Class B Common Stock shall rank on liquidation junior to the Senior Preferred Stock.

#### 5. Restrictions.

At any time when shares of Senior Preferred Stock are outstanding, except where the vote or written consent of the holders of a greater number of shares of the Corporation is required by law or by this Restated

Certificate of Incorporation and in addition to any other vote required by law or this Restated Certificate of Incorporation, without the approval of the holders of at least two-thirds of the then outstanding shares of Series A Convertible Preferred Stock, Series B Convertible Preferred Stock and Series C Convertible Preferred Stock, given in writing or by vote at a meeting, with each such series of Preferred Stock consenting or voting (as the case may be) separately as a series, the Corporation will not:

(a) Create or authorize the creation of any additional class or series of shares of stock unless the same ranks junior to the Senior Preferred Stock as to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, or increase the authorized amount of the Senior Preferred Stock or increase the authorized amount of any additional class or series of shares of stock unless the same ranks junior to the Senior Preferred Stock as to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, or create or authorize any obligation or security convertible into shares of Senior Preferred Stock or into shares of any other class or series of stock unless the same ranks junior to the Senior Preferred Stock as to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, whether any such creation, authorization or increase shall be by means of amendment to this Restated Certificate of Incorporation or by merger, consolidation or otherwise; or

(b) Except as otherwise permitted herein, redeem or otherwise acquire any shares of Senior Preferred Stock except pursuant to a purchase offer made pro rata to all holders of the shares of Senior Preferred Stock on the basis of the aggregate number of outstanding shares of Senior Preferred Stock then held by each such holder.

#### 6. Conversions.

The holders of shares of Senior Preferred Stock shall have the following conversion rights:

(a) Right to Convert. Subject to the terms and conditions of this Section B.6, the holder of any share or shares of Senior Preferred Stock shall have the right, at its option at any time, to convert any such shares of Senior Preferred Stock (except that upon any liquidation of the Corporation the right of conversion shall terminate at the close of business on the business day fixed for payment of the amount distributable on the Senior Preferred Stock) into such aggregate number of fully paid and nonassessable shares of Common Stock and Class B Common Stock as is obtained by (x) multiplying the number of shares of Senior Preferred Stock so to be converted by (i) \$10.00 in the case of the Series A Convertible Preferred Stock, (ii) \$15.00 in the case of the Series B Convertible Preferred Stock and (iii) \$12.00 in the case of the Series C Convertible Preferred Stock and (y) dividing the result by the conversion price of (i) \$6.00 per share in the case of the Series A Convertible Preferred Stock, (ii) \$7.50 per share in the case of the Series B Convertible Preferred Stock and (iii) \$12.00 in the case of the Series C Convertible Preferred Stock or, in case an adjustment of such price has taken place Pursuant to the further provisions of this Section B.6, then by the conversion price as last adjusted and in effect at the date any share or shares of Senior Preferred Stock are surrendered for conversion (such price, or such price as last adjusted, being referred to as the "Conversion Price"). The aggregate number of shares determined in accordance with the immediately preceding sentence shall be divided equally between Common Stock and Class B Common Stock provided, however, that if the aggregate number of shares of Common Stock and Class B Common Stock determined in accordance with the immediately preceding sentence (the "Number of Converted Shares") shall be an odd number, then, with respect to any stockholder of record to whom this proviso applies, said shares shall be convertible into (1) the number of shares of Common Stock equal to one-half of the Number of Converted Shares minus 0.5 shares of Common Stock, and (2) the number of shares of Class B Common Stock equal to one-half of the Number of Converted Shares plus 0.5 shares of Class B Common Stock. Such rights of conversion shall be exercised by the holder thereof by giving written notice that the holder elects to convert a stated number of shares of Senior Preferred Stock into Common Stock and Class B Common Stock and by surrender of a certificate or certificates for the shares so to be converted to the Corporation at its principal office (or such other office or agency of the Corporation as the Corporation may designate by notice in writing to the holders of the Senior Preferred Stock) at any time during its usual business hours on the date set forth in such notice, together with a statement of the name or names (with address) in

which the certificate or certificates for shares of Common Stock and Class B Common Stock shall be issued. The Conversion Prices set forth in this subsection B.6(a) take into account the 2:1 stock split effected by the Corporation on October 12, 1988 in the form of a stock dividend of one share of Old Common Stock on each share of Old Common Stock outstanding on such date.

(b) Issuance of Certificates; Time Conversion Effected. Promptly after the receipt of the written notice referred to in subsection B.6(a) and surrender of the certificate or certificates for the share or shares of Senior Preferred Stock to be converted, the Corporation shall issue and deliver, or cause to be issued and delivered, to the holder, registered in such name or names as such holder may direct, a certificate or certificates for the number of whole shares of Common Stock and Class B Common Stock issuable upon the conversion of such share or shares of Senior Preferred Stock. To the extent permitted by law, such conversion shall be deemed to have been effected and the Conversion Price shall be determined as of the close of business on the date on which such written notice shall have been received by the Corporation and the certificate or certificates for such share or shares shall have been surrendered as aforesaid, and at such time the rights of the holder of such share or shares of Senior Preferred Stock shall cease, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby.

(c) Fractional Shares; Dividends; Partial Conversion. No fractional shares shall be issued upon conversion of Senior Preferred Stock into Common Stock and Class B Common Stock and no payment or adjustment shall be made upon any conversion on account of any cash dividends on the Common Stock and Class B Common Stock issued upon such conversion. At the time of each conversion, the Corporation shall pay in cash an amount equal to all dividends accrued and unpaid on the shares of Senior Preferred Stock surrendered for conversion to the date upon which such conversion is deemed to take place as provided in subsection B.6(b). In case the number of shares of Senior Preferred Stock represented by the certificate or certificates surrendered pursuant to subsection B.6(a) exceeds the number of shares converted, the Corporation shall, upon such conversion, execute and deliver to the holder, at the expense of the Corporation, a new certificate or certificates for the number of shares of Senior Preferred Stock represented by the certificate or certificates surrendered which are not to be converted. If any fractional share of Common Stock or Class B Common Stock would, except for the provisions of the first sentence of this subsection B.6(c) be delivered upon such conversion, the Corporation, in lieu of delivering such fractional share, shall pay to the holder surrendering the Senior Preferred Stock for conversion an amount in cash equal to the current market price of such fractional share as determined in good faith by the Board of Directors of the Corporation.

(d) Adjustment of Price Upon Issuance of Common Stock. Except as provided in subsection B.6(h), if and whenever the Corporation shall issue or sell, or is, in accordance with clauses (i) through (vii) of this subsection B.6(d), deemed to have issued or sold prior to (i) March 31, 1989 in the case of the Series A Convertible Preferred Stock, (ii) March 31, 1991 in the case of the Series B Convertible Preferred Stock and (iii) December 28, 1992 in the case of the Series C Convertible Preferred Stock, any shares of Common Stock or Class B Common Stock for a consideration per share less than the respective Conversion Prices in effect immediately prior to the time of such issue or sale for the Series A Convertible Preferred Stock, Series B Convertible Preferred Stock and Series C Convertible Preferred Stock, then, forthwith upon such issue or sale, such respective Conversion Prices shall be reduced to the price at which the Corporation issued or sold, or is deemed to have issued or sold, such shares of Common Stock.

