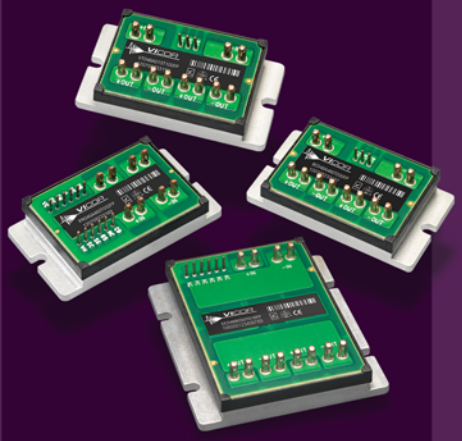
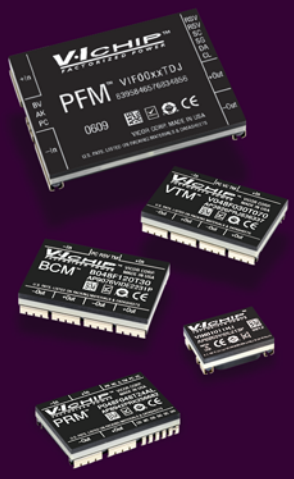
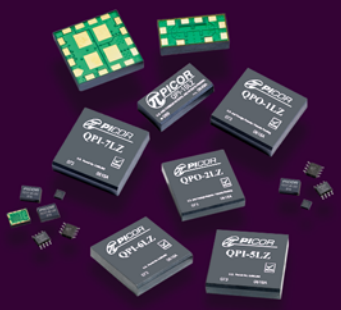
VICOR







2007 Annual Report

PRESIDENT'S LETTER

I am pleased to report to fellow shareholders that Vicor continues to make meaningful progress in executing its strategy of differentiated leadership in power systems. Despite a challenging competitive environment in 2007, Vicor experienced growth in revenue and profit, driven by successful roll-out of well-received new products and complemented by ongoing focus on manufacturing efficiency. In 2007, total revenues increased to $195,827,000 from $192,047,000 for 2006. The Company had net income for the year of $5,335,000, or $.13 per diluted share, compared to a litigation-related net loss of $29,059,000, or ($.69) per diluted share for 2006, as restated. Demand for the Company's products strengthened, resulting in a book to bill ratio for 2007 of 1.05:1, compared with 0.99:1 for 2006.

The Brick Business Unit improved its competitive position in 2007 as a result of our commitment to differentiated customer service through "mass customization". As original equipment and contract manufacturers focused on commodity power supply solutions accelerated their purchases of lower-end products from Asian vendors, many of our competitors have lost market share and have experienced significant financial losses. In contrast, our core brick business has strengthened its position with important customers requiