VICOR

A few moves ahead.

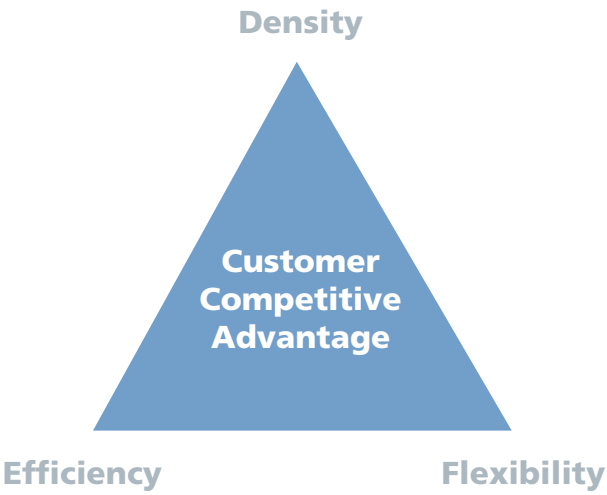
Financial Highlights 2007 – 2011 (In thousands, except per share amounts)

	2007	2008	2009	2010	**2011**
Net Revenues	$195,827	$205,368	$197,959	$250,733	**$252,968**
Income (Loss) from Operations	1,071	(1,142)	4,773	29,122	**13,686**
Net Income (Loss) *Attributable to Vicor Corporation*	5,335	(3,595)	2,798	33,325	**8,843**
Net Income (Loss) Per Share *Attributable to Vicor Corporation, Diluted*	0.13	(0.09)	0.07	0.80	**0.21**
Weighted Average Shares, Diluted	41,687	41,651	41,671	41,772	**41,856**
Working Capital	114,924	65,297	74,791	105,454	**124,386**
Total Assets	192,458	171,922	180,577	204,912	**208,141**
Total Liabilities	23,978	20,496	24,511	25,900	**23,431**
Total Equity	$168,480	$151,426	$156,066	$179,012	**$184,710**
Return on Average Equity	3.1%	(2.3%)	1.8%	19.9%	**4.9%**

Vicor Corporation designs, manufactures and markets innovative, high performance modular power components, from bricks to semiconductor-centric solutions, to enable customers to efficiently convert and manage power from the wall plug to the point-of-load. Complementing an extensive portfolio of patented innovations in power conversion and power distribution with significant application development expertise, Vicor offers comprehensive product lines addressing a broad range of power conversion and management requirements across all power distribution architectures, including Centralized Power Architectures, Distributed Power Architectures, Intermediate Bus Architectures, Factorized Power Architectures and Controlled Bus Architecture. Vicor focuses on solutions for performance-critical applications in the following markets: enterprise and high performance computing, telecommunications and network infrastructure, industrial equipment and automation, vehicles and transportation and aerospace and defense electronics.

Vicor's Value Proposition = Customers' Competitive Advantage

At Vicor, we enable customers to efficiently convert and manage power from the wall plug to point-of-load. We master the entire power chain with the most comprehensive portfolio of high-efficiency, high-density, power distribution architectures addressing a broad range of performance-critical applications. Vicor's holistic approach gives power system architects the flexibility to choose from modular, plug-and-play components ranging from bricks to semiconductor-centric solutions. By integrating our world-class manufacturing and applications development, we can quickly customize our power components to meet your unique power system needs.



President's Letter

Fellow shareholders:

Despite recent challenges, I am pleased to report Vicor remains well positioned to benefit from our considerable investments in our innovative technologies and go-to-market strategy. Our future remains promising.

In prior communications, I have addressed the significant transitions underway within Vicor to address developing opportunities for our compelling power conversion solutions. Customer opportunities continue to expand, as does my confidence Vicor has the necessary people, products, and resources to successfully turn these opportunities into profitable, long-term growth. However, macroeconomic uncertainty across major markets and geographies, coupled with sector-specific challenges in certain markets, are inhibiting progress toward our strategic and operational goals. With expanding sales and marketing resources, accelerating new product introductions and improving manufacturing efficiencies, Vicor should emerge from the current period of disappointing performance with sustained momentum in revenue growth and profitability.

Vicor's strategy always has been driven by our view of the direction of the power marketplace, and we have adapted to changing market conditions. Through the 1980s and 1990s, we influenced the development of the power system industry with "bricks", our first generation modular power components. As bricks became commoditized and both customers and competitors moved manufacturing offshore, Vicor focused on high value-add opportunities with a mass customization approach emphasizing the differentiated performance attributes of our modules. While Vicor did not grow at the pace of low value-add competitors serving low margin commodity markets, we generated substantial cash, much of which has been invested in the new technologies and manufacturing processes that are defining the products behind our current strategy and market focus.

This investment in research and development has been based on two important assumptions regarding the changing power marketplace. First, we predicted energy efficiency would become a critical performance variable for designers of electrically-powered systems worldwide, providing a substantially larger addressable market for high-performance products. Second, we anticipated the limitations of competing products, based on older technologies and architectures, in meeting the demanding requirements of system designers for higher conversion efficiency and higher power density. With differentiated products, Vicor is now competitively well-positioned at the forefront of a meaningful shift in customer priorities.

This has prompted a transition in Vicor's market focus. While maintaining the mass-customization strategy of Vicor's traditional module business, which is a high-mix, low-volume model, we are developing a low-mix, high-volume, low-cost model focused on the needs of larger original equipment manufacturers, emphasizing advanced VI Chip, VI Brick, and Picor products. We already have made significant advances in the computing and communications markets, and we have specific marketing and sales initiatives underway across a diverse range of markets. A promising breadth of customers is embracing Vicor's differentiated capabilities, as evidenced by the volume of design-in activities among global leaders using the high efficiency and small form factor of our products to help define the competitive advantages of their own products.

However, our design wins and our early marketing and sales successes are not yet driving the revenue we expected. Some of the delay in high volume purchase orders may be attributable to macroeconomic uncertainty, as some customers are experiencing uncertain demand for their current generation products and are not urgently rolling out the next generation, thereby extending already lengthy design cycles. As business confidence returns, demand for power-efficient products enabled by Vicor modules should improve.

A cause of significant delay in purchase orders has been the uncertainty spread by a competitor that has claimed Vicor has infringed upon its patents. We have responded to this competitor's allegations in our prior public statements and formal court filings, and do not believe it necessary to repeat our rejection of those allegations here. I am confident Vicor will prevail, as our technology, embodied in our VI Brick line of Intermediate Bus Converters, is unique to Vicor. We believe this technology has been disclaimed by the competitor in prosecuting its patents. Furthermore, all of the asserted patent claims have been found to be invalid in initial decisions issued during ongoing reexaminations in the U. S. Patent and Trademark Office. As I have stated, numerous manufacturers in the networking market have sampled our VI Bricks, but have been cautious in committing to their use due to the threat of litigation. Once this threat has passed, I expect Vicor will have considerable success with our far superior VI Brick products.

The recent decline of spending and a shift in spending priorities by the Department of Defense also have contributed to our weakened performance in 2011. The end of a small number of relatively large contract programs had a negative impact on Vicor's custom systems business, which has struggled to replace the lost volume. I am hopeful, however, our systems business, including our configurable systems business, will benefit from the use of new VI Chip, VI Brick, and Picor products. Longer-term, revenue from defense electronics should resume its growth, as the shift in Pentagon spending is to more efficient and flexible solutions for which the modularity and unprecedented power density of our components is well suited. Similarly, configurable systems for commercial applications enabled by VI Chip, VI Brick and Picor components should enable that business to develop and offer highly differentiated products.

I am particularly encouraged by the progress of our Picor subsidiary and the pending delivery on Vicor's promise of being able to offer complete solutions from the AC wall outlet to the point-of-load. Picor's rapidly expanding merchant line of power management components will soon include a range of switching regulators offering market leading performance in cost-effective standard packages. These products have been designed to enable an integrated, easy to use complement to VI Chip and VI Brick components, thereby enhancing our value proposition, while increasing our share of customer spending on power solutions.

As Vicor's largest shareholder, I have been disappointed by our recent performance, which has been reflected in a depressed share price. However, I assure you, my fellow shareholders, Vicor's strategy is appropriate for our vision of an evolving power system marketplace. Energy efficiency and power system density have become critical performance metrics for designers of electrically-powered products, putting our innovations at the forefront of a significant shift in what a customer seeks from a vendor of power conversion solutions.

As customers seek higher performance with a lower total cost of ownership, I believe Vicor is well positioned to succeed in a competitive market with differentiated, integrated power system solutions that enable customers to achieve competitive advantages linked to power system performance.

Patrizio Vinciarelli

Chairman of the Board, President & Chief Executive Officer

April 30, 2012

This report 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," "intend," "estimate," "plans," "assumes," "may," "will," "would," "should," "continue," "prospective," "project," and other similar expressions identify forward-looking statements. Forward-looking statements also include statements regarding: the transition of our business strategically and organizationally from serving a highly diversified customer base to serving an increasing number of large customers; the level of customer orders overall and, in particular, from large customers and the delivery lead times associated therewith; the financial and operational impact of customer changes to shipping schedules; the derivation of a portion of our sales in each quarter from orders booked in the same quarter; our ongoing development of power conversion architectures, switching topologies, packaging technologies, and products; our plans to invest in expanded manufacturing capacity and the timing thereof; our belief regarding currency risk being mitigated because of limited foreign exchange fluctuation exposure; our continued success depending in part on our ability to attract and retain qualified personnel; our belief cash generated from operations and the total of our cash and cash equivalents will be sufficient to fund operations for the foreseeable future; our intentions regarding the declaration and payment of cash dividends; our intentions regarding protecting our rights under our patents; and our expectation that no current litigation or claims will have a material adverse impact on its financial position or results of operations. These statements are based upon our current expectations and estimates as to the prospective events and circumstances that may or may not be within our control and as to which there can be no assurance. Actual results could differ materially from those implied by forward-looking statements as a result of various factors, including our ability to: hire and retain key personnel; develop and market new products and technologies cost effectively and on a timely basis; leverage our new technologies in standard products to promote market acceptance of our new approach to power system architecture; leverage design wins into increased product sales; continue to meet requirements of key customers and prospects; enter into licensing agreements increasing our market opportunity and accelerating market penetration; realize significant royalties under such licensing agreements; achieve sustainable bookings rates for our products across both markets and geographies; improve manufacturing and operating efficiencies; successfully enforce our intellectual property rights; successfully defend outstanding litigation; and maintain an effective system of internal controls over financial reporting, including our ability to obtain required financial information for investments on a timely basis, our ability to assess the value of assets, including illiquid investments, and the accounting therefor, as well as those matters described in the Company's Annual Report on Form 10-K.

You should read the risk factors that are set forth in the Company's most recent Form 10-K, presented herein. However, the risk factors set forth may not be exhaustive. Therefore, the information in the Form 10-K should be read together with other reports and documents that the Company files with the Securities and Exchange Commission (the "SEC") from time to time, including the Company's Forms 10-Q and 8-K and Proxy Statements, which may supplement, modify, supersede or update those risk factors. Copies of the Company's recent SEC filings may be obtained without charge by contacting Investor Relations or through the Investor Relations section of the Company's website at vicorpower.com under the section titled "SEC Filings". The Company does not undertake any obligation to update any forward-looking statements as a result of future events or developments.

Corporate Officers

Philip D. Davies
Vice President, *Global Sales & Marketing*

H. Allen Henderson
Vice President, *Vicor Corporation*; President, *Westcor Division*

Barry Kelleher
President, *Brick Business Unit*

Michael S. McNamara
Vice President, *Quality and Technical Operations*

Richard J. Nagel, Jr.
Vice President, Chief Accounting Officer

Douglas W. Richardson
Vice President, Chief Information Officer

James A. Simms
Chief Financial Officer & Secretary

Claudio Tuozzolo
President, *Picor Corporation*

Patrizio Vinciarelli
Chairman of the Board, President & Chief Executive Officer

Richard E. Zengilowski
Vice President, *Human Resources*

Board of Directors

Samuel J. Anderson
President, Chief Executive Officer & Chairman of the Board
Great Wall Semiconductor Corporation

Jason L. Carlson [a,c]
President & Chief Executive Officer
QD Vision, Inc.

Estia J. Eichten [a,c]
Senior Scientist
Fermi National Accelerator Laboratory

Liam K. Griffin [a,c]
Executive Vice President & General Manager,
High Performance Analog
Skyworks Solutions, Inc.

Barry Kelleher
President, *Brick Business Unit*

David T. Riddiford [a,c]
Private Investor

James A. Simms
Chief Financial Officer & Secretary

Claudio Tuozzolo
President, *Picor Corporation*

Patrizio Vinciarelli
Chairman of the Board, President & Chief Executive Officer

Common Stock

Vicor shares are traded on the NASDAQ Stock Market®
under the symbol "VICR".

Transfer Agent

Computershare Investor Services
Providence, Rhode Island
1.877.282.1169

Counsel

Foley & Lardner LLP
Boston, Massachusetts

Auditors

Grant Thornton LLP
Boston, Massachusetts

[a] Audit Committee [c] Compensation Committee

April 19, 2012

Dear Stockholder:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders (the "Annual Meeting") of Vicor Corporation (the "Corporation"). The Annual Meeting will be held at the following date, time and location:

DATE: Thursday, June 21, 2012
TIME: 5:00 P.M.
PLACE: Andover Country Club
60 Canterbury Street
Andover, Massachusetts

The attached Notice of Annual Meeting and Proxy Statement cover the formal business of the Annual Meeting. The Proxy Statement contains a discussion of the matters to be voted upon at the Annual Meeting, at which the Corporation's management will report on the operations of the Corporation and be available to respond to appropriate questions from stockholders.

The Board of Directors encourages you to promptly complete, date, sign and return your Proxy Card. Return of the Proxy Card indicates your interest in the Corporation's affairs. If you attend the Annual Meeting and wish to vote your shares in person, you may revoke your proxy at that time.

Sincerely yours,

PATRIZIO VINCIARELLI
Chairman of the Board, President and Chief Executive Officer

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VICOR CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, JUNE 21, 2012

NOTICE IS HEREBY GIVEN that the 2012 Annual Meeting of Stockholders (the "Annual Meeting") of Vicor Corporation, a Delaware corporation (the "Corporation"), will be held on Thursday, June 21, 2012, at 5:00 p.m., local time, at the Andover Country Club, 60 Canterbury Street, Andover, Massachusetts, for the following purposes:

1. To fix the number of Directors at nine and to elect nine Directors to hold office until the 2013 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified.

2. To consider and act upon any other matters that may be properly brought before the Annual Meeting and at any adjournments or postponements thereof.

Any action may be taken on the foregoing matters at the Annual Meeting on the date specified above, or on any date or dates to which, by original or later adjournment, the Annual Meeting may be adjourned or to which the Annual Meeting may be postponed.

The Board of Directors has fixed the close of business on April 30, 2012, as the record date for determining the stockholders entitled to receive notice of and to vote at the Annual Meeting and any adjournments or postponements thereof. Only stockholders of record at the close of business on that date will be entitled to receive notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

You are requested to authorize a proxy to vote your shares by completing, dating and signing the enclosed Proxy Card, which is being solicited by the Board of Directors, and by mailing it promptly in the enclosed postage-prepaid envelope. Any proxy may be revoked by a written declaration delivered to the Corporation stating that the proxy is revoked or by delivery of a properly executed, later dated proxy. Stockholders of record who attend the Annual Meeting may vote in person by notifying the Secretary, even if they have previously delivered a signed Proxy Card.

By Order of the Board of Directors

James A. Simms
Secretary

Andover, Massachusetts
April 19, 2012

Whether or not you plan to attend the Annual Meeting, please complete, sign, date and promptly return the enclosed Proxy Card in the enclosed postage-prepaid envelope. If you attend the Annual Meeting, you may vote your shares in person if you wish, even if you have previously returned your Proxy Card.

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VICOR CORPORATION

25 FRONTAGE ROAD
ANDOVER, MASSACHUSETTS 01810
TELEPHONE (978) 470-2900

PROXY STATEMENT

FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, JUNE 21, 2012

April 19, 2012

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board" and each member thereof being a "Director") of Vicor Corporation (the "Corporation") from owners of the outstanding shares of capital stock of the Corporation (the "Stockholders", or as an individual, a "Stockholder") for use at the 2012 Annual Meeting of Stockholders (the "Annual Meeting") of the Corporation to be held on Thursday, June 21, 2012, at 5:00 p.m., local time, at the Andover Country Club, 60 Canterbury Street, Andover, Massachusetts, and at any adjournments or postponements thereof. At the Annual Meeting, Stockholders will be asked to consider and vote on the proposals set forth in this Proxy Statement.

This Proxy Statement and the accompanying Notice of Annual Meeting and Proxy Card are first being sent to Stockholders on or about May 10, 2012. The Board of Directors has fixed the close of business on April 30, 2012, as the record date for the determination of Stockholders entitled to receive notice of and to vote at the Annual Meeting (the "Record Date"). Only Stockholders of record at the close of business on the Record Date will be entitled to receive notice of and to vote at the Annual Meeting. As of March 31, 2012, there were 30,043,777 shares of Common Stock and 11,767,052 shares of Class B Common Stock of the Corporation outstanding and entitled to vote. Each share of Common Stock entitles the holder thereof to one vote per share and each share of Class B Common Stock entitles the holder thereof to 10 votes per share. Shares of Common Stock and Class B Common Stock will vote together as a single class on the proposals set forth in this Proxy Statement.

Stockholders of the Corporation are requested to complete, date, sign and return the accompanying Proxy Card in the enclosed postage-prepaid envelope. Shares represented by a properly executed Proxy Card received prior to the vote at the Annual Meeting and not revoked will be voted at the Annual Meeting as directed on the Proxy Card. If a properly executed Proxy Card is submitted and no instructions are given, the shares so represented will be voted FOR the sole proposal set forth herein. It is not anticipated any matters other than those set forth in this Proxy Statement will be presented at the Annual Meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.

A Stockholder of record may revoke a proxy at any time before it has been exercised by: (1) filing a written revocation with the Secretary of the Corporation at the address of the Corporation set forth above; (2) filing a duly executed proxy bearing a later date; or (3) appearing in person, notifying the Secretary and voting by ballot at the Annual Meeting. Any Stockholder of record as of the Record Date attending the Annual Meeting may vote in person whether or not a proxy has been previously given, but the presence (without further action) of a Stockholder at the Annual Meeting will not constitute revocation of a previously given proxy. The presence, in person or by proxy, of Stockholders of a majority in interest of all capital stock issued, outstanding and entitled to vote at the Annual Meeting shall constitute a quorum for the transaction of business at the Annual Meeting. Shares that reflect abstentions or "broker non-votes" (i.e., shares held by investment brokerage firms or other nominees that are represented at the Annual Meeting but as to which such brokers or nominees have not received instructions from the beneficial owners or persons entitled to vote such shares and, with respect to one or more but not all matters, such brokers or nominees do not have discretionary voting power to vote such shares) will be counted for purposes of determining whether a quorum is present for the transaction of business at the Annual Meeting.

The cost of solicitation of proxies in the form enclosed herewith will be borne by the Corporation. In addition to the solicitation of proxies by mail, Directors, officers and employees of the Corporation may also solicit proxies personally or by telephone, e-mail or other form of electronic communication without special compensation for such activities. The Corporation will also request those holding shares in their names or in the names of their nominees that are beneficially owned by others to send proxy materials to and obtain proxies from such beneficial owners. The Corporation will reimburse such holders for their reasonable expenses in connection therewith.

The Corporation's 2011 Annual Report (the "Annual Report"), including financial statements for the fiscal year ended December 31, 2011, will be mailed to Stockholders concurrently with this Proxy Statement. The Annual Report, however, is not part of the proxy solicitation materials. The Corporation will deliver promptly, upon written or oral request, a separate copy of the Annual Report or Proxy Statement, as applicable, to a Stockholder at a shared address to which a single copy of the document was delivered.

Important notice regarding the availability of proxy materials for the Annual Meeting to be held on June 21, 2012:

The Proxy Statement and Annual Report to Stockholders is available at www.vicorpower.com/proxy.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board of the Corporation has recommended the number of Directors be fixed at nine and has nominated the nine individuals named below for election as Directors. Each of the nominees is presently serving as a Director of the Corporation. If elected, each nominee will serve until the 2013 Annual Meeting of Stockholders and until his respective successor is duly elected and qualified or until his death, resignation or removal. Properly executed Proxy Cards will be voted for the nominees named below unless otherwise specified. The Board anticipates each of the nominees, if elected, will serve as a Director. However, if any person nominated by the Board is unable to serve or for good cause will not serve, proxies solicited hereby will be voted for the election of another person designated by the Board, if one is nominated. A plurality of the votes cast by the Stockholders of Common Stock and Class B Common Stock, voting together as a single class, for a nominee for Director shall elect such nominee. Accordingly, abstentions, broker non-votes, and votes withheld from any nominee will have no effect on this proposal.

Dr. Patrizio Vinciarelli, Chairman of the Board, President, and Chief Executive Officer, beneficially owned, as of February 28, 2012, 9,675,480 shares of Common Stock and 11,023,648 shares of Class B Common Stock, together representing 81.1% of the voting power of the outstanding stock of the Corporation, sufficient to elect each of the nominees named below, and has indicated an intention to vote in favor of fixing the number of Directors at nine and the election of all nominees.

The Board unanimously recommends a vote FOR fixing the number of Directors at nine and the election of all of the nominees.

Information Regarding Nominees & Qualifications

The following sets forth certain information as of March 31, 2012, with respect to the nine nominees for election to the Board. The information presented includes information each Director has provided us about age, all positions held, principal occupation and business experience for the past five years, and the names of other publicly-held companies for which the Director currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding each nominee's specific experience,

qualifications, and skills that led the Board as a whole to conclude the nominee possessed the necessary attributes to serve as a Director, the Board as a whole also considered each nominee's reputation for integrity, honesty and adherence to high ethical standards.

Information regarding the beneficial ownership of shares of the capital stock of the Corporation by such persons is set forth in the section of this Proxy Statement entitled "Principal and Management Stockholders." See also "Certain Relationships and Related Transactions." There is no family relationship among any of the Directors and /or executive officers of the Corporation.

Name	Age	Director Since	Principal Occupation for Past Five Years
Patrizio Vinciarelli	65	1981	Dr. Vinciarelli has been Chairman of the Board, President and Chief Executive Officer of the Corporation since 1981. Dr. Vinciarelli is qualified to serve on our Board of Directors, given his standing as a leading innovator in the development of power conversion technologies and his role as the Corporation's founder, President and Chief Executive Officer.
Estia J. Eichten	65	1981	Dr. Eichten has been Senior Scientist with the Fermi National Accelerator Laboratory since 1989. While a Director of the Corporation, he served as President of VLT Corporation, a wholly-owned subsidiary of the Corporation, from 1987 to 2000, and has served as a Director of VLT, Inc., a wholly-owned subsidiary of the Corporation since July 2000. Dr. Eichten's qualifications to serve on our Board of Directors include his extensive knowledge of electronics and power conversion, as well as the deep understanding of our products and organization that he has acquired in his 31 years of service as a Director.
David T. Riddiford	76	1984	Mr. Riddiford served from 1987 until his retirement in 2005 as the general partner of Pell, Rudman Venture Management, L.P., which is the general partner of PR Venture Partners, L.P., a venture capital affiliate of Pell, Rudman & Co., Inc., an investment advisory firm. Mr. Riddiford also served as a member of the Board of Directors of Datawatch Corporation, a publicly-held provider of enterprise reporting and business intelligence solutions and support center software from 1989 until 2010. Mr. Riddiford's qualifications to serve on our Board of Directors include four decades of experience in investing, monitoring and advising companies as a venture capitalist, as well as the deep understanding of our business that he has acquired in his 28 years of service as a Director.

Name	Age	Director Since	Principal Occupation for Past Five Years
Barry Kelleher	63	1999	Mr. Kelleher has been President of the Corporation's Brick Business Unit since 2006 and previously served as Senior Vice President, Global Operations and General Manager of the Corporation's Brick Business Unit (from 2005 to 2006), Senior Vice President, Global Operations (from 1999 to 2005), and Senior Vice President, International Operations (from 1993 to 1999). Prior to joining the Corporation in 1993, Mr. Kelleher was employed by Computer Products Inc., a manufacturer of power conversion products, since 1981, where he held the position of Corporate Vice President and President of the Power Conversion Group. Mr. Kelleher's qualifications to serve on our Board of Directors include his long-standing tenure as a senior executive in the power conversion industry, his leadership role in the Corporation, and his considerable experience in power industry sales and operations management.
Samuel J. Anderson	55	2001	Mr. Anderson has been the Chairman of the Board, President and Chief Executive Officer of Great Wall Semiconductor Corporation, a semiconductor manufacturer, since its inception in 2002. Previously, Mr. Anderson was Vice President of Corporate Business Development of ON Semiconductor Corporation, a supplier of semiconductors (from 1999 to 2001) and held various positions within the semiconductor operations of Motorola, Inc. (from 1984 to 1999). Mr. Anderson also served as non-executive Chairman of the Board of Directors of Advanced Analogic Technologies Inc., a supplier of power management semiconductors from 2001 to 2011. Mr. Anderson is qualified to serve on our Board of Directors given his technical expertise and his experience as an executive and director of other companies in the semiconductor and power management industries.
Claudio Tuozzolo	49	2007	Mr. Tuozzolo has been President of Picor Corporation, a subsidiary of the Corporation, since 2003. Previously, he had been Director of Integrated Circuit Engineering for the Corporation from February 2003 to November 2003 and Manager of Integrated Circuit Design from 2001 to February 2003. Before joining the Corporation in 2001, Mr. Tuozzolo was a Principal Design Engineer for SIPEX Corporation from 1999 to 2001. Mr. Touzzolo is qualified to serve on our Board of Directors given his role as leader of our strategically important Picor subsidiary, his extensive experience in the semiconductor and power management industries, and his technical expertise and knowledge of our products.

Name	Age	Director Since	Principal Occupation for Past Five Years
James A. Simms	52	2008	Mr. Simms has been Chief Financial Officer and Secretary of the Corporation since 2008. From 2007 until 2008, he was a Managing Director of Needham & Company, LLC, an investment banking and asset management firm. Previously, he had served as a Managing Director with the investment banking firm of Janney Montgomery Scott LLC, a wholly owned subsidiary of The Penn Mutual Life Insurance Company (from 2004 to 2007) and as a Managing Director of the investment banking firm of Adams, Harkness & Hill, Inc. (from 1997 to 2004). Mr. Simms is a member of the Board of Directors of PAR Technology Corporation, a publicly-held provider of information technology solutions in the hospitality and specialty retail industries, as well as a provider of advanced technology systems and support services to the United States military and other governmental agencies. Mr. Simms is qualified to serve on our Board of Directors given his prior career in investment banking, his familiarity with the securities markets, his expertise with complex financial matters, and his experience as a director of other companies.
Jason L. Carlson	50	2008	Mr. Carlson has been, since 2010, President and CEO of QD Vision Inc., a developer of nanotechnology-based products for solid state lighting and displays. Prior to joining QD Vision, Mr. Carlson served as Chief Executive Officer of Emo Labs, Inc., an early-stage developer of innovative audio speaker technology from 2006 to 2010. From 2002 to 2005, he was President and Chief Executive Officer of Semtech Corporation, a publicly-traded vendor of analog and mixed-signal semiconductors, with an emphasis on power management applications. From 1999 to 2002, he was Vice President & General Manager for the Crystal Product Division and the Consumer Products & Data Acquisition Division of Cirrus Logic, Inc. a publicly-traded vendor of analog and mixed-signal semiconductors for consumer and industrial applications. Mr. Carlson joined Cirrus Logic in 1999 when that company acquired AudioLogic, Inc., of which he had been Chief Executive Officer. Mr. Carlson also served as a Board of Director for Advanced Advanced Analogic Technologies Inc., a supplier of power management semiconductors from 2010 to 2011. Mr. Carlson's qualifications to serve on our Board of Directors include his experience as both a public company executive and as an entrepreneur, his experience as a director of other companies, as well as his understanding of the evolution of technical innovation in the semiconductor and power conversion industries.

Name	Age	Director Since	Principal Occupation for Past Five Years
Liam K. Griffin	45	2009	Mr. Griffin has been Executive Vice President and General Manager, High Performance Analog for Skyworks Solutions, Incorporated, a designer, manufacturer and marketer of performance analog and mixed signal semiconductors that enable wireless connectivity since January 2011. Previously, Mr. Griffin served as Senior Vice President, Sales and Marketing of Skyworks Solutions from 2001 to 2010. Prior to this, he was employed by Vectron International, a division of Dover Corp., as Vice President of Worldwide Sales from 1997 to 2001, and as Vice President of North American Sales from 1995 to 1997. His prior experience also included positions in marketing and engineering with units of AT&T Corp. Mr. Griffin's qualifications to serve on our Board of Directors include his experience in building and managing sales and marketing organizations in technology-driven, global organizations.

CORPORATE GOVERNANCE

The Board and Its Committees

The Corporation is a "controlled company" in accordance with the corporate governance rules contained in the Marketplace Rules of the Nasdaq OMX Group, Inc. (the "NASDAQ Rules") because Dr. Vinciarelli, Chairman of the Board, President, and Chief Executive Officer, holds more than 50% of the voting power of the outstanding capital stock of the Corporation. As a result, the Corporation is not required to have (1) a majority of independent Directors on its Board of Directors, (2) the compensation of its executive officers determined by independent Directors, nor (3) its Director nominees selected or recommended by independent Directors. The Board has determined four of its nine Directors (Messrs. Carlson, Eichten, Griffin and Riddiford) are independent Directors for purposes of the NASDAQ Rules. The Corporation does not have a lead independent director.

Due to the Corporation status as a controlled company and Dr. Vinciarelli's leadership of the Corporation since its founding, Dr. Vinciarelli fulfills both the roles of Chief Executive Officer and Chairman of the Board. As Chief Executive, he is responsible for setting the strategic direction of the Corporation and the day to day leadership and performance of the Corporation. As Chairman of the Board, Dr. Vinciarelli presides over meetings of the Board and, in collaboration with Mr. Simms, in his capacity as Secretary of the Corporation, establishes an agenda for each meeting.

The Board held three meetings during the fiscal year ended December 31, 2011 and acted by written consent in lieu of meeting on one occasion to approve the declaration of the cash dividend paid on August 9, 2011. Each of the Directors attended 75% or more of the total number of meetings of the Board and meetings of the committees thereof. Directors are expected to attend each year's Annual Meeting in person unless doing so is impracticable due to unavoidable conflicts. All of the Directors attended the 2011 Annual Meeting of Stockholders.

The Board has established an Audit Committee and an Executive Compensation Committee. The Board does not have a standing Nominating Committee because it believes the Board as a whole is in the best position to evaluate potential Director nominees and, therefore, it is not necessary for the Corporation to have a separate committee responsible for such evaluations. The full Board performs the function of such a committee.

The Audit Committee is composed of Messrs. Carlson, Eichten, Griffin and Riddiford (Mr. Griffin was appointed to the Audit Committee on October 22, 2011). Information regarding the functions performed by the

Audit Committee and the number of meetings held during the fiscal year is set forth in the section of this Proxy Statement entitled "Report of the Audit Committee". The Audit Committee is governed by a written charter approved by the Board on February 3, 2007. The Board has determined all four members of the Audit Committee are "independent" under the applicable NASDAQ Rules and rules of the United States Securities and Exchange Commission (the "SEC"). The Board also has determined one of the present members of the Audit Committee, Mr. Carlson, meets the definition of "audit committee financial expert" as defined by Item 407(d) of Regulation S-K promulgated by the SEC. The Audit Committee charter is posted on the Corporation's website, www.vicorpower.com, under the heading "Company" and the subheading "Corporate Governance". The Audit Committee held seven formal meetings during 2011.

The Executive Compensation Committee is currently composed of Messrs. Carlson, Eichten, Griffin and Riddiford. The Executive Compensation Committee is responsible for establishing salaries, bonuses and other compensation for the officers of the Corporation, approving all grants of stock options by the Corporation and its subsidiaries, and administering the Corporation's stock option and bonus plans pursuant to authority delegated to it by the Board. The Executive Compensation Committee does not have a written charter. The Executive Compensation Committee held seven formal meetings during 2011 and acted by written consent in lieu of meetings on 16 occasions to approve stock option awards granted during 2011.

The Board has an active role, as a whole and also at the committee level, in overseeing management of the Corporation's risks. The Board regularly reviews information regarding the Corporation's strategy, operations, financial position, and legal affairs, addressing the risks associated with each.

While the Board is ultimately responsible for the Corporation's risk analysis and risk management procedures, the Audit Committee assists the Board in overseeing such responsibilities, with particular focus on the integrity and effectiveness of the Corporation's financial reporting processes. The Audit Committee reviews guidelines and policies on enterprise risk management, including risk assessment and risk management related to the Corporation's major financial risk exposures and management's monitoring and control of such exposures. At each meeting of the Audit Committee, management presents information addressing issues related to risk analysis and risk management.

In addition to the risk oversight role undertaken by the Audit Committee, the Executive Compensation Committee assists the Board in overseeing the Corporation's compensation policies and practices as they relate to the Corporation's risk management and risk-taking incentives. The Executive Compensation Committee has determined the compensation policies and practices for the Corporation's employees are not reasonably likely to have a material adverse effect on the Corporation.

Director Nomination Process

The full Board performs the Director nomination function for the Corporation. The Board does not have a charter governing the Director nomination process, although it has established Director nomination procedures setting forth the current process for identifying and evaluating Director nominees.

Board Membership Criteria — At a minimum, the Board must be satisfied each nominee has high personal and professional integrity, has demonstrated exceptional ability and judgment, and is expected, in the judgment of the Board, to be highly effective, in collaboration with the other nominees to the Board, in collectively serving the interests of the Corporation and its Stockholders. In addition to the minimum qualifications set forth above, the Board seeks to select for nomination persons possessing relevant industry or technical experience and, so that the independence of the Audit Committee is maintained, persons meeting the "independence" requirements of the NASDAQ Rules and the SEC.

Identifying and Evaluating Nominees — The Board may solicit recommendations from any sources it deems appropriate. The Board will evaluate all proposed nominees in the same manner, evaluating the qualifications of any recommended candidate and conducting inquiries it deems appropriate, without discrimination on the basis

of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law. In identifying and evaluating proposed nominees, the Board may consider, in addition to the minimum professional qualifications discussed above and other criteria for Board membership approved by the Board from time to time, all facts and circumstances that it deems appropriate or advisable, including, among other things, the diversity of experience, geographic representation, and backgrounds of other nominees. Based on these considerations, the Board may nominate a Director candidate it believes will, together with the other nominees, best serve the interests of the Corporation and its Stockholders.

Stockholder Recommendations — The Board's current policy is to review and consider, in accordance with the procedures described above, any candidates for Director recommended by Stockholders of the Corporation entitled to vote for the election of Directors. All Stockholder recommendations for Director candidates must be submitted to the Secretary of the Corporation at Vicor Corporation, 25 Frontage Road, Andover, MA 01810.

All Stockholder recommendations for Director candidates must include the following information:

- the name and address of record of the Stockholder;
- a representation that the Stockholder is a record holder of shares of capital stock of the Corporation entitled to vote in the election of Directors, or if the Stockholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) promulgated under the Exchange Act;
- the name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the proposed Director candidate;
- a description of the qualifications and background of the proposed Director candidate that addresses the minimum qualifications and other criteria for Board membership approved by the Board from time to time;
- a description of all arrangements or understandings between the Stockholder and the proposed Director candidate;
- the consent of the proposed Director candidate (1) to be named in the proxy statement relating to the Corporation's Annual Meeting and (2) to serve as a Director if elected at such Annual Meeting; and
- any other information regarding the proposed Director candidate required to be included in a proxy statement filed pursuant to the rules of the SEC.

Communications with the Board

If a Stockholder wishes to communicate with any Director or the Board as a whole, he or she may do so by addressing such communications to: [Name(s) of Director(s)/Board of Directors of Vicor Corporation], c/o Corporate Secretary, Vicor Corporation, 25 Frontage Road, Andover, MA 01810. All correspondence should be sent via certified U.S. mail, return receipt requested. All correspondence received by the Corporate Secretary will be forwarded by the Corporate Secretary promptly to the addressee(s).

Code of Business Conduct and Ethics

The Corporation has established and adopted a Code of Business Conduct and Ethics. This Code of Business Conduct and Ethics is posted on the Corporation's website, www.vicorpower.com, under the heading "Company" and the subheading "Corporate Governance".

Executive Officers

Executive officers hold office until the first meeting of the Board of Directors following the next Annual Meeting of Stockholders and until their successors are elected and qualified or until their earlier death, resignation or removal. The following persons are the executive officers of the Corporation.

Patrizio Vinciarelli, Ph.D., 65, Chairman of the Board, President and Chief Executive Officer. Dr. Vinciarelli founded the Corporation in 1981 and has served as Chairman, President and Chief Executive Officer since that time.

H. Allen Henderson, 64, President, Westcor Division, and Vice President of the Corporation, since March 1999. Mr. Henderson also has served as President and Chief Executive Officer of VLT, Inc., a wholly-owned subsidiary of the Corporation, since July 2000. Mr. Henderson held the position of General Manager of the Westcor Division from 1987 to 1999 and Sales Manager from 1985 to 1987. Prior to joining the Corporation in 1985, Mr. Henderson was employed at Boschert, Inc., a manufacturer of power supplies, since 1984, serving as Director of Marketing.

Douglas W. Richardson, 64, Vice President and Chief Information Officer, since November 2000. From 1996 to 2000, Mr. Richardson held the position of Director, Application Development, and, from 1994 to 1996, Manager, Computer Integrated Manufacturing of the Corporation. Prior to joining the Corporation in 1994, Mr. Richardson was a Program Manager and Director of Quality Management from 1982 to 1994 for ITP Systems, a subsidiary of PricewaterhouseCoopers LLP, specializing in manufacturing automation systems.

Barry Kelleher, 63, President of the Corporation's Brick Business Unit, since May 2006. Mr. Kelleher held the positions of Senior Vice President, Global Operations and General Manager of the Corporation's Brick Business Unit from June 2005 to May 2006, Senior Vice President, Global Operations from March 1999 to June 2005, and Senior Vice President, International Operations from 1993 to 1999. Prior to joining the Corporation in 1993, Mr. Kelleher was employed by Computer Products Inc., a manufacturer of power conversion products, since 1981, where he held the position of Corporate Vice President and President of the Power Conversion Group.

Richard E. Zengilowski, 57, Vice President, Human Resources, since August 2001. Prior to joining the Corporation in 2001, Mr. Zengilowski was employed by Simplex Time Recorder Co., a manufacturer of automated time and attendance products, from 1992 to 2001, serving as Assistant General Counsel from 1992 to 1998 and Director of Legal Affairs, Human Resources from 1998 to 2001.

Richard J. Nagel, Jr., 55, Vice President, Chief Accounting Officer, since May 2006. From December 2007 to April 2008, Mr. Nagel also held the position of Interim Chief Financial Officer. From 2005 to 2006, Mr. Nagel held the position of Senior Director, Corporate Controller, and, from 1996 to 2005, Director, Corporate Controller. Prior to joining the Corporation in 1996, Mr. Nagel was employed by Ernst & Young LLP, an international public accounting firm, serving in a variety of positions from 1982 to 1996, most recently as Senior Manager.

James A. Simms, 52, Chief Financial Officer and Secretary, since April 2008. Prior to joining the Corporation, Mr. Simms held the position of Managing Director of Needham & Company, LLC, an investment banking and asset management firm, from March 2007 to April 2008. From November 2004 to March 2007, Mr. Simms held the position of Managing Director with the investment banking firm of Janney Montgomery Scott LLC, a wholly owned subsidiary of The Penn Mutual Life Insurance Company. From 1997 to 2004, Mr. Simms served in a series of senior positions with the investment banking firm of Adams, Harkness & Hill, Inc.

Philip D. Davies, 52, Vice President, Global Sales and Marketing, since February 2011. Prior to joining the Corporation, Mr. Davies was employed by the new Solid State Light Engine business unit of OSRAM Sylvania as Business Creation Team Leader Solid State Light Engines from September 2010 to February 2011. From 2006 to 2010, Mr. Davies held the position of Vice President, Sales and Marketing, with NoblePeak Vision Corporation, a developer of night vision camera cores. From 1995 to 2006, Mr. Davies served in various positions with Analog Devices, Inc., a manufacturer of high-performance analog, mixed-signal and digital signal processing integrated circuits, most recently as Director of World Wide Business Development. From 1987 to

1995, Mr. Davies served in a number of positions with Allegro MicroSystems, Inc., a manufacturer of high-performance power and Hall-effect sensor integrated circuits, most recently as Vice President, Engineering.

Michael S. McNamara, 51, Vice President, Quality and Technical Operations, since May 2011. Mr. McNamara held the positions of Vice President, Quality and Technical Operation of the Corporation's Brick Business Unit from 2008 to April 2011, Vice President, Quality of the Corporation's Brick Business Unit from 2006 to 2008, Senior Director of Quality from 2001 to 2008, Manager of Quality, Data and Analysis from 1999 to 2001 and Senior Quality Engineer from 1995 to 1999. Prior to joining the Corporation in 1995, Mr. McNamara was employed by Alpha Industries Inc.

PRINCIPAL AND MANAGEMENT STOCKHOLDERS

The following table sets forth the beneficial ownership of the Corporation's Common Stock and Class B Common Stock held by (1) each person or entity known to the Corporation to be the beneficial owner of more than five percent of the outstanding shares of either class of the Corporation's common stock, (2) each Director of the Corporation (and Director nominee), (3) each of the executive officers of the Corporation named in the Summary Compensation Table, and (4) all Directors and executive officers as a group (including Director nominees), in each case based on representations of the Directors and executive officers of the Corporation as of February 29, 2012, a review of filings on Forms 3, 4, 5, 13F and on Schedules 13D and 13G under the Exchange Act . Except as otherwise specified, the named beneficial owner has sole voting and investment power over the shares set forth opposite such beneficial owner's name. The information in the table reflects shares outstanding of each class of common stock on February 29, 2012, and does not, except as otherwise indicated below, take into account conversions after such date of shares of Class B Common Stock into Common Stock. Subsequent conversions of Class B Common Stock into Common Stock will increase the voting control of persons who retain shares of Class B Common Stock. The percentages have been determined as of February 29, 2012, in accordance with Rule 13d-3 under the Exchange Act, and are based on a total of 41,810,729 shares of common stock that were outstanding on such date, of which 30,043,677 were shares of Common Stock entitled to one vote per share and 11,767,052 were shares of Class B Common Stock entitled to 10 votes per share. Each share of Class B Common Stock is convertible into one share of Common Stock at any time upon the election of the holder thereof.

Name of Beneficial Owner(1)	Total Number of Shares Beneficially Owned(2)(3)	Percent of Common Stock Beneficially Owned	Percent of Class B Common Stock Beneficially Owned	Percent of Voting Power
Patrizio Vinciarelli	20,699,128	32.1%	93.7%	81.1%
Estia J. Eichten	1,181,108(4)	1.6%	5.9%	5.0%
David T. Riddiford	102,732(5)	*	*	*
Barry Kelleher	26,017	*	*	*
Samuel J. Anderson	21,631	*	*	*
Richard E. Zengilowski	10,560	*	*	*
James A. Simms	15,760	*	*	*
Claudio Tuozzolo	6,584	*	*	*
Jason L. Carlson	18,384	*	*	*
Liam K. Griffin	8,137	*	*	*
All Directors and executive officers as a group (15 persons)	22,110,948	34.3%	99.6%	86.2%
Manatuck Hill Partners, LLC(6) 1465 Post Road East Westport, CT 06880	2,025,440	6.7%	*	1.4%

* Less than 1%

(1) The address for each of the persons named in the table, but not specified therein, is: c/o Vicor Corporation, 25 Frontage Road, Andover, MA 01810.

(2) Includes shares issuable upon the exercise of options to purchase Common Stock of the Corporation that are exercisable or will become exercisable on or before April 30, 2012 in the following amounts:

Name of Beneficial Owner	Shares
Estia J. Eichten	9,384
David T. Riddiford	5,760
Barry Kelleher	23,760
Samuel J. Anderson	5,760
Richard E. Zengilowski	10,000
James A. Simms	15,760
Claudio Tuozzolo	6,584
Jason L. Carlson	18,384
Liam K. Griffin	8,137

(3) The calculation of the total number of shares of Common Stock beneficially owned includes the following: for Dr. Vinciarelli, 11,023,648 shares of Class B Common Stock; for Mr. Eichten, 690,700 shares of Class B Common Stock; and for all Directors and executive officers as a group, 11,714,348 shares of Class B Common Stock.

(4) Includes 8,750 shares of Common Stock beneficially owned by Mr. Eichten's spouse as to which Mr. Eichten disclaims beneficial ownership. In addition, includes 71,945 shares of Common Stock held by the Belle S. Feinberg Memorial Trust of which Mr. Eichten is a trustee. Mr. Eichten disclaims beneficial ownership of the shares of Common Stock held by the Belle S. Feinberg Memorial Trust.

(5) Includes 4,500 shares of Common Stock beneficially owned by Mr. Riddiford's spouse as to which Mr. Riddiford disclaims beneficial ownership.

(6) Information reported is based upon a Form 13G filed on February 14, 2012. All shares are held by Manatuck Hill Partners, LLC, which holds sole voting and dispositive power with regard to such shares. We have not made any independent determination as to the beneficial ownership of such holder and are not restricted in any determination we may make by reason of inclusion of such holder or its shares in this table.

COMPENSATION DISCUSSION AND ANALYSIS

Philosophy

The primary objective of the Corporation's compensation program is to attract, motivate, and retain highly qualified and productive employees, using a combination of cash and equity based rewards geared to incent and reward superior performance. Salaries and cash bonuses encourage effective performance relative to current plans and objectives, while stock options are utilized to attract new talent, to retain key contributors, promote longer-term focus and to more closely align the interests of employees holding such options with those of Stockholders.

The compensation of the Corporation's executive officers reflects their success as a team in attaining key performance indicators. In addition, each executive officer's individual performance (as described below) represents the basis for determining his or her overall compensation.

Overview of Executive Compensation and Process

Elements of compensation for executive officers include: salary, cash bonus, stock incentive awards, health, disability, life insurance and certain perquisites.

The Chief Executive Officer makes compensation recommendations to the Executive Compensation Committee with respect to the executive officers, although the Executive Compensation Committee may exercise its discretion in modifying any recommended adjustments or awards. Such executive officers are not present at the time of these deliberations. The Executive Compensation Committee approves the annual salary of Dr. Vinciarelli, Chairman of the Board, President, and Chief Executive Officer.

The amount of each element of executive compensation is determined by the Chief Executive Officer and approved by the Executive Compensation Committee. The following factors are considered in determining the amount of each executive officer's compensation:

- Performance against corporate and individual goals for the previous year;
- The relative effort made and difficulties encountered by the executive officer in pursuit of these goals; and
- Performance in the context of the overall performance of management.

The competitiveness of the Corporation's compensation program is assessed using local and national salary survey data. The survey data enables the Chief Executive Officer and Executive Compensation Committee to benchmark the Corporation against companies of similar size, within the same industry, and/or within the same geographic region. The survey data is used as a comparison when completing the annual merit increases for executive officers and salaried employees. The Chief Executive Officer makes salary recommendations based on the salary data and evaluation of the respective merit, skills, experience and performance of each executive officer.

2011 Advisory Votes on Executive Compensation

At the Corporation's Annual Meeting of Stockholders held on June 23, 2011, our Stockholders cast an advisory vote to approve the compensation of our named executive officers (referred to as "Say on Pay") as disclosed in our proxy statement for that Annual Meeting. Stockholders approved the Say on Pay proposal by the affirmative vote of 99.5% of the votes cast at that Annual Meeting. The Executive Compensation Committee believes this affirms Stockholders' support of the Corporation's approach to executive compensation and, therefore, did not change its approach during 2011. At last year's Annual Meeting, our Stockholders also cast an advisory vote on the frequency of future Say on Pay votes. The frequency receiving the highest number of votes at that Annual Meeting was every three years and, in accordance with the outcome of that advisory vote, our Board determined it will hold Say on Pay advisory votes every three years.

SUMMARY COMPENSATION TABLE FOR FISCAL 2011

Name and Principal Position	Year	Salary(1)	Bonus	Option Awards(2)	All Other Compensation(3)	Total
Patrizio Vinciarelli	2011	$368,953	$ —	$ —	$35,324	$ 404,277
President, Chief	2010	351,384	—	744,450	23,225	1,119,059
Executive Officer	2009	353,347	—	—	23,028	376,375
James A. Simms	2011	288,571	—	16,754	41,267	346,592
Vice President,	2010	277,472	—	124,600	29,664	431,736
Chief Financial Officer	2009	276,800	50,000	17,022	28,364	372,186
Philip D. Davies	2011	223,462	—	606,276	15,781	845,519
Vice President,	2010	—	—	—	—	—
Global Sales and Marketing	2009	—	—	—	—	—
Barry Kelleher	2011	335,625	50,000	16,754	28,843	431,222
President, Brick	2010	319,882	—	137,402	32,059	489,343
Business Unit	2009	315,875	—	17,022	26,554	359,451
Claudio Tuozzolo	2011	270,200	—	16,754	27,025	313,979
President, Picor	2010	254,018	—	414,223	22,239	690,480
Corporation	2009	255,577	—	17,022	22,514	295,113

(1) The amounts reported under the column heading "Salary" reflect the actual amounts paid to executive officers in the respective year. The Corporation pays its salaried employees every two weeks, which creates an "extra" pay cycle in a year on rare occasions. As a result, there were 27 pay cycles in 2009, while there were 26 pay cycles in 2011 and 2010. The 2011 salary for Mr. Davies was for the period from February 7, 2011, when he joined the Corporation, through year-end.

(2) The amounts reported under the column heading "Option Awards" reflect the aggregate grant date fair value of stock option awards in each year presented. These values have been determined under the principles used to calculate the grant date fair value of equity awards for purposes of the Corporation's financial statements. Refer to Note 3, "Stock-Based Compensation and Employee Benefit Plans," in the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2011, filed on March 2, 2012, for the relevant assumptions used to determine the valuation of the Corporation's option awards.

The amounts reported in 2010 for Dr. Vinciarelli include options granted with performance-based vesting provisions tied to achievement of certain margin targets by the VI Chip Business Unit, as the Corporation determined that it is probable that the margin targets could be achieved. The amounts reported in 2010 for Messrs. Simms and Kelleher excluded options granted with performance-based vesting provisions tied to achievement of certain quarterly revenue targets by the Brick Business Unit, as the Corporation determined that it is not yet probable that the revenue targets could be achieved. Had these amounts been included, they would be as follows:

James A. Simms	$313,160
Barry Kelleher	626,321

The amounts reported under "Option Awards" shown for Messrs. Simms and Kelleher, as well as Mr. Tuozzolo, also include options granted as compensation for their service on the Corporation's Board of Directors.

(3) "All Other Compensation" amounts include car allowance, gasoline allowance, supplemental health, dental and vision insurance, the taxable portion of life insurance benefits, and the Corporation's matching 401(k) plan contribution for each employee shown. Dr. Vinciarelli's car allowance is $10,800, while all other amounts are individually below the threshold for individual disclosure.

Base Salary

Base salaries for the Corporation's executive officers are based on the Corporation's operating performance relative to comparable peer companies within certain survey information. In setting base salaries for fiscal 2011, national and local executive salary survey data for executive officers with comparable qualifications, experience and responsibilities at selected peer companies was evaluated to determine an appropriate range for merit increases. Each year such merit increase data is presented to the Executive Compensation Committee and Chief Executive Officer for approval.

Bonus

Outstanding accomplishments or the achievement of certain specific goals is rewarded through discretionary cash bonus payments, determined by the Chief Executive Officer and approved by the Executive Compensation Committee. During 2011, Mr. Kelleher earned a discretionary cash bonus of $50,000. During 2008, Mr. Simms earned a discretionary cash bonus of $50,000 that was paid in 2009. During 2011 and 2009, discretionary cash bonus payments, ranging from $10,000 to $36,000, were paid to certain corporate and business unit vice presidents.

Stock Option and Equity Incentive Programs

Because of the direct relationship between the value of a stock option and the market price of the Corporation's common stock, the Board considers the granting of stock options to be an effective method of motivating executive officers to manage the Corporation in a manner consistent with the interests of the Corporation and its Stockholders.

The Executive Compensation Committee approves stock options grants to executive officers and employees. There is no set formula for the granting of discretionary option awards to individual executive officers or employees. Stock options also are granted to certain employees upon commencement of their employment. Grants to newly hired employees are effective on the first business day of the month following employment, subject to approval by the Executive Compensation Committee.

During 2011, 2010, and 2009, non-performance based options for the purchase of the Corporation's common stock were granted under the Vicor Corporation Amended and Restated 2000 Stock Option and Incentive Plan (the "Vicor 2000 Plan"). Performance-based options for the purchase of the Corporation's common stock were also granted under the Vicor 2000 Plan in 2010. The exercise price of stock options for the purchase of the Corporation's common stock is generally set at the closing price of the Corporation's common stock on The NASDAQ Stock Market, LLC ("NASDAQ") on the effective date of the grant. In certain circumstances, the exercise price may be set at a higher level to provide for additional performance incentives. The non-performance based grants generally vest over various periods of up to five years and may be exercised for up to 10 years from the date of grant, which is the maximum contractual term. The performance-based grants vest upon the achievement of certain quarterly revenue targets by the Brick Business Unit, and may also be exercised for up to 10 years from the date of grant. As discussed in the Directors' Compensation section, stock options are granted to all Directors, with the exception of Dr. Vinciarelli, on the date of the Annual Meeting, in accordance with the terms of the Vicor 2000 Plan.

During 2011 and 2010, non-performance based options for the purchase of VI Chip Corporation ("VI Chip") common stock were granted under the VI Chip Corporation 2007 Stock Option and Incentive Plan, as amended (the "2007 VI Chip Plan"). Performance based options for the purchase of VI Chip common stock were also granted under the 2007 VI Chip Plan in 2010. All grants were reviewed and approved by the VI Chip Board of Directors and the Corporation's Executive Compensation Committee. There were no stock options granted under the 2007 VI Chip Plan in 2009. There is no set formula for the granting of discretionary option awards to individual executive officers or employees of VI Chip. The non-performance based grants have a five year

vesting schedule and may be exercised for up to 10 years from the date of grant, which is the maximum contractual term. The performance-based grants vest upon the achievement of certain margin targets and may also be exercised for up to 10 years from the date of grant. Grants to new hires are effective on the first business day of the month following employment, subject to approval by the VI Chip Board of Directors and the Corporation's Executive Compensation Committee. VI Chip stock options are granted at a price not less than the fair value of a share of VI Chip common stock on the date of grant, as determined by the VI Chip Board of Directors and the Corporation's Executive Compensation Committee.

During 2011 and 2010, non-performance based options for the purchase of Picor Corporation ("Picor") common stock were granted under the Picor Corporation Amended 2001 Stock Option and Incentive Plan, as amended (the "2001 Picor Plan"). All grants were reviewed and approved by the Picor Board of Directors and the Corporation's Executive Compensation Committee. There were no stock options granted under the 2001 Picor Plan in 2009. There is no set formula for the granting of discretionary option awards to individual executives or employees of Picor. These grants have a five year vesting schedule and may be exercised for up to 10 years from the date of grant, which is the maximum contractual term. Grants to new hires are effective on the first business day of the month following employment, subject to approval by the Picor Board of Directors and the Corporation's Executive Compensation Committee. Picor stock options are granted at a price not less than the fair value of a share of Picor common stock on the date of grant, as determined by the Picor Board of Directors and the Corporation's Executive Compensation Committee.

Equity Compensation Plan Information

The following table sets forth certain aggregated information for the Corporation as December 31, 2011 (the end of the most recently completed fiscal year), regarding equity securities underlying stock option awards made under the Vicor Corporation 1993 Stock Option Plan (the "Vicor 1993 Plan"), the Vicor Corporation 1998 Stock Option and Incentive Plan (the "Vicor 1998 Plan") and the Vicor 2000 Plan (collectively the "Vicor Plans"), the 2007 VI Chip Plan and 2001 Picor Plan. All equity compensation plans of the Corporation have been approved by its Stockholders.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights [a]	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column [a])
Equity compensation plans approved by security holders:			
Vicor Plans	1,755,815	$13.45	1,335,907
2007 VI Chip Plan	10,514,750	1.00	39,485,250
2001 Picor Plan	9,979,983	0.62	26,226,719

Perquisites

All employees who participated in the Corporation's 401(k) plan received up to $3,675 in matching funds in 2011. All named executive officers, with the exception of Dr. Vinciarelli, participated in the 401(k) plan and received matching funds. All employees receive the same health and insurance benefits. In general, employees pay approximately 30% of the health premium due. In addition to participating in the health plan offered to all employees, executive officers may also receive supplemental health, dental, vision, and certain long term care insurance benefits. The Corporation does not provide pension arrangements, post-retirement health coverage, or similar benefits for its executive officers or employees.

GRANTS OF PLAN-BASED AWARDS FOR FISCAL 2011

Name	Grant Date	All other Option Awards Number of Securities Underlying Options(1)	Exercise or Base Price of Option Awards	Grant Date Fair Value of Option Awards(2)
Vicor Plans				
James A. Simms	6/23/2011	3,197	$15.64	$ 16,754
Philip D. Davies	3/1/2011	100,000	15.07	606,276
Barry Kelleher	6/23/2011	3,197	15.64	16,754
Claudio Tuozzolo	6/23/2011	3,197	15.64	16,754

(1) Options granted on June 23, 2011 as compensation for their service on the Corporation's Board of Directors.

(2) Refer to Note 3, "Stock-Based Compensation and Employee Benefit Plans," in the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2011, filed on March 2, 2012, for the relevant assumptions used to determine the valuation of both non performance-based and performance-based option awards.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2011

Vicor Plans	Option Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable(1)	Number of Securities Underlying Unexercised Options Unexercisable(1)(3)	Option Exercise Price	Option Expiration Date(2)
James A. Simms	3,623	—	$ 6.90	6/25/2012
	2,137	2,137	11.70	6/24/2013
	—	3,197	15.64	6/23/2014
	10,000	20,000	12.44	5/1/2018
	—	50,000	13.73	8/27/2020
Philip A. Davies	—	100,000	15.07	3/1/2021
Barry Kelleher	3,623	—	6.90	6/25/2012
	20,000	—	20.00	2/21/2013
	2,137	2,137	11.70	6/24/2013
	—	3,197	15.64	6/23/2014
	4,000	16,000	11.80	3/12/2020
	—	100,000	13.73	8/27/2020
Claudio Tuozzolo	4,447	—	6.90	6/25/2012
	2,137	2,137	11.70	6/24/2013
	—	3,197	15.64	6/23/2014

(1) Generally, non performance-based stock options become exercisable in five equal annual installments beginning on the first anniversary of the date of grant. Performance-based options become exercisable upon the achievement of the performance targets as outlined in the option award.

(2) The expiration date of each non performance-based stock option generally occurs five years after the vesting date of each installment. For performance-based stock options, the time from the vesting date to the expiration date may vary depending if and when the performance-based vesting target is met.

(3) The unexercisable option vesting schedule under the Vicor Plans as of December 31, 2011 is as follows:

Name	Grant Date	Shares	Vest Date
James A. Simms	5/1/2008	10,000	5/1/2012
	5/1/2008	10,000	5/1/2013
	6/24/2010	2,137	6/24/2012
	6/23/2011	1,599	6/23/2012
	6/23/2011	1,598	6/23/2013
	8/27/2010	50,000	*
Philip D. Davies	3/1/2011	20,000	2/7/2012
	3/1/2011	20,000	2/7/2013
	3/1/2011	20,000	2/7/2014
	3/1/2011	20,000	2/7/2015
	3/1/2011	20,000	2/7/2016
Barry Kelleher	3/12/2010	4,000	3/12/2012
	3/12/2010	4,000	3/12/2013
	3/12/2010	4,000	3/12/2014
	3/12/2010	4,000	3/12/2015
	6/24/2010	2,137	6/24/2012
	6/23/2011	1,599	6/23/2012
	6/23/2011	1,598	6/23/2013
	8/27/2010	100,000	*
Claudio Tuozzolo	6/24/2010	2,137	6/24/2012
	6/23/2011	1,599	6/23/2012
	6/23/2011	1,598	6/23/2013

* The options granted on August 27, 2010 contain performance-based vesting provisions contingent on the achievement of certain quarterly revenue targets by the Brick Business Unit. Because the performance-based vesting provisions have not been met, the Corporation cannot determine the vest date of these options at this time.

2007 VI Chip Plan	Option Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable(1)	Number of Securities Underlying Unexercised Options Unexercisable(1)(3)	Option Exercise Price	Option Expiration Date(2)
Patrizio Vinciarelli	3,200,000	800,000	$1.00	6/4/2017
	—	1,500,000	1.00	12/31/2020
James A. Simms	20,000	80,000	1.00	12/31/2020
Barry Kelleher	40,000	10,000	1.00	5/14/2017

(1) Generally, non performance-based stock options become exercisable in five equal annual installments beginning on the first anniversary of the date of grant. Performance-based options become exercisable upon the achievement of the performance targets as outlined in the option award.

(2) The expiration date of each non performance-based stock option generally occurs five years after the vesting date of each installment. For performance-based stock options, the time from the vesting date to the expiration date may vary depending if and when the performance-based vesting target is met.

(3) The unexercisable option vesting schedule under the 2007 VI Chip Plan as of December 31, 2011 is as follows:

Name	Grant Date	Shares	Vest Date
Patrizio Vinciarelli	6/4/2007	800,000	6/4/2012
	12/31/2010	1,500,000	*
James A. Simms	12/31/2010	20,000	12/31/2012
	12/31/2010	20,000	12/31/2013
	12/31/2010	20,000	12/31/2014
	12/31/2010	20,000	12/31/2015
Barry Kelleher	3/25/2008	10,000	5/14/2012

* The options granted to Dr. Vinciarelli on December 31, 2010 contain performance-based vesting provisions contingent on the achievement of certain margin targets by the VI Chip Business Unit. Because the performance-based vesting provisions have not been met, the Corporation cannot determine the vest date of these options.

2001 Picor Plan	Option Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable(1)	Number of Securities Underlying Unexercised Options Unexercisable(1)(2)	Option Exercise Price	Option Expiration Date
James A. Simms	40,000	160,000	$0.57	11/1/2020
Claudio Tuozzolo	200,000	—	0.25	1/2/2012
	200,000	—	0.25	3/3/2013
	14,340	—	0.25	1/1/2013
	600,000	—	0.75	11/3/2013
	16,000	—	0.75	1/1/2014
	24,000	—	0.75	8/26/2014
	150,000	—	0.88	6/5/2016
	75,000	50,000	1.01	6/12/2018
	265,868	1,063,472	0.57	11/1/2020

(1) Generally, stock options become exercisable in five equal annual installments beginning on the first anniversary of the date of grant.

(2) The unexercisable option vesting schedule under the 2001 Picor Plan is as follows as of December 31, 2011:

Name	Grant Date	Shares	Vest Date
James A. Simms	11/1/2010	40,000	11/1/2012
	11/1/2010	40,000	11/1/2013
	11/1/2010	40,000	11/1/2014
	11/1/2010	40,000	11/1/2015
Claudio Tuozzolo	6/12/2008	25,000	6/12/2012
	6/12/2008	25,000	6/12/2013
	11/1/2010	265,868	11/1/2012
	11/1/2010	265,868	11/1/2013
	11/1/2010	265,868	11/1/2014
	11/1/2010	265,868	11/1/2015

OPTIONS EXERCISES AND STOCK VESTED FOR FISCAL 2011

Name	Option Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)
James A. Simms	20,000	$81,947

(1) Represents the difference between the exercise price and the fair market value of the common stock on the date of exercise.

Post-Employment Compensation

Pension Benefits

The Corporation does not provide pension arrangements or post-retirement health coverage for executive officers or employees. Executive officers are eligible to participate in a 401(k) defined contribution plan. In any plan year, the Corporation will make a matching contribution equal to 50% of the first 3% of the participant's compensation that has been contributed to the plan, up to a maximum matching contribution of $3,675. All executive officers, with the exception of Dr. Vinciarelli, participated in the 401(k) plan during fiscal 2011 and received matching contributions.

Nonqualified Deferred Compensation

The Corporation does not provide any nonqualified defined contribution or other deferred compensation plans.

Other Post-Employment Payments

All employees, including executive officers, are employees-at-will and, as such, do not have employment contracts with the Corporation. Stock options issued under the Vicor 2000 Plan, the 2007 VI Chip Plan, and the 2001 Picor Plan carry a change in control provision that automatically accelerates vesting and makes unvested options fully exercisable. As of December 31, 2011, the intrinsic value of unvested options held by named executive officers was as follows:

Named Executive Officer	Number of Unvested Options as of December 31, 2011(1)	Intrinsic Value of Unvested Options as of December 31, 2011
2007 VI Chip Plan		
Patrizio Vinciarelli	2,300,000	$ 46,000
James Simms	80,000	1,600
Barry Kelleher	10,000	200
2001 Picor Plan		
James Simms	160,000	16,112
Claudio Tuozzolo	1,063,472	107,092

(1) Information for the 2001 Picor Plan excludes unvested options with exercise prices exceeding the market value of the Corporation's stock as of December 31, 2011. Information for the Vicor Plan is excluded from the table, as all unvested options have exercise prices exceeding the market value of the Corporation's stock as of December 31, 2011, and, therefore, the intrinsic value of those unvested options as of December 31, 2011 is zero.

DIRECTORS COMPENSATION FOR FISCAL 2011

Name(1)	Fees Earned or Paid in Cash	Option Awards(2)(3)	Total
Samuel J. Anderson	$30,000	$16,754	$46,754
Jason L. Carlson	30,000	16,754	46,754
Estia J. Eichten	30,000	16,754	46,754
Liam K. Griffin	30,000	16,754	46,754
David T. Riddiford	30,000	16,754	46,754

(1) Dr. Vinciarelli has been omitted from this table since he receives no compensation for serving on the Board. Messrs. Kelleher, Simms and Tuozzolo have been omitted from this table because, as employee Directors, they receive no fees in addition to their salary for serving on the Board. Their stock option awards are included in the Summary Compensation Table.

(2) The amounts reported under the column heading "Option Awards" reflect the aggregate grant date fair value of stock option awards during 2011. These values have been determined under the principles used to calculate the grant date fair value of equity awards for purposes of the Corporation's financial statements. Refer to Note 3, "Stock-Based Compensation and Employee Benefit Plans", in the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2011, filed on March 2, 2012, for the relevant assumptions used to determine the valuation of option awards.

(3) The aggregate grant date fair value and aggregate number of stock options awarded and outstanding as of December 31, 2011 was as follows:

Name	Grant Date Fair Value of Stock Options	Number of Awards Outstanding
Samuel J. Anderson	$ 41,312	11,094
Jason L. Carlson	98,872	29,718
Estia J. Eichten	48,665	14,718
Liam K. Griffin	87,849	22,471
David T. Riddiford	41,312	11,094
	$318,010	89,095

Overview of Director Compensation and Procedures

The level of compensation of non-employee Directors is reviewed on an annual basis. To determine how appropriate the current level of compensation for non-employee Directors is, the Board reviews data from a number of different sources including:

- publicly available data describing director compensation in peer companies;
- survey data collected by the human resources department; and
- information obtained directly from other companies.

Non-employee Directors are compensated through a combination of cash payments and equity-based awards. Each non-employee Director receives a quarterly retainer of $7,500 for his services. Expenses incurred by non-employee Directors in attending board and committee meetings are reimbursed.

Additionally, each Director, other than any Director holding in excess of 10% of the total number of shares of the capital stock of the Corporation (i.e., Dr. Vinciarelli), receives an annual grant of non-qualified stock options following the Annual Meeting of Stockholders under the Vicor 2000 Plan. Currently, the formula to calculate the stock option award is $50,000 divided by the price of a share of common stock at the close of market as reported on the NASDAQ on the day of the Annual Meeting of Stockholders. Accordingly, each

Director, other than Dr. Vinciarelli, received non-qualified stock options to purchase up to 3,197 shares of common stock on June 23, 2011 at an exercise price of $15.64 per share. Half of these options will become exercisable one year after the grant date, while the remainder becomes exercisable after two years. These options expire three years from the grant date.

Directors who are also employees do not receive cash compensation for service on the Board.

Compensation Committee Report

The Executive Compensation Committee of the Board of Directors of the Corporation (the "Executive Compensation Committee") has reviewed and discussed the Compensation Discussion and Analysis (the "CD&A") for the year ended December 31, 2011 with management. Based on the reviews and discussions referred to above, the Executive Compensation Committee recommended to the board that the CD&A be included in the Proxy Statement for the year ended December 31, 2011, for filing with the SEC.

Submitted by the Executive Compensation Committee

Jason L. Carlson
Estia J. Eichten
Liam K. Griffin
David T. Riddiford

Compensation Committee Interlocks and Insider Participation

Messrs. Carlson, Eichten, Griffin, and Riddiford serve on the Executive Compensation Committee. Messrs. Carlson, Eichten, Griffin, and Riddiford do not serve as executive officers of the Corporation. The Board is not aware of any compensation committee interlocks or other relationships that would represent a potential conflict of interest.

Report of the Audit Committee of the Board of Directors

The Audit Committee oversees the Corporation's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with the independent registered public accounting firm, which is responsible for expressing an opinion on the conformity of those audited financial statements with U.S. generally accepted accounting principles, including a discussion of the quality, not just the acceptability, of the Corporation's accounting principles and such other matters as are required to be discussed with the Audit Committee in accordance with standards established by the Public Company Accounting Oversight Board ("PCAOB") and generally accepted auditing standards. In particular, the Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed with them under the provision of Statement on Auditing Standards No. 61 *(Codification of Statements on Auditing Standards)*, as modified or supplemented. In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by PCAOB Rule 3600T, which adopted on an interim basis Independence Standards Board Standard No. 1 *(Independence Discussions with Audit Committees)*, and has discussed with the independent registered public accounting firm the auditors' independence from management and the Corporation and considered the compatibility of non-audit services with the auditors' independence.

The Audit Committee discussed with the independent registered public accounting firm the overall scope and plans for the firm's annual audit. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their periodic examination, their evaluation of the Corporation's internal controls over financial reporting, and the overall quality of the Corporation's financial reporting. The Audit Committee held seven meetings during fiscal 2011.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board approved) that the audited financial statements be included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the SEC.

Submitted by the Audit Committee:

Jason L. Carlson
Estia J. Eichten
Liam K. Griffin
David T. Riddiford

Certain Relationships and Related Transactions

Mr. Anderson, a Director of the Corporation, is the founder, Chairman of the Board, President and Chief Executive Officer ("CEO"), as well as the majority voting shareholder, of Great Wall Semiconductor Corporation ("GWS"). GWS and its subsidiary design and sell semiconductors, conduct research and development activities, develop and license patents, and litigate against those who infringe upon its patented technologies. The Corporation's gross investment in non-voting convertible preferred stock of GWS totaled $5,000,000 as of December 31, 2011, giving the Corporation an approximately 28% ownership interest in GWS. The Corporation and GWS are parties to an intellectual property cross-licensing agreement, a license agreement and two supply agreements under which the Corporation purchases certain components from GWS. Purchases from GWS totaled approximately $5,577,000 in 2011. The Corporation owed GWS approximately $500,000 for such purchases as of December 31, 2011.

The Corporation accounts for its investment in GWS under the equity method of accounting. The Corporation has determined that, while GWS is a variable interest entity, the Corporation is not the primary beneficiary. The key factors in the Corporation's assessment were that the CEO of GWS has: (i) the power to direct the activities of GWS that most significantly impact its economic performance, and (ii) has an obligation to absorb losses or the right to receive benefits from GWS, respectively, that could potentially be significant to GWS. There was no allocation of equity method income (loss) in 2011 as GWS incurred a net loss for the year.

The Corporation's policy and procedures with respect to the review, approval and/or ratification of related party transactions are set forth in the Corporation's Audit Committee Charter and, in summary, require the Audit Committee to review and approve all related party transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404, and to discuss with management the business rationale for the transactions and whether appropriate disclosures have been made. The related party transactions described above were subject to this policy.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Corporation's executive officers and Directors, and persons who own more than 10% of a registered class of the Corporation's equity securities (collectively, "Insiders"), to file reports of ownership and changes in ownership with the SEC and NASDAQ. Insiders are required by SEC regulation to furnish the Corporation with copies of all Section 16(a) forms they file. To the Corporation's knowledge, based solely on a review of copies of such reports and written representations that no other reports were required during the fiscal year ended December 31, 2011, all transactions in the Corporation's securities

that were engaged in by Insiders, and therefore required to be disclosed pursuant to Section 16(a) of the Exchange Act, were timely reported, except that, due to an inadvertent administrative error, the Form 3 filed by Mr. McNamara on April 3, 2012 was late.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee, acting under authorization of the Board, pursuant to the Audit Committee charter, and following the Corporation's By-Laws, selected Grant Thornton LLP ("GT") as the independent registered public accounting firm for the Corporation for the fiscal year ending December 31, 2011. A representative of GT is expected to be present at the Annual Meeting and will be provided an opportunity to make a statement. The representative is expected to be available to respond to appropriate questions.

The following table summarizes the fees for services rendered by GT for the fiscal years ended December 31, 2011 and 2010 in each of the following categories:

	2011	2010
Audit Fees	$ 836,000	$ 862,000
Audit Related Fees	21,000	21,000
Tax Fees	176,000	164,000
Total Fees	$1,033,000	$1,047,000

Audit Fees include services provided in connection with the audit of the Corporation's consolidated financial statements (including internal control reporting under Section 404 of the Sarbanes-Oxley Act), the reviews of the Corporation's quarterly reports on Form 10-Q, assistance with and review of documents filed with the SEC, statutory audits required internationally, and accounting consultations related to the audited financial statements and necessary to comply with generally accepted auditing standards in the U.S.

Audit-Related Fees include services provided in connection with audits of the Corporation's employee benefit plan.

Tax Fees include services provided in connection with tax compliance, tax advice, tax planning, and assistance with tax audits.

Pursuant to the Audit Committee charter, the Audit Committee must pre-approve all auditing services and the terms thereof and non-audit services (other than non-audit services prohibited under Section 10A(g) of the Exchange Act or the applicable rules of the SEC or the PCAOB) to be provided to the Corporation by the independent registered public accounting firm; provided, however, the pre-approval requirement is waived with respect to the provision of non-audit services for the Corporation if the "de minimus" provisions of Section 10A(i)(1)(B) of the Exchange Act are satisfied. Under the charter, the authority to pre-approve non-audit services may be delegated to one or more members of the Audit Committee, who shall present all decisions to pre-approve an activity to the full Audit Committee at its first meeting following such decision. The Audit Committee approved all audit and non-audit services provided to the Corporation by GT for the fiscal years 2011 and 2010.

STOCKHOLDER PROPOSALS

Stockholder proposals intended to be presented at the 2013 Annual Meeting of Stockholders must be received by the Corporation on or before January 16, 2013, in order to be considered for inclusion in the Corporation's proxy statement. These proposals must also comply with the rules of the SEC governing the form and content of proposals in order to be included in the Corporation's proxy statement and form of proxy and

should be directed to: Vicor Corporation, 25 Frontage Road, Andover, Massachusetts 01810, Attention: Secretary. It is suggested that any Stockholder proposal be transmitted by certified mail, return receipt requested.

Proxies solicited by the Board of Directors will confer discretionary voting authority with respect to Stockholder proposals, other than proposals to be considered for inclusion in the Corporation's proxy statement described above, that the Corporation receives at the above address after April 1, 2013. These proxies will also confer discretionary voting authority with respect to Stockholder proposals, other than proposals to be considered for inclusion in the Corporation's proxy statement described above, that the Corporation receives on or before April 1, 2013, subject to SEC rules governing the exercise of this authority.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2011

☐ **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:

Common Stock, $.01 par Value	**The NASDAQ Stock Market, LLC**
(Title of Class)	*(Name of Each Exchange on Which Registered)*

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐ Accelerated Filer ☑ Non-accelerated Filer ☐ Smaller Reporting Company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $321,888,200 as of June 30, 2011.

On February 29, 2012, there were 30,043,677 shares of Common Stock outstanding and 11,767,052 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 2012 annual meeting of stockholders are incorporated by reference into Part III.

PART I

In this Annual Report on Form 10-K, unless the context indicates otherwise, references to "Vicor®," "the Company," "our company," "we," "us," "our," and similar references, refer to Vicor Corporation and subsidiaries.

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," "intend," "estimate," "plans," "assumes," "may," "will," "would," "should," "continue," "prospective," "project," and other similar expressions identify forward-looking statements. Forward-looking statements also include statements regarding: the transition of our business strategically and organizationally from serving a highly diversified customer base to serving an increasing number of large customers; the level of customer orders overall and, in particular, from large customers and the delivery lead times associated therewith; the financial and operational impact of customer changes to shipping schedules; the derivation of a portion of our sales in each quarter from orders booked in the same quarter; our ongoing development of power conversion architectures, switching topologies, packaging technologies, and products; our plans to invest in expanded manufacturing capacity and the timing thereof; our belief regarding currency risk being mitigated because of limited foreign exchange fluctuation exposure; our continued success depending in part on our ability to attract and retain qualified personnel; our belief cash generated from operations and the total of our cash and cash equivalents will be sufficient to fund operations for the foreseeable future; our intentions regarding the declaration and payment of cash dividends; our intentions regarding protecting our rights under our patents; and our expectation that no current litigation or claims will have a material adverse impact on its financial position or results of operations. These statements are based upon our current expectations and estimates as to the prospective events and circumstances that may or may not be within our control and as to which there can be no assurance. Actual results could differ materially from those implied by forward-looking statements as a result of various factors, including our ability to: hire and retain key personnel; develop and market new products and technologies cost effectively and on a timely basis; leverage our new technologies in standard products to promote market acceptance of our new approach to power system architecture; leverage design wins into increased product sales; continue to meet requirements of key customers and prospects; enter into licensing agreements increasing our market opportunity and accelerating market penetration; realize significant royalties under such licensing agreements; achieve sustainable bookings rates for our products across both markets and geographies; improve manufacturing and operating efficiencies; successfully enforce our intellectual property rights; successfully defend outstanding litigation; and maintain an effective system of internal controls over financial reporting, including our ability to obtain required financial information for investments on a timely basis, our ability to assess the value of assets, including illiquid investments, and the accounting therefor. These and other factors that may influence actual results are described in this Annual Report on Form 10-K, including but not limited to those described under Part I, Item I — "Business," under Part I, Item 1A — "Risk Factors," under Part I, Item 3 — "Legal Proceedings," and under Part II, Item 7 — "Management's Discussion and Analysis of Financial Condition and Results of Operations". The discussion of our business contained herein, including the identification and assessment of factors that may influence actual results, may not be exhaustive. Therefore, the information presented should be read together with other documents we file with the Securities and Exchange Commission from time to time, including Forms 10-Q and 8-K, which may supplement, modify, supersede or update the factors discussed in this Annual Report on Form 10-K. We do not undertake any obligation to update any forward-looking statements as a result of future events or developments.

ITEM 1. *BUSINESS*

Overview

We design, develop, manufacture and market modular power components and complete power systems. Power systems are incorporated into virtually all electronic equipment. In equipment utilizing Alternating Current ("AC") voltage from a primary source (for example, a wall outlet), a power system converts AC voltage

into the stable Direct Current ("DC") voltage necessary to power subsystems and/or individual applications or "loads". In many electronic devices, this DC voltage may be further converted to one or more lower voltages required by a range of loads. In equipment utilizing DC voltage from a primary source (for example, a generator or battery pack), the initial DC voltage frequently requires further conversion to one or more lower voltages. Because numerous applications requiring different DC voltages and varied power ratings may exist within an electronic device, and system power architectures themselves vary, we offer an extensive range of products and accessories in a myriad of application-specific configurations.

Since our founding, our product strategy has been driven by innovations in design, largely enabled by our focus on the development of differentiated technologies, which often are implemented in proprietary semiconductor circuitry. Many of our products incorporate a high frequency electronic power conversion technology called zero current / zero voltage switching ("ZCS/ZVS"), which enabled the design of DC-DC converter modules that were much smaller and more efficient than conventional alternatives. Emphasizing the superior power density and performance advantages of this technology, our primary product strategy since our founding has been to offer a comprehensive range of component-level building blocks to configure a power system specific to a customer's needs. Since introducing and popularizing the encapsulated "brick" during the 1980s, our product focus has been on high density DC-DC converters, which provide the isolation, transformation, regulation, filtering, and/or input protection necessary to power and protect sophisticated electronic loads. A secondary and highly complementary product strategy has been to incorporate our component-level building blocks into complete power systems representing turnkey AC-DC and DC-DC solutions for our customers' power needs.

Our product strategy is focused increasingly on the next generation of component-level building block, the V*I Chip™ module and derivations thereof. An important element of our product strategy is expanding the applicability of V*I Chip technology with broadened product offerings and innovative packaging solutions. The VI Chip module incorporates our latest advances in switching topologies and other proprietary power conversion innovations. We believe V*I Chip technology offers unprecedented power conversion density (i.e., the output power in Watts as a function of the size of the component in cubic inches), performance (i.e., benchmarks related to the capabilities of the component, such as conversion efficiency), and flexibility (i.e., the ability of our customers to implement a broad range of possible configurations).

Our product roadmap is focused on the development of a full line of products capable of delivering power conversion and power management solutions from the AC source (e.g., the wall outlet) to the DC point of load. Our Picor subsidiary, which develops microcontroller solutions enabling our innovations in switching topology, is pursuing a merchant strategy focused on high performance low voltage products for application at or near the point of load. These products complement our other component offerings, thereby allowing us to offer a complete solution from AC conversion to DC transformation and regulation at the point of load.

The applications in which these next-generation power conversion and power management products are used are in the higher-performance, higher-power segments of the power systems market, and our customers generally are global original equipment manufacturers ("OEMs").

Our business segments are organized by key product lines:

- Our Brick Business Unit ("BBU") segment designs, develops, manufactures and markets modular power converters in two formats: our well-established encapsulated modules, known as bricks, and our newer line of modular power converters that incorporate our V*I Chip technology into innovative packaging, which we market as VI Brick™ modules. The BBU also designs, develops, manufactures and markets a line of "configurable" products, which are complete power supplies assembled using our modular power components. The BBU includes the operations of our Westcor™ division, which is focused only on AC-input configurable products, the operations of Vicor Custom Power™, which is our turnkey custom power solutions business, and Vicor Japan Company, Ltd. ("VJCL"), our majority-owned Japanese subsidiary.

- Our V*I Chip Business Unit ("V*I Chip") consists of V*I Chip Corporation, a wholly-owned subsidiary that designs, develops, manufactures and markets a range of advanced power conversion components, including those that enable our Factorized Power Architecture™ ("FPA"). In 2003, we introduced FPA, a new power system architecture based on an array of proprietary power conversion innovations building upon our long-standing leadership in the design of power conversion technologies. We believe FPA provides power system designers enhanced performance at a lower cost than can be attained with conventional power architectures. As V*I Chip modules and FPA represent innovative alternatives to such conventional products and architectures, we established a separate business unit to enable the organizational focus necessary to support early adopters of these disruptive technologies.
- Our Picor® Business Unit ("Picor") consists of Picor Corporation, a majority-owned subsidiary of Vicor. Picor is a fabless (i.e., it utilizes third parties to manufacture its products) designer, developer, and marketer of high performance integrated circuits and related products for use in a variety of power system applications. Picor develops these products to be incorporated into Vicor's products, to be sold as a complement to our products, or for sale to third parties for separate applications. Much of the differentiation of our BBU and V*I Chip products has been a result of implementation of our power conversion innovations in proprietary semiconductor circuitry. Because of the considerable design expertise embodied in this captive organization and the potential for success as a merchant vendor of an expanding portfolio of proprietary products, we established Picor as a separate business unit to enable organizational focus and to facilitate a distinct go-to-market strategy.

Our products are sold worldwide to customers ranging from smaller, independent manufacturers of highly specialized electronic devices to larger OEMs and their contract manufacturers. The customer applications we address include, in alphabetical order, aerospace and defense electronics, enterprise and high performance computing, industrial automation, telecommunications and networking infrastructure, test and measurement instrumentation, and vehicles and transportation.

Vicor B.V., a wholly-owned subsidiary incorporated in the Netherlands, serves as a European distribution center. VLT, Inc. is our wholly-owned licensing subsidiary. VICR Securities Corporation is our wholly-owned subsidiary established to hold certain investment securities.

We are headquartered in Andover, Massachusetts, where our manufacturing facility is located. V*I Chip Corporation also is headquartered in Andover, Massachusetts. Our Westcor division has a design and assembly facility in Sunnyvale, California. VJCL, which is engaged in sales and customer support activities exclusively for the Japanese market, is located in Tokyo, Japan. Our six Vicor Custom Power locations are geographically distributed around the United States. We have customer support and engineering offices, which we call Technical Support Centers, in the United States, the United Kingdom, France, Germany, Italy, and Hong Kong, China. Picor Corporation is headquartered in North Smithfield, Rhode Island.

All of the above named entities are consolidated in the financial statements presented herein.

We were incorporated in Delaware in 1981. Shares of our Common Stock were listed on the NASDAQ National Market System in April 1990 under the ticker symbol VICR, and we completed an initial public offering of our shares in May 1991.

We maintain a website with the address www.vicorpower.com and make available free of charge through this website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission. The information contained on our website is not a part of, nor incorporated by reference into, this Annual Report on Form 10-K and shall not be deemed "filed" under the Exchange Act.

Market Background, Product Trends and Vicor Strategy

The market for power supplies and their enabling components continues to evolve in response to advancing technologies and corresponding changes in customer requirements. Similarly, we adapted our strategy to address evolving market challenges and opportunities. Many of the ongoing changes in the market, particularly in those segments in which we compete, have been characterized by improvement in product performance (e.g., power conversion efficiency), reduction in product form factor (i.e., size), and increased design flexibility (i.e., the ability of customers to address their power requirements with a broad range of alternative solutions). Product trends have been characterized by the disaggregation of the functions of power components such as DC-DC converters, thereby driving further improvement in overall power supply performance, further reduction in form factor, and greater flexibility in the way designers implement power supply solutions.

In 1984, we introduced an enhancement of the standardized, high-density power converter to the market: the fully-encapsulated brick, utilizing our ZCS/ZVS technology, in standardized dimensions of 4.6" x 2.4" x 0.5". Our innovative, patented technology provided superior efficiency and overall performance in a small form factor, while full encapsulation provided full shielding from environmental influences and enhanced thermal performance characteristics. Such thermal performance enhancement has been critical to the differentiated performance of our power converters, as the by-product of voltage conversion is heat, which must be dissipated in order to assure the performance of the converter itself and the overall system to which it is delivering power.

In response to market and technology trends and changes in our customer requirements, we have implemented a strategy addressing both the realities of the current power conversion marketplace and our vision of the long-term direction of that marketplace. Our strategy involves maintaining a viable, profitable legacy business, while investing in the next generation of power management components.

Our early technical and performance leadership contributed to the development of an image in the market as a power component innovator. The BBU experienced strong revenue growth and robust profitability during the 1980s and 1990s, as important markets for our products expanded. However, a significant amount of our revenue was derived from the telecommunications infrastructure market and, when that market collapsed in the early 2000s, we had to reassess our product portfolio and overall competitive positioning. Many of our domestic competitors faced the same circumstances and reoriented their strategies to serve high volume applications of large OEMs. In doing so, they moved much of their manufacturing from the United States to lower cost countries where the contract manufacturers used by their OEM customers were based. We chose not to follow these competitors, remained a domestic manufacturer, and shifted our competitive positioning to one based on "mass customization", thereby offering customers a wider range of possible solutions than those offered by our competitors.

As a part of our repositioning, we invested significantly in new product designs that emphasized low cost and flexible manufacturing, as well as the plant equipment and information technology necessary to support such low cost and flexible manufacturing, as well as shorter delivery lead times. We also modified our go-to-market strategy to emphasize serving lower volume customers requiring higher value solutions. As such, today our product portfolio is extremely broad, while our customer base and the market segments we serve are far more diverse than prior to the change in our go-to-market strategy. Our mass customization model allows us to profitably meet the specific design and volume requirements of numerous, relatively low volume customers, while avoiding the costs associated with maintaining extensive inventories of finished goods. Our decision to not pursue higher volume commodity opportunities constrained our growth during the economic recovery from 2004 into 2008, but our profitability during this period benefited from our value-added approach. We believe this approach has contributed to reduced volatility of our financial performance during the current period of economic uncertainty, as our customers rely on us for power conversion solutions they generally cannot obtain from our volume-oriented, commodity-focused competitors.

At the same time we undertook to reposition the BBU with mass customization, we announced our vision for the future of component-based power conversion: FPA and V*I Chip modules. Since our founding, our products have been based on advanced, highly-differentiated designs. Much of our intellectual property is

patented or otherwise proprietary to us. However, as is typical across the information technology and electronics markets, the segments in which we have competed matured relatively quickly and became characterized by product commoditization and price competition. Given our extensive experience with power conversion technologies and our understanding of trends in both technology and our markets, we concluded the appropriate complement to maintaining our legacy business would be to seek to redefine the competitive landscape in the long-term in targeted market segments with our innovative, flexible new power distribution architecture and our next generation of advanced designs appropriate for applications requiring highly differentiated performance (i.e., conversion efficiency) and power density.

Picor is a highly complementary element of our strategy to redefine the competitive landscape in the long term. Many of the differentiated capabilities of our Brick and V*I Chip products have been a result of implementation of our power conversion innovations in proprietary semiconductor circuitry. Most notably, proprietary, highly advanced microcontroller circuits developed by Picor are found in many of our most successful switching power components. While the majority of Picor's activities to date have involved supplying integrated circuits for internal use, Picor's long-term strategy is to become a merchant vendor of innovative power management circuitry, whether in individual packages, multi-chip modules, or subassemblies. Picor's product roadmap includes the development of integrated power management products targeted at lower power applications. As such, Picor's current and planned products represent a complement to FPA and V*I Chip modules.

An important element of our strategy is to protect our competitive leadership with domestic and foreign patents and patent applications that cover our products and much of their enabling technologies. We believe our competitive leadership is further protected by proprietary trade secrets associated with our use of certain components and materials of our own design, as well as our significant experience with manufacturing, packaging and testing these complex devices.

We continue to believe traditional power architectures, in the longer run, may not provide the performance necessary to address future power system requirements, given the trends toward lower bus and load voltages, higher currents, more and diverse on-board voltages, and the higher speeds and performance demands of numerous complex loads. Our overall strategy is to develop differentiated products to address these trends, while providing competitively superior performance and reliability at a lower overall cost.

Our Products

Our website, www.vicorpower.com, sets forth detailed information describing all of products and the applications for which they may be used. The information contained on our website is not a part of, nor incorporated by reference into, this Annual Report on Form 10-K and shall not be deemed "filed" under the Exchange Act.

Our principal product lines are:

Bricks: Modular Power Converters

Brick DC-DC power converters are well-established as an important enabling component of conventional power systems architectures. The BBU currently offers seven families of high power density, component-level DC-DC power converters: the VI-200™, VI-J00™, MI-200™, MI-J00™, Maxi, Mini and Micro families. Designed to be mounted directly on a printed circuit board chassis using contemporary manufacturing processes, each brick family is a comprehensive set of products offered in a wide range of input voltage (10 to 425 Volts DC) and output power (10 to 600 Watts). This allows end users to select power component products appropriate to their individual applications. The product families differ in maximum power ratings, performance characteristics, package size and, in certain cases, characteristics specific to the targeted market.

All of our traditional brick modules are encapsulated with a dielectric, elastomeric, thermally conductive material, thereby providing electrical insulation, thermal conductivity, and environmental protection of the electronic circuitry.

Our Custom Module Design System™ ("CMDS"), a core component of the Vicor PowerBench™ tool suite on our website, is a proprietary system enabling our customers to specify on-line, and verify in real time, the performance and attributes of its DC-DC converters. Not merely a product configuration tool like those offered by competitors, the CMDS enables the comprehensive design of DC-DC converters in all of our established brick form factors (i.e., full, half and quarter size), using patented web-based technology. CMDS is an important element of our mass customization strategy.

The VI Brick combines the superior technical attributes of our V*I Chip technology with robust packaging offering superior thermal characteristics and facilitating a range of board mounting alternatives. VI Brick models include high current density / low voltage DC-DC converters, a wide range of highly efficient bus converters, and individual models for both regulation and transformation. We continue to focus our product development efforts within the BBU on the design of VI Brick modules, notably focusing on VI Brick implementations of V*I Chip's innovative PFM™ and DCM™ modules.

In February 2011, we announced the introduction of the IBC048 series of VI Brick Intermediate Bus Converters, which utilize our patented Sine Amplitude Converter™ topology, the ZCS/ZVS resonant converter technology powering our V*I Chip bus converter line. Switching at approximately 10 times the frequency of competing square wave converters, our VI Bricks cut transient response time by a factor of 10, eliminating the need for external bulk capacitors, while offering double the power density and half the conversion loss of competitive devices. These products are available as drop-in replacements for industry standard eighth-brick and quarter-brick 5:1 and 4:1 intermediate bus converters. The product line includes 300, 500, 650 and 750 Watt models.

In February 2012, we added a proprietary IBC Power Simulation tool, what we believe to be an industry-first online simulation capability providing a means for power systems designers to interactively model the electrical and thermal performance of intermediate bus converters in application — specific operating conditions and thermal environments, to the Vicor PowerBench tool suite. We believe this simulation tool reduces time-consuming bench-level manual evaluation, streamlining design and development cycles. The ability to track changes across simulations with different parametric settings is intended to accelerate design optimization.

Accessory Power System Components

Accessory power system components, used with our component-level power converters, integrate other important functions of the power system, facilitating the design of complete power systems by interconnecting several modules. These other functions include input filtering, power factor correction, transient protection and AC line rectification. In general, our broad line of proprietary accessory components are used to condition and/or filter the input and output voltages of the modular power components and, therefore, represents an important complement to our converter component lines.

Examples of accessory products include our VI-HAM™ (Harmonic Attenuator Module), a universal-AC-input, power-factor-correcting front end for use with compatible DC-DC power converters, and our VI-AIM™ (AC Input Module), which provides input filtering, transient protection and rectification of the AC line.

Configurable Products

Utilizing our modular power components as core elements, we have developed several configurable product families that provide complete power solutions configured to a customer's specific needs. These products exploit the benefits and flexibility of the modular approach to offer higher performance, higher power densities, lower costs, and faster delivery than many competitive offerings. Configurable products are designed, developed and manufactured by the BBU, which offers a range of AC-DC and DC-DC products, by its Westcor division, which focuses on high-power AC-DC power supplies, and by VJCL, which offers configurable power supplies addressing the specific requirements of Japanese customers.

Most information technology, process control, and industrial electronic products operate directly off of AC lines and, as such, require circuitry to convert AC line voltage into the required DC voltage. Our configurable AC-DC power systems, the FlatPAC™, VIPAC™ Power System, and LoPAC™ families, incorporate front-end AC-DC circuitry subassemblies, thereby providing a complete power solution from AC line input to one or more DC outputs. These configurable products are characterized by their low-profile design and are configurable in a range of sizes and outputs up to 1,500 Watts.

Many telecommunications switching, transportation and defense electronic products are powered from central DC sources (e.g., generators or banks of batteries). Our configurable DC-DC power systems, the VIPAC Array, ComPAC™, and MegaMod™ families, also are characterized by a low-profile design, including rugged, compact assemblies for chassis-mounted, bulk power applications.

Our highest power configurable product line, the MegaPAC™ family, is also among our most flexible solutions. A MegaPAC consists of a fan-cooled chassis with up to 10 slots into which are placed ConverterPAC™ modules, which incorporate our brick power conversion modules, allowing for a broad range of customer-specific configurations. The MegaPAC itself can be configured to accept either AC or DC inputs, and output power can be as high as 4,000 Watts with up to 20 outputs.

The VIPAC family of power systems is a class of user defined, integrated modular power solution that leverages the latest advances in Maxi, Mini, and Micro DC-DC converter technology and modular front ends. VIPAC combines application specific front end units, a choice of advantageous chassis styles and, in AC input versions, remotely located hold-up capacitors to provide fast, flexible and highly reliable power solutions for a wide range of demanding applications.

The web-based Vicor Computer Assisted Design ("VCAD") tool, a component of Vicor PowerBench, can be utilized by the customer to specify and verify, in real time, that customer's desired configuration of our VIPAC family of configurable products from a broad range of inputs, outputs, packaging and optional features. Similarly, our web-based Vicor System Product Online Configurator ("VSPOC"), also a component of Vicor PowerBench, allows customers to configure and order Westcor AC-DC power supplies.

Customer Specific Power System Products

Certain customers rely on us to design, develop and manufacture customized power systems to meet performance and/or form factor requirements that cannot be met with off-the-shelf system solutions. By utilizing our power components as building-blocks in developing these custom power systems, we have been able to meet such customers' needs with reliable, high power density, turnkey solutions. These low-volume, high value-add products, besides meeting customers' specific requirements, frequently are designed to function reliably in the harsh environments associated with aerospace and defense applications.

We pursue custom opportunities through our Vicor Custom Power network, which consists of six regional design, assembly and customer support locations. Of the six locations, one is a division, three are either wholly-owned or majority-owned subsidiaries, and two are less than 50%-owned subsidiaries.