For purposes of this subsection B.6(d), the following clauses (i) to (vii) shall also be applicable:

(i) Issuance of Rights or Options. In case at any time the Corporation shall in any manner grant (whether directly or by assumption in a merger or otherwise) any warrants or other rights to subscribe for or to purchase, or any options for the purchase of, Common Stock or Class B Common Stock, or any stock or security convertible into or exchangeable for Common Stock or Class B Common Stock (such warrants, rights or options being called "Options" and such convertible or exchangeable stock or securities being called "Convertible Securities") whether or not such Options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock or Class B Common Stock is issuable upon the exercise of such Options or upon

the conversion or exchange of such Convertible Securities (determined by dividing (A) the total amount, if any, received or receivable by the Corporation as consideration for the granting of such Options, plus the minimum aggregate amount of additional consideration payable to the Corporation upon the exercise of all such Options, plus, in the case of such Options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock and Class B Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options) shall be less than the respective Conversion Prices of the Series A Convertible Preferred Stock, Series B Convertible Preferred Stock in effect immediately prior to the time of the granting of such Options, then the total maximum number of shares of Common Stock and Class B Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such Options shall be deemed to have been issued for such price per share as of the date of granting of such Options or the issuance of such Convertible Securities and thereafter shall be deemed to be outstanding. Except as otherwise provided in clause (iii) of this subsection B.6(d), no adjustment of such Conversion Prices shall be made upon the actual issue of such Common Stock or Class B Common Stock or of such Convertible Securities upon exercise of such Options or upon the actual issue of such Common Stock or Class B Common Stock upon conversion or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities.

In case the Corporation shall in any manner issue (whether directly or by assumption in a merger or otherwise) or sell any Convertible Securities, whether or not the rights to exchange or convert any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock and Class B Common Stock is issuable upon such conversion or exchange (determined by dividing (A) the total amount received or receivable by the Corporation as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock and Class B Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the Conversion Price in effect immediately prior to the time of such issue or sale, then the total maximum number of shares of Common Stock and Class B Common Stock issuable upon conversion or exchange of all such Convertible Securities shall be deemed to have been issued for such price per share as of the date of the issue or sale of such Convertible Securities and thereafter shall be deemed to be outstanding, provided that (a) except as otherwise provided in clause (iii) of this subsection B.6(d), no adjustment of the respective Conversion Prices of the Series A Convertible Preferred Stock, Series B Convertible Preferred Stock or Series C Convertible Preferred Stock shall be made upon the actual issue of such Common Stock or Class B Common Stock upon conversion or exchange of such Convertible Securities and (b) if any such issue or sale of such Convertible Securities is made upon exercise of any Options to purchase any such Convertible Securities for which adjustments of the respective Conversion Prices of the Series A Convertible Preferred Stock or the Series B Convertible Preferred Stock have been or are to be made pursuant to other provisions of this subsection B.6(d), no further adjustment of such Conversion Prices shall be made by reason of such issue or sale.

(iii) Change in Option Price or Conversion Rate. Upon the happening of any of the following events, namely, if the purchase price provided for in any Option referred to in clause (i) of this subsection B.6(d), the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities referred to in clause (i) or clause (ii) of this subsection B.6(d), or the rate at which Convertible Securities referred to in clause (i) or clause (ii) of this subsection B.6(d) are convertible into or exchangeable for Common Stock and Class B Common Stock shall change at any time (including, but not limited to, changes under or by reason of provisions designed to protect against dilution), the Conversion Prices in effect at the time of such event shall forthwith be readjusted to the respective Conversion Prices of the Series A Convertible Preferred Stock, the Series B Convertible Preferred Stock or Series C Convertible Preferred Stock which would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold, but only if as a result of such adjustment such Conversion Prices then in effect hereunder is thereby reduced; and on the expiration of any such Option or the termination of any such right to convert or exchange such Convertible Securities, the respective Conversion Prices of the Series A



Convertible Preferred Stock, the Series B Convertible Preferred Stock or Series C Convertible Preferred Stock then in effect hereunder shall forthwith be increased to such respective Conversion Prices which would have been in effect at the time of such expiration or termination had such Option or Convertible Securities, to the extent outstanding immediately prior to such expiration or termination, never been issued.

(iv) Stock Dividends. In case the Corporation shall declare a dividend or make any other distribution upon any stock of the Corporation payable in Common Stock, Class B Common Stock (except for dividends or distributions upon the Common Stock or Class B Common Stock as described in subsection B.6(i)), Options or Convertible Securities, such Common Stock, Class B Common Stock, Options or Convertible Securities, as the case may be, issuable in payment of such dividend or distribution shall be deemed to have been issued or sold without consideration.

(v) Consideration for Stock. In case any shares of Common Stock, Class B Common Stock, Options or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Corporation therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Corporation in connection therewith. In case any shares of Common Stock, Class B Common Stock, Options or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Corporation shall be deemed to be the fair value of such consideration as determined in good faith by the Board of Directors of the Corporation, without deduction of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Corporation in connection therewith. In case any Options shall be issued in connection with the issue and sale of other securities of the Corporation, together comprising one integral transaction in which no specific consideration is allocated to such Options by the parties thereto, such Options shall be deemed to have been issued for such consideration as determined in good faith by the Board of Directors of the Corporation.

(vi) Record Date. In case the Corporation shall take a record of the holders of its Common Stock or Class B Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock, Class B Common Stock, Options or Convertible Securities or (B) to subscribe for or purchase Common Stock, Class B Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock or Class B Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(vii) Treasury Shares. The number of shares of Common Stock or Class B Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Corporation, and the disposition of any such shares shall be considered an issue or sale of Common Stock or Class B Common Stock for the purpose of this subsection B.6(d).

(e) Adjustment of Price Upon Public Offering. If at any time the Corporation or the holders of at least one-third of the then outstanding shares of Common Stock shall effect an underwritten public offering of shares of Common Stock (the "Public Offering"), then the respective Conversion Prices for the Series A Convertible Preferred Stock and the Series B Convertible Preferred Stock shall be adjusted, if and only if such Conversion Prices as adjusted would result in a Conversion Price which is lower than the Conversion Price then in effect, to equal a Conversion Price determined according to the following formula:

$$CP = \frac{OP}{M}$$

where

CP = Conversion Price as adjusted pursuant to this subsection B.6(e)

OP = Per share price paid by the public for shares of Common Stock purchased in the Public Offering

M = 1.25y + .25 (but in no case shall M be less than (i) 1.75 in the case of the Series A Convertible Preferred Stock and (ii) 1.5 in the case of the Series B Convertible Preferred Stock)

y = Number of years (including fractions thereof), based upon a 365-day year, elapsed since the Corporation's first sale of shares of (i) Series A Convertible Preferred Stock in the case of the Series A Convertible Preferred Stock and (ii) Series B Convertible Preferred Stock in the case of the Series B Convertible Preferred Stock (but in no case shall y be more than 5)

(f) On the Series C Adjustment Date (as defined below), the Conversion Price for the Series C Convertible Preferred Stock shall be adjusted, if and only if such adjustment would result in a Conversion Price which is lower than the Conversion Price in effect for the Series C Convertible Preferred Stock immediately prior to such Series C Adjustment Date, to equal a Conversion Price determined according to the method described in the following paragraph. For purposes of this subsection B.6(f), the "Series C Adjustment Date" shall mean the date which is either (i) December 28, 1991, in the event that the Common Stock at that time has been for at least 20 consecutive Trading Days (as defined below) preceding such date, (x) listed or admitted to trading on a national securities exchange, (y) quoted in the National Market System, as reported by the National Association of Securities Dealers Automated Quotation System or (z) quoted in the over-the-counter market as reported by the National Association of Securities Dealers Automated Quotation System (such listing or quotation with respect to the common Stock being referred to in this subsection B.6(f) as being "Publicly Traded") or (ii) 180 days after the Common Stock is first Publicly Traded in the event that the Common Stock is not Publicly Traded on December 28, 1991, provided that during such 180 days the Common Stock continues to be Publicly Traded.

Subject to the terms of the preceding paragraph, on the Series C Adjustment Date the Conversion Price shall be adjusted according to the following formula; provided, however, that in no event shall the Conversion Price, as adjusted by application of the following formula, be less than \$6.00 (appropriately adjusted to reflect the occurrence of any event described in subsection B.6(i)):

$$CP = TP \times \frac{1}{M}$$

where

CP = Conversion Price as adjusted pursuant to this subsection B.6(f)

TP = The average Closing Price for the Common Stock for the 20 consecutive Trading Days prior to the Series C Adjustment Date

Closing Price = Closing Price means for any Trading Day (a) if the Common Stock is listed or admitted to trading on a national securities exchange, the closing price of the NYSE-Composite Tape (or any successor composite tape reporting transactions on national securities exchanges) or, if such a composite tape shall not be in use or shall not report transactions in the Common Stock, the last reported sale price regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading (which shall be the national securities exchange on which the greatest number of shares of the Common Stock has been traded during the preceding 30 consecutive Trading Days), (b) if the Common Stock is not listed or admitted to trading on any such exchange, the closing price for the Common Stock on the National Market System, as reported by the National Association of Securities Dealers Automated Quotations System or (c) if such prices are not so quoted in the National Market System, the closing bid price of the Common Stock in the over-the-counter market as reported by the National Association of Securities Dealers Automated Quotations System.

Trading Day = Such day which is neither a Saturday, Sunday nor other day on which the principal national securities exchange (as determined in accordance with the definition of Closing Price) on which the Common Stock is listed or admitted to trading, or if the Common Stock is not so listed or admitted to trading, the National Association of Securities Dealers Automated Quotations System, as the case may be, remains closed

M = 1.25y

y = Number of years (including fractions thereof), based on a 365-day year, elapsed since the Corporation's first sale of shares of Series C Convertible Preferred Stock

(g) On the closing date of a Company Sale (as defined in subsection B.6(r), the Conversion Price for the Series C Convertible Preferred Stock shall be adjusted in the manner described in the two following paragraphs, if and only if such adjustment would result in a Conversion Price which is lower than the Conversion Price in effect for the Series C Convertible Preferred Stock immediately prior to such closing date.

Subject to the terms of the preceding paragraph, on such closing date of the Company Sale the Conversion Price shall be adjusted such that (assuming for these purposes the conversion of each share of Series C Convertible Preferred Stock into shares of Common Stock and Class B Common Stock immediately before such closing date) a holder of a share of Series C Convertible Preferred Stock would receive upon such assumed conversion such number of shares of Common Stock and Class B Common Stock as would entitle such holder to receive pursuant to such Company Sale consideration equal to a dollar amount equal to the product of \$12.00 x M (where M = 1.25y and y = number of years, including fractions thereof, based on a 365-day year, elapsed since the Corporation's first sale of shares of Series C Convertible Preferred Stock); provided, however, that in no event shall the Conversion Price, as so adjusted, be less than \$6.00 (appropriately adjusted to reflect the occurrence of any event described in subsection B.6(i)).

For purposes of valuing the consideration deemed to be received by the holders of such shares of Common Stock and Class B Common Stock pursuant to such a Company Sale, any non-cash consideration shall be valued at its fair market value as determined in good faith by the Board of Directors of the Corporation, except in the case of securities for which a Closing Price is available at the time of the closing of such Company Sale in which case the value of such securities shall be equal to the average Closing Price (as defined in subsection B.6(f)) for the 20 consecutive Trading Days (as defined in subsection B.6(f)) prior to the date of the closing of such Company Sale.

(h) Certain Issues of Common Stock Excepted. Anything herein to the contrary notwithstanding, the Corporation shall not be required to make any adjustment of the respective Conversion Prices for the Series A Convertible Preferred Stock, the Series B Convertible Preferred Stock and the Series C Convertible Preferred Stock pursuant to subsection B.6(d) in the case of the issuance of up to an aggregate of 1,000,000 shares (appropriately adjusted to reflect the occurrence of any event described in subsection B.6(d)) and Class B Common Stock of Common Stock to directors, officers or employees of the Corporation in connection with their service as directors of the Corporation or their employment by the Corporation.

(i) Subdivision or Combination of Common Stock or Class B Common Stock. In case the Corporation shall at any time subdivide (by any stock split, stock dividend or otherwise) its outstanding shares of Common Stock or Class B Common Stock into a greater number of shares, the respective Conversion Prices for the Series A Convertible Preferred Stock, the Series B Convertible Preferred Stock and the Series C Convertible Preferred Stock in effect immediately prior to such subdivision shall be proportionately reduced, and, conversely, in case the outstanding shares of Common Stock or Class B Common Stock shall be combined into a smaller number of shares, such Conversion Prices in effect immediately prior to such combination shall be proportionately increased.

(j) Reorganization or Reclassification. If any capital reorganization or reclassification of the capital stock of the Corporation shall be effected in such a way that holders of Common Stock or Class B Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for Common Stock or Class B Common Stock, as the case may be, then, as a condition of such reorganization or reclassification, lawful and adequate provisions shall be made whereby each holder of a share or shares of Senior Preferred Stock shall thereupon have the right to receive, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock or Class B Common Stock immediately theretofore receivable upon the conversion of such share or shares of Senior Preferred Stock, such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock or Class B Common Stock equal to the number of shares of such Common Stock or Class B Common Stock immediately theretofore receivable upon such conversion had such reorganization or reclassification not taken place, and in any such case appropriate provisions shall be made with respect to the rights and interests of such holder to the end that the provisions hereof (including without limitation provisions for adjustments of the respective Conversion Prices for the Senior Preferred Stock) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise of such conversion rights.

(k) Notice of Adjustment. Upon any adjustment of the respective Conversion Prices for the Senior Preferred Stock, then and in each such case the Corporation shall give written notice thereof, by first class mail, postage prepaid, or by telex to non-U.S. residents, addressed to each holder of shares of Senior Preferred Stock at the address of such holder as shown on the books of the Corporation, which notice shall state the Conversion Price resulting from such adjustment, setting forth in reasonable detail the method upon which such calculation is based.