V*I Chip Products

We have pioneered an innovative new board level power architecture, FPA, which separates (or "factorizes") the basic functions of DC-DC power conversion (voltage transformation, regulation, and isolation) into separate power components called V*I Chip modules. Our V*I Chip modules represent the next generation of modular power components, providing power systems designers the ability to address increasingly challenging requirements. With each new generation of microprocessor, application specific integrated circuit, and memory, the trend has been toward lower voltages, higher currents, higher speeds and more on-board voltages. System designers must contend with a range of lower voltages, improve overall power system efficiency, and deliver the solution in an ever-smaller form factor.

We believe FPA provides power system designers superior power density, conversion efficiency, transient responsiveness, noise performance, reliability, and design flexibility at a lower overall cost than attained with conventional board level power architectures. We currently offer three V*I Chip modules for implementation of FPA designs: the BCM™ (Bus Converter Module), an intermediate bus converter; the PRM® (Pre-Regulator Module), a non-isolated regulator; and the VTM® (Voltage Transformation Module), an isolated current multiplier. All three modules are offered in full (i.e., 1.1 square inch) and half (i.e., 0.57 square inch) modules.

The BCM provides an isolated, unregulated intermediate bus voltage, at efficiencies up to 96%, to power non-isolated converters at the point-of-load from a narrow range DC input. The PRM is a non-isolated regulator, operating at up to 97% efficiency, capable of both bucking (i.e., reducing) and boosting (i.e., increasing) an input voltage and providing a regulated, adjustable output voltage or "factorized bus". VTMs are designed to meet the demands of advanced microprocessor and memory applications at the point of load with fixed ratio voltage transformation with extremely fast transient response, while providing isolation from input to output.

We have successfully deployed BCM, PRM and VTM modules in FPA implementations in several demanding application categories for which they are well suited, including high performance computing, advanced test and measurement, and defense electronics.

As addressed above in the context of its use in a VI Brick product, V*I Chip also offers the PFM, an isolated AC-DC voltage transformer, enabled by V*I Chip's Adaptive Cell™ topology, a high frequency, soft switching technology derived from our earlier advances in ZCS/ZVS topologies. The PFM offers active power factor correction in a single stage for use in implementations of FPA or other board-level power architectures across the worldwide range of AC supply voltage levels. The PFM has dimensions of 1.92" x 1.91" x 0.37", being approximately twice size of a full size BCM, PRM or VTM module. A complementary module under development, the FEM™ (Front End Module), provides AC current rectification and filtering, as well as transient voltage suppression, when required. We believe the extremely thin profile of the FEM-PFM solution will allow much greater flexibility and creativity in end-product design, while its differentiated performance should appeal to worldwide customers seeking to maximize the power efficiency of their own products. The PFM is indicative of our renewed commitment to the AC-DC segment of the power conversion market, and is an important element of our strategy to offer differentiated power components from the AC source to the point of load.

During the fourth quarter of 2011, we began sampling our latest V*I Chip innovation, the DCM, an isolated, regulated DC-DC voltage transformer offering very high conversion efficiency across a wide range of voltage inputs. Like the PFM, the DCM is a low profile, light weight solution enabled by our Adaptive Cell topology. We are targeting the DCM for use in demanding high voltage applications, such as electric vehicles, for which its small size, low weight, high power density, and high efficiency are especially well-suited.

The PFM and DCM modules are Vicor's new flagship products for our vision of a far-reaching power component methodology. Across major electronic markets, requirements for power systems operating from AC- or DC-input voltages will be addressed more predictably and cost-effectively with modular components that support efficient power distribution and dense power conversion with the requisite flexibility and scalability.

Picor Products

Picor designs, develops, and markets high performance integrated circuits and related products for use in a variety of power system applications. Picor develops these products to be incorporated into our BBU and V*I Chip modules, to be sold as a complement to our products, or for sale to third parties for separate applications. We believe Picor is competitively differentiated among vendors of power path management, filter, converter solutions targeted at a wide range of industries and applications, as our products have been designed with emphasis on high performance operation, board space savings, and reduced design complexity.

Picor's portfolio of merchant products includes a range of Cool-ORing® full-function Active ORing solutions and discrete Active ORing controllers, as well as the QuietPower® range of output and input

electromagnetic interference filters, differentiated by their small, surface mount System-in-Package (SiP) and low cost. Notable recent product introductions include the Cool-Switch® line of electronic circuit breaker, load disconnect switch solutions (launched in 2011) and the Cool-Power® module, a DC-DC converter delivering 60 Watts of output power in half the size of competitive solutions (launched in 2010). This module combines voltage transformation, output regulation and isolation in a high density, surface mount device utilizing V*I Chip assembly and packaging technology.

In 2011, Picor announced the future direction of its Cool-Power product line, which will be expanded in 2012 to include non-isolated SiP switching regulator solutions with a very high level of silicon integration, allowing for lower cost and design reuse across the product line. Picor's proprietary switching topologies allow for very high switching frequencies that will drive differentiated performance for lower power buck, boost, and buck-boost applications.

MIL-COTS Products

We offer versions of our commercial-off-the-shelf brick converters and accessories, configurable power supplies, and V*I Chip modules meeting certain specification standards established by the U.S. Department of Defense. Such "MIL-COTS" products meet the performance and reliability requirements associated with use in harsh and demanding environments.

Sales and Marketing

In 2011, we reorganized our Sales and Marketing organization, consolidating management at the corporate level and employing new professionals to lead our newly unified go-to-market strategy and expanded marketing communications effort. This unified go-to-market strategy is focused on certain defined market segments that are the responsibility of our newly formed Business Creation Teams ("BCTs"). Each BCT is focused on the requirements of customers in specific market segments and consists of product marketing, applications engineering, field application engineering, and regional sales personnel.

Specific sales activities are managed by a staff of Area Sales Directors, Regional and National Account Sales Managers, and sales personnel in the following locations: our world headquarters in Andover, Massachusetts; a Technical Support Center in Lombard, Illinois; our Westcor division in Sunnyvale, California; Vicor Custom Power locations in Cedar Park (Austin), Texas, Milwaukie (Portland), Oregon, and Oceanside (San Diego), California; our subsidiary in Tokyo, Japan; and our Technical Support Centers in Munich, Germany, Camberley, Surrey, England, Milan, Italy, Paris, France, and Hong Kong, China.

Because of the technically complex nature of our products, we maintain a staff of Field Applications Engineers to support our sales activities. Field Application Engineers provide direct technical sales support worldwide by reviewing new applications and technical matters with existing and potential customers. Product Line Engineers, located in our Andover headquarters, support field application engineers assigned to all of our locations.

In 2011, we also announced the adoption of a multi-tiered distribution model. We traditionally have sold our products in North America and South America through a network of independent sales representative organizations and in other areas of the world through independent non-stocking distributors. We announced a stocking distribution relationship with Future Electronics Incorporated in June 2011 and with Digi-Key Corporation in January 2012. While initial dollar and unit volumes sold through these distributors are small to date, we anticipate these relationships will become meaningful contributors to our long-term revenue growth.

In 2010, we introduced an electronic commerce capability through our website, www.vicorpower.com. Registered customers in the U.S., Canada and certain European countries are now able to purchase prototype quantities of selected products online. We intend to expand our online capability in the near future to include customers from other countries.

We also sell 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 certain standard products. Through Vicor B.V., Vicor Express operates in Germany, France, Italy and England.

We generally warrant our products for a period of two years.

Applications and Customers

The applications in which our power conversion and power management products are used are in the higher-performance, higher-power segments of the power systems market. Our products are sold worldwide to customers ranging from smaller, independent manufacturers of highly specialized electronic devices to global OEMs and their contract manufacturers. Industries served include aerospace and defense electronics, enterprise and high performance computing, industrial equipment and automation, telecommunications and network infrastructure, and vehicles and transportation markets.

During 2011, one customer (AcBel Polytech, Inc.) accounted for approximately 14.9% of net revenues. For the year ended December 31, 2010, two customers accounted for approximately 12.3% and 11.5% of net revenues, respectively. For the year ended December 31, 2009, no single customer accounted for more than 10% of our net revenues.

International sales, as a percentage of total net revenues, were approximately 57% in 2011, 49% in 2010, and 41% in 2009, respectively.

Backlog

As of December 31, 2011, we had a backlog of approximately $54,200,000 compared to $78,900,000 on December 31, 2010. Backlog is comprised of orders for products for which shipment is scheduled within the next 12 months. A portion of our sales in any quarter is, and will continue to be, derived from orders booked in the same quarter.

Research and Development

As a basic element of our long-term strategy, we are committed to the continued advancement of power conversion technology and power component product development. We invested approximately $39,000,000, $36,000,000, and $31,600,000 in research and development in 2011, 2010, and 2009, respectively. Investment in research and development represented approximately 15.4%, 14.4%, and 16.0% of net revenues in 2011, 2010, and 2009, respectively. We intend to continue to invest a significant percentage of revenues in research and development activities.

Manufacturing and Quality Assurance

Our 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 environmental stress screening of certain products and product test using automatic test equipment.

We continue to pursue a manufacturing strategy based upon the phased acquisition and/or fabrication, qualification and integration of automated manufacturing equipment to reduce manufacturing costs, increase product quality and reliability and enable rapid and effective expansion of capacity, as needed. We intend to make continuing investments in manufacturing equipment, particularly for our V*I Chip and VI Brick products and replacement of manufacturing equipment utilized by the BBU.

Components and materials used in our products are purchased from a variety of vendors. Most of the components are available from multiple sources. In instances of single source items, we maintain levels of inventories we consider to be appropriate to enable meeting the delivery requirements of customers. Incoming components, assemblies and other parts are subjected to several levels of inspection procedures.

Our compliance with applicable environmental laws has not had a material effect on our financial condition or operating results.

Product quality and reliability are critical to our success and, as such, we emphasize quality and reliability in our design and manufacturing activities. We follow industry best practices in manufacturing and are compliant with ISO 9001 certification standards (as set forth by the International Organization for Standardization). Our quality assurance practices include rigorous testing and, as necessary, burn-in of our products using automated equipment.

Competition

The power conversion industry is highly competitive. It remains highly fragmented, despite significant consolidation during the prior decade. Numerous power supply manufacturers target market segments and applications similar to those we target. Several of these competitors have significantly greater financial and marketing resources and longer operating histories than we do.

With the BBU, our strategy is largely based on differentiated responsiveness to customer requirements enabled by our mass customization capabilities. We believe we have a strong competitive position, particularly with customers who need small, high density power system solutions requiring a variety of input-output configurations. We compete on the basis of differentiation, offering a broad product line and mass customization abilities. We also compete by emphasizing technical innovation, product performance, and service and technical support. We believe the principal competitive variables in the market segments in which the BBU competes are price, performance, and the level of service and technical support offered.

With V*I Chip, our strategy is largely based on differentiated products offered to, at least during the early adoption of such products, a limited number of larger potential customers well-positioned to benefit from the advantages offered by our products (e.g., global original equipment manufacturers in computing, networking, and test and measurement). V*I Chip currently competes with vendors of power component solutions, many of which are the manufacturers with which the BBU competes. In the coming years, we anticipate a significantly broadened market for V*I Chip, as awareness of the advantages of V*I Chip spreads and a broader audience of potential customers is reached. We also anticipate the introduction of the PFM and DCM concepts will accelerate adoption of our broadened V*I Chip product line, as we will be well-positioned to offer comprehensive AC-DC and DC-DC solutions across a wider range of applications.

Picor and, to a lesser extent, V*I Chip compete with suppliers of integrated circuits for power conversion applications, many of which have significantly greater financial and marketing resources and longer operating histories. We believe Picor is developing a strong competitive position based on innovative semiconductor design and SiP packaging. Based on Picor's expanding product roadmap, we anticipate Picor will experience more direct competition with these larger suppliers, as we target their customers with our increasingly silicon-centric power conversion solutions.

Patents and Intellectual Property

We believe our patents afford advantages by building fundamental and multilayered barriers to competitive encroachment upon key features and performance benefits of our principal product families. Our patents cover the fundamental conversion topologies used to achieve the performance attributes of our converter product lines; converter array architectures; product packaging design; product construction; high frequency magnetic structures; as well as automated equipment and methods for circuit and product assembly.

We have been issued 109 patents in the United States (which expire between 2012 and 2029). We also have a number of patent applications pending in the United States, Europe and the Far East. We intend to vigorously protect our rights under these patents. Although we believe patents are an effective way of protecting our technology, there can be no assurances that our patents will prove to be enforceable.

Licensing

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

Employees

As of December 31, 2011, we had 1,017 full time employees and 28 part time employees.

We believe our continued success depends, in part, on our ability to attract and retain qualified personnel. Although there is strong demand for qualified personnel, we have not to date experienced difficulty in attracting and retaining sufficient engineering and technical personnel to meet our needs (see Part I, Item 1A — “Risk Factors”).

None of our employees are subject to a collective bargaining agreement.

ITEM 1A. *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.

Our future operating results are difficult to predict and are subject to fluctuations.

Our future operating results, including revenues, gross margins, operating expenses and net income (loss), have fluctuated on a quarterly and annual basis, are difficult to predict, and may be materially affected by a number of factors, many of which are beyond our control, including:

- the effects of adverse economic conditions in the United States and international markets, especially in light of the continued challenges in global credit and financial markets;
- changes in customer demand for our products and for end products that incorporate our products;
- the timing of our new product announcements or introductions, as well as those by our competitors;
- our ability to effectively coordinate changes in the mix of products we manufacture and sell, while managing our ongoing transition in organizational focus from traditional brick power components to our new V*I Chip, VI Brick and Picor products;
- our ability to provide and maintain a high level of support to an increasing number of large, high volume customers;
- the level of demand and purchase orders from our customers, and our ability to adjust to changes in demand and purchase order patterns;
- changes in order lead times and our "turns" volumes (i.e., the volumes of purchase orders received and shipped within an individual quarter);
- the timing, delay or cancellation of significant customer orders and our ability to manage inventory;
- the ability of our third party suppliers, subcontractors and manufactures to supply us with sufficient quantities of high quality products or components, on a timely basis;
- the effectiveness of our efforts to reduce product costs and manage operating expenses;
- our ability to utilize our manufacturing facilities at efficient levels, maintaining production capacity and manufacturing yields;
- the ability to hire, retain and motivate qualified employees to meet the demands of our customers;
- intellectual property disputes;
- potential significant litigation-related costs;
- costs related to compliance with increasing worldwide environmental and other regulations; and
- the effects of public health emergencies, natural disasters, security risk, terrorist activities, international conflicts and other events beyond our control.

As a result of these and other factors, we cannot assure you that we will not experience significant fluctuations in future operating results on a quarterly or annual basis. In addition, if our operating results do not meet the expectations of investors, the market price of our Common Stock may decline.

Our stock price has been volatile and may fluctuate in the future.

The trading price of our Common Stock has and may continue to fluctuate significantly. Such fluctuations may be influenced by many factors, including:

- the recent unprecedented volatility of the financial markets;

- uncertainty regarding the prospects of domestic and foreign economies;
- uncertainty regarding domestic and international political conditions, including tax policies;
- actual or anticipated fluctuations in our operating performance;
- the performance and prospects of our major customers;
- announcements by us or our competitors of significant new products, technical innovations or litigation;
- investor perception of our company and the industry in which we operate;
- the absence of earnings estimates and supporting research by investment analysts;
- the liquidity of the market for our Common Stock;
- the uncertainty of the declaration and payment of future cash dividends on our Common Stock; and
- the concentration of ownership of our Common Stock by Dr. Vinciarelli, our Chairman of the Board, Chief Executive Officer, and President.

Public stock markets have recently experienced extreme price and trading volume volatility. This volatility significantly and negatively affected the market prices of securities of many technology companies, including the market price of our Common Stock in late 2008, early 2009, and again in the second half of 2011. The return of such volatility could result in broad market fluctuations that could materially and adversely affect the market price of our Common Stock for indefinite periods. In addition, fluctuations in our stock price, volume of shares traded, and changes in our trading multiples may make our stock attractive to certain categories of investors who often shift funds into and out of stocks rapidly, exacerbating price fluctuations in either direction.

The ownership of our Common Stock is concentrated between Dr. Vinciarelli and a limited number of institutional investors. Dr. Vinciarelli owned, as of December 31, 2011, 9,675,480 shares of our Common Stock, as well as 11,023,648 shares of our Class B Common Stock (convertible on a one-for-one basis into Common Stock), together representing 50.5% of total issued and outstanding shares. Certain institutional investors have been long-term owners of our Common Stock and held in aggregate, as of September 30, 2011 (the most recent reporting date for institutional holders), over 15% of our issued and outstanding shares. Accordingly, the market float for our Common Stock and average daily trading volumes are relatively small, which can negatively impact investors' ability to buy or sell shares of our Common Stock in a timely manner.

We do not actively communicate with investment analysts and, as a consequence, there are no earnings estimates or supporting research coverage of our company. Because operating results have fluctuated on a quarterly and annual basis, investors may have difficulty in assessing our current and future performance.

In the past, we have declared and paid cash dividends on our Common Stock. The payment of dividends is based on the periodic determination by the Board of Directors that we have adequate capital to fund anticipated operating requirements and that excess cash is available for distribution to shareholders via a dividend. We have no formal policy regarding dividends and, as such, investors cannot make assumptions regarding the possibility of future dividend payments nor the amounts and timing thereof.

Dr. Vinciarelli owns 93.7% of our issued and outstanding Class B shares, which possess 10 votes per share. (Dr. Estia J. Eichten, a member of our Board of Directors, owns the majority of the balance of Class B shares issued and outstanding.) As such, Dr. Vinciarelli, controlling in aggregate 81.3% of share voting power, has effective control of the governance of the Company.

The ongoing disruptions in the global economy, as well as continued uncertainty in global financial markets, could materially and adversely affect our business and consolidated operating results.

Global economic conditions remain uncertain. Further disruption and deterioration in inter-related global economic conditions may reduce customer purchases of our products, thereby reducing our revenues and

earnings. In addition, such adverse conditions may, among other things, result in increased price competition for our products, increased risk of excess and obsolete inventories, increased risk in the collectability of our accounts receivable from our customers, increased risk in potential reserves for doubtful accounts and write-offs of accounts receivable, and higher operating costs as a percentage of revenues.

The ongoing European debt crisis and related financial restructuring efforts have contributed to the instability of global financial markets and regional economies. The debt crisis in Europe could cause further deterioration of the value of the Euro relative to the U.S. dollar, thus reducing the purchasing power of our European customers. If a European economic recession occurs in 2012, we could experience a significant decline in revenue and profitability, as European activities represented over one third of our international revenue in 2011.

China recently has experienced a deceleration of its rapid rise to be the world's second largest economy. While robust, high single-digit growth is expected for China's economy in 2012, this expectation does not take into consideration the impact of a European recession on China's export activity. Also, certain industrial sectors may experience further slowing of growth or actual contraction, as the Chinese government shifts priorities to meet state objectives. Such shifts or continued deceleration of Chinese economic growth may have a material and adverse affect on our revenue and profitability in the Asia-Pacific region, which represented, exclusive of Japan, approximately one half of our international revenue in 2011.

VJCL, which serves Japan exclusively and represented less than 10% of our international revenue in 2011, experienced relatively stable performance for the year, despite poor domestic economic conditions and the natural disasters of March 2011. While the Japanese economy has structural weaknesses, it is expected to expand slightly in 2012, despite the global risks to its export-oriented economy. However, recession in Europe, further deterioration of the Euro relative to the Yen, or reduced export demand from China could have a material and adverse affect on our revenue and profitability in Japan.

Any of these inter-related conditions and circumstances individually, or in combination, could materially and adversely affect our business and operating results.

We compete with many companies possessing far greater resources.

Some of our competitors have greater financial, manufacturing, technical, sales and marketing resources than we have. We compete with domestic and foreign manufacturers of integrated power supplies and power conversion components. With the growth of our V*I Chip and Picor product lines, we increasingly are competing with global manufacturers of power management products. Competition is generally based on design and quality of products, product performance, features and functionality, and product pricing, availability and capacity, with the relative importance of these factors varying among products, markets and customers. Existing or new competitors may develop products or technologies that more effectively address the demands of our customers and markets with enhanced performance, features and functionality or lower cost. If we fail to continue to develop and commercialize leading-edge technologies and products that are cost effective and maintain high standards of quality, and introduce them to the market on a timely basis, our competitive position and results of operations could be materially adversely affected.

Our future success increasingly depends upon our ability to develop and market differentiated, leading-edge power conversion products for larger customers, potentially contributing to lengthy product development and sales cycles that may result in significant expenditures before revenues are generated. Our future operating results are dependent on the growth in such customers' businesses and on our ability to profitably develop and deliver products meeting customer requirements.

The power system 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 our results of operations. We are following a strategy based on the

development of differentiated products addressing what we believe to be the long-term limitations of traditional power architectures. The development of such new products is often a complex, time-consuming and costly process involving significant investment in research and development, with no assurance of return on investment. There can be no assurance we will be able to develop and introduce new and improved products in a timely or efficient manner or new and improved products, if developed, will achieve market acceptance.

Our future success depends substantially upon customer acceptance of our innovative products. As we have been in the early stages of market penetration for these products, we have experienced lengthy periods during which we have focused our product development efforts on the specific requirements of a limited number of large customers, followed by further periods of delay before meaningful purchase orders are received. These lengthy development and sales cycle times increase the possibility a customer may decide to cancel or change product plans, which could reduce or eliminate our sales to that customer. As a result, we may incur significant product development expenses, as well as significant sales and marketing expenses, before we generate the related revenues for these products. Furthermore, we may never generate the anticipated revenues from a product after incurring such expenses if our customer cancels or changes its product plans.

We are shifting our market strategy to focus on larger opportunities with global manufacturers. Our growth is therefore dependent on the growth in the sales of these customers' products as well as their own development of new products. If we fail to anticipate changes in our customers' businesses and their changing product needs or successfully identify and enter new markets, our results of operations and financial position could be negatively impacted. We cannot assure you the markets we serve will grow in the future, our existing and new products will meet the requirements of these markets, or we can maintain adequate gross margins or profits in these markets.

Further reductions of spending by the U.S. Department of Defense or a pronounced shift in the nature of such spending may negatively influence our operating results.

Customers in the defense electronics segment have contributed a meaningful portion of the BBU's revenue to date. Such revenues represented approximately 29% of BBU revenue in 2011, down from approximately 37% in 2010. Defense electronics customers have represented the majority of revenue for Vicor Custom Power, which designs and manufactures sophisticated power solutions for primarily C4I (Command, Control, Communications, Computing, and Intelligence) applications. Recent reductions in Department of Defense spending, particularly those associated with reduced troop deployment in Iraq, have resulted in declines in orders and revenue from certain defense contractors. As the Department of Defense re-prioritizes spending to address both current requirements and federal budget constraints, we may experience further declines in orders and revenue from defense contractors.

Customers in defense electronics typically place orders with us based on the requirements of certain platform programs that may continue over several years, and the conclusion or termination of such programs may negatively influence our operating results. Two such programs, cumulatively representing approximately $8 million and $28 million of revenue for Vicor Custom Power in 2011 and 2010, respectively, were substantially concluded by the first quarter of 2011. While we currently do not have any single program approaching the magnitude of these two programs, our operating results may be negatively impacted by the termination of any program by the Department of Defense.

Our operating results recently have been influenced by a limited number of customers, and our future results may be similarly influenced.

Since it was established, our V*I Chip subsidiary has derived a substantial portion of its revenue from one customer, whether through sales directly to the customer or indirectly to the customer's contract manufacturers. Similarly, our Picor subsidiary has derived a substantial portion of its third-party revenue from a limited number of customers. This concentration of revenue is a reflection of the relatively early stage of adoption of the technologies, architectures and products offered by these subsidiaries, and their targeting of market leading

innovators as initial customers. Our new sales and marketing strategy is, in part, focused on accelerating the adoption of V*I Chip and Picor products by a diversified customer base across a number of identified market segments. However, we cannot assure you our new strategy will be successful and such diversification of customers will be achieved.

Growth in the V*I Chip segment and the Vicor Custom Power business within the BBU over the last several years has come from either a limited number of customers or from a limited number of significant customer programs. A decline in or deferral of demand from one or several of these large customers or the discontinuation of certain programs, or declines in our other end-user markets in general, could have a material adverse impact on our results of operations. Vicor Custom Power experienced a significant revenue decrease in 2011 due to the completion of two major programs in the first part of 2011. In addition, several large V*I Chip customers, due to uncertain conditions in their own businesses, deferred placing purchase orders with us or deferred delivery of scheduled product shipments during 2011. As a result, we incurred additional costs associated with managing our inventory levels and scheduling our production activity.

We rely on third-party vendors and subcontractors for supply of components and assemblies and, therefore, cannot control the availability or quality of such components and assemblies.

We depend on third party vendors and subcontractors to supply components and assemblies used in our products, some of which are supplied by a single vendor. In the third and fourth quarters of 2011, we experienced shortages of certain semiconductor components, supplied by a single vendor, and incurred additional and unexpected costs to address the shortages, while experiencing delays in production and shipping. If suppliers or subcontractors cannot provide their products or services on time or to our specifications, we may not be able to meet the demand for our products and our delivery times may be negatively affected. In addition, we cannot directly control the quality of the products and services provided by third parties. In order to grow, we likely will need to identify and qualify new suppliers and subcontractors to supplant or replace existing suppliers and subcontractors. This may cause disruptions in production, delays in shipping, or increases in prices paid to third-parties.

We may not be able to procure necessary key components for our products, or we may purchase excess raw material inventory or unusable inventory, possibly impacting our operating results.

The power systems industry, and the electronics industry as a whole, can be subject to pronounced business cycles and otherwise subject to sudden and sharp changes in demand. Our success, in part, is dependent on our ability to forecast and procure inventories of raw materials and components to match production schedules and customer delivery requirements. Many of our products, notably V*I Chip modules and Picor components, require raw materials supplied by a limited number of vendors and, in some instances, a single vendor. During periods of demand growth, key materials required to build our products may become unavailable in the timeframe required for us to meet our customers' needs. Our inability to secure sufficient materials and components to build products for our customers could negatively impact our sales and operating results. We may choose to mitigate this risk by increasing the levels of inventory for certain raw materials and components. Such increased inventory levels may increase the potential risk for excess and obsolescence should our forecasts fail to materialize or if there are negative factors impacting our customers' end markets, leading to order cancellation. If we purchase excess inventory or determine certain inventory is unusable, we may have to record additional inventory reserves or write-off the unneeded inventory, which could have a material adverse effect on our gross margins and on our operating results.

Our revenues and profits may not increase enough to offset the expense of additional production capacity.

We have made significant additions to our manufacturing equipment and capacity over the past several years, including equipment for both our new V*I Chip products and for BBU products. During 2010 and 2011, we added equipment to the V*I Chip production lines that more than doubled production capacity. We have also replaced certain equipment and added new, more efficient equipment for certain processes on the BBU

production lines. If overall revenue levels do not increase enough to offset the increased fixed costs, or if there is deterioration in our overall business, our future operating results could be adversely affected. In addition, asset values could be impaired if the additional capacity is underutilized for an extended period of time, resulting in impairment charges that could have a material adverse effect on our financial position and results of operations.

If we were unable to use our manufacturing facility in Andover, Massachusetts, we would not be able to manufacture for an extended period of time.

All modular power components, whether for direct sale to customers or for sale to our subsidiaries and divisions for incorporation into their respective products, are manufactured at our Andover, Massachusetts, production facility. Substantial damage to this facility due to fire, natural disaster, power loss or other events could interrupt manufacturing. Any prolonged inability to utilize all or a significant portion of this facility could have a material adverse effect on our results of operations.

We are exposed to foreign economic, political and other risks.

For the years ended December 31, 2011, 2010 and 2009, our net revenues from sales outside the United States were 57%, 49%, and 41%, respectively, of the Company's total net revenues. We expect international sales will continue to be a significant component of total sales, since many of the global manufacturers we target as customers increasingly utilize offshore contract manufacturers and rely upon those contract manufacturers to place orders directly with us. We also expect international revenue from our distributors to increase.

While our currency risks are limited, as our sales are denominated in dollars worldwide, with the exception of Japan, our international activities expose us to special risks including, but not limited to, regulatory requirements, economic and political instability, transportation delays, foreign currency controls and market fluctuations, trade barriers and tariffs, and foreign exchange rates. In addition, our international customers' business may be negatively affected by the ongoing crisis in the global credit and financial markets. Sudden or unexpected changes in the foregoing could have a material adverse effect on our operating results.

We may be unable to adequately protect our proprietary rights, which may limit our ability to compete effectively.

We operate in an industry in which the ability to compete depends on the development or acquisition of proprietary technologies that must be protected to preserve the exclusive use of such technologies. We devote substantial resources to establish and protect our patents and proprietary rights, and we rely on patent and intellectual property law to protect such rights. This protection, however, may not prevent competitors from independently developing products similar or superior to our products. We 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 our competitive position. In addition, the intellectual property laws of foreign countries may not protect our rights to the same extent as those of the United States. We have been and may need to continue to defend or challenge patents. We have incurred and expect to incur significant costs in and devote significant resources to these efforts which, if unsuccessful, may have a material adverse effect on our operating results and financial position.

We may face intellectual property infringement claims that could be costly to resolve.

The power supply industry is characterized by vigorous protection and pursuit of intellectual property rights. We may in the future receive communications from third parties asserting that our products or manufacturing processes infringe on a third party's patent or other intellectual property rights. In January 2011, we were named in a complaint for patent infringement filed by SynQor, Inc. (see Part I — Item 3 — Legal Proceedings). In the event a third party makes a valid intellectual property claim against us and a license is not available to us on commercially reasonable terms, or at all, we could be forced to either redesign or stop production of products incorporating that technology, and our operating results could be materially and adversely affected. In addition,

litigation may be necessary to defend us against claims of infringement, and this litigation could be costly and divert the attention of key personnel. An adverse outcome in these types of matters could have a material adverse impact on our operating results and financial condition.

We may face legal claims and litigation from product warranty or other claims that could be costly to resolve.

We may in the future encounter legal action from customers, vendors or others concerning product warranty or other claims. We generally offer a two-year warranty from the date title passes from us for all of our standard products. We invest significant resources in the testing of our products; however, if any of our products contain defects, we may be required to incur additional development and remediation costs, pursuant to our warranty policies. These issues may divert our technical and other resources from other product development efforts and could result in claims against us by our customers or others, including liability for costs associated with product returns, which may adversely impact our operating results. If any of our products contains defects, or has reliability, quality or compatibility problems, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could adversely affect our operating results.

Our ability to successfully implement our business strategy may be limited if we do not retain our key personnel and attract and retain skilled and experienced personnel.

Our success depends on our ability to retain the services of our executive officers. The loss of one or more members of senior management could materially adversely affect our business and financial results. In particular, we are dependent on the services of Dr. Vinciarelli, our founder, Chairman of the Board, Chief Executive Officer, and President. The loss of the services of Dr. Vinciarelli could have a material adverse effect on our development of new products and on our results of operations. In addition, we depend on highly skilled engineers and other personnel with technical skills that are in high demand and are difficult to replace. Our continued operations and growth depend on our ability to attract and retain skilled and experienced personnel in a very competitive employment market. If we are unable to attract and retain these employees, our ability to successfully implement our business strategy may be harmed.

Disruption of our information technology infrastructure could adversely affect our business.

We depend heavily on information technology infrastructure to achieve our business objectives, particularly our computer-integrated manufacturing processes that control all aspects of our operations in our manufacturing facility in Andover, Massachusetts. If a problem occurs impairing this infrastructure, the resulting disruption could impede our ability to record or process orders, manufacture and ship in a timely manner, or otherwise carry on business in the normal course. While we carry business interruption insurance that would mitigate losses to an extent, such insurance may be insufficient to compensate us for the potentially significant losses. Any such events, if prolonged, could have a material and adverse effect on our operating results and financial condition.

Our computing and communications systems are designed to protect us from network disruptions and security breaches. However, we are subject to network disruptions or security breaches caused by computer viruses, illegal break-ins or malicious hacking, sabotage, acts of vandalism by third parties, or terrorism. Our security measures or those of our third party service providers may not detect or prevent such network disruptions or security breaches. Any such compromise of our systems security could result in the unauthorized publication of our confidential business or proprietary information, cause an interruption in our operations, result in the unauthorized release of customer or employee data, result in a violation of privacy or other laws, expose us to a risk of litigation or damage our reputation, which could have a material and adverse affect on our operating results and financial condition, as well as significantly harm our business.

If we fail to maintain an effective system of internal controls or discover material weaknesses in our internal controls over financial reporting, we may not be able to report our financial results accurately or timely or detect fraud, which could have a material adverse effect on our business.