(l) Other Notices. In case at any time:

(i) the Corporation shall declare any dividend upon its Common Stock or Class B Common Stock payable in cash or stock or make any other distribution to the holders of its Common Stock or Class B Common Stock;

(ii) the Corporation shall offer for subscription pro rata to the holders of its Common Stock or Class B Common Stock any additional shares of stock of any class or other rights;

(iii) there shall be any capital reorganization or reclassification of the capital stock of the Corporation, or a consolidation or merger of the Corporation with or into, or a sale of all or substantially all its assets to, another entity or entities; or

(iv) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Corporation;

then, in any one or more of said cases, the Corporation shall give, by first class mail, postage prepaid, or by telex to non-U.S. residents, addressed to each holder of any shares of Senior Preferred Stock at the address of

such holder as shown on the books of the Corporation, (A) at least 20 days prior written notice of the date on which the books of the Corporation shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up and (B) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, at least 20 days' prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause (A) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock or Class B Common Stock shall be entitled thereto and such notice in accordance with the foregoing clause (B) shall also specify the date on which the holders of Common Stock or Class B Common Stock shall be entitled to exchange their Common Stock or Class B Common Stock, as the case may be, for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be.

(m) Stock to be Reserved. The Corporation will at all times reserve and keep available out of its authorized Common Stock and Class B Common Stock, solely for the purpose of issuance upon the conversion of Senior Preferred Stock as herein provided, such number of shares of Common Stock and Class B Common Stock as shall then be issuable upon the conversion of all outstanding shares of Senior Preferred Stock. The Corporation covenants that all shares of Common Stock and Class B Common Stock which shall be so issued shall be duly and validly issued and fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof, and, without limiting the generality of the foregoing, the Corporation covenants that it will from time to time take all such action as may be requisite to assure that the par value per share of the Common Stock and Class B Common Stock is at all times equal to or less than the respective Conversion Prices for the Senior Preferred Stock in effect at the time. The Corporation will take all such action as may be necessary to assure that all such shares of Common Stock and Class B Common Stock may be so issued without violation of any applicable law or regulation, or of any requirement of any national securities exchange upon which the Common Stock or Class B Common Stock may be listed. The Corporation will not take any action which results in any adjustment of the respective Conversion Prices for the Senior Preferred Stock if the total number of shares of Common Stock or Class B Common Stock issued and issuable after such action upon conversion of the Senior Preferred Stock would exceed the total number of shares of Common Stock or Class B Common Stock then authorized by the Certificate of Incorporation.

(n) No Reissuance of Senior Preferred Stock. Shares of Senior Preferred Stock which are converted into shares of Common Stock and Class B Common Stock as provided herein shall not be reissued.

(o) Issue Tax. The issuance of certificates for shares of Common Stock and Class B Common Stock upon conversion of Senior Preferred Stock shall be made without charge to the holders thereof for any issuance tax in respect thereof, provided that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder of the Senior Preferred Stock which is being converted.

(p) Closing of Books. The Corporation will at no time close its transfer books against the transfer of any Senior Preferred Stock or of any shares of Common Stock or Class B Common Stock issued or issuable upon the conversion of any shares of Senior Preferred Stock in any manner which interferes with the timely conversion of such Senior Preferred Stock, except as may otherwise be required to comply with applicable securities laws.

(q) Definition of Common Stock; Class B Common Stock. As used in this Section B.6, the term "Common Stock" shall mean and include the Corporation's authorized Common Stock, par value \$.01 per share, as constituted on the date of the filing of this instrument, the term "Class B Common Stock" shall mean and include the Corporation's authorized Class B Common Stock, par value \$.01 per share, as constituted on the date of the filing of this instrument, and each such term shall also include any capital stock of any class of the Corporation thereafter authorized which shall neither be limited to a fixed sum or percentage of par value in respect of the rights of the holders thereof to participate in dividends nor entitled to a preference in

the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation; provided that the shares of Common Stock and Class B Common Stock receivable upon conversion of shares of Senior Preferred Stock shall include only shares designated as Common Stock or Class B Common Stock, as the case may be, of the Corporation on the date of the filing of this instrument, or in case of any reorganization or reclassification of the outstanding shares thereof, the stock, securities or assets provided for in subsection B.6(j).

(r) Mandatory Conversion. If at any time the Corporation shall effect a firm commitment underwritten public offering of shares of Common Stock in which the aggregate price paid for such shares by the public shall be at least (i) \$5,000,000 in the case of the Series A Convertible Preferred Stock and (ii) \$8,000,000 in the case of the Series B Convertible Preferred Stock, or upon the consolidation or merger of the Corporation into or with any other entity or entities which results in the exchange of outstanding shares of the Corporation for securities or other consideration issued or paid or caused to be issued or paid by any such entity or affiliate thereof, or the sale or transfer by the Corporation of all or substantially all its assets (such consolidation, merger, sale or transfer referred to collectively herein as a "Company Sale") then effective upon the closing of the sale of such shares by the Corporation pursuant to such public offering or upon the closing of a Company Sale, as the case may be, all outstanding shares of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock, as the case maybe, shall automatically convert into the number of shares of Common Stock and Class B Common Stock into which such Series A Convertible Preferred Stock or Series B Convertible Preferred Stock is convertible pursuant to subsection B.6(a); provided, however, that any holder of Senior Preferred Stock may elect to proceed pursuant to the provisions of Section B.4 prior to any conversion of shares of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock pursuant to this subsection B.6(r) upon the closing of a Company Sale. In the event of a Company Sale, all outstanding shares of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock shall automatically convert into shares of Common Stock and Class B Common Stock at a Conversion Price determined according to the terms of the following paragraphs, if and only if the respective Conversion Prices for the Series A Convertible Preferred Stock or Series B Convertible Preferred Stock, as adjusted, would result in a Conversion Price which is lower than the Conversion Price then in effect.

Subject to the terms of the preceding paragraph, on such closing date of the Company Sale, the Conversion Price shall be adjusted such that (assuming for these purposes the conversion of each share of Series A Convertible Preferred Stock or Series B Convertible Preferred Stock, as the case may be, into shares of Common Stock and Class B Common Stock immediately before such closing date) a holder of a share of Series A Convertible Preferred Stock or Series B Convertible Preferred Stock, as the case may be, would receive upon such assumed conversion such aggregate number of shares of Common Stock and Class B Common Stock as would entitle such holder to receive pursuant to such Company Sale consideration equal to a dollar amount equal to the product of (i) \$10.00 in the case of the Series A Convertible Preferred Stock or (ii) \$15.00 in the case of the Series B Convertible Preferred Stock x M (where  $M = 1.25y + .25$  and  $y =$  number of years, including fractions thereof, based on a 365-day year, elapsed since the Corporation's first sale of shares of Series A Convertible Preferred Stock in the case of the Series A Convertible Preferred Stock and since the Corporation's first sale of Series B Convertible Preferred Stock in the case of the Series B Preferred Stock, but in no case shall  $y$  exceed five) (such amounts to be appropriately adjusted to reflect the occurrence of any event described in subsection B.6(i)).

For purposes of valuing the consideration deemed to be received by the holders of such shares of Common Stock and Class B Common Stock pursuant to such a Company Sale, any non-cash consideration shall be valued at its fair market value as determined in good faith by the Board of Directors of the Corporation, except in the case of securities for which a Closing Price is available at the time of the closing of such Company Sale in which case the value of such securities shall be equal to the average Closing Price (as defined in subsection B.6(f) for the 20 consecutive Trading Days (as defined in subsection B.6(f) prior to the date of the closing of such Company Sale.

#### 7. Redemption.

The shares of Series C Convertible Preferred stock shall be redeemed as follows:

(a) Redemption at Option of the Corporation. The Series C Convertible Preferred Stock is subject to redemption in whole, but not in part, at the election of the Corporation at such time as the Closing Price (as defined in subsection B.6(f)) per share for the Common Stock on the twenty consecutive Trading Days (as defined in subsection B.6(f)) ending on the business day prior to the mailing or the transmission by telex, as the case may be, of the Redemption Notice (as defined below) exceeds \$24.00.

(b) Optional Redemption Price and Payment. The Series C Convertible Preferred Stock to be redeemed pursuant to subsection B.7(a) shall be redeemed by paying for each share in cash an amount equal to \$12.00 per share plus, in the case of each share, an amount equal to all accrued and unpaid dividends, whether or not earned or declared thereon, computed to the Optional Redemption Date (as defined below), such amount being referred to as the "Optional Redemption Price".

(c) Optional Redemption Mechanics. At least 10 but not more than 20 days prior to the date selected by the Corporation for redemption of the Series C Convertible Preferred Stock pursuant to subsection B.7(a), written notice (the "Redemption Notice") shall be given by the Corporation by mail, postage prepaid, or by telex to non-U.S. residents, to each holder of record (at the close of business on the business day next preceding the day on which the Redemption Notice is given) of shares of Series C Convertible Preferred Stock notifying such holder of such redemption and specifying the Optional Redemption Price, the date for such redemption (the "Redemption Date") and the place where said Redemption Price shall be payable. The Redemption Notice shall be addressed to each holder at his address as shown by the records of the Corporation. If a Redemption Notice has been given in the manner set forth in this subsection B.7(c), the Series C Convertible Preferred Stock to be redeemed shall become due and payable on the Redemption Date upon presentation and surrender of the Series C Convertible Preferred Stock at the place or places specified in the Redemption Notice. From and after the close of business on the Redemption Date, unless there shall have been a default in the payment of the Optional Redemption Price, all rights of holders of shares of Series C Convertible Preferred Stock (except the right to receive the Optional Redemption Price) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever.

(d) Redeemed or Otherwise Acquired Shares to be Retired. Any shares of Series C Convertible Preferred Stock redeemed pursuant to this Section B.7 or otherwise acquired by the Corporation in any manner whatsoever shall be cancelled and shall not under any circumstances be reissued; and the Corporation may from time to time take such appropriate corporate action as may be necessary to reduce accordingly the number of authorized shares of Series C Convertible Preferred Stock.

FIFTH: In furtherance of and not in limitation of powers conferred by statute, it is further provided:

1. The number of Directors shall be fixed in the manner provided in the By-laws of the Corporation.
2. Election of Directors need not be by written ballot unless the By-laws of the Corporation shall so provide.
3. The Board of Directors is expressly authorized to adopt, amend or repeal the By-laws of the Corporation to the extent specified therein.

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

EIGHTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

NINTH: The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, and other provisions authorized by the laws of the State of Delaware at the time in effect may be added or inserted, in the manner now or hereafter prescribed by statute, and all rights, preferences and privileges of whatsoever nature conferred upon stockholders herein are granted subject to this reservation; provided, however, that the provisions of Articles Fourth and Ninth of this Restated Certificate of Incorporation shall not be modified, revised, altered, amended, repealed or rescinded, in whole or in part, except by the affirmative vote of the holders of a majority in interest of each class of the Corporation's outstanding capital stock entitled to vote generally in the election of the Directors, voting as separate classes.

TENTH: No Director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director; provided, however, that the foregoing clause shall not apply to any liability of a Director (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the Director derived an improper personal benefit. Neither the amendment nor repeal of this Article Tenth, nor the adoption of any provision of the Restated Certificate of Incorporation inconsistent with this Article Tenth, shall eliminate or reduce the effect of this Article Tenth in respect to any matter occurring, or any cause of action, suit or claim that, in the absence of this Article Tenth would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision. If the General Corporation Law of Delaware is amended after the effective date of this Restated Certificate of Incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of Delaware, as so amended. This Article shall not eliminate or limit the liability of a Director for any act or omission occurring prior to the effective date of this Restated Certificate of Incorporation under the laws of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused its corporate seal to be hereunto affixed and this Restated Certificate of Incorporation to be signed by its President and attested by its Secretary this 28th day of February, 1990.

VICOR CORPORATION

By: /s/ Patrizio Vinciarelli

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Patrizio Vinciarelli,  
President

ATTEST:

/s/ Thomas A. St. Germain

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Thomas A. St. Germain, Secretary

[Corporate Seal]



CERTIFICATE OF OWNERSHIP AND MERGER

MERGING

WESTCOR CORPORATION, A DELAWARE CORPORATION

INTO

VICOR CORPORATION, A DELAWARE CORPORATION

\* \* \* \* \*

Vicor Corporation, a corporation organized and existing under the laws of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That this corporation was incorporated on the tenth day of November, 1981, pursuant to the General Corporation Law of the State of Delaware.

SECOND: That this corporation owns at least 90 percent of the outstanding shares of the stock of Westcor Corporation, a corporation incorporated on the fourteenth day of April, 1986, pursuant to the General Corporation Law of the State of Delaware.

THIRD: That the directors of Vicor Corporation (the "Corporation"), by the following resolutions of its Board of Directors, duly adopted at a meeting of the Board held on December 3, 1990, determined to and does hereby merge into itself said Westcor Corporation:

RESOLVED: That the Corporation merge with and into itself Westcor Corporation, a Delaware corporation ("Westcor"), and assume all of its obligations, such merger to be effective upon filing of the Certificate of Ownership and Merger with the Secretary of State of Delaware in accordance with Section 253 of the General Corporation Law of the State of Delaware; and further

RESOLVED: That the Corporation shall, at and after the effective time of the merger, continue its corporate existence and the identity, rights, privileges, powers, franchises, properties and assets of Westcor shall be vested in the Corporation as the surviving corporation of the merger; and further

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RESOLVED: That upon the effective time of the merger, (i) upon surrender of the stock certificates therefor, each outstanding share of the Common Stock of Westcor, other than shares owned by the Corporation, shall be exchanged for and converted into the right to receive 0.76 shares of Common Stock of the Corporation per share, and each outstanding fraction of a share of the Common Stock of Westcor, other than shares owned by the Corporation, shall be exchanged for and converted into the right to receive cash equal to the product of \$9.76 multiplied by such fraction, and (ii) all of the issued and outstanding shares of stock of Westcor shall be cancelled; and further

RESOLVED: That upon the effective time of the Merger, each option to purchase a share of capital stock of Westcor shall be exchanged for and converted into the right to receive an option to purchase 0.76 shares of the Corporation's Common Stock at an exercise price of \$12.75 per share; and (ii) all outstanding options to purchase shares of capital stock of Westcor shall be cancelled; and further

RESOLVED: That the proper officers of the Corporation be and they hereby are directed to notify each stockholder of record of said Westcor entitled to notice, within 10 days after the effective date of filing of the Certificate of Ownership and Merger, that said Certificate and Ownership of Merger has become effective; and further

RESOLVED: That the proper officers of this Corporation be, and they hereby are, authorized to make and execute a Certificate of Ownership and Merger setting forth a copy of the resolutions to merge Westcor with and into itself and the effective time of the merger, and to cause the same to be filed with the Secretary of State of the State of Delaware and a certified copy recorded in the Office of the Recorder of Deeds of New Castle County and to do all acts and things whatsoever, whether within or without the State of Delaware, which may be in any way necessary or proper to effect said merger.