An effective internal control environment is necessary for us to produce reliable financial reports and is an important part of our effort to prevent financial fraud. Section 404 of the Sarbanes-Oxley Act of 2002 requires

our management to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control structure and procedures for financial reporting. We have an ongoing program to perform the system and process evaluation and testing necessary to comply with these requirements and to continuously improve and remediate internal controls over financial reporting.

While management evaluates the effectiveness of our internal controls on a regular basis, these controls may not always be effective. There are inherent limitations on the effectiveness of internal controls, including collusion, management override, and failure in human judgment. In addition, control procedures are designed to reduce rather than eliminate business risks. In the event that our Chief Executive Officer, Chief Financial Officer, or independent registered public accounting firm determines that our internal controls over financial reporting are not effective as defined under Section 404, we may be unable to produce reliable financial reports or prevent fraud, which could materially adversely affect our business. In addition, we may be subject to sanctions or investigation by government authorities or self-regulatory organizations, such as the Securities and Exchange Commission or The NASDAQ Stock Market, LLC. Any such actions could affect investor perceptions of the Company and result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements, which could cause the market price of our common shares to decline or limit our access to capital.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

Our corporate headquarters building in Andover, Massachusetts, which we own, provides approximately 90,000 square feet of office space for our sales, marketing, engineering and administration personnel. We also own a building of approximately 230,000 square feet in Andover, Massachusetts, which houses all Massachusetts manufacturing activities. Our Westcor division owns and occupies a building of approximately 31,000 square feet in Sunnyvale, California.

All other domestic and foreign facilities are leased from third-party lessors on arms' length terms.

ITEM 3. *LEGAL PROCEEDINGS*

As disclosed in prior filings, on January 28, 2011, SynQor, Inc. ("SynQor") filed a complaint for patent infringement against Ericsson, Inc. ("Ericsson"), Cisco Systems, Inc. ("Cisco") and us in U.S. District Court for the Eastern District of Texas ("the Texas Action"). This immediately followed a complaint filed by us on January 26, 2011 in U.S. District Court for the District of Massachusetts, in which we sought a declaratory judgment that our bus converter products do not infringe any valid claim of certain of SynQor's U.S. patents, and that the claims of those patents are invalid. With respect to us, SynQor's complaint alleges our products, including, but not limited to, unregulated bus converters used in intermediate bus architecture power supply systems, infringe certain SynQor patents. SynQor seeks, amongst other items, an injunction against further infringement and an award of unspecified compensatory and enhanced damages, interest, costs and attorney fees. On February 8, 2011, SynQor filed a motion for preliminary injunction seeking an order enjoining us from manufacturing, using, selling, and offering for sale in the United States and/or importing into the United States certain identified unregulated bus converters, as well as any other bus converters not significantly different from those products. On February 17, 2011, we withdrew our Massachusetts action without prejudice to allow the litigation to proceed in Texas. On May 16, 2011, SynQor announced it was withdrawing its motion for preliminary injuction against us. On September 20, 2011, SynQor filed an amended complaint in the Texas Action. The amended complaint repeated the allegations of patent infringement against us contained in SynQor's original complaint, and included additional patent infringement allegations with respect to U.S. Patent No. 8,023,290 (" '290 patent"), which was issued on that day. As with SynQor's original complaint, the amended complaint alleged that our products, including but not limited to our unregulated bus converters used in

intermediate bus architecture power supply systems, infringed the asserted patents. On October 4, 2011, we filed an answer and counterclaims to SynQor's amended complaint, in which we allege the '290 patent is unenforceable because it was procured through inequitable conduct before the U.S. Patent and Trademark Office and seek damages against SynQor for SynQor's unfair and deceptive trade practices and tortious interference with prospective economic advantage in connection with SynQor's allegations of patent infringement against us. We do not believe any of our products, including our unregulated bus converters, infringe any valid claim of the SynQor patents, either alone or when used in an intermediate bus architecture implementation. We believe SynQor's claims lack merit and, therefore, we continue to vigorously defend ourselves against SynQor's patent infringement allegations.

During the third quarter of 2009, we entered into a release and settlement agreement with a vendor over alleged product performance issues with certain products the vendor had sold to us. We received a payment of $750,000 in consideration for the settlement, which is recorded in "Gain from litigation-related and other settlements, net" in the accompanying Consolidated Statement of Operations.

On February 22, 2007, we announced an agreement in principle with Ericsson, Inc., the U.S. affiliate of LM Ericsson, to settle a lawsuit brought by Ericsson against us in California state court. Under the terms of the settlement agreement entered into on March 29, 2007, after a court ordered mediation, we paid $50,000,000 to Ericsson, of which $12,800,000 was reimbursed by our insurance carriers. Accordingly, we recorded a net loss of $37,200,000 from the litigation-related settlements in the fourth quarter of 2006. We have been seeking further reimbursement from its insurance carriers. On November 14, 2008, a jury in the United States District Court for the District of Massachusetts found in favor of us in a lawsuit against certain of its insurance carriers with respect to the Ericsson settlement. The jury awarded $17,300,000 in damages to us, although the verdict is subject to challenge in the trial court and on appeal. Both parties filed certain motions subsequent to the ruling and, on March 2, 2009, the judge in the case rendered his decision on the subsequent motions, reducing the jury award by $4,000,000. On March 26, 2009, the U.S. District Court, District of Massachusetts (the "Court") issued its judgment in the matter, affirming the award of $13,300,000, plus prejudgment interest from the date of breach on March 29, 2007 through March 26, 2009, the date of judgment in the amount of approximately $3,179,000. The insurance carriers have filed their appeal to this total judgment in the amount of approximately $16,479,000. No final and collectible judgment yet has been entered by the court as of December 31, 2011 and therefore no amounts are reflected in the accompanying consolidated financial statements.

Our decision to enter into the settlement followed an adverse ruling by the court in January 2007 in connection with a settlement between Ericsson and co-defendants Exar Corporation ("Exar") and Rohm Device USA, LLC ("Rohm"), two of our component suppliers prior to 2002. Our writ of mandate appeal of this ruling was denied in April, 2007. In September 2007, we filed a notice of appeal of the court's decision upholding the Ericsson-Exar-Rohm settlement. In December 2007, the court awarded Exar and Rohm amounts for certain statutory and discovery costs associated with this ruling. As such, we accrued $240,000 in the second quarter of 2007, included in "(Gain) loss from litigation-related and other settlements, net" in the Consolidated Statements of Operations, of which $78,000 of the award was paid in the second quarter of 2008. On February 9, 2009, the Court of Appeals issued its opinion affirming the judgment for Exar and Rohm in full. During the third quarter of 2009, we completed negotiations with Exar and Rohm, resulting in separate settlement agreements calling for a final payment to Exar of $70,000 and no additional payment due Rohm. As a result of the settlements, we reversed a remaining excess accrual of approximately $96,000 in the third quarter of 2009, which is recorded in "Gain from litigation-related and other settlements, net" in the accompanying Consolidated Statement of Operations.

In addition, we are involved in certain other litigation and claims incidental to the conduct of its business. While the outcome of lawsuits and claims against us cannot be predicted with certainty, we do not expect any current litigation or claims to have a material adverse impact on our financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

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

Our Common Stock is listed on The NASDAQ Stock Market, LLC, under the trading symbol "VICR." Shares of our Class B Common Stock are not registered with the Securities and Exchange Commission, are not listed on any exchange nor traded on any market, and are subject to transfer restrictions under our 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 The NASDAQ Stock Market for the periods indicated:

2011	**High**	**Low**
First Quarter	$17.58	$14.05
Second Quarter	17.40	14.81
Third Quarter	16.74	8.15
Fourth Quarter	10.69	7.00
2010	**High**	**Low**
First Quarter	$14.31	$ 7.98
Second Quarter	16.24	10.87
Third Quarter	16.35	11.98
Fourth Quarter	19.50	14.65

As of February 29, 2012, there were 217 holders of record of our Common Stock and 16 holders of record of our Class B Common Stock. These numbers do not reflect persons or entities that hold their shares in nominee or "street name" through various brokerage firms.

Dividend Policy

We do not have a policy mandating the declaration of dividends at any particular time or on a regular basis. Dividends are declared at the discretion of our Board of Directors and depend on actual cash from operations, our financial condition and capital requirements, the recommendation of our management, and any other factors the Board of Directors may consider relevant.

On July 22, 2011, the Company's Board of Directors approved a cash dividend of $0.15 per share of the Company's Common Stock. The total dividend of approximately $6,272,000 was paid on August 31, 2011 to shareholders of record at the close of business on August 9, 2011.

From time to time, excess cash held at the subsidiary level is transferred to the Company via cash dividends declared by the subsidiary. Because we own less than 100% of the common stock of certain subsidiaries, such subsidiary dividends can result in payments to outside shareholders of those subsidiaries. During the year ended December 31, 2011, two subsidiaries paid a total of $2,000,000 in cash dividends, of which $1,310,000 was paid to the Company and $690,000 was paid to outside shareholders (i.e., paid to certain subsidiary employees who own common stock in the subsidiary). During the year ended December 31, 2010, three subsidiaries paid a total of $5,457,000 in cash dividends, of which $4,905,000 was paid to the Company and $552,000 was paid to outside shareholders. Dividends paid to outside shareholders are accounted for as a reduction in noncontrolling interest.

Issuer Purchases of Equity Securities

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (of Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1 — 31, 2011	—	$—	—	$8,541,000
November 1 — 30, 2011	—	$—	—	$8,541,000
December 1 — 31, 2011	—	$—	—	$8,541,000
Total	—	$—	—	$8,541,000

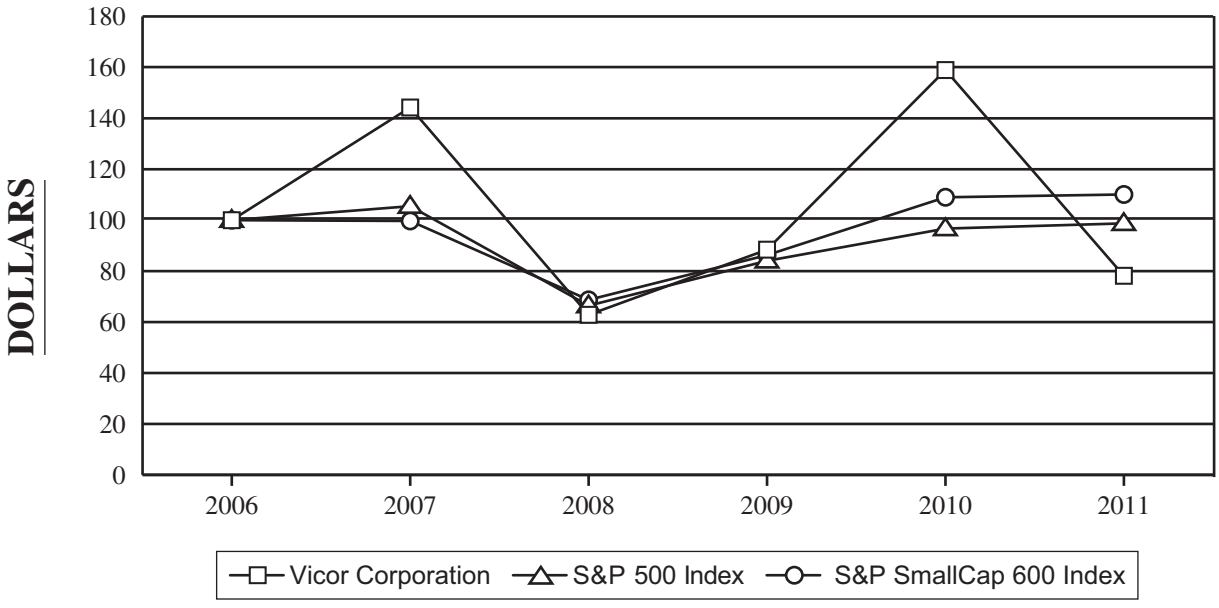
In November 2000, our Board of Directors authorized the repurchase of up to $30,000,000 of our Common Stock (the "November 2000 Plan"). The November 2000 Plan authorizes us to make such repurchases from time to time in the open market or through privately negotiated transactions. The timing and amounts of stock repurchases are at the discretion of management based on its view of economic and financial market conditions. We did not repurchase shares of Common Stock during the year ended December 31, 2011.

Stockholder Return Performance Graph

The graph set forth below presents the cumulative, five-year stockholder return for each of the Company's Common Stock, the Standard & Poor's 500 Index ("S&P 500 Index"), a value-weighted index made up of 500 of the largest, by market capitalization, listed companies, and the Standard & Poor's SmallCap 600 Index ("S&P SmallCap 600 Index"), a value-weighted index of 600 listed companies with market capitalizations between $200,000,000 and $1,000,000,000.

The graph assumes an investment of $100 on December 31, 2006, in each of our Common Stock, the S&P 500 Index, and the S&P SmallCap 600 Index, and assumes reinvestment of all dividends. The historical information set forth below is not necessarily indicative of future performance.

Comparison of Five Year Cumulative Return
Among Vicor Corporation, S&P 500 Index
and S&P SmallCap 600 Index



	2006	2007	2008	2009	2010	2011
Vicor Corporation	$100.00	$144.25	$62.85	$88.43	$158.95	$ 78.17
S&P 500 Index	$100.00	$105.50	$66.45	$84.04	$ 96.71	$ 98.75
S&P SmallCap 600 Index	$100.00	$ 99.70	$68.72	$86.29	$109.00	$110.10

ITEM 6. *SELECTED FINANCIAL DATA*

The following selected consolidated financial data with respect to our statements of operations for the years ended December 31, 2011, 2010, and 2009, and with respect to our balance sheets as of December 31, 2011 and 2010, are derived from our Consolidated Financial Statements, which appear elsewhere in this report and which have been audited by Grant Thornton LLP, our independent registered public accounting firm. The following selected consolidated financial data with respect to our statements of operations for the years ended December 31, 2008 and 2007, and with respect to our balance sheets as of December 31, 2009, 2008 and 2007 are derived from our Consolidated Financial Statements, which are not included herein.

	Year Ended December 31,				
Statement of Operations Data	**2011**	**2010**	**2009**	**2008**	**2007**
	(In thousands, except per share data)				
Net revenues	$252,968	$250,733	$197,959	$205,368	$195,827
Income (loss) from operations	13,686	29,122	4,773	(1,142)	1,071
Consolidated net income (loss)	9,309	33,539	4,093	(1,778)	5,874
Net income attributable to noncontrolling interest	466	214	1,295	1,817	539
Net income (loss) attributable to Vicor Corporation	8,843	33,325	2,798	(3,595)	5,335
Net income (loss) per share — basic and diluted attributable to Vicor Corporation	0.21	0.80	0.07	(0.09)	0.13
Weighted average shares — basic	41,797	41,700	41,665	41,651	41,597
Weighted average shares — diluted	41,856	41,772	41,671	41,651	41,687
Cash dividends per share	$ 0.15	$ 0.30	$ —	$ 0.30	$ 0.30

	As of December 31,				
Balance Sheet Data	**2011**	**2010**	**2009**	**2008**	**2007**
	(In thousands)				
Working capital	$124,386	$105,454	$ 74,791	$ 65,297	$114,924
Total assets	208,141	204,912	180,577	171,922	192,458
Total liabilities	23,431	25,900	24,511	20,496	23,978
Total equity	184,710	179,012	156,066	151,426	168,480

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

Overview

We design, develop, manufacture and market modular power components and complete power systems based upon a portfolio of patented technologies. We sell our products primarily to customers in the higher-performance, higher-power segments of the power systems market, including aerospace and defense electronics, enterprise and high performance computing, industrial equipment and automation, telecommunications and network infrastructure, and vehicles and transportation. On June 22, 2011, we announced the adoption of a multi-tiered distribution model, consisting of direct sales, regional manufacturers' representatives in North and South America, and a distribution partnership with Future Electronics Incorporated, a leading electronic components distributor. In January 2012, we announced a similar distribution arrangement with Digi-Key Corporation, a leading Internet-based electronic components distributor. Revenues to date under these new arrangements have not been material. We will continue to utilize independent distributors to serve international markets. Export sales as a percentage of total revenues were approximately 57% in 2011, 49% in 2010 and 41% in 2009, respectively.

We have organized our business segments according to our key product lines. The BBU segment designs, develops, manufactures and markets our modular power converters and configurable products, and also includes the operations of our Westcor division, the six entities comprising Vicor Custom Power, and the BBU operations of VJCL. The V*I Chip segment includes V*I Chip Corporation, which designs, develops, manufactures and markets our FPA products. The V*I Chip segment also includes the V*I Chip business conducted through VJCL.

Picor designs, develops, manufactures and markets integrated circuits and related products for use in a variety of power management and power system applications. Picor develops these products to be sold as part of Vicor's products or to be sold to third parties for separate applications.

For the year ended December 31, 2011, revenues increased 0.9% to $252,968,000 from $250,733,000 in 2010. Gross margin decreased to $106,694,000 from $114,520,000 in 2010. Gross margin, as a percentage of revenue, decreased to 42.2% in 2011 from 45.7% in 2010. We reported net income in 2011 of $8,843,000 as compared to $33,325,000 in 2010, and a diluted income per share of $0.21 in 2011, as compared to a diluted income per share of $0.80 in 2010. The decrease in gross margin (dollars and percentage) was primarily due to a shift in product mix to a higher proportion of lower-margin V*I Chip products, along with lower volumes of higher-margin BBU component products and Vicor Custom Power products. During the third and fourth quarters of 2010, respectively, the Company recorded non-recurring, non-cash tax benefits of $5,158,000, or approximately $0.12 per diluted share, and $1,159,000, or approximately $0.03 per diluted share, respectively, due to the release of portions of its deferred tax valuation allowance (See Note 14).

Backlog, representing the total of purchase orders received for which product has not yet been shipped, was approximately $54,200,000 at the end of 2011 as compared to $78,900,000 at the end of 2010.

Operating expenses for 2011 increased $7,610,000, or 8.9%, to $93,008,000 from $85,398,000 in 2010, due to increases in selling, general and administrative expenses of $4,624,000 and research and development expenses of $2,986,000. The key increases in selling, general and administrative expenses were compensation expenses of $3,212,000, legal fees of $1,910,000, outside services of $608,000, travel expenses of $324,000, and depreciation and amortization of $185,000, partially offset by decreases in commissions expense of $974,000, advertising expenses $664,000, and audit and tax fees of $161,000. The key increases in research and development expenses were compensation expenses of $2,604,000, project and pre-production materials of $365,000, depreciation and amortization of $256,000, deferred costs of $217,000, and computer expenses of $119,000, partially offset by decreases in outside services of $447,000, supplies expenses of $154,000, and employment recruiting of $117,000.

"Other income, net" decreased $151,000 to $346,000 in 2011 from $497,000 in 2010. The primary reasons for the decline were decreases in gains on disposal of equipment of $227,000, interest income of $183,000, and an increase in foreign currency losses of $168,000, partially offset by an increase in credit gains on available for sale securities of $448,000.

In 2011, depreciation and amortization totaled $11,005,000 and capital additions were $7,466,000, compared to $10,222,000 and $12,103,000, respectively, for 2010.

Inventories increased by approximately $263,000, or 0.7%, to $35,752,000 at the end of 2011 as compared to $35,489,000 at the end of 2010. The increase was primarily due to increases in V*I Chip and Picor inventories of approximately $1,069,000 and $127,000, respectively, partially offset by a decrease in BBU inventories of approximately $933,000.

The following table sets forth certain items of selected consolidated financial information as a percentage of net revenues for the years ended December 31. This table and the subsequent discussion should be read in conjunction with the selected financial data and the Consolidated Financial Statements and related footnotes contained elsewhere in this report.

	Year Ended December 31,		
	2011	2010	2009
Net revenues	100.0%	100.0%	100.0%
Gross margin	42.2%	45.7%	44.2%
Selling, general and administrative expenses	21.4%	19.7%	24.2%
Research and development expenses	15.4%	14.4%	16.0%
Income before income taxes	5.5%	11.8%	2.8%

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates and judgments, including those related to revenue recognition, allowance for doubtful accounts, product warranties, inventories, investments, intangible assets, income taxes, impairment of long-lived assets, share-based compensation, contingencies and litigation. Management bases its estimates and judgments on historical experience, knowledge of current conditions and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments, based on assessments of customers' credit-risk profiles and payment histories. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Inventories

We employ a variety of methodologies to estimate allowances for its inventory for estimated obsolescence or unmarketable inventory, based upon its known backlog and historical usage, and assumptions about future demand and market conditions. For BBU products produced at our Andover facility, our principal manufacturing location, the model used is based upon a comparison of on-hand quantities to projected demand, such that amounts of inventory on hand in excess of a three-year projected usage are fully reserved. Since V*I Chip and Picor products are still at a relatively early stage, a one-year projected usage assumption is used. While we have used our best efforts and believe we have used the best available information to estimate future demand, due to uncertainty in the economy and our business and the inherent difficulty in predicting future demand, it is possible that actual demand for our products will differ from our estimates. If actual future demand or market conditions are less favorable than those projected by management, additional inventory reserves for existing inventories may need to be recorded in future periods.

Fair Value Measurements

We account for certain financial assets at fair value, defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. If management made different assumptions or judgments, material differences in fair values could occur.

Long-Term Investments

Our long-term investments are classified as either trading or available-for-sale securities. Available-for-sale securities are carried at fair value, with unrealized gains and losses, net of tax, attributable to credit loss recorded through the statement of operations and unrealized gains and losses, net of tax, attributable to other non-credit factors reported in "Accumulated other comprehensive (loss) income," a component of Total Equity. In determining the amount of credit loss, we compare the present value of cash flows expected to be collected to the amortized cost basis of the securities, considering credit default risks probabilities and changes in credit ratings as significant inputs, among other factors. Trading securities are carried at fair value, with unrealized gains and losses recognized through the consolidated statement of operations each reporting period. We periodically evaluate if an investment is considered impaired, whether an impairment is other than temporary, and the

measurement of an impairment loss. We consider a variety of impairment indicators such as, but not limited to, a significant deterioration in the earnings performance, credit rating, or asset quality of the investment.

As of December 31, 2011, we held par value of $9,100,000 of auction rate securities. These auction rate securities consist of collateralized debt obligations, supported by pools of student loans, sponsored by state student loan agencies and corporate student loan servicing firms. The interest rates for these securities are reset at auction at regular intervals ranging from seven to 28 days. The auction rate securities held by us traded at par prior to February 2008 and are callable at par at the option of the issuer.

Until February 2008, the auction rate securities market was liquid, as the investment banks conducting the periodic "Dutch auctions" by which interest rates for the securities had been established had committed their capital to support such auctions in the event of insufficient third-party investor demand. Starting the week of February 11, 2008, a substantial number of auctions failed, as demand from third-party investors weakened and the investment banks conducting the auctions chose not to commit capital to support such auctions (i.e., investment banks chose not to purchase securities themselves in order to balance supply and demand, thereby facilitating a successful auction, as they had done in the past). The consequences of a failed auction are (a) an investor must hold the specific security until the next scheduled auction (unless that investor chooses to sell the security to a third party outside of the auction process) and (b) the interest rate on the security generally resets to an interest rate set forth in each security's indenture.

As of December 31, 2011, we held auction rate securities that had experienced failed auctions totaling $9,100,000 at par value, all of which had been purchased through and are held by a broker-dealer affiliate of Bank of America, N.A. (the "Failed Auction Securities"). The majority of the Failed Auction Securities held by us were AAA/Aaa rated by the major credit rating agencies, with all of the securities collateralized by student loans, of which most are guaranteed by the U.S. Department of Education under the Federal Family Education Loan Program. We are not aware of any reason to believe any of the issuers of the Failed Auction Securities held by us are presently at risk of default. Through December 31, 2011, we have continued to receive interest payments on the Failed Auction Securities in accordance with the terms of their respective indentures. We believe that all of our auction rate security investments will ultimately be liquidated without significant loss primarily due to the overall quality of the issues held and the collateral securing the substantial majority of the underlying obligations. However, current conditions in the auction rate securities market have led us to conclude the recovery period for the Failed Auction Securities exceeds 12 months. As a result, we have continued to classify the Failed Auction Securities as long-term as of December 31, 2011.

Long-Lived Assets

We evaluate the recoverability of our identifiable intangible assets, goodwill and other long-lived assets when events or circumstances indicate a potential impairment. We periodically assess the remaining use of fixed assets based upon operating results and cash flows from operations. Equipment has been written-down as a result of these assessments as necessary. Goodwill is tested for potential impairment at least annually at the reporting unit level.

Stock-Based Compensation

We record stock-based compensation expense based on the fair value of stock-based awards measured at the grant date and recognized over the relevant service period. We estimate the fair value of each stock-based award on the measurement date using either the current market price or the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates assumptions as to stock price volatility, the expected life of options, forfeiture rate, a risk-free interest rate and dividend yields.

During 2010, we granted stock-based awards with performance-based vesting provisions tied to achievements of certain performance conditions. For performance-based awards, we assess, on an ongoing basis, the probability of whether the performance criteria will be achieved. If and when achievement of the performance criteria is deemed probable, we begin to recognize the associated compensation expense for the stock options over the relevant performance period.

Many of these assumptions are highly subjective and require the exercise of management judgment. If management made different estimates or judgments, material differences in the amount of stock-based compensation could occur.

Product Warranties

We generally warrant our products for a period of two years. We maintain allowances for estimated product returns under warranty based upon a review of known or potential product failures in the field and upon historical patterns of product returns. If unforeseen product issues arise or product returns increase above expected rates, additional allowances may be required.

Income Taxes

We recognize deferred tax assets and liabilities using enacted rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. We reduce deferred tax assets by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. Prior to September 30, 2010, we maintained a valuation allowance against a significant portion of our deferred tax assets, consisting of net operating loss carryforwards, tax credit carryforwards and deductible temporary differences. Based on our pre-tax income for the nine months ended September 30, 2010 being sufficient to fully utilize our net operating loss carryforwards, a history of cumulative earnings before taxes for financial reporting purposes over a 12-quarter period, and expected future taxable income, we determined it was more likely than not a significant portion of the deferred tax assets would be realized. As a result, at September 30, 2010, we determined that it was appropriate to reverse a portion of its valuation allowance by $5,158,000 as a discrete benefit for income taxes for certain deductible temporary differences expected to be realized in future periods. An additional benefit of $1,159,000 was recorded in the fourth quarter of 2010. We could not make such a determination in the prior quarters of fiscal 2010 due to a lack of confidence in being able to accurately forecast the expected ordinary income (loss) for the year largely due to global economic conditions and the possible impact continued economic and business uncertainty would have on our business at those times.

As of December 31, 2011, we had a remaining valuation allowance of approximately $9,736,000 against certain deferred tax assets, for which realization cannot be considered more likely than not at this time. Such deferred tax assets principally relates to tax credit carryforwards in certain state tax jurisdictions for which sufficient taxable income for utilization cannot be projected at this time or the credits may expire without being utilized. We assess the need for the valuation allowance on a quarterly basis. The valuation allowance against these deferred tax assets may require adjustment in the future based on changes in the mix of temporary differences, changes in tax laws, and operating performance. In addition, the assessment of the valuation allowance requires us to make estimates of future taxable income and to estimate reversals of temporary differences. Changes in the assumptions or other circumstances may require additional valuation allowances if actual reversals of temporary differences differ from those estimates. If and when we determine the valuation allowance should be released, the adjustment would result in a tax benefit in the Consolidated Statements of Operations and may include a portion to be accounted for through “Additional paid-in capital”, a component of Stockholders’ Equity. The amount of the tax benefit to be recorded in a particular quarter could be material.

We follow a two-step process to determine the amount of tax benefit to recognize in our financial statements. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon examination by a tax authority. If the tax position is deemed “more-likely-than-not” to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement. If the tax position does not meet the “more-likely-than-not” threshold then it is not recognized in the financial statements. We accrue interest and penalties, if any, related to unrecognized tax benefits as a component of income tax expense. If the judgments and estimates made by us are not correct, the unrecognized tax benefits may have to be adjusted, and the adjustments could be material.

Contingencies

From time to time, we receive notices of product failure claims, infringement of patent or other intellectual property rights of others or for other claims. In fact, we were named in a complaint for patent infringement filed by SynQor, Inc. in January 2011 (see Part I—Item 3—Legal Proceedings) that is ongoing. We assess each matter to determine if a contingent liability should be recorded. In making this assessment, we may consult, depending on the nature of the matter, with external legal counsel and technical experts. Based on the information we obtain, combined with our judgment regarding all the facts and circumstances of each matter, we determine whether it is probable that a contingent loss may be incurred and whether the amount of such loss can be reasonably estimated. Should a loss be probable and reasonably estimable, we record a loss. In determining the amount of the loss, we consider advice received from experts in the specific matter, current status of legal proceedings, if any, prior case history and other factors. Should the judgments and estimates made by us be incorrect, we may need to record additional contingent losses that could materially adversely impact our results of operations and financial position.

Year ended December 31, 2011 compared to Year ended December 31, 2010

Net revenues for fiscal 2011 were $252,968,000, an increase of $2,235,000 or 0.9%, as compared to $250,733,000 for fiscal 2010.

The components of revenue for the years ended December 31 were as follows (dollars in thousands):

			Increase (decrease)	
	2011	2010	$	%
BBU	$194,830	$217,018	$(22,188)	(10.2)%
V*I Chip	52,271	28,972	23,299	80.4%
Picor	5,867	4,743	1,124	23.7%
Total	$252,968	$250,733	$ 2,235	0.9%

The decrease in BBU revenues is attributed to a decrease in Vicor Custom Power revenue of approximately $18,646,000, due to a decrease in defense electronics bookings and the completion of two major programs in the first part of 2011. In addition, BBU component revenues decreased by approximately $4,039,000, which was partially offset by an increase in VJCL revenues of approximately $2,334,000. The increases in V*I Chip and Picor revenues were driven by strong bookings from their lead customer, particularly in the third quarter of 2010 and the first quarter of 2011. Revenue growth for both V*I Chip and Picor is expected to decline in 2012. Overall orders for fiscal year 2011 decreased by 16.1% compared to 2010. This decrease was caused by decreases in BBU, V*I Chip, and Picor orders during the period of 18.8%, 2.0% and 25.9%, respectively.

Gross margin for fiscal 2011 decreased $7,826,000, or 6.8%, to $106,694,000 from $114,520,000 in 2010. Gross margin as a percentage of net revenues decreased to 42.2% in fiscal 2011 from 45.7% in fiscal 2010. The primary component of the decrease in gross margin (dollars and percentage) was primarily due to a shift in product mix to a higher proportion of lower-margin V*I Chip products, along with lower volumes of higher-margin BBU component products and Vicor Custom Power products.

Income (loss) from operations by segment for the years ended December 31 were as follows (dollars in thousands):

			Increase (decrease)	
	2011	2010	$	%
BBU	$ 31,938	$ 55,619	$(23,681)	(42.6)%
V*I Chip	(16,294)	(24,565)	8,271	33.7%
Picor	(1,239)	(1,282)	43	3.4%

The decrease in BBU operating profit in 2011 compared to 2010 was due to a decrease in revenues and a related decrease in gross margin, as well as an increase in operating expenses. The decrease in V*I Chip operating loss in 2011 compared to 2010 was due to the increase in revenues and related improvement in gross margins, partially offset by an increase in operating expenses. The cash needs for each segment are primarily for working capital and capital expenditures. Positive cash flow from BBU has historically funded and is expected to continue to fund V*I Chip operations and the purchase of equipment for V*I Chip for the foreseeable future.

Selling, general and administrative expenses were $54,041,000 for 2011, an increase of $4,624,000, or 9.4%, as compared to $49,417,000 for the same period in 2010. As a percentage of net revenues, selling, general and administrative expenses increased to 21.4% in 2011 from 19.7% in 2010.

The components of the $4,624,000 increase in selling, general, and administrative expenses were as follows (in thousands):

	Increase (decrease)	
Compensation	$ 3,212	12.2%(1)
Legal fees	1,910	251.9%(2)
Outside services	608	39.8%(3)
Travel expenses	324	17.0%(4)
Depreciation and amortization	185	5.7%
Employment recruiting	144	48.8%
Commissions expense	(974)	(14.3)%(5)
Advertising expenses	(664)	(22.8)%(6)
Audit and tax fees	(161)	(10.8)%
Computer expenses	(159)	(13.8)%
Other, net	199	6.7%
	$ 4,624	9.4%

(1) Increase primarily attributable to an increase in headcount, annual compensation adjustments in May 2011, an increase in fringe benefit expense due to increases in premiums for employee health benefits, and additional stock-based compensation expense related to Picor stock options.

(2) Increase in legal fees due to a patent infringement claim filed against the Company during the first quarter of 2011 by SynQor, Inc. See Note 15 of the Consolidated Financial Statement for discussion of this matter.