FOURTH: Anything herein or elsewhere to the contrary notwithstanding, this merger may be amended or terminated and abandoned by the Board of Directors of Vicor Corporation at any time prior to the date of filing of the Certificate of Ownership and Merger with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, said Vicor Corporation has caused this certificate to be signed by Patrizio Vinciarelli, its President, and attested by Thomas A. St. Germain, its Secretary, on December 3, 1990.

VICOR CORPORATION

By: /s/ Patrizio Vinciarelli  
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Patrizio Vinciarelli,  
President

ATTEST:

By: /s/ Thomas A. St. Germain  
-----  
Thomas A. St. Germain  
Secretary

VICOR CORPORATION  
Certificate of Amendment of  
Restated Certificate of Incorporation

Vicor Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

FIRST: That the Board of Directors of said Corporation, at a meeting duly called and held, adopted resolutions setting forth a proposed amendment to the Restated Certificate of Incorporation of said Corporation, declaring said amendment to be advisable and submitting said amendment for consideration by the stockholders of said corporation. The resolution setting forth the proposed amendment is as follows:

RESOLVED: That the first paragraph of Article FOURTH of the Restated Certificate of Incorporation of the Corporation be amended so that, as amended said first paragraph of Article FOURTH shall be and read as follows:

"FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue shall be thirty-six million (36,000,000) shares, of which twenty-six million five hundred thousand (26,500,000) shall be Common Stock, par value \$.01 per share ("Common Stock"), eight million five hundred thousand (8,500,000) shall be Class B Common Stock, par value \$.01 per share ("Class B Common Stock") and one million (1,000,000) shall be Preferred Stock, par value \$.01 per share, issuable in series ("Preferred Stock")."

SECOND: That thereafter a meeting of stockholders of the Corporation was duly held pursuant to notice duly given and that a vote was taken on the proposed amendment; and that at such meeting the necessary number of shares required by statute and by the Restated Certificate of Incorporation were voted in favor of said amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by Patrizio Vinciarelli, its President, and attested by Thomas A. St. Germain, its Secretary, this 10th day of May, 1991.

VICOR CORPORATION

By: /s/ Patrizio Vinciarelli  
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Patrizio Vinciarelli,  
President

ATTEST:

/s/ Thomas A. St. Germain  
-----  
Thomas A. St. Germain, Secretary  
[Corporate Seal]

VICOR CORPORATION  
Certificate of Amendment of  
Restated Certificate of Incorporation

Vicor Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

First, that the first paragraph of Article FOURTH of the Restated Certificate of Incorporation of the Corporation is hereby amended to read as follows:

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue shall be seventy-seven million (77,000,000) shares, of which sixty-two million (62,000,000) shall be Common Stock, par value \$.01 per share ("Common Stock"), fourteen million (14,000,000) shall be Class B Common Stock, par value \$.01 per share ("Class B Common Stock"), and one million (1,000,000) shall be Preferred Stock, par value \$.01 per share, issuable in series ("Preferred Stock").

Second, that said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused its corporate seal to be hereunto affixed and this certificate to be signed by Patrizio Vinciarelli, its President, and Thomas A. St. Germain, its Secretary, this 23 day of June, 1992.

VICOR CORPORATION

By: /s/ Patrizio Vinciarelli  
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Patrizio Vinciarelli,  
President

ATTEST:

/s/ Thomas A. St. Germain  
-----  
Thomas A. St. Germain, Secretary  
[Corporate Seal]

BY-LAWS  
Of  
VICOR CORPORATION

Article I - Stockholders

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1. Annual Meeting. The annual meeting of stockholders shall be held on the third Wednesday of April in each year after 1981 (or if that be a legal holiday in the place where the meeting is to be held, on the next succeeding full business day) at the principal office of the corporation in Andover, Massachusetts at 10:00 o'clock A.M. unless a different hour or place is fixed by the Board of Directors or the President. The purposes for which the annual meeting is to be held, in addition to those prescribed by law, by the Certificate of Incorporation or by these By-Laws, may be specified by the Board of Directors or the President. If no annual meeting has been held on the date fixed above, a special meeting in lieu thereof may be held or there may be action by written consent of the Stockholders on matters to be voted on at the annual meeting, and such special meeting or written consent shall have for the purposes of these By-Laws or otherwise all the force and effect of an annual meeting.

2. Special Meetings. Special meetings of stockholders may be called by the President or by the Board of Directors. Special meetings shall be called by the Secretary, or in case of death, absence, incapacity or refusal of the Secretary, by any other officer, upon written application of one or more stockholders who hold at least twenty-five percent in interest of the capital stock entitled to vote at such meeting. The call for the meeting may be oral or written and shall state the place, date, hour and purposes of the meeting.

3. Notice of Meetings. A written notice stating the place, date and hour of all meetings of stockholders, and in the case of special meetings, the purposes of the meeting shall be given by the Secretary (or other person authorized by these By-Laws or by law) not less than ten nor more than sixty days before the meeting to each stockholder entitled to vote thereat and to each stockholder who, under the Certificate of Incorporation or under these By-Laws, is entitled to such notice, by delivering such notice to him or by mailing it, postage prepaid, and addressed to such stockholder at his address as it appears in the records of the corporation. Notice need not be given to a stockholder if a written waiver of notice is executed before or after the meeting by such stockholder, if communication with such stockholder is unlawful, or if such stockholder attends the meeting in question, unless such attendance was for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened. If a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at the meeting at which the adjournment is taken, except that if the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

4. Quorum. The holders of a majority in interest of all stock issued, outstanding and entitled to vote at a meeting shall constitute a quorum. Any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, whether or not a quorum is present.

5. Voting and Proxies. Stockholders shall have one vote for each share of stock entitled to vote owned by them of record according to the books of the corporation unless otherwise provided by law or by the Certificate of Incorporation. Stockholders may vote either in person or by written proxy or express directly or by written proxy their consent or dissent to corporate action taken without a meeting, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Proxies shall be filed with the Secretary of the meeting, or of any adjournment thereof. Except as otherwise limited therein, proxies shall entitle the persons authorized thereby to vote at any adjournment of such meeting. A proxy purporting to be executed by or on behalf of a stockholder shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger.

6. Action at Meeting. When a quorum is present, any matter before the meeting shall be decided by vote of the holders of a majority of the shares of stock voting on such matter except where a larger vote is required by law, by the Certificate of Incorporation or by these By-Laws. Any election by stockholders shall be determined by a plurality of the votes cast, except where a larger vote is required by law, by the Certificate of Incorporation or by these By-Laws. No ballot shall be required for any election unless requested by a stockholder entitled to vote in the election. The corporation shall not directly or indirectly vote any share of its own stock; provided,

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however, that the corporation may vote shares which it holds in a fiduciary capacity to the extent permitted by law.

7. Action Without a Meeting. Any action required or permitted by law to be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and votes. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

8. Stockholder Lists. The Secretary (or other person authorized by these By-Laws or by law) shall prepare and make, at least ten days before every meeting of Stockholders, a complete list of the Stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

#### Article II - Directors

1. Powers. The business of the corporation shall be managed by or under the direction of a Board of Directors who may exercise all the powers of the corporation except as otherwise provided by law, by the Certificate of Incorporation or by these By-Laws. In the event of a vacancy in the Board of Directors, the remaining Directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

2. Election and Qualification. The Board of Directors shall consist of one or more members. At each annual meeting the stockholders shall fix the number of Directors and shall elect not more than the number of Directors so designated. No Director need be a stockholder.

3. Vacancies; Reduction of Board. Any vacancy in the Board of Directors however occurring including a vacancy resulting from the enlargement of the Board of Directors may be filled by the stockholders or by the Directors then in office or by a sole remaining Director. In lieu of filling any such vacancy the stockholders or Board of Directors may reduce the number of Directors. When one or more Directors shall resign from the Board of Directors, effective at a future date, a majority of the Directors then in office, including those who which so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

4. Enlargement of the Board. The Board of Directors may be enlarged by the stockholders at any meeting or by vote of a majority of the Directors then in office.

5. Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these By-Laws, Directors shall hold office until their successors are elected and qualified or until their earlier resignation or removal. Any Director may resign by delivering his written resignation to the corporation. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

6. Removal. Except as otherwise provided by law, a Director may be removed from office (a) with or without cause by vote of the holders of a majority of the shares of stock entitled to vote in the election of Directors, or Director is unlawful, or if all of the Directors are present at the meeting. A notice of waiver of a meeting of the

Board of Directors need not specify the purposes of the meeting. (b) for cause by vote of a majority of the Directors then in office. A Director may be removed for cause only after reasonable notice and opportunity to be heard before the body proposing to remove him.

7. Meetings. Regular meetings of the Board of Directors may be held without notice at such time, date and place as the Board of Directors may from time to time determine. Special meetings of the Board of Directors may be called, orally or in writing, by the President, Treasurer or two or more Directors, designating the time, date and place thereof. Directors may participate in meetings of the Board of Directors by means of conference telephone or similar communications equipment by means of which all Directors participating in the meeting can hear each other, and participation in a meeting in accordance herewith shall constitute presence in person at such meeting.

8. Notice of Meetings. Notice of the time, date and place of all special meetings of the Board of Directors shall be given to each Director by the Secretary, or Assistant Secretary, or in case of the death, absence, incapacity or refusal of such persons, by the officer or one of the Directors calling the meeting. Notice shall be given to each Director in person or by telephone or by telegram sent to his business or home address at least twenty-four hours in advance of the meeting, or by written notice mailed to his business or home address at least forty-eight hours in advance of the meeting. Notice need not be given to any Director if a written waiver of notice is executed by him before or after the meeting, if communication with such Director is unlawful, or if all of the Directors are present at the meeting. A notice of waiver of a meeting of the Board of Directors need not specify the purposes of the meeting.

9. Quorum. At any meeting of the Board of Directors, a majority of the Directors then in office shall constitute a quorum. Less than a quorum may adjourn any meeting from time to time and the meeting may be held as adjourned without further notice.

10. Action at Meeting. At any meeting of the Board of Directors at which a quorum is present, a majority of the Directors present may take any action on behalf of the Board of Directors, unless a larger number is required by law, by the Certificate of Incorporation or by these By-Laws.

11. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent thereto is signed by all the Directors and filed with the records of the meetings of the Board of Directors. Such consent shall be treated as a vote of the Board of Directors for all purposes.

12. Committees. The Board of Directors, by a vote of a majority of its members, may establish one or more committees, each committee to consist of one or more Directors, and may delegate thereto some or all of its powers except those which by law, by the Certificate of Incorporation, or by these By-Laws may not be delegated. Except as the Board of Directors may otherwise determine, any such committee may make rules for the conduct of its business, but in the absence of such rules its business shall be conducted so far as possible in the same manner as is provided in these By-Laws for the Board of Directors. All members of such committees shall hold their committee offices at the pleasure of the Board of Directors, and the Board may abolish any committee at any time. Each such committee shall report its action to the Board of Directors who shall have power to rescind any action of any committee without retroactive effect.

#### Article III - Officers

1. Enumeration. The officers of the corporation shall consist of a President, a Treasurer, a Secretary, and such other officers, including one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries, as the Board of Directors may determine.

2. Election. The President, Treasurer and Secretary shall be elected annually by the Board of Directors at their first meeting following the annual meeting of stockholders. Other officers may be chosen by the Board of Directors at such meeting or any other meeting.

3. Qualification. No officer need be a stockholder or Director. Any two or more offices may be held by the same person. Any officer may be required by the Board of Directors to give bond for the faithful performance of his duties in such amount and with such sureties as the Board of Directors may determine.

4. Tenure. Except as otherwise provided by the Certificate of Incorporation or by these By-Laws, each of the officers of the corporation shall hold his office until his successor is elected and qualified or until his earlier resignation or removal. Any officer may resign by delivering his written resignation to the corporation, and such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

5. Removal. The Board of Directors may remove any officer with or without cause by a vote of a majority of the entire number of Directors then in office; provided, that an officer may be removed for cause only after reasonable notice and opportunity to be heard by the Board of Directors.

6. Vacancies. Any vacancy in any office may be filled for the unexpired portion of the term by the Board of Directors.

7. President and Vice Presidents. The President shall be the chief executive officer of the corporation and shall, subject to the direction of the Board of Directors, have general supervision and control of its business. Unless otherwise provided by the Board of directors he shall preside, when present, at all meetings of stockholders and of the Board of Directors.

Any Vice President shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

8. Treasurer and Assistant Treasurers. The Treasurer shall, subject to the direction of the Board of Directors, have general charge of the financial affairs of the corporation and shall cause to be kept accurate books of account. He shall have custody of all funds, securities, and valuable documents of the corporation, except as the Board of Directors may otherwise provide.

Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors may from time to time designate.

9. Secretary and Assistant Secretaries. The Secretary shall record all the proceedings of the meetings of the stockholders and the Board of Directors (including committees of the Board) in books kept for that purpose. In his absence from any such meeting an Assistant Secretary, or if there be none or he is absent, a temporary secretary chosen at the meeting shall record the proceedings thereof. The Secretary shall have charge of the stock ledger (which may, however, be kept by any transfer or other agent of the corporation) and shall have such other duties and powers as may be designated from time to time by the Board of Directors or the President.

Any Assistant Secretary shall have such powers and perform such duties as the Board of Directors may from time to time designate.

10. Other Powers and Duties. Subject to these By-Laws, each officer of the corporation shall have in addition to the duties and powers specifically set forth in these By-Laws, such duties and powers as are customarily incident to his office, and such duties and powers as may be designated from time to time by the Board of Directors.