(3) Increase primarily attributed to additional outsourcing of certain sales and marketing and information technology functions.

(4) Increase primarily attributed to increased travel by the Company's sales and marketing personnel.

(5) Decrease primarily attributed to the decrease in net revenues subject to commissions, in particular due to an increase in international revenues, which are generally not subject to commissions.

(6) Decrease primarily due to decreases in sales support expenses, direct mailings and advertising in trade publications.

Research and development expenses increased $2,986,000, or 8.3%, to $38,967,000 in 2011 from $35,981,000 in 2010. As a percentage of net revenues, research and development increased to 15.4% in 2011 from 14.4% in 2010.

The components of the $2,986,000 increase in research and development expenses were as follows (in thousands):

	Increase (decrease)	
Compensation	$2,604	10.4%(1)
Project and pre-production materials	365	11.1%(2)
Depreciation and amortization	256	16.4%(3)
Deferred costs	217	55.2%(4)
Computer expenses	119	56.2%
Outside services/subcontract labor	(447)	(25.4)%(5)
Supplies expenses	(154)	(17.7)%
Employment recruiting	(117)	(56.8)%
Other, net	143	4.0%
	$2,986	8.3%

(1) Increase primarily attributed to an increase in research and development personnel for the BBU and V*I Chip, annual compensation adjustments in May 2011, an increase in fringe expense due to increases in premiums for employee health benefits, and additional stock-based compensation expense related to Picor stock options.

(2) Increase primarily attributed to an increase in materials used in the development of V*I Chip and Picor products.

(3) Increase primarily attributed to additions of engineering equipment over the past several quarters for the BBU and V*I Chip.

(4) Increase primarily attributed to a decrease, as compared to the prior year, in deferred costs capitalized for certain non-recurring engineering projects for which the related revenues have been deferred.

(5) Decrease attributable to decreased use of outside services due to decreased activities at one of the Vicor Custom subsidiaries.

The major changes in the components of "Other income, net" for the years ended December 31 were as follows (in thousands):

	2011	2010	Increase (decrease)
Interest income	$ 259	$ 442	$(183)
Unrealized gain on trading securities	—	970	(970)
Unrealized loss on auction rate securities rights	—	(962)	962
Credit gains (losses) on available for sale securities	302	(146)	448
Foreign currency losses, net	(326)	(158)	(168)
Gain on disposal of equipment	22	249	(227)
Other	89	102	(13)
	$ 346	$ 497	$(151)

Pursuant to a settlement agreement reached with UBS AG in 2008, the Company's then-remaining par value of $8,600,000 of auction rate securities held by UBS were purchased by UBS at par value on June 30, 2010. The unrealized gain and (loss) on the Company's auction rate securities and associated rights for the quarter ended June 30, 2010, resulted from this sale and the termination of the associated rights. Because the Company recorded, for the quarter ended March 31, 2010, an income statement gain of $4,000, representing the net of the decrease in estimated value of the auction rate securities held by UBS and the increase in the estimated value of the associated rights, the Company recognized no net loss on the sale of the auction rate securities to UBS. The increase in credit gains on available-for-sale auction rate securities (i.e., the Company's auction rates securities

held by Bank of America) was primarily due to the redemption at par by issuers of $9,975,000 of auction rate securities during the year ended December 31, 2011, for which credit losses had previously been recorded. The decrease in interest income for the period was due to lower average balances on the Company's long-term investments, lower balances on auction rate securities earning higher penalty rates, as well as a general decrease in interest rates. The Company's exposure to market risk for fluctuations in foreign currency exchange rates relates primarily to the operations of VJCL. The functional currency of the Company's subsidiaries in Europe and Hong Kong is the U.S. dollar.

Income before income taxes was $14,032,000 in 2011 compared to $29,619,000 in 2010.

The provision (benefit) for income taxes and the effective income tax rate for the years ended December 31 were as follows (dollars in thousands):

	2011	2010
Provision (benefit) for income taxes	$4,723	$(3,920)
Effective income tax rate	33.7%	(13.2%)

Compared to 2010, the provision for income taxes and the effective tax rate increased in 2011 due to the complete utilization of remaining Federal, foreign, and a significant portion of remaining state, net operating loss carryforwards through the end of 2010, which lowered the income tax provision and effective tax rate in 2010. During the third and fourth quarters of 2010, the Company recorded non-recurring, non-cash benefits of $5,158,000 and $1,159,000, respectively, due to releasing a portion of its deferred tax valuation allowance. See Note 14 of the Consolidated Financial Statements for a discussion of the accounting for the tax benefit, deferred tax assets and deferred tax valuation allowances.

Net income of noncontrolling interest increased by $252,000 in 2011 to $466,000 as compared to $214,000 in 2010. This was due to higher net income of entities in which the Company holds a noncontrolling equity interest (i.e., certain Vicor Custom Power subsidiaries and VJCL).

Basic and diluted income per share attributable to Vicor Corporation was $0.21 for the year ended December 31, 2011 as compared to $0.80 for the year ended December 31, 2010.

Year ended December 31, 2010 compared to Year ended December 31, 2009

Net revenues for fiscal 2010 were $250,733,000, an increase of $52,774,000 or 26.7%, as compared to $197,959,000 for the same period in 2009.

The components of revenue for the years ended were as follows (dollars in thousands):

			Increase (decrease)	
	2010	2009	$	%
BBU	$217,018	$186,980	$30,038	16.1%
V*I Chip	28,972	8,960	20,012	223.3%
Picor	4,743	2,019	2,724	134.9%
Total	$250,733	$197,959	$52,774	26.7%

Overall orders for fiscal year 2010 increased by 33.5% compared with 2009. This increase was caused by increases in BBU, V*I Chip, and Picor orders during the period of 18.3%, 197.1%, and 174.5%, respectively.

Gross margin for fiscal 2010 increased $26,926,000, or 30.7%, to $114,520,000 from $87,594,000 in 2009. Gross margin as a percentage of revenues in 2010 increased to 45.7% from 44.2% compared to 2009. The primary components of the increase in gross margin dollars and percentage were the increase in net revenues and lower BBU Andover and V*I Chip per unit productions costs.

Income (loss) from operations by segment for the years ended December 31 were as follows (dollars in thousands):

	2010	2009	Increase (decrease) $	Increase (decrease) %
BBU	$ 55,619	$ 29,173	$26,446	90.7%
V*I Chip	(24,565)	(22,642)	(1,923)	(8.5)%
Picor	(1,282)	(4,265)	2,983	69.9%

The increase in BBU operating profit and decrease in Picor operating loss in 2010 compared to 2009 was primarily due to the increase in revenues and related improvement in gross margins for each segment. The increase in V*I Chip operating loss in 2010 compared to 2009 was primarily due to an increase in research and development expense. Overall gross margin for V*I Chip was negative in both 2010 and 2009.

Selling, general and administrative expenses were $49,417,000 for 2010, an increase of $1,485,000, or 3.1%, as compared to $47,932,000 for the same period in 2009. As a percentage of net revenues, selling, general and administrative expenses decreased to 19.7% from 24.2%, due to the increase in net revenues.

The components of the $1,485,000 increase in selling, general, and administrative expenses were as follows (in thousands):

	Increase (decrease)	
Commissions expense	$ 543	8.6%(1)
Advertising expenses	465	19.0%(2)
Outside services	237	23.1%(3)
Travel expenses	185	10.8%(4)
Employment advertising and recruiting	136	111.4%(5)
Facilities expense	114	8.6%
Telephone	98	9.9%
Audit and tax fees	64	5.1%
Legal fees	(302)	(28.5)%(6)
Depreciation and amortization	(167)	(4.9)%(7)
Other, net	112	0.4%
	$1,485	3.1%

(1) Increase primarily attributed to the increase in net revenues, subject to changes in the mix of revenues subject to commissions.

(2) Increase primarily attributed to the increase trade publication advertising and increased participation in trade shows, primarily by V*I Chip.

(3) Increase primarily attributed to the outsourcing of certain information technology functions that were performed in-house in prior periods.

(4) Represents an overall increase in travel across all business units.

(5) Increase due to increase in recruiting costs for newly hired personnel.

(6) Decrease primarily attributed to a decrease in activity associated with the Company's litigation brought against certain of its insurance carriers with respect to the Ericsson, Inc. settlement of product liability litigation in 2010 as compared to 2009.

(7) Decrease due to certain fixed assets becoming fully depreciated during 2010.

Research and development expenses increased $4,345,000, or 13.7%, to $35,981,000 in 2010 from $31,636,000 in 2009. As a percentage of net revenues, research and development decreased to 14.4% from 16.0%, due to the increase in net revenues.

The components of the $4,345,000 increase in research and development expenses were as follows (in thousands):

	Increase (decrease)	
Compensation	$2,101	8.8%(1)
Outside services/subcontract labor	787	98.1%(2)
Deferred costs	454	53.6%(3)
Project and pre-production materials	328	11.3%(4)
Facilities expenses	152	8.8%
Employment recruiting	117	132.3%(5)
Depreciation and amortization	110	7.6%
Set-up and tooling charges	100	47.1%
Other, net	196	13.2%
	$4,345	13.7%

(1) Increase primarily attributed to an increase in research and development personnel for the BBU and V*I Chip business units, annual compensation adjustments in May 2010, and an increase in fringe expense due to increase in premiums for employee health benefits.

(2) Increase primarily attributed to increased use of outside services and subcontract labor due to increased activity at Vicor Custom subsidiaries, in lieu of hiring permanent employees.

(3) Increase primarily attributed to a decrease as compared to the prior year, in the deferral of costs capitalized for certain non-recurring engineering projects for which the related revenues have been deferred.

(4) Increase primarily attributed to an increase in materials used in the development of V*I Chip and Picor products.

(5) Increase primarily attributed to relocation costs for newly hired research and development personnel for the V*I Chip business unit.

During 2009, we initiated and completed workforce reductions and pre-tax charges were recorded for the cost of severance and other employee-related costs involving cash payments during 2009 and 2010 based on each employee's length of service. Total severance charges of $4,099,000 were recorded in 2009.

During the third quarter of 2009, we entered into a release and settlement agreement with a vendor over alleged product performance issues with certain products the vendor had sold to us. We received a payment of $750,000 in consideration for the settlement, which is recorded in "Gain from litigation-related and other settlements, net" in the accompanying Consolidated Statement of Operations. In addition, we completed negotiations with Exar and Rohm, resulting in separate settlement agreements calling for a final payment to Exar of $70,000 and no additional payment due Rohm. As a result of the settlements, we reversed a remaining excess accrual of approximately $96,000 in the third quarter of 2009, which is recorded in "Gain from litigation-related and other settlements, net" in the accompanying Consolidated Statement of Operations.

The major changes in the components of "Other income, net" for the years ended December 31 were as follows (in thousands):

	2010	2009	Increase (decrease)
Interest income	$ 442	$ 717	$(275)
Unrealized gain on trading securities	970	1,268	(298)
Unrealized loss on auction rate securities rights	(962)	(964)	2
Credit losses on available for sale securities	(146)	(464)	318
Foreign currency (losses) gains, net	(158)	35	(193)
Gain on disposal of equipment	249	30	219
Other	102	60	42
	$ 497	$ 682	$(185)

The unrealized gains (losses) and estimated credit loss on our auction rate securities and securities rights results from the change in the estimate fair value of these investments as of December 31, 2010 and 2009, compared to December 31, 2009 and 2008, respectively. The decrease in interest income is due to lower average balances on certain of our cash accounts that bear interest as well as a decrease in interest rates. Our exposure to market risk for fluctuations in foreign currency exchange rates relates primarily to the operations of VJCL. The functional currency of our subsidiaries in Europe and Hong Kong is the U.S. dollar.

Income before income taxes was $29,619,000 in 2010 as compared to $5,455,000 for 2009.

The (benefit) provision for income taxes and the effective income tax rate for the years ended December 31 were as follows (dollars in thousands):

	2010	2009
(Benefit) provision for income taxes	$(3,920)	$1,362
Effective income tax rate	(13.2%)	25.0%

The increase in the benefit for income taxes and the decrease in the effective income tax rate for the year ended December 31, 2010, compared to 2009, was principally due to the tax benefits of ($5,158,000) and ($1,159,000) recorded as a result of reversing portions of our deferred tax valuation allowance in the third and fourth quarters of 2010, respectively, partially offset by an increase in federal, state, and foreign income taxes as compared to 2009.

Net income of noncontrolling interest decreased by $1,081,000 in 2010 to $214,000 as compared to $1,295,000 in 2009. This was due to lower net income at certain entities in which we hold a noncontrolling interest.

Basic and diluted income per share attributable to Vicor Corporation was $0.80 for the year ended December 31, 2010 as compared to $0.07 for the year ended December 31, 2009.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2011, we had $71,908,000 in unrestricted cash and cash equivalents. The ratio of current assets to current liabilities was 7.2:1 at December 31, 2011 as compared to 5.6:1 at December 31, 2010. Working capital increased $18,932,000 to $124,386,000 at December 31, 2011 from $105,454,000 at December 31, 2010. The primary factors affecting the working capital increase were an increase in cash and cash equivalents of $22,629,000, as well as a decrease in accounts payable of $3,848,000, offset by a decrease in accounts receivable $7,415,000. The primary sources of cash for the year ended December 31, 2011 were $26,407,000 from operating activities and $10,038,000 in net sales of long-term investments. The primary uses of cash for the year ended December 31, 2011 were $7,466,000 for the purchase of equipment, $6,272,000 for the payments of cash dividends, and $690,000 for the payments of noncontrolling interest dividends, discussed below.

As of December 31, 2011, we held $9,100,000 of auction rate securities classified as long-term investments. See Note 4 of the Consolidated Financial Statements for a discussion of the securities and our accounting treatment thereof.

In November 2000, our Board of Directors authorized the repurchase of up to $30,000,000 of Common Stock (the “November 2000 Plan”). The November 2000 Plan authorizes us to make such repurchases from time to time in the open market or through privately negotiated transactions. The timing of such repurchases and the number of shares purchased in each transaction are at the discretion of management based on its view of economic and financial market conditions. We did not repurchase shares of Common Stock during the year ended December 31, 2011. As of December 31, 2011, we had approximately $8,541,000 remaining under the November 2000 Plan.

On July 22, 2011, our Board of Directors approved a cash dividend of $0.15 per share of the Company’s Common Stock. The total dividend of approximately $6,272,000 was paid on August 31, 2011 to shareholders of record at the close of business on August 9, 2011.

During the year ending December 31, 2011, two subsidiaries paid a total of $2,000,000 in cash dividends, of which $690,000 was paid to outside shareholders. Dividends paid to outside shareholders are accounted for as a reduction in noncontrolling interest.

The table below summarizes our contractual obligations as of December 31, 2011 (in thousands):

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 Year**	**Years 2 & 3**	**Years 4 & 5**	**More Than 5 Years**
Operating lease obligations	$2,552	$1,156	$1,178	$218	$—
Purchase obligations	1,012	307	625	80	—
	$3,564	$1,463	$1,803	$298	$—

Included in purchase obligations, above, are amounts for a contract with a third-party to supply nitrogen for our manufacturing and research and development activities. Under the contract, we are obligated to pay a minimum of $300,000 annually, subject to semi-annual price adjustments, through March 2015.

In addition to the amounts shown in the table above, approximately $1,227,000 of unrecognized tax benefits have been recorded as liabilities, and we are uncertain as to if or when such amounts may be settled. Related to these unrecognized tax benefits, we have also recorded a liability for potential interest and penalties of approximately $145,000 as of December 31, 2011.

Our primary liquidity needs are for making continuing investments in manufacturing equipment. We believe cash generated from operations and the total of its cash and cash equivalents will be sufficient to fund planned operations and capital equipment purchases for the foreseeable future. We have approximately $1,024,000 of capital expenditure commitments, principally for manufacturing equipment, as of December 31, 2011.

Based on our ability to access cash and other short-term investments and our expected operating cash flows, we do not anticipate that the current lack of liquidity of our auction rate securities will affect our ability to execute our current operating plan.

We do not consider the impact of inflation and changing prices on our business activities or fluctuations in the exchange rates for foreign currency transactions to have been significant during the last three fiscal years.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

We are exposed to a variety of market risks, including changes in interest rates affecting the return on our cash and cash equivalents and fluctuations in foreign currency exchange rates. As our cash and cash equivalents consist principally of money market securities, which are short-term in nature, we believe our exposure to market risk on interest rate fluctuations for these investments is not significant. Our long-term investments consist mainly of municipal and corporate debt securities, of which the Failed Auction Securities represent a significant portion. While the Failed Auction Securities are all highly rated investments, generally with AAA/Aaa ratings, continued failure to sell at their reset dates could negatively impact the carrying value of the investments, in turn leading to impairment charges in future periods. Changes in the fair value of the Failed Auction Securities attributable to credit loss are recorded through earnings, with the remainder of any change recorded in "Accumulated other comprehensive (loss) income", a component of Stockholders' Equity. Should a decline in the value of the Failed Auction Securities be other than temporary, the losses would be recorded in Other income, net. We do not believe there was an "other-than-temporary" decline in value in these securities as of December 31, 2011. We estimate that our annual interest income would change by approximately $112,000 in 2011 for each 100 basis point increase or decrease in interest rates.

Our exposure to market risk for fluctuations in foreign currency exchange rates relates primarily to the operations of VJCL and changes in the dollar/yen exchange rate, as the functional currency of our subsidiaries in Europe and Hong Kong is the U.S. dollar. Therefore, we believe market risk is mitigated since these operations are not materially exposed to foreign exchange fluctuations. Relative to foreign currency exposure against the yen existing on December 31, 2011, we estimate that a 10% unfavorable movement in the dollar/yen exchange rate would increase foreign currency loss by approximately $15,000.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

INDEX

	Page
FINANCIAL STATEMENTS	
Report of Independent Registered Public Accounting Firm	40
Consolidated Balance Sheets as of December 31, 2011 and December 31, 2010	41
Consolidated Statements of Operations For The Years Ended December 31, 2011, 2010, and 2009	42
Consolidated Statements of Cash Flows For The Years Ended December 31, 2011, 2010, and 2009	43
Consolidated Statements of Equity For The Years Ended December 31, 2011, 2010, and 2009	44
Notes to the Consolidated Financial Statements	45
Schedule (Refer to Item 15)	80

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Vicor Corporation:

We have audited the accompanying consolidated balance sheets of Vicor Corporation (a Delaware Corporation) and its subsidiaries (collectively, the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, equity, and cash flows for each of the three years in the period ended December 31, 2011. Our audits of the basic financial statements included the financial statement schedule listed in the index appearing under Item 15(a)(2). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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 financial position of Vicor Corporation and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the three years in the period ended December 31, 2011 in conformity with accounting principles generally acceptable in the United States of America. 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.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Vicor Corporation and subsidiaries' internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 2, 2012 expressed an unqualified opinion thereon.

/s/ Grant Thornton LLP

Boston, Massachusetts
March 2, 2012

VICOR CORPORATION

CONSOLIDATED BALANCE SHEETS
December 31, 2011 and 2010
(In thousands, except per share data)

	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 71,908	$ 49,279
Accounts receivable, less allowance of $266 in 2011 and $309 in 2010	31,410	38,825
Inventories, net	35,752	35,489
Deferred tax assets	2,176	2,164
Other current assets	3,088	2,397
Total current assets	144,334	128,154
Long-term investments, net	9,585	18,417
Property, plant and equipment, net	47,241	50,848
Long-term deferred tax assets	2,542	2,805
Other assets	4,439	4,688
	$ 208,141	$ 204,912
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 8,151	$ 11,999
Accrued compensation and benefits	7,337	6,772
Accrued expenses	2,846	3,138
Income taxes payable	420	102
Deferred revenue	1,194	689
Total current liabilities	19,948	22,700
Long-term deferred revenue	2,124	2,178
Long-term income taxes payable	1,359	1,022
Commitments and contingencies (Note 15)		
Equity:		
Vicor Corporation stockholders' equity:		
Preferred Stock, $.01 par value, 1,000,000 shares authorized; no shares issued		
Class B Common Stock: 10 votes per share, $.01 par value, 14,000,000 shares authorized, 11,767,052 shares issued and outstanding	118	118
Common Stock: 1 vote per share, $.01 par value, 62,000,000 shares authorized 38,441,595 shares issued and 30,043,197 shares outstanding (38,400,897 shares issued and 30,002,499 shares outstanding in 2010)	387	385
Additional paid-in capital	166,227	163,933
Retained earnings	136,362	133,791
Accumulated other comprehensive loss	(322)	(1,369)
Treasury stock at cost: 8,398,398 shares in 2011 and 2010	(121,827)	(121,827)
Total Vicor Corporation stockholders' equity	180,945	175,031
Noncontrolling interest	3,765	3,981
Total equity	184,710	179,012
	$208,141	$ 204,912

See accompanying notes.

VICOR CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2011, 2010 and 2009
(In thousands, except per share amounts)

	2011	2010	2009
Net revenues	$252,968	$250,733	$197,959
Cost of revenues	146,274	136,213	110,365
Gross margin	106,694	114,520	87,594
Operating expenses:			
Selling, general and administrative	54,041	49,417	47,932
Research and development	38,967	35,981	31,636
Severance charges	—	—	4,099
Gain from litigation-related and other settlements, net	—	—	(846)
Total operating expenses	93,008	85,398	82,821
Income from operations	13,686	29,122	4,773
Other income, net:			
Total other than temporary impairment gains on available-for-sale securities, net of settlement losses	1,206	(271)	759
Portion of (losses) gains recognized in other comprehensive income	(904)	125	(1,223)
Net impairment gains (losses) recognized in earnings	302	(146)	(464)
Other income, net	44	643	1,146
Total other income, net	346	497	682
Income before income taxes	14,032	29,619	5,455
Provision (benefit) for income taxes	4,723	(3,920)	1,362
Consolidated net income	9,309	33,539	4,093
Less: Net income attributable to noncontrolling interest	466	214	1,295
Net income attributable to Vicor Corporation	$ 8,843	$ 33,325	$ 2,798
Net income per common share attributable to Vicor Corporation:			
Basic	$ 0.21	$ 0.80	$ 0.07
Diluted	$ 0.21	$ 0.80	$ 0.07
Shares used to compute net income per common share attributable to Vicor Corporation:			
Basic	41,797	41,700	41,665
Diluted	41,856	41,772	41,671
Cash dividends declared per share	$ 0.15	$ 0.30	$ —

See accompanying notes.

VICOR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2011, 2010 and 2009
(In thousands)

	2011	2010	2009
Operating activities:			
Consolidated net income	$ 9,309	$ 33,539	$ 4,093
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Depreciation and amortization	11,005	10,222	10,198
Stock compensation expense	1,923	871	657
Increase (decrease) in long-term deferred revenue	350	(18)	1,078
Credit (gain) loss on available for sale securities	(302)	146	464
Deferred income taxes	148	(6,274)	(74)
Excess tax benefit of share-based compensation	(133)	(213)	—
Gain on disposal of equipment	(21)	(249)	(30)
Unrealized gain on trading securities	—	(970)	(1,268)
Unrealized loss on auction rate security rights	—	962	964
Severance charges	—	—	4,099
Change in current assets and liabilities, net	4,128	(21,122)	4,617
Net cash provided by operating activities	26,407	16,894	24,798
Investing activities:			
Purchases of investments	(1,104)	(908)	(1,695)
Sales and maturities of investments	11,142	15,768	6,650
Additions to property, plant and equipment	(7,466)	(12,103)	(10,643)
Proceeds from sale of equipment	10	421	32
Change in restricted cash	—	415	322
(Increase) decrease in other assets	(55)	172	(572)
Net cash provided by (used in) investing activities	2,527	3,765	(5,906)
Financing activities:			
Proceeds from issuance of Common Stock	452	1,104	—
Common Stock dividends paid	(6,272)	(12,506)	—
Noncontrolling interest dividends paid	(690)	(552)	(1,269)
Excess tax benefit of share-based compensation	133	213	—
Net cash used in financing activities	(6,377)	(11,741)	(1,269)
Effect of foreign exchange rates on cash	72	137	(38)
Net increase in cash and cash equivalents	22,629	9,055	17,585
Cash and cash equivalents at beginning of period	49,279	40,224	22,639
Cash and cash equivalents at end of period	$71,908	$ 49,279	$ 40,224
Change in assets and liabilities:			
Accounts receivable	$ 7,546	$(11,926)	$ 2,148
Inventories, net	(162)	(13,928)	5,291
Other current assets	(224)	2,050	(2,065)
Accounts payable and accrued liabilities	(3,861)	3,881	2,550
Accrued severance charges	—	(259)	(3,840)
Accrual for litigation settlements	—	—	(162)
Income taxes payable	324	892	(1,164)
Deferred revenue	505	(1,832)	1,859
	$ 4,128	$(21,122)	$ 4,617
Supplemental disclosures:			
Cash paid during the year for income taxes, net of refunds	$ 4,178	$ 1,113	$ 3,122

See accompanying notes.

VICOR CORPORATION

CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2011, 2010 and 2009
(In thousands)

	Class B Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Vicor Corporation Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance on December 31, 2008	$118	$384	$161,089	$110,174	$(2,767)	$(121,827)	$147,171	$ 4,255	$151,426
Noncontrolling interest dividends paid								(1,269)	(1,269)
Stock-based compensation expense			657				657		657
Net income				2,798			2,798	1,295	4,093
Unrealized gain on investments					1,223		1,223		1,223
Currency translation adjustments, net of tax of $30					(64)		(64)		(64)
Comprehensive income							3,957		5,252
Balance on December 31, 2009	118	384	161,746	112,972	(1,608)	(121,827)	151,785	4,281	156,066
Sales of Common Stock		1	1,103				1,104		1,104
Common Stock dividends paid				(12,506)			(12,506)		(12,506)
Noncontrolling interest dividend paid								(552)	(552)
Excess tax benefit of share-based compensation			213				213		213
Stock-based compensation expense			871				871		871
Net income				33,325			33,325	214	33,539
Unrealized gain on investments					(123)		(123)	(2)	(125)
Currency translation adjustments, net of tax of $169					362		362	40	402
Comprehensive income							33,564	252	33,816
Balance on December 31, 2010	118	385	163,933	133,791	(1,369)	(121,827)	175,031	3,981	179,012
Sales of Common Stock		2	491				493		493
Common Stock dividends paid				(6,272)			(6,272)		(6,272)
Noncontrolling interest dividends paid							—	(690)	(690)
Excess tax benefit of share-based compensation			133				133		133
Stock-based compensation expense			1,567				1,567		1,567
Liability stock option awards reclassified to equity			103				103		103
Net income				8,843			8,843	466	9,309
Unrealized gain on investments					915		915	(11)	904
Currency translation adjustments, net of tax of $107					132		132	19	151
Comprehensive income							9,890	474	10,364
Balance on December 31, 2011	$118	$387	$166,227	$136,362	$ (322)	$(121,827)	$180,945	$ 3,765	$184,710

See accompanying notes.

The Company's long-term investments are classified as either available-for-sale or trading securities. Available-for-sale securities are recorded at fair value, with unrealized gains and losses, net of tax, attributable to credit loss recorded through the statement of operations and unrealized gains and losses, net of tax, attributable to other non-credit factors recorded in "Accumulated other comprehensive loss", a component of Stockholders' Equity. In determining the amount of credit loss, the Company compares the present value of cash flows expected to be collected to the amortized cost basis of the securities, considering, among other factors, credit default risk probabilities and changes in credit ratings as significant inputs. Trading securities are recorded at fair value, with unrealized gains and losses recorded through the Consolidated Statements of Operations each reporting period.

The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity, the net amount of which, along with interest and realized gains and losses, is included in "Other income, net" in the Consolidated Statements of Operations. The Company periodically evaluates investments to determine if impairment is required, whether an impairment is other than temporary, and the measurement of an impairment loss. The Company considers a variety of impairment indicators such as, but not limited to, a significant deterioration in the earnings performance, credit rating, or asset quality of the investment.

Fair value measurements

The Company accounts for certain financial assets at fair value, defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. A three-level hierarchy is used to show the extent and level of judgment used to estimate fair value measurements:

Level 1	Inputs used to measure fair value are unadjusted quoted prices available in active markets for the identical assets or liabilities as of the reporting date.
Level 2	Inputs used to measure fair value, other than quoted prices included in Level 1, are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in inactive markets. Level 2 also includes assets and liabilities valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data from actively quoted markets for substantially the full term of the financial instrument.
Level 3	Inputs used to measure fair value are unobservable inputs supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

The Company uses the fair value option for certain financial assets, which allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for specified financial assets and liabilities on a case-by-case basis.

Allowance for doubtful accounts

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments, based on assessments of customers' credit-risk profiles and payment

histories. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company does not require collateral from its customers.

Inventories

Inventories are valued at the lower of cost (determined using the first-in, first-out method) or net realizable value. Fixed production overhead is allocated to the inventory cost per unit based on the normal capacity of the production facilities. Abnormal production costs, including fixed cost variances from normal production capacity, if any, are charged to cost of revenues in the period incurred. All shipping and handling costs incurred in connection with the sale of products are included in cost of revenues.

The Company provides reserves for inventories estimated to be excess, obsolete or unmarketable. The Company's estimation process for assessing net realizable value is based upon its known backlog, projected future demand and expected market conditions. If the Company's estimated demand and/or market expectation were to change or if product sales were to decline, the Company's estimation process may cause larger inventory reserves to be recorded, resulting in larger charges to cost of revenues.

Concentrations of risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, long-term investments and trade accounts receivable. The Company maintains cash and cash equivalents and certain other financial instruments with various large financial institutions. Generally, amounts invested with these financial institutions are in excess of FDIC insurance limits. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to significant credit risk. The Company's long-term investments consist of highly rated (AAA/Aaa) municipal and corporate debt securities in which a significant portion are invested in auction rate securities. As of December 31, 2011, the Company was holding a total of approximately $9,100,000 in auction rate securities, the significant majority of which are student loan backed securities. Through December 31, 2011, auctions held for all of the Company's auction rate securities have failed. The funds associated with auction rate securities that have failed auction may not be accessible until a successful auction occurs, a buyer is found outside of the auction process, the security is called, or the underlying securities have matured. If the credit rating of the issuer of any auction rate security held deteriorates, the Company may be required to adjust the carrying value of the investment for an other-than-temporary decline in value through an impairment charge. The Company's investment policy, approved by the Board of Directors, limits the amount the Company may invest in any issuer, thereby reducing credit risk concentrations.

The Company's products are sold worldwide to customers ranging from smaller, independent manufacturers of highly specialized electronic devices to larger original equipment manufacturers ("OEMs") and their contract manufacturers. The applications in which these products are used are in the higher-performance, higher-power segments of the power systems market, including, in alphabetical order, aerospace and defense electronics, enterprise and high performance computing, industrial automation, telecommunications and networking infrastructure, test and measurement instrumentation, and vehicles and transportation. While, overall, the Company has a broad customer base and sells into a variety of industries, the Company's V*I Chip subsidiary has derived a substantial portion of its revenue from one customer and the Company's Picor subsidiary has derived a substantial portion of its revenue from a limited number of customers. This concentration of revenue is a reflection of the relatively early stage of adoption of the technologies, architectures and products offered by these subsidiaries, and their targeting of market leading innovators as initial customers. Concentrations of credit risk with respect to trade accounts receivable are limited due to the number of entities comprising the Company's customer base. As of December 31, 2011, one customer accounted for approximately 15.4% of trade account receivables. Credit losses have consistently been within management's expectations.

Components and materials used in the Company's products are purchased from a variety of vendors. While most of the components are available from multiple sources, some key components for certain V*I Chip and Picor products, in particular, are supplied by single vendors. In instances of single source items, the Company maintains levels of inventories management consider to be appropriate to enable meeting the delivery requirements of customers. If suppliers or subcontractors cannot provide their products or services on time or to the required specifications, the Company may not be able to meet the demand for its products and its delivery times may be negatively affected.

Goodwill, other intangible assets, and long-lived assets

The Company performs a test of goodwill for potential impairment at least annually. Values assigned to patents are amortized using the straight-line method over periods ranging from three to twenty years.

Long-lived assets such as property, plant and equipment and 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 suggest any impairment in the value of long-lived assets recorded in the accompanying Consolidated Financial Statements.

Other investments

The Company accounts for its investment in Great Wall Semiconductor Corporation ("GWS") under the equity method of accounting.

Advertising expense

The cost of advertising is expensed as incurred. The Company incurred $1,645,000, $2,378,000 and $1,969,000 in advertising costs during 2011, 2010 and 2009, respectively.

Product warranties

The Company generally offers a two-year warranty for all of its products. The Company provides for the estimated cost of product warranties at the time product revenue is recognized. Factors that affect the Company's warranty reserves include the number of units sold, historical and anticipated rates of warranty returns and the cost per return. The Company periodically assesses the adequacy of the warranty reserves and adjusts the amounts as necessary. Warranty obligations are included in "Accrued expenses" in the accompanying Consolidated Balance Sheets.

Net income per common share

The Company computes basic earnings per share using the weighted average number of common shares outstanding and diluted earnings per share using the weighted average number of common shares outstanding plus the effect of outstanding dilutive stock options, if any. The following table sets forth the computation of basic and diluted income per share for the years ended December 31 (in thousands, except per share amounts):

	2011	2010	2009
Numerator:			
Net income attributable to Vicor Corporation	$ 8,843	$33,325	$ 2,798
Denominator:			
Denominator for basic income per share-weighted average shares (1)	41,797	41,700	41,665
Effect of dilutive securities:			
Employee stock options (2)	59	72	6
Denominator for diluted income per share — adjusted weighted-average shares and assumed conversions (3)	41,856	41,772	41,671
Basic income per share	$ 0.21	$ 0.80	$ 0.07
Diluted income per share	$ 0.21	$ 0.80	$ 0.07

(1) Denominator represents weighted average number of Common Shares and Class B Common Shares outstanding.

(2) Options to purchase 305,268, 345,998 and 720,823 shares of Common Stock were outstanding in 2011, 2010 and 2009, respectively, 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.

(3) Denominator represents weighted average number of Common Shares and Class B Common Shares outstanding for the year, adjusted to include the dilutive effect, if any, of outstanding options.

Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. Additionally, deferred tax assets and liabilities are separated into current and noncurrent amounts based on the classification of the related assets and liabilities for financial reporting purposes or the expected reversal.

The Company follows a two-step process to determine the amount of tax benefit to recognize. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon examination by a tax authority. If the tax position is deemed "more-likely-than-not" to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement. If the tax position does not meet the "more-likely-than-not" threshold then it is not recognized in the financial statements. Additionally, the Company accrues interest and penalties, if any, related to unrecognized tax benefits as a component of income tax expense.

Stock-based compensation

The Company uses the Black-Scholes option-pricing model to calculate the grant-date fair value of stock option awards. The resulting compensation expense, net of expected forfeitures, for non performance-based stock options is recognized on a straight-line basis over the service period of the award, which is generally five years for stock options. For stock options with performance-based vesting provisions, recognition of compensation expense, net of expected forfeitures, commences if and when the achievement of the performance criteria is deemed probable. The compensation expense, net of expected forfeitures, for performance-based stock options is recognized over the relevant performance period.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates relate to the useful lives of fixed assets and identified intangible assets, fair value of long-term investments, allowances for doubtful accounts, the net realizable value of inventory, potential reserves relating to litigation matters, accrued liabilities, accrued taxes, deferred tax valuation allowances, assumptions pertaining to share-based payments and other reserves. Actual results could differ from those estimates, and such differences may be material to the financial statements.

Comprehensive income (loss)

The components of comprehensive income (loss) include, in addition to net income (loss), unrealized gains and losses on investments, net of tax and foreign currency translation adjustments related to VJCL.

Impact of recently issued accounting standards

The Company will be adopting new accounting guidance related to the presentation of comprehensive income beginning January 1, 2012. The new accounting guidance will allow the Company the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. With both choices, the Company will be required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This will eliminate the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The new accounting guidance will not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. While the Company has not decided which presentation option it will select, the Company does not believe the adoption of this new guidance will have a material effect on the Company's financial position or results of operations.

The Company will be adopting new accounting guidance related to fair value measurement beginning January 1, 2012, which will result in common fair value measurement and disclosure requirements in U.S. Generally Accepted Accounting Principles ("U.S. GAAP") and International Financial Reporting Standards. Consequently, the new guidance changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. For many of the requirements, the Financial Accounting Standards Board does not intend for this new guidance to result in a change in the application of the requirements in ASC Topic 820 ("Fair Value Measurements and Disclosure"). The amendments to the guidance are to be applied prospectively and are effective during interim and annual periods beginning after December 15, 2011. The Company does not believe the adoption of this new guidance will have a material effect on the Company's financial position or results of operations.

Effective October 1, 2011, the Company adopted new accounting guidance related to testing goodwill for impairment. The guidance permits an entity to first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is then necessary to perform the two-step goodwill impairment test. The more-likely-than-not threshold is defined as having a likelihood of more than 50%. While the guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, early adoption is permitted. The adoption of this new guidance did not have a material effect on the Company's financial position or results of operations.

3. STOCK-BASED COMPENSATION AND EMPLOYEE BENEFIT PLANS

Vicor currently grants stock options under the following equity compensation plans that are shareholder-approved:

Amended and Restated 2000 Stock Option and Incentive Plan (the "Vicor 2000 Plan") — Under the Vicor 2000 Plan, the Board of Directors or the Compensation Committee of the Board of Directors may grant 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 4,000,000 shares of Common Stock have been reserved for issuance under the Vicor 2000 Plan. The period of time during which an option may be exercised and the vesting periods are determined by the Compensation Committee. The term of each option may not exceed ten years from the date of grant.

1998 Stock Option and Incentive Plan (the "Vicor 1998 Plan") — The Vicor 1998 Plan permitted the grant of share options to its employees and other key persons, including non-employee directors for the purchase of up to 2,000,000 shares of common stock. As a result of the approval of the Vicor 2000 Plan, no further grants were made under the Vicor 1998 Plan.

1993 Stock Option Plan (the "Vicor 1993 Plan") — The Vicor 1993 Plan permitted the grant of share options to its employees and non-employee directors for the purchase of up to 4,000,000 shares of common stock. As a result of the approval of the Vicor 2000 Plan, no further grants were made under the 1993 Plan.

Picor Corporation ("Picor"), a privately held majority-owned subsidiary of Vicor, currently grants stock options under the following equity compensation plan that has been approved by its Board of Directors:

2001 Stock Option and Incentive Plan, as amended (the "2001 Picor Plan") — Under the 2001 Picor Plan, the Board of Directors of Picor may grant stock incentive awards based on the Picor Common Stock, including stock options, restricted stock or unrestricted stock. Awards may be granted to employees and other key persons, including non-employee directors and full or part-time officers. Incentive stock options may be granted to employees at a price at least equal to the fair market value per share of the Picor Common Stock, based on judgments made by the Company, on the date of grant. A total of 80,000,000 shares of Picor Common Stock have been reserved for issuance under the 2001 Picor Plan. The period of time during which an option may be exercised and the vesting periods are determined by the Picor Board of Directors. The term of each option may not exceed ten years from the date of grant.

V*I Chip Corporation ("V*I Chip"), a privately held wholly-owned subsidiary of Vicor, currently grants stock options under the following equity compensation plan that has been approved by its Board of Directors:

*2007 Stock Option and Incentive Plan, as amended (the "2007 V*I Chip Plan")* — Under the 2007 V*I Chip Plan, the Board of Directors of V*I Chip may grant stock incentive awards based on the V*I Chip

Common Stock, including stock options, restricted stock or unrestricted stock. Awards may be granted to employees and other key persons, including non-employee directors and full or part-time officers. Incentive stock options may be granted to employees at a price at least equal to the fair market value per share of the V*I Chip Common Stock, based on judgments made by the Company, on the date of grant. A total of 100,000,000 shares of V*I Chip Common Stock have been reserved for issuance under the 2007 V*I Chip Plan. The period of time during which an option may be exercised and the vesting periods are determined by the V*I Chip Board of Directors. The term of each option may not exceed ten years from the date of grant.

All non performance-based option awards are granted at an exercise price equal to or greater than the market price for Vicor at the date of the grant, and are granted at a price equal to or greater than the estimated fair value for both Picor and V*I Chip at the date of grant. Options generally vest over various periods of up to five years and may be exercised for up to 10 years from the date of grant, which is the maximum contractual term. The Company uses the graded attribution method to recognize expense for all stock-based awards.

During the third quarter of 2010, the Company granted 1,243,750 non-qualified stock options under the Vicor 2000 Plan, with performance-based vesting provisions tied to achievement of certain quarterly revenue targets by the Brick Business Unit. Under the accounting rules for performance-based awards, the Company is required to assess, on an ongoing basis, the probability of whether the performance criteria will be achieved. If and when achievement is deemed probable, the Company will begin to recognize the associated compensation expense for the stock options over the relevant performance period. As of December 31, 2011, the Company determined that it was not probable that the revenue targets could be achieved and, accordingly, has not recorded compensation expense relating to these options since the grant date. The unrecognized compensation expense of these performance-based options was approximately $7,790,000 as of December 31, 2011. The fair value for the options was estimated at the date of grant using the Black-Scholes option pricing model.

On December 31, 2010, the Company granted 2,984,250 non-qualified stock options under the 2007 V*I Chip Plan with performance-based vesting provisions tied to achievement of certain margin targets by the V*I Chip Business Unit. As of December 31, 2010, the Company determined that it was probable that the margin targets could be achieved and, accordingly, will begin recording compensation expense relating to these options beginning January 1, 2011. The unrecognized compensation expense of these performance-based options was approximately $1,199,000 as of December 31, 2011. The fair value for the options was estimated at the date of grant using the Black-Scholes option pricing model.

Stock compensation expense for the years ended December 31 was as follows (in thousands):

	2011	2010	2009
Cost of revenues	$ 68	$ 19	$ 20
Selling, general and administrative	1,188	618	456
Research and development	667	234	181
Total stock based compensation	$1,923	$871	$657

The increase in stock compensation expense in 2011 compared to 2010 was primarily due to the recording of compensation expense for the V*I Chip performance-based options beginning on January 1, 2011, and to a grant of Picor stock options to all Picor employees in the fourth quarter of 2010.

During the third quarter of 2011, the Picor Board of Directors (the “Picor Board”) authorized different alternatives of net settlement to holders of Picor stock options in the tenth and final year of their respective terms. In addition, the Picor Board approved an offer to repurchase up to 1,142,000 shares of Picor Common Stock from a limited number of holders who purchase these shares via exercise before October 31, 2011. As a result, the

Company accrued $368,000 in the third quarter of 2011, representing the maximum repurchase obligation to these holders assuming all holders sold their shares. This resulted in additional stock-based compensation expense of $169,000 and $132,000 in Selling, general and administrative and Research and development expense, respectively, along with a charge of $67,000 against Additional paid-in-capital, in the third quarter of 2011. During the fourth quarter of 2011, the Company accounted for those options for which repurchase was ultimately not elected by the holder, reducing the accrual by $106,000, with the offset to Picor's additional paid-in capital.

The fair value for the options was estimated at the date of grant using a Black-Scholes option pricing model under all methods with the following weighted-average assumptions:

	Non Performance-based Stock Options (1)			Performance-based Stock Options (2)
Vicor:	**2011**	**2010**	**2009**	**2010**
Risk-free interest rate	1.8%	2.3%	1.1%	2.0-2.7%
Expected dividend yield	1.6%	1.6%	1.0%	2.5%
Expected volatility	54%	54%	67%	55%
Expected lives (years)	5.0	3.9	2.7	6.5-9.5
V*I Chip:	**2011**	**2010**	**2009**	**2010**
Risk-free interest rate	1.5%	2.7%	—	2.7%
Expected dividend yield	—	—	—	—
Expected volatility	49%	49%	—	49%
Expected lives (years)	6.5	6.5	—	6.5
Picor:	**2011**	**2010**	**2009**	
Risk-free interest rate	1.6%	2.0%	—	
Expected dividend yield	—	—	—	
Expected volatility	52%	52%	—	
Expected lives (years)	6.5	6.5	—	

(1) There were no Picor or V*I Chip options granted during 2009.

(2) There were no Vicor or V*I Chip performance-based options granted in 2011 or prior to 2010.

Risk-free interest rate:

Vicor — The Company uses the yield on zero-coupon U.S. Treasury "Strip" securities for a period that is commensurate with the expected term assumption for each vesting period.

*Picor and V*I Chip* — Picor and V*I Chip use the yield to maturity of a seven-year U.S. Treasury bond, as it most closely aligns to the expected exercise period.

Expected dividend yield:

Vicor — The Company determines the expected dividend yield by annualizing the most recent prior cash dividends declared by the Company's Board of Directors and dividing that result by the closing stock price on the date of that dividend declaration. Dividends are not paid on options.

*Picor and V*I Chip* — Picor and V*I Chip have not and do not expect to declare and pay dividends in the foreseeable future. Therefore, the expected dividend yield is not applicable.

Expected volatility:

Vicor — Vicor uses historical volatility to estimate the grant-date fair value of the options, using the expected term for the period over which to calculate the volatility (see below). The Company does not expect its future volatility to differ from its historical volatility. The computation of the Company's volatility is based on a simple average calculation of monthly volatilities over the expected term.

Picor — As Picor is a nonpublic entity, historical volatility information is not available. An industry sector index of seven publicly traded fabless semiconductor firms was developed for calculating historical volatility for Picor. Historical prices for each of the companies in the index based on the market price of the shares on each day of trading over the expected term were used to determine the historical volatility.

*V*I Chip* — As V*I Chip is a nonpublic entity, historical volatility information is not available. An industry sector index of twelve publicly traded fabless semiconductor firms was developed for calculating historical volatility for V*I Chip. Historical prices for each of the companies in the index based on the market price of the shares on each day of trading over the expected term were used to determine the historical volatility.

Expected term:

Vicor — The Company uses historical employee exercise and option expiration data to estimate the expected term assumption for the Black-Scholes grant-date valuation. The Company believes that this historical data is currently the best estimate of the expected term of options, and that generally all groups of the Company's employees exhibit similar exercise behavior.

*Picor and V*I Chip* — Due to the lack of historical information, the "simplified" method as prescribed by the Security and Exchange Commission was used to determine the expected term on grant awards that meet the definition of "plain vanilla". For options that did not meet the criteria of "plain vanilla", the Company calculated the expected term based on its best estimate of what the expected term would be.

Forfeiture rate:

The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered option. The forfeiture analysis is re-evaluated quarterly and the forfeiture rate is adjusted as necessary. Ultimately, the actual expense recognized over the vesting period will only be for those shares that vest.

Vicor — The Company currently expects that for Vicor options, based on an analysis of its historical forfeitures, that approximately 76% of its options will actually vest, and therefore has applied an annual forfeiture rate of 9.0% to all unvested options as of December 31, 2011. For 2010, the Company expected 71% of its options would actually vest and applied an annual forfeiture rate of 11.25%.

Picor — The Company currently expects that for Picor options, based on an analysis of its historical forfeitures, that approximately 92% of its options will actually vest, and therefore has applied an annual forfeiture rate of 2.75% to all unvested options as of December 31, 2011. For 2010, the Company expected 94% of its options would actually vest and applied an annual forfeiture rate of 2.0%.

*V*I Chip* — The Company currently expects that for V*I Chip options, based on an analysis of its historical forfeitures, that approximately 81% of its options will actually vest, and therefore has applied an annual forfeiture rate of 7.0% to all unvested options as of December 31, 2011. For 2010, the Company expected 83% of its options would actually vest and applied an annual forfeiture rate of 6.25%.

Vicor Stock Options

A summary of the activity under the Company's stock option plans as of December 31, 2011 and changes during the year then ended, is presented below (in thousands except for share and weighted-average data):

	Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding on December 31, 2010	1,798,327	13.95		
Granted	207,876	14.12		
Forfeited and expired	(209,690)	18.89		
Exercised	(40,698)	10.97		
Outstanding on December 31, 2011	1,755,815	13.45	7.75	$76
Exercisable on December 31, 2011	232,078	12.00	2.85	$65
Vested or expected to vest as of December 31, 2011 (1)	1,040,362	13.27	7.11	$74

(1) In addition to the vested options, the Company expects a portion of the unvested options to vest at some point in the future. Options expected to vest is calculated by applying an estimated forfeiture rate to the unvested options.

As of December 31, 2010 and 2009, the Company had shares exercisable of 359,264 and 575,482 respectively, for which the weighted average exercise prices were $15.89 and $19.12, respectively.

During the years ended December 31, 2011, 2010, and 2009 under all plans, the total intrinsic value of Vicor options exercised (i.e. the difference between the market price at exercise and the price paid by the employee to exercise the options) was $217,000, $723,000 and $1,000, respectively. The total amount of cash received by the Company from options exercised in 2011 was $447,000. The total grant-date fair value of stock options that vested during the years ended December 31, 2011, 2010 and 2009 was approximately $411,000, $422,000, and $432,000, respectively.

As of December 31, 2011, there was $881,000 of total unrecognized compensation cost related to unvested non-performance share-based awards for Vicor. That cost is expected to be recognized over a weighted-average period of 7.34 years for all Vicor awards. The expense will be recognized as follows: $457,000 in 2012, $241,000 in 2013, $116,000 in 2014, $56,000 in 2015, and $11,000 in 2016. In addition, as of December 31, 2011, there was $7,790,000 of unrecognized compensation cost related to performance-based options, for which expensing has not commenced.

The weighted-average fair value of Vicor options granted was $5.79, $4.78 and $2.69 in 2011, 2010 and 2009, respectively. The weighted-average contractual life for Vicor options outstanding as of December 31, 2011 is 7.7 years.

Picor Stock Options

A summary of the activity under the 2001 Picor Plan as of December 31, 2011 and changes during the year then ended, is presented below (in thousands except for share and weighted-average data):

	Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding on December 31, 2010	10,001,763	0.59		
Granted	895,000	0.62		
Forfeited and expired	(104,780)	0.69		
Exercised	(812,000)	0.25		
Outstanding on December 31, 2011	9,979,983	0.62	6.76	$1,023
Exercisable on December 31, 2011	4,684,585	0.64	4.30	$ 556
Vested or expected to vest as of December 31, 2011 (1)	9,706,872	0.62	6.56	$ 998

(1) In addition to the vested options, the Company expects a portion of the unvested options to vest at some point in the future. Options expected to vest is calculated by applying an estimated forfeiture rate to the unvested options.

As of December 31, 2010 and 2009, Picor had shares exercisable of 4,213,640 and 3,977,940, respectively, for which the weighted average exercise prices were $0.56 and $0.54, respectively.

During the year ended December 31, 2011, the total intrinsic value of Picor options exercised was $262,000. The total amount of cash received by the Company from options exercised in 2011 was $5,000. For years ended 2010 and 2009, Picor did not have any options exercised. The total grant-date fair value of stock options that vested during the years ended December 31, 2011, 2010 and 2009 was approximately $357,000, $68,000, and $189,000, respectively.

As of December 31, 2011, there was $1,335,000 of total unrecognized compensation cost related to unvested share-based awards for Picor. That cost is expected to be recognized over a weighted-average period of 3.7 years for all Picor awards. The expense will be recognized as follows: $394,000 in 2012, $352,000 in 2013, $311,000 in 2014, $248,000 in 2015, and $30,000 in 2016.

The weighted-average fair value of Picor options granted was $0.32 and $0.30 in 2011 and 2010, respectively. The weighted-average contractual life for Picor options outstanding as of December 31, 2011 is 6.6 years.

V*I Chip Stock Options

A summary of the activity under the 2007 V*I Chip Plan as of December 31, 2011 and changes during the year then ended, is presented below (in thousands except for share and weighted-average data):

	Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding on December 31, 2010	10,790,250	1.00		
Granted	122,250	1.04		
Forfeited and expired	(397,750)	1.01		
Exercised	—	—		
Outstanding on December 31, 2011 (2)	10,514,750	1.00	6.48	$—
Exercisable on December 31, 2011	5,869,100	1.00	5.44	$—
Vested or expected to vest as of December 31, 2011 (1)	9,733,939	1.00	6.29	$—

(1) In addition to the vested options, the Company expects a portion of the unvested options to vest at some point in the future. Options expected to vest is calculated by applying an estimated forfeiture rate to the unvested options.

(2) Of the total V*I Chip options outstanding on December 31, 2010, 5,500,000 options have been granted to the Company's Chief Executive Officer.

As of December 31, 2010 and 2009, V*I Chip had shares exercisable of 4,436,200 and 2,987,200, respectively, for which the weighted average exercise price was $1.00. For the years ended December 31, 2011, 2010 and 2009, V*I Chip did not have any options exercised.

As of December 31, 2011, there was $755,000 of total unrecognized compensation cost related to unvested share-based awards for V*I Chip. That cost is expected to be recognized over a weighted-average period of 3.44 years for all V*I Chip awards. The expense will be recognized as follows: $256,000 in 2012, $180,000 in 2013, $159,000 in 2014, $157,000 in 2015 and $3,000 in 2016.

The weighted-average fair value of V*I Chip options granted was $0.53 and $0.50 in 2011 and 2010, respectively. The weighted-average contractual life for V*I Chip options outstanding as of December 31, 2011 is 6.5 years.

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. The Company matches employee contributions to the plan at a rate of 50% up to the first 3% of an employee's compensation. 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 $810,000, $760,000 and $697,000 in 2011, 2010 and 2009, respectively.

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. On December 31, 2011, 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 the present time.

4. LONG-TERM INVESTMENTS

As of December 31, 2011, the Company held par value of $9,100,000 of auction rate securities. These auction rate securities consist of collateralized debt obligations, supported by pools of student loans, sponsored by state student loan agencies and corporate student loan servicing firms. The interest rates for these securities are reset at auction at regular intervals ranging from seven to 28 days. The auction rate securities held by the Company traded at par prior to February 2008 and are callable at par at the option of the issuer.

Until February 2008, the auction rate securities market was liquid, as the investment banks conducting the periodic "Dutch auctions" by which interest rates for the securities had been established had committed their capital to support such auctions in the event of insufficient third-party investor demand. Starting the week of February 11, 2008, a substantial number of auctions failed, as demand from third-party investors weakened and the investment banks conducting the auctions chose not to commit capital to support such auctions (i.e., investment banks chose not to purchase securities themselves in order to balance supply and demand, thereby facilitating a successful auction, as they had done in the past). The consequences of a failed auction are (a) an investor must hold the specific security until the next scheduled auction (unless that investor chooses to sell the security to a third party outside of the auction process) and (b) the interest rate on the security generally resets to an interest rate set forth in each security's indenture.

As of December 31, 2011, the Company held auction rate securities that had experienced failed auctions totaling $9,100,000 at par value, all of which had been purchased through and are held by a broker-dealer affiliate of Bank of America, N.A. (the "Failed Auction Securities"). As of December 31, 2011, the majority of the Failed Auction Securities held by the Company were AAA/Aaa rated by the major credit rating agencies, with all of the securities collateralized by student loans, of which most are guaranteed by the U.S. Department of Education under the Federal Family Education Loan Program. Management is not aware of any reason to believe any of the issuers of the Failed Auction Securities held by the Company are presently at risk of default. Through December 31, 2011, the Company has continued to receive interest payments on the Failed Auction Securities in accordance with the terms of their respective indentures. Management believes the Company ultimately should be able to liquidate all of its Failed Auction Securities without significant loss primarily due to the overall quality of the issues held and the collateral securing the substantial majority of the underlying obligations. However, current conditions in the auction rate securities market have led management to conclude the recovery period for the Failed Auction Securities exceeds 12 months. As a result, the Company continued to classify the Failed Auction Securities as long-term as of December 31, 2011.

The following is a summary of available-for-sale securities (in thousands):

December 31, 2011	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Failed Auction Securities	$ 9,100	$—	$1,628	$ 7,472
Brokered certificates of deposit	1,640	8	—	1,648
Certificates of deposit	465	—	—	465
	$11,205	$ 8	$1,628	$ 9,585

December 31, 2010	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Failed Auction Securities	$19,075	$—	$2,856	$16,219
Brokered certificates of deposit	1,720	30	—	1,750
Certificates of deposit	448	—	—	448
	$21,243	$30	$2,856	$18,417

All of the Failed Auction Securities as of December 31, 2011 and 2010, respectively have been in an unrealized loss position for greater than 12 months.

The amortized cost and estimated fair value of available-for-sale securities on December 31, 2011, by contractual maturities, are shown below (in thousands):

	Cost	Estimated Fair Value
Due in one year or less	$ 630	$ 634
Due in two to ten years	1,385	1,387
Due in ten to twenty years	3,090	2,729
Due in twenty to forty years	6,100	4,835
	$11,205	$9,585

Based on the fair value measurements described in Note 5, the fair value of the Failed Auction Securities on December 31, 2011, with a par value of $9,100,000, was estimated by the Company to be approximately $7,472,000, an increase in fair value of $1,228,000, net of $9,975,000 of redemptions from December 31, 2010. The gross unrealized loss of $1,628,000 on the Failed Auction Securities consists of two types of estimated loss: an aggregate credit loss of $308,000 and an aggregate temporary impairment of $1,320,000. For the year ended December 31, 2011, the aggregate credit loss on the Failed Auction Securities decreased by a net amount of $302,000, which was recorded in "Net impairment gains (losses) recognized in earnings" in the Consolidated Statement of Operations. In determining the amount of credit loss, the Company compared the present value of cash flows expected to be collected to the amortized cost basis of the securities, considering credit default risk probabilities and changes in credit ratings as significant inputs, among other factors (See Note 5).

The following table represents a rollforward of the activity related to the credit loss recognized in earnings on available-for-sale ARS securities held by the Company for the year ended December 31, 2011 (in thousands):

	2011	2010	2009
Balance at the beginning of the period	$ 610	$464	$ —
Reductions for securities sold during the period	(373)	(18)	(9)
Additions for the amount related to credit loss for which other-than-temporary impairment was not previously recognized	71	164	467
Subsequent loss recovery	—	—	6
Balance at the end of the period	$ 308	$610	$464

At this time, the Company has no intent to sell any of the impaired Failed Auction Securities and does not believe it is more likely than not the Company will be required to sell any of these securities. Management expects the securities to regain liquidity as the financial markets recover from the current economic downturn. If current market conditions deteriorate further, the Company may be required to record additional unrealized losses. If the credit rating of the security deteriorates, or the anticipated recovery in the market values does not occur, the Company may be required to adjust the carrying value of these investments through impairment charges recorded in the Consolidated Statement of Operations, and any such impairment adjustments may be material.

Based on the Company's ability to access cash and cash equivalents and its expected operating cash flows, management does not anticipate the current lack of liquidity associated with the Failed Auction Securities held will affect the Company's ability to execute its current operating plan.

5. FAIR VALUE MEASUREMENTS

Assets measured at fair value on a recurring basis include the following as of December 31, 2011 (in thousands):

	Using			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value as of December 31, 2011
Cash Equivalents:				
Money market funds	$14,940	$ —	$ —	$14,940
Long-term investments:				
Auction rate securities	—	—	7,472	7,472
Brokered certificates of deposit	—	1,648	—	1,648
Certificates of deposit	465	—	—	465

The Company has brokered certificates of deposit classified as Level 2 because the fair value for these investments has been determined utilizing observable inputs from non-active markets. The fair values fluctuate with changes in market interest rates obtained from information available in publicly quoted markets. Management tested the reported fair values by comparing them to net present value calculations utilizing a discount rate based on U.S. Treasury "Strip" securities for similar maturities.

As of December 31, 2011, there was insufficient observable auction rate security market information available to determine the fair value of the Failed Auction Securities using Level 1 or Level 2 inputs. As such, the Company's investments in Failed Auction Securities were deemed to require valuation using Level 3 inputs. Management, after consulting with advisors, valued the Failed Auction Securities using analyses and pricing models similar to those used by market participants (i.e., buyers, sellers, and the broker-dealers responsible for execution of the Dutch auction pricing mechanism by which each issue's interest rate was set). Management utilized a probability weighted discounted cash flow ("DCF") model to determine the estimated fair value of these securities as of December 31, 2011. The major assumptions used in preparing the DCF model included: estimates for the amount and timing of future interest and principal payments based on default probability assumptions used to measure the credit loss of 3.3%; the rate of return required by investors to own these securities in the current environment, which we estimate to be 5.0% above the risk free rate of return; and an estimated timeframe of three to five years for successful auctions for these securities to occur. In making these assumptions, management considered relevant factors including: the formula applicable to each security defining the interest rate paid to investors in the event of a failed auction (the "Penalty Rate"); forward projections of the interest rate benchmarks specified in such formulas; the likely timing of principal repayments; the probability of full repayment considering the guarantees by the U.S. Department of Education of the underlying student loans, guarantees by other third parties, and additional credit enhancements provided through other means; and publicly available pricing data for recently issued student loan asset-backed securities not subject to auctions. In developing its estimate of the rate of return required by investors to own these securities, management compared the Penalty Rates of the Failed Auction Securities with yields of actively traded long-term bonds with similar characteristics and, reflecting the limited liquidity for auction rate securities and the discounts to par value seen in recent tender offers by issuers and arms' length market transactions between informed buyers and sellers, estimated the implied yield (i.e., the discount to par value) necessary to complete a sale of the Failed Auction Securities. Management has calculated an increase or decrease in the liquidity risk premium of 5.0% referenced above of 1.0% (i.e., 100 basis points) as used in the model, would decrease or increase, respectively, the fair value of the Failed Auction Securities by approximately $400,000.

The following table summarizes the change in the fair values for those assets valued on a recurring basis utilizing Level 3 inputs for the year ended December 31, 2011 (in thousands):

Balance at the beginning of the period	$16,219
Redemptions	(9,975)
Credit losses on available for sales securities included in Other income, net	302
Unrealized gain included in Other comprehensive (loss) income	926
Balance at the end of the period	$ 7,472

6. INVENTORIES

Inventories as of December 31 were as follows (in thousands):

	2011	2010
Raw materials	$32,213	$31,750
Work-in-process	3,524	4,182
Finished goods	6,382	5,001
	42,119	40,933
Inventory reserves	(6,367)	(5,444)
Net balance	$35,752	$35,489

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost and are depreciated and amortized over a period of three to 39 years generally under the straight-line method for financial reporting purposes and accelerated methods for income tax purposes.

Property, plant and equipment as of December 31 were as follows (in thousands):

	2011	2010
Land	$ 2,089	$ 2,089
Buildings and improvements	42,540	41,791
Machinery and equipment	213,531	203,744
Furniture and fixtures	5,895	5,847
Construction in-progress and deposits	1,124	4,499
	265,179	257,970
Accumulated depreciation and amortization	(217,938)	(207,122)
Net balance	$ 47,241	$ 50,848

Depreciation expense for the years ended December 31, 2011, 2010 and 2009 was approximately $11,083,000, $9,778,000, and $9,882,000 respectively. As of December 31, 2011, the Company had approximately $1,024,000 of capital expenditure commitments.

8. OTHER INVESTMENTS

The Company's gross investment in non-voting convertible preferred stock of GWS totaled $5,000,000 as of December 31, 2011, and December 31, 2010, giving the Company an approximately 28% ownership interest

in GWS. GWS and its subsidiary design and sell semiconductors, conduct research and development activities, develop and license patents, and litigate against those who infringe upon its patented technologies. A director of the Company is the founder, Chairman of the Board, President and Chief Executive Officer ("CEO"), as well as the majority voting shareholder, of GWS. The Company and GWS are parties to an intellectual property cross-licensing agreement, a license agreement and two supply agreements under which the Company purchases certain components from GWS. Purchases from GWS totaled approximately $5,577,000, $5,362,000 and $1,608,000 in 2011, 2010, and 2009, respectively. The Company owed GWS approximately $500,000 and $555,000 as of December 31, 2011 and 2010, respectively. During 2009, the Company made payments totaling $650,000 under the license agreement.

The Company accounts for its investment in GWS under the equity method of accounting. The Company has determined that, while GWS is a variable interest entity, the Company is not the primary beneficiary. The key factors in the Company's assessment were that the CEO of GWS has: (i) the power to direct the activities of GWS that most significantly impact its economic performance, and (ii) has an obligation to absorb losses or the right to receive benefits from GWS, respectively, that could potentially be significant to GWS.

There was no allocation of equity method income (loss) in 2011, 2010, and 2009 as GWS incurred a net loss in those years. The balance in the Company's net investment in GWS was zero as of December 31, 2011 and 2010.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company tests goodwill and other indefinite lived intangible assets for impairment at least annually at the reporting unit level. Definite lived intangible assets, such as patent rights, are amortized and tested for impairment at least annually at the reporting unit level. The Company reassessed the carrying value of its goodwill of approximately $2,000,000 related to the operations of one of its subsidiaries, VJCL, during the fourth quarter of fiscal 2011 and determined that it was not more likely than not that the carrying value exceeded the fair value.

Patent costs, which are included in other assets in the accompanying balance sheets, as of December 31 were as follows (in thousands):

	2011	2010
Patent costs	$ 3,353	$ 3,459
Accumulated amortization	(1,877)	(1,827)
	$ 1,476	$ 1,632

In 2010, the Company wrote off patent costs associated with abandoned patents with net book values of approximately $19,000, which was charged to amortization expense (none in 2011). Patent renewal fees were $47,000 and $55,000 in 2011 and 2010, respectively.

Amortization expense was approximately $325,000, $318,000 and $254,000 in 2011, 2010 and 2009, respectively. The estimated future amortization expense from patent assets held as of December 31, 2011, is projected to be $188,000, $181,000, $167,000, $138,000, and $125,000, in fiscal years 2012, 2013, 2014, 2015, and 2016, respectively.

During the second quarter of 2009, the Company entered into a license agreement with GWS in which the Company paid $500,000 to obtain certain rights to several GWS semiconductor devices (See Note 8). The

amount is being amortized on a straight-line basis over four years, and is included in "Other assets" in the accompanying Consolidated Balance Sheets. Balances as of December 31 were as follows (in thousands):

	2011	2010
GWS intangibles	$ 500	$ 500
Accumulated amortization	(312)	(187)
	$ 188	$ 313

The estimated future amortization expense from GWS intangible assets held as of December 31, 2011, is projected to be $125,000, $63,000 in fiscal years 2012 and 2013, respectively.

10. SEVERANCE CHARGES

During 2009, the Company initiated workforce reductions and recorded pre-tax charges for the cost of severance and other employee-related costs involving cash payments during 2009 and 2010 based on each employee's respective length of service. Total severance charges of $4,099,000 were recorded as "Severance charges" in the Consolidated Statement of Operations. There was no remaining liability under this program as of December 31, 2010.

11. PRODUCT WARRANTIES

Product warranty activity for the years ended December 31 was as follows (in thousands):

	2011	2010	2009
Balance at the beginning of the period	$ 649	$ 772	$ 896
Accruals for warranties for products sold in the period	1,392	573	205
Fulfillment of warranty obligations	(1,134)	(548)	(101)
Revisions of estimated obligations	(335)	(148)	(228)
Balance at the end of the period	$ 572	$ 649	$ 772

12. STOCKHOLDERS' EQUITY

In November 2000, the Board of Directors of the Company authorized the repurchase of up to $30,000,000 of the Company's Common Stock (the "November 2000 Plan"). The plan authorizes the Company to make 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. There were no repurchases under the November 2000 Plan in 2011, 2010 or 2009. On December 31, 2011 and 2010, the Company had approximately $8,541,000 available for use under the November 2000 Plan.

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 the stockholder's spouse, certain of the 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.

Dividends are declared at the discretion of the Company's Board of Directors and depend on actual cash from operations, the Company's financial condition and capital requirements and any other factors the Company's Board of Directors may consider relevant.

On June 28, 2010, the Company's Board of Directors approved a cash dividend of $0.30 per share of the Company's stock. The total dividend of approximately $12,506,000 was paid on July 30, 2010 to shareholders of record at the close of business on July 16, 2010.

On July 22, 2011, the Company's Board of Directors approved a cash dividend of $0.15 per share of the Company's stock. The total dividend of approximately $6,272,000 was paid on August 31, 2011 to shareholders of record at the close of business on August 9, 2011.

During the year ended December 31, 2009, two subsidiaries paid a total of $4,690,000 in cash dividends on subsidiary common stock, of which $3,421,000 was paid to the Company and $1,269,000 was paid to outside shareholders. During the year ended December 31, 2010, three subsidiaries paid a total of $5,457,000 in cash dividends, of which $4,905,000 was paid to the Company and $552,000 was paid to outside shareholders. During the year ended December 31, 2011, two subsidiaries paid a total of $2,000,000 in cash dividends, of which $1,310,000 was paid to the Company and $690,000 was paid to outside shareholders. Dividends paid to outside shareholders are accounted for as a reduction in noncontrolling interest.

During 2011, a total of 40,698 shares of Common Stock were issued upon the exercise of stock options. There were no shares of Class B Common Stock converted into Common Stock during 2011.

On December 31, 2011, there were 14,858,774 shares of Vicor Common Stock reserved for issuance under Vicor stock options and upon conversion of Class B Common Stock.

13. OTHER INCOME, NET

The major changes in the components of the other income, net for the years ended December 31 were as follows (in thousands):

	2011	2010	2009
Interest income	$ 259	$ 442	$ 717
Unrealized gain on trading securities	—	970	1,268
Unrealized loss on auction rate securities rights	—	(962)	(964)
Credit gains (losses) on available for sale securities	302	(146)	(464)
Foreign currency (losses) gains, net	(326)	(158)	35
Gain on disposal of equipment	22	249	30
Other	89	102	60
	$ 346	$ 497	$ 682

14. 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 assets and liabilities as of December 31 were as follows (in thousands):

	2011	2010
Deferred tax assets:		
Research and development tax credit carryforwards	$ 8,707	$ 7,772
Inventory reserves	2,255	1,905
Stock-based compensation	1,830	1,224
Vacation accrual	1,543	1,500
Investment tax credit carryforwards	1,381	1,249
Net operating loss carryforwards	1,201	1,075
Capital loss carryforward	700	700
Deferred revenue	635	395
Alternative minimum tax credit carryforward	556	1,045
Unrealized loss on investments	568	1,023
Warranty reserves	144	189
Bad debt reserves	92	103
Other	855	588
Total deferred tax assets	20,467	18,768
Less: Valuation allowance for deferred tax assets	(9,736)	(10,259)
Net deferred tax assets	10,731	8,509
Deferred tax liabilities:		
Depreciation	(3,251)	(1,564)
Prepaid expenses	(660)	—
Goodwill	(628)	(549)
Patent amortization	(544)	(594)
Unremitted Vicor Custom earnings	(337)	(320)
Other	(593)	(513)
Total deferred tax liabilities	(6,013)	(3,540)
Net deferred tax assets	$ 4,718	$ 4,969

In 2011 and 2010, the tax provision is based on the annual effective tax rate for the year, which includes estimated federal, state and foreign income taxes on the Company's pre-tax income and estimated federal and state income taxes for certain noncontrolling interest subsidiaries that are not part of the Company's consolidated income tax returns, offset in 2010 by the expected utilization of federal and foreign net operating loss carryforwards.

Prior to September 30, 2010, the Company maintained a valuation allowance against a significant portion of its deferred tax assets, consisting of net operating loss carryforwards, tax credit carryforwards and deductible temporary differences. Based on the Company's pre-tax income for the nine months ended September 30, 2010 being sufficient to fully utilize its net operating loss carryforwards, a history of cumulative earnings before taxes for financial reporting purposes over a 12-quarter period, and expected future taxable income, management determined it was more likely than not a significant portion of the deferred tax assets would be realized. As a result, at September 30, 2010, the Company determined that it was appropriate to reverse a portion of its

valuation allowance by $5,158,000 as a discrete benefit for income taxes for certain deductible temporary differences expected to be realized in future periods. An additional benefit of $1,159,000 was recorded in the fourth quarter of 2010. Management could not make such a determination in the prior quarters of fiscal 2010 due to a lack of confidence in being able to accurately forecast the expected ordinary income (loss) for the year largely due to global economic conditions and the possible impact continued economic and business uncertainty would have on the Company's business at those times. The 2011 and 2010 tax provisions also include discrete items, principally related to tax credits and expense for net increases in state taxes and accrued interest for potential liabilities.

The tax provision in 2009 provided for estimated income taxes due in various state and international taxing jurisdictions for which losses incurred by the Company cannot be offset, and for estimated federal and state income taxes for certain noncontrolling interests that are not part of the Company's consolidated income tax returns, offset by the expected utilization of federal and foreign net operating loss carryforwards. The 2009 tax provision also includes discrete items, including benefits for the receipt of refunds for net operating loss carryback claims and for an expected refund due to certain monetized credits, and expense for increases in state taxes and accrued interest for potential liabilities.

As of December 31, 2011, the Company has a remaining valuation allowance of approximately $9,736,000 against certain deferred tax assets, for which realization cannot be considered more likely than not at this time. Such deferred tax assets principally relate to tax credit carryforwards in certain state tax jurisdictions for which sufficient taxable income for utilization cannot be projected at this time or the credits may expire without being utilized. Management assesses the need for the valuation allowance on a quarterly basis. If and when management determines the valuation allowance should be released, the adjustment would result in a tax benefit in the Consolidated Statements of Operations and may include a portion to be accounted for through "Additional paid-in capital", a component of Stockholders' Equity. The amount of the tax benefit to be recorded in a particular quarter could be material.

For financial reporting purposes, income before income taxes for the years ended December 31 include the following components (in thousands):

	2011	2010	2009
Domestic	$13,406	$28,973	$5,236
Foreign	626	646	219
	$14,032	$29,619	$5,455

Significant components of the provision (benefit) for income taxes for the years ended December 31 are as follows (in thousands):

	2011	2010	2009
Current:			
Federal	$3,624	$ 1,187	$ 939
State	496	958	422
Foreign	455	209	75
	4,575	2,354	1,436
Deferred:			
Federal	148	(6,274)	(74)
	$4,723	$(3,920)	$1,362

The Company intends to continue to reinvest certain of its foreign earnings indefinitely. Accordingly, no U.S. income taxes have been provided for approximately $2,610,000 of unremitted earnings of international subsidiaries. As of December 31, 2011, the amount of unrecognized deferred tax liability on these earnings was $204,000.

The reconciliation of the federal statutory rate to the effective income tax rate for the years ended December 31 is as follows:

	2011	2010	2009
Statutory federal tax rate	35.0%	34.0%	35.0%
State income taxes, net of federal income tax benefit	3.4	2.7	9.2
Increase (reduction) in tax reserves	0.6	2.3	(2.1)
Permanent items	0.5	0.2	4.0
Foreign rate differential and deferred items	0.6	(1.0)	(0.9)
Tax credits	(4.0)	—	2.3
U.S. manufacturing deduction	(2.0)	(0.9)	—
Book income attributable to noncontrolling interest	(1.4)	(0.3)	(8.3)
Decrease in valuation allowance	—	(49.7)	(14.2)
Other	1.0	(0.5)	—
	33.7%	(13.2%)	25.0%

As a result of the difference in treatment of excess stock option deductions available for income tax return and financial statement reporting purposes, the Company has approximately $1,012,000 of federal research and development tax credit and $396,000 of federal alternative minimum tax credit carryforwards that may be offset against future taxable income, which are included in the components of deferred tax assets disclosed above. It is anticipated that when these tax attributes are realized on an income tax return in the future, the related benefit will be recorded against “Additional paid-in capital”. The research and development tax credit carryforwards expire beginning in 2016 for state purposes and in 2025 for federal purposes. The Company has net operating loss carryforwards in certain states, which began expiring in 2010.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

Balance on January 1, 2011	$1,102
Additions based on tax provisions related to the current year	269
Additions for tax positions of prior years	34
Balance on December 31, 2011	$1,405

The Company has reviewed the tax positions taken, or to be taken, in its tax returns for all tax years currently open to examination by a taxing authority. The total amount of unrecognized tax benefits, that is the aggregate tax effect of differences between tax return positions and the benefits recognized in the Company’s financial statements, on December 31, 2011 of $1,405,000 including accrued interest, if recognized, may decrease the Company’s income tax provision and effective tax rate. None of the unrecognized tax benefits as of December 31, 2011 are expected to significantly change during the next twelve months. The Company recognizes accrued interest and penalties, if any, related to unrecognized tax benefits as a component of income tax expense. As of December 31, 2011, the Company has accrued approximately $145,000 for the potential payment of interest and recorded approximately $68,000 of income tax expense for interest, net of related tax benefits, for the year ended December 31, 2011.

The Company files income tax returns in the United States and various foreign tax jurisdictions. These tax returns are generally open to examination by the relevant tax authorities from three to seven years from the date they are filed. The tax filings relating to the Company's federal and state taxes are currently open to examination for tax years 2008 through 2010 and 2003 through 2010, respectively. In addition, the 2003, 2004 and 2007 tax years resulted in losses. These years may also be subject to examination since the losses were carried forward and utilized in future years. In January 2012, the Company received a notice from the State of New York that its New York corporate tax returns for the tax years 2008 through 2010 had been selected for audit. There are no other income tax audits currently in process.

15. COMMITMENTS AND CONTINGENCIES

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

Year	
2012	$1,156
2013	715
2014	463
2015	196
2016 and thereafter	22

Rent expense was approximately $1,592,000, $1,492,000 and $1,496,000 in 2011, 2010 and 2009, respectively. The Company also pays executory costs such as taxes, maintenance and insurance.

The Company also 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 $300,000 annually, subject to semi-annual price adjustments, through March 2015.

In addition, approximately $1,227,000 of unrecognized tax benefits has been recorded as liabilities as the settlement amounts are uncertain. The Company has recorded a liability related to these unrecognized tax benefits for potential interest and penalties of approximately $145,000 as of December 31, 2011.

As disclosed in prior filings, on January 28, 2011, SynQor, Inc. ("SynQor") filed a complaint for patent infringement against Ericsson, Inc. ("Ericsson"), Cisco Systems, Inc. ("Cisco") and the Company in U.S. District Court for the Eastern District of Texas ("the Texas Action"). This immediately followed a complaint filed by the Company on January 26, 2011, in U.S. District Court for the District of Massachusetts, in which the Company sought a declaratory judgment that its bus converter products do not infringe any valid claim of certain of SynQor's U.S. patents, and that the claims of those patents are invalid. With respect to the Company, SynQor's complaint alleges the Company's products, including, but not limited to, unregulated bus converters used in intermediate bus architecture power supply systems, infringe certain SynQor patents. SynQor seeks, amongst other items, an injunction against further infringement and an award of unspecified compensatory and enhanced damages, interest, costs and attorney fees. On February 8, 2011, SynQor filed a motion for preliminary injunction seeking an order enjoining the Company from manufacturing, using, selling, and offering for sale in the United States and/or importing into the United States certain identified unregulated bus converters, as well as any other bus converters not significantly different from those products. On February 17, 2011, the Company withdrew its Massachusetts action without prejudice to allow the litigation to proceed in Texas. On May 16, 2011, SynQor announced it was withdrawing its motion for preliminary injunction against the Company. On September 20, 2011, SynQor filed an Amended Complaint in the Texas Action. The Amended Complaint repeated the

allegations of patent infringement against the Company contained in SynQor's original complaint, and included additional patent infringement allegations with respect to U.S. Patent No. 8,023,290 (" '290 patent"), which was issued on that day. As with SynQor's original complaint, the amended complaint alleged that the Company's products, including but not limited to the Company's unregulated bus converters used in intermediate bus architecture power supply systems, infringed the asserted patents. On October 4, 2011, the Company filed an answer and counterclaims to SynQor's amended complaint, in which Vicor alleges the '290 patent is unenforceable because it was procured through inequitable conduct before the U.S. Patent and Trademark Office and seeks damages against SynQor for SynQor's unfair and deceptive trade practices and tortious interference with prospective economic advantage in connection with SynQor's allegations of patent infringement against the Company. The Company does not believe that any of its products, including its unregulated bus converters, infringe any valid claim of the asserted SynQor patents, either alone or when used in an intermediate bus architecture implementation. The Company believes SynQor's claims lack merit and, therefore, continues to vigorously defend itself against SynQor's patent infringement allegations.

During the third quarter of 2009, the Company entered into a release and settlement agreement with a vendor over alleged product performance issues with certain products the vendor had sold to the Company. The Company received a payment of $750,000 in consideration for the settlement, which is recorded in "Gain from litigation-related and other settlements, net" in the accompanying Consolidated Statement of Operations.

On February 22, 2007, the Company announced it had reached an agreement in principle with Ericsson, Inc., the U.S. affiliate of LM Ericsson, to settle a lawsuit brought by Ericsson against the Company in California state court. Under the terms of the settlement agreement entered into on March 29, 2007, after a court ordered mediation, the Company paid $50,000,000 to Ericsson, of which $12,800,000 was reimbursed by the Company's insurance carriers. Accordingly, the Company recorded a net loss of $37,200,000 from the litigation–related settlements in the fourth quarter of 2006. The Company has been seeking further reimbursement from its insurance carriers. On November 14, 2008, a jury in the United States District Court for the District of Massachusetts found in favor of the Company in a lawsuit against certain of its insurance carriers with respect to the Ericsson settlement. The jury awarded $17,300,000 in damages to the Company, although the verdict is subject to challenge in the trial court and on appeal. Both parties filed certain motions subsequent to the ruling and, on March 2, 2009, the judge in the case rendered his decision on the subsequent motions, reducing the jury award by $4,000,000. On March 26, 2009, the U.S. District Court, District of Massachusetts ("the Court") issued its judgment in the matter, affirming the award of $13,300,000, plus prejudgment interest from the date of breach on March 29, 2007, through March 26, 2009, the date of judgment in the amount of approximately $3,179,000. The insurance carriers have filed their appeal to this total judgment in the amount of approximately $16,479,000. No final and collectible judgment yet has been entered by the Court to date as of December 31, 2011 and therefore no amounts are reflected in the accompanying consolidated financial statements.

The Company's decision to enter into the settlement followed an adverse ruling by the court in January 2007 in connection with a settlement between Ericsson and co-defendants Exar Corporation ("Exar") and Rohm Device USA, LLC ("Rohm"), two of the Company's component suppliers prior to 2002. The Company's writ of mandate appeal of this ruling was denied in April, 2007. In September 2007, The Company filed a notice of appeal of the court's decision upholding the Ericsson-Exar-Rohm settlement. In December 2007, the court awarded Exar and Rohm amounts for certain statutory and discovery costs associated with this ruling. As such, the Company accrued $240,000 in the second quarter of 2007, included in "(Gain) loss from litigation-related and other settlements, net" in the Consolidated Statements of Operations, of which $78,000 of the award was paid in the second quarter of 2008. On February 9, 2009, the Court of Appeals issued its opinion affirming the judgment for Exar and Rohm in full. During the third quarter of 2009, the Company completed negotiations with Exar and Rohm, resulting in separate settlement agreements calling for a final payment to Exar of $70,000 and no additional payment due Rohm. As a result of the settlements, the Company reversed a remaining excess accrual of approximately $96,000 in the third quarter of 2009, which is recorded in "Gain from litigation-related and other settlements, net" in the accompanying Consolidated Statement of Operations.

In addition, the Company is involved in certain other litigation and claims incidental to the conduct of its business. While the outcome of lawsuits and claims against the Company cannot be predicted with certainty, management does not expect any current litigation or claims to have a material adverse impact on the Company's financial position or results of operations.

16. SEGMENT INFORMATION

The Company has organized its business segments according to its key product lines. The Brick Business Unit segment ("BBU") designs, develops, manufactures and markets the Company's modular power converters and configurable products, and also includes the operations of the Company's Westcor division, the six entities comprising Vicor Custom Power, and the BBU operations of VJCL. The V*I Chip segment includes V*I Chip Corporation, which designs, develops, manufactures and markets the Company's factorized power architecture ("FPA") products. The V*I Chip segment also includes the V*I Chip business conducted through VJCL. Picor Corporation designs, develops, manufactures and markets integrated circuits and related products for use in a variety of power management and power system applications. Picor develops these products to be sold as part of Vicor's products or to third parties for separate applications.

The Company's chief operating decision maker evaluates performance and allocates resources based on segment revenues and segment operating income (loss). The operating income (loss) for each segment includes selling, general and administrative and research and development expenses directly attributable to the segment. Certain of the Company's indirect overhead costs, which include corporate selling, general and administrative expenses, are allocated among the segments based upon an estimate of costs associated with each segment. Assets allocated to each segment are based upon specific identification of such assets, which include accounts receivable, inventories, fixed assets and certain other assets. The Corporate segment consists of those operations and assets shared by all segments. The costs of certain centralized executive and administrative functions are recorded in this segment, as are certain shared assets, most notably cash and cash equivalents, deferred tax assets, long-term investments, the Company's facilities in Massachusetts, real estate and other assets. The Company's accounting policies and method of presentation for segments are consistent with that used throughout the Consolidated Financial Statements.

The following table provides significant segment financial data as of and for the years ended December 31 (in thousands):

	BBU (1)	V*I Chip (1)	Picor	Corporate	Eliminations (1)(2)	Total
2011:						
Net revenues	$194,830	$ 55,154	$13,183	$ —	$ (10,199)	$252,968
Income (loss) from operations	31,938	(16,294)	(1,239)	(719)	—	13,686
Total assets	82,096	30,701	7,098	119,231	(30,985)	208,141
Depreciation and amortization	5,503	3,570	458	1,474	—	11,005
2010:						
Net revenues	$217,018	$ 33,842	$11,061	$ —	$ (11,188)	$250,733
Income (loss) from operations	55,619	(24,565)	(1,282)	(640)	(10)	29,122
Total assets	78,014	31,278	7,463	103,486	(15,329)	204,912
Depreciation and amortization	4,788	3,500	470	1,464	—	10,222
2009:						
Net revenues	$186,975	14,599	$ 6,143	$ —	$ (9,758)	$197,959
Income (loss) from operations	29,173	(22,642)	(4,265)	(716)	3,223	4,773
Total assets	204,611	19,124	9,352	98,209	(150,719)	180,577
Depreciation and amortization	5,283	2,968	403	1,544	—	10,198

(1) During the fourth quarter of 2010, the Company completed a recapitalization of V*I Chip. The impact of the recapitalization on V*I Chip was to eliminate its intercompany payable to BBU of approximately $172,100,000 and institute capital accounts totaling $50,000,000 as of December 31, 2010. The impact on segment reporting was to reduce Total assets for BBU and increase Eliminations by $172,100,000 as of December 31, 2010. There was no impact on the consolidated financial statements as a result of this recapitalization.

(2) The elimination for net revenues is principally related to inter-segment revenues of Picor to BBU and V*I Chip and for inter-segment revenues of V*I Chip to BBU. The elimination for total assets is principally related to inter-segment receivables due to BBU for the funding of V*I Chip operations and for the purchase of equipment for both V*I Chip and Picor.

During 2011, one customer accounted for approximately 14.9% of net revenues. The majority of this revenue was from the V*I Chip segment, with lesser amounts from BBU and Picor. During 2010, two customers accounted for approximately 12.3% and 11.5% of net revenues, respectively. During 2009, no customer accounted for more than 10% of net revenues. International sales, as a percentage of total net revenues, were approximately 57% in 2011 and 49% in 2010 and 41% in 2009, respectively. During 2011, net revenues from customers in Taiwan and Hong Kong, China accounted for approximately 15.3% and 11.8%, respectively, of total net revenues (11.8% and 11.4%, respectively, in 2010).

17. QUARTERLY RESULTS OF OPERATIONS (Unaudited)

The following table sets forth certain unaudited quarterly financial data for the years ended December 31 (in thousands, except per share amounts):

	First	Second	Third	Fourth	Total
2011:					
Net revenues	$70,455	$65,402	$58,560	$58,551	$252,968
Gross margin	30,454	27,309	24,440	24,491	106,694
Consolidated net income	4,169	3,204	1,175	761	9,309
Net income attributable to noncontrolling interest	151	138	93	84	466
Net income attributable to Vicor Corporation	4,018	3,066	1,082	677	8,843
Net income per share attributable to Vicor Corporation:					
Basic and diluted	0.10	0.07	0.03	0.02	0.21

	First	Second	Third	Fourth	Total
2010:					
Net revenues	$51,709	$57,377	$68,672	$72,975	$250,733
Gross margin	23,324	25,739	32,473	32,984	114,520
Consolidated net income	2,005	4,747	15,869	10,918	33,539
Net income attributable to noncontrolling interest	53	—	50	111	214
Net income attributable to Vicor Corporation	1,952	4,747	15,819	10,807	33,325
Net income per share attributable to Vicor Corporation:					
Basic and diluted	0.05	0.11	0.38	0.26	0.80

In the fourth quarter of 2010, the Company recorded the following adjustments:

- Recognition of deferred revenue of $4,729,000 and $4,524,000 in deferred costs in connection with the accounting for a multiple-element revenue arrangement.

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

None.

ITEM 9A. *CONTROLS AND PROCEDURES*

Attached as exhibits to this Form 10-K are certifications of our CEO and Chief Financial Officer ("CFO"), which are required in accordance with Rule 13a-14 of the Exchange Act of 1934, as amended (the "Exchange Act"). This "Controls and Procedures" section includes information concerning the controls and controls evaluation referred to in the certifications.

(a) Evaluation of disclosure controls and procedures

As required by Rule 13a-15 under the Exchange Act, management, with the participation of our CEO and CFO, conducted an evaluation regarding the effectiveness of our disclosure controls and procedures, as of the end of the last fiscal year. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. We recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and we necessarily apply our judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of the Company's disclosure controls and procedures as of December 31, 2011, the Chief Executive Officer and Chief Financial Officer concluded that, as of such date, the Company's disclosure controls and procedures were effective at the reasonable assurance level.

(b) Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and Board of Directors; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Management assessed our internal control over financial reporting as of December 31, 2011, the end of our fiscal year. Management based its assessment on criteria established in "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and our overall control environment.

Based on our assessment, management has concluded that our internal control over financial reporting was effective as of December 31, 2011.

The effectiveness of our internal control over financial reporting as of December 31, 2011 has been audited by Grant Thornton LLP, our independent registered public accounting firm, as stated in their report which is included immediately below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders of
Vicor Corporation:

We have audited Vicor Corporation (a Delaware Corporation) and its subsidiaries' (collectively, the "Company") internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Vicor Corporation and its subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, equity and cash flows for each of the three years in the period ended December 31, 2011 and our report dated March 2, 2012 expressed an unqualified opinion.

/s/ Grant Thornton LLP

Boston, Massachusetts
March 2, 2012

(c) Inherent Limitations on Effectiveness of Controls

The Company's management, including the CEO and CFO, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

(d) Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2011, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. ***OTHER INFORMATION***

None.

PART III

ITEM 10. ***DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT***

Incorporated by reference from the Company's Definitive Proxy Statement for its 2012 annual meeting of stockholders.

ITEM 11. ***EXECUTIVE COMPENSATION***

Incorporated by reference from the Company's Definitive Proxy Statement for its 2012 annual meeting of stockholders.

ITEM 12. ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS***

Incorporated by reference from the Company's Definitive Proxy Statement for its 2012 annual meeting of stockholders.

ITEM 13. ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE***

Incorporated by reference from the Company's Definitive Proxy Statement for its 2012 annual meeting of stockholders.

ITEM 14. ***PRINCIPAL ACCOUNTANT FEES AND SERVICES***

Incorporated by reference from the Company's Definitive Proxy Statement for its 2012 annual meeting of stockholders.

PART IV

ITEM 15. ***EXHIBITS AND FINANCIAL STATEMENTS***

(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.

(b) *Exhibits*

Exhibits		Description of Document
3.1	•	Restated Certificate of Incorporation, dated February 28, 1990 (1)
3.2	•	Certificate of Ownership and Merger Merging Westcor Corporation, a Delaware Corporation, into Vicor Corporation, a Delaware Corporation, dated December 3, 1990 (1)
3.3	•	Certificate of Amendment of Restated Certificate of Incorporation, dated May 10, 1991 (1)
3.4	•	Certificate of Amendment of Restated Certificate of Incorporation, dated June 23, 1992 (1)
3.5	•	Bylaws, as amended (9)
4.1	•	Specimen Common Stock Certificate (2)
10.1	•	1984 Stock Option Plan of the Company, as amended (2)
10.2	•	1993 Stock Option Plan (3)
10.3	•	1998 Stock Option and Incentive Plan (4)
10.4	•	Amended and Restated 2000 Stock Option and Incentive Plan (5)
10.5	•	Form of Non-Qualified Stock Option under the Vicor Corporation Amended and Restated 2000 Stock Option and Incentive Plan (6)
10.6	•	Sales Incentive Plan (7)
10.7	•	Picor Corporation 2001 Stock Option and Incentive Plan (8)
10.8	•	Form of Non-Qualified Stock Option under the Picor Corporation 2001 Stock Option and Incentive Plan (8)
10.9	•	V*I Chip Corporation Amended 2007 Stock Option and Incentive Plan (11)
10.10	•	Form of Non-Qualified Stock Option Agreement under the V*I Chip Corporation Amended 2007 Stock Option and Incentive Plan (10)
10.11	•	Form of Incentive Stock Option Agreement under the V*I Chip Corporation Amended 2007 Stock Option and Incentive Plan (11)
10.12	•	Form of Stock Restriction Agreement under the V*I Chip Corporation Amended 2007 Stock Option and Incentive Plan (11)
21.1	•	Subsidiaries of the Company (12)
23.1	•	Consent of Grant Thornton LLP (12)
31.1	•	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 (12)
31.2	•	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 (12)
32.1	•	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (12)
32.2	•	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (12)
101	•	The following material from the Company's Annual Report on Form 10-K, for the year ended December 31, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Cash Flows; (iv) the Consolidate Statements of Equity; and (v) the Notes to Consolidated Financial Statements.

(1) Filed as an exhibit to the Company's Annual Report on Form 10-K filed on March 29, 2001 and incorporated herein by reference.

(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 Registration Statement on Form S-8, as amended, under the Securities Act of 1933 (No. 333-61177), and incorporated herein by reference.

(5) Filed as an exhibit to the Company's Proxy Statement for use in connection with its 2002 Annual Meeting of Stockholders, which was filed on April 29, 2002, and incorporated herein by reference.
(6) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed on November 4, 2004 and incorporated herein by reference.
(7) Filed as an exhibit to the Company's Annual Report on Form 10-K filed on March 16, 2005 and incorporated herein by reference.
(8) Filed as an exhibit to the Company's Annual Report on Form 10-K filed on March 14, 2006 and incorporated herein by reference.
(9) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed on November 8, 2006 and incorporated herein by reference.
(10) Filed as an exhibit to the Company's Current Report on Form 8-K, dated June 6, 2007 and incorporated herein by reference.
(11) Filed as an exhibit to the Company's Current Report and Form 8-K, dated March 6, 2008 incorporated herein by reference.
(12) Filed herewith.

VICOR CORPORATION

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
Years ended December 31, 2011, 2010 and 2009

Description	Balance at Beginning of Period	(Credit) Charge to Costs and Expenses	Other Charges, Deductions (1)	Balance at End of Period
Allowance for doubtful accounts:				
Year ended:				
December 31, 2011	$309,000	$18,000	$(61,000)	$266,000
December 31, 2010	260,000	57,000	(8,000)	309,000
December 31, 2009	300,000	3,000	(43,000)	260,000

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

Description	Balance at Beginning of Period	(Credit) Charge to Costs and Expenses	Other Charges, Deductions (2)	Balance at End of Period
Inventory Reserves:				
Year ended:				
December 31, 2011	$5,444,000	$1,650,000	$ (727,000)	$6,367,000
December 31, 2010	5,943,000	1,721,000	(2,220,000)	5,444,000
December 31, 2009	6,358,000	1,010,000	(1,425,000)	5,943,000

(2) Reflects amounts associated with inventory that have been discarded or sold.

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.

Vicor Corporation

By: /s/ James A. Simms
James A. Simms
Vice President, Chief Financial Officer

Date: March 2, 2012

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 2, 2012
/s/ James A. Simms James A. Simms	Chief Financial Officer Vice President (Principal Financial Officer and Principal Accounting Officer)	March 2, 2012
/s/ Estia J. Eichten Estia J. Eichten	Director	March 2, 2012
/s/ David T. Riddiford David T. Riddiford	Director	March 2, 2012
/s/ Barry Kelleher Barry Kelleher	Director	March 2, 2012
/s/ Samuel J. Anderson Samuel J. Anderson	Director	March 2, 2012
/s/ Claudio Tuozzolo Claudio Tuozzolo	Director	March 2, 2012
/s/ Jason L. Carlson Jason L. Carlson	Director	March 2, 2012
/s/ Liam K. Griffin Liam K. Griffin	Director	March 2, 2012

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EXHIBIT 21.1

SUBSIDIARIES OF THE COMPANY

Name	State or Jurisdiction of Incorporation
Picor Corporation	Delaware, USA
V*I Chip Corporation	Delaware, USA
VLT, Inc.	California, USA
Vicor GmbH	Germany
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

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Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Patrizio Vinciarelli, certify that:

1. I have reviewed this report on Form 10-K of Vicor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 2, 2012

/s/ Patrizio Vinciarelli

Patrizio Vinciarelli
Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, James A. Simms, certify that:

1. I have reviewed this report on Form 10-K of Vicor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 2, 2012

/s/ James A. Simms

James A. Simms
Vice President, Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Vicor Corporation (the "Company") on Form 10-K for the period ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrizio Vinciarelli, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Patrizio Vinciarelli

Patrizio Vinciarelli
President, Chairman of the Board and
Chief Executive Officer

March 2, 2012

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Vicor Corporation (the "Company") on Form 10-K for the period ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James A. Simms, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James A. Simms

James A. Simms
Vice President, Chief Financial Officer

March 2, 2012

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Vicor Corporation

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The Power Behind Performance