#### Article IV - Capital Stock

1. Certificates of Stock. Each stockholder shall be entitled to a certificate of the capital stock of the corporation in such form as may from time to time be prescribed by the Board of Directors. Such certificate shall be signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an



Assistant Secretary. Such signatures may be facsimile if the certificate is signed by a transfer agent or registrar, other than the corporation or its employee. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the time of its issue. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law.

2. Transfers. Subject to any restrictions on transfer, shares of stock may be transferred on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate therefor properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the corporation or its transfer agent may reasonably require.

3. Record Holders. Except as may otherwise be required by law, by the Certificate of Incorporation or by these By-Laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the corporation in accordance with the requirements of these By-Laws. It shall be the duty of each stockholder to notify the corporation of his post office address.

4. Record Date. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. In such case only stockholders of record on such record date shall be so entitled notwithstanding any transfer of stock on the books of the corporation after the record date. If no record date is fixed, (a) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholder shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, (b) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed, and (c) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

5. Replacement of Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock, a duplicate certificate may be issued in place thereof, upon such terms as the Board of Directors may prescribe.

#### Article V. - Indemnification

1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (hereinafter a "Proceeding"), by reason of the fact that he or she is or was (a) a Director of the corporation, (b) an officer of the corporation elected or appointed by the stockholders or the Board of Directors, or (c) serving, at the request of the corporation as evidenced by a vote of the Board of Directors prior to the occurrence of the event to which the indemnification relates, as a director, officer, employee or agent of another

corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, (such persons described in (a), (b) and (c) are sometimes hereinafter referred to as an "Indemnitee"), whether the basis of such Proceeding is alleged action in an official capacity as such a Director or officer of the corporation or as such other director, officer, employee or agent or while serving as a Director or officer of the corporation or as such other director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including, but not limited to, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith and such indemnification shall continue as to an Indemnitee who has ceased to be a Director or officer of the corporation or as such other director, officer, employee or agent and shall inure to the benefit of the Indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Section 3 of this Article V with respect to Proceedings to enforce rights to indemnification, the corporation shall indemnify any such Indemnitee in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized or ratified by the Board of Directors of the corporation. The right to indemnification conferred in this Article V shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any Proceeding in advance of its final disposition (hereinafter an "Advancement of Expenses"); provided, however, that an Advancement of Expenses incurred by an Indemnitee shall be made only upon delivery to the corporation of an undertaking (hereinafter an "Undertaking"), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "Final Adjudication") that such Indemnitee is not entitled to be indemnified for such expenses under this Article V or otherwise.

2. Indemnification of Employees and Agents of the Corporation. The corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and to an Advancement of Expenses (as hereinafter defined), to any employee or agent of the corporation to the fullest extent of the provisions of this Article V.

3. Right of Indemnitee to Bring Suit. If a claim under this Article V is not paid in full by the corporation within sixty days after a written claim has been received by the corporation, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be twenty days, the Indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If the Indemnitee is successful in whole or in part in any such suit, or in a suit brought by the corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall also be entitled to be paid the expense of prosecuting or defending such suit. In any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses), it shall be a defense that the Indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. In addition, in any suit by the corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the corporation shall be entitled to recover such expenses upon a Final Adjudication that the Indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an Advancement of Expenses hereunder, or by the corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the burden of proving that the Indemnitee is

not entitled to be indemnified, or to such Advancement of Expenses, under this Article V or otherwise shall be on the corporation.

4. Non-Exclusivity of Rights. The rights to indemnification and to an Advancement of Expenses conferred or granted in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under these By-laws, the Certificate of Incorporation or any statute, agreement, vote of stockholders or disinterested directors or otherwise.

5. Insurance. The corporation may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the corporation or any director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

#### Article VI - Miscellaneous Provisions

1. Fiscal Year. Except as otherwise determined by the Board of Directors, the fiscal year of the corporation shall end on December 31 of each year.

2. Seal. The Board of Directors shall have power to adopt and alter the seal of the corporation.

3. Execution of Instruments. All deeds, leases, transfers, contracts, bonds, notes and other obligations authorized to be executed by an officer of the corporation in its behalf shall be signed by the President or the Treasurer except as the Board of Directors may generally or in particular cases otherwise determine.

4. Voting of Securities. Unless otherwise provided by the Board of Directors, the President or Treasurer may waive notice of and act on behalf of this corporation, or appoint another person or persons to act as proxy or attorney in fact for this corporation with or without discretionary power and/or power of substitution, at any meeting of stockholders or shareholders of any other corporation or organization, any of whose securities are held by this corporation.

5. Resident Agent. The Board of Directors may appoint a resident agent upon whom legal process may be served in any action or proceeding against the corporation.

6. Corporate Records. The original or attested copies of the Certificate of Incorporation, By-Laws and records of all meetings of the incorporators, stockholders and the Board of Directors and the stock and transfer records, which shall contain the names of all stockholders, their record addresses and the amount of stock held by each, shall be kept at the principal office of the corporation, at the office of its counsel, or at an office of its transfer agent.

7. Certificate of Incorporation. All references in these By-Laws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

8. Amendments. These By-Laws may be amended or repealed or additional By-Laws adopted by the stockholders or by the Board of Directors; provided, that (a) the Board of Directors may not amend or repeal this Section 8 or any provision of these By-Laws which by law, by the Certificate of Incorporation or by these By-Laws requires action by the stockholder, and (b) any amendment or repeal of these By-Laws by the Board of Directors and any By-Law adopted by the Board of Directors may be amended or repealed by the stockholders.

As amended on July 27, 1990, and November 27, 1986.

## SUBSIDIARIES OF THE COMPANY

Name	State or jurisdiction of incorporation
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VLT, Inc.	California, USA
Vicor GmbH	Germany
Vicor International Inc.	U.S. Virgin Islands
VICR Securities Corporation	Massachusetts, USA
Vicor France SARL	France
Vicor Italy SRL	Italy
Vicor Hong Kong Ltd.	Hong Kong
Vicor U.K. Ltd.	United Kingdom
Vicor B.V.	Netherlands
Vicor Japan Company Ltd.	Japan
Vicor Development Corporation	Delaware, USA
Aegis Power Systems, Inc.	Delaware, USA
Mission Power Systems, Inc.	Delaware, USA
Northwest Power Integration, Inc.	Delaware, USA
Converpower Corporation	Delaware, USA
Freedom Power Systems, Inc.	Delaware, USA

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8, No. 33-37491) pertaining to the Vicor Corporation 1984 Stock Option Plan, the Registration Statement (Form S-8, No. 33-65154) pertaining to the Vicor Corporation 1993 Stock Option Plan, the Registration Statement (Form S-8, No. 333-61177) pertaining to the 1998 Stock Option and Incentive Plan and in the Registration Statement (Form S-8, No. 333-44790) pertaining to the 2000 Stock Option and Incentive Plan of our report dated January 25, 2001, with respect to the consolidated financial statements and schedule of Vicor Corporation included in the Annual Report (Form 10-K) for the year ended December 31, 2000.

/s/Ernst & Young LLP

Boston, Massachusetts  
March 23, 2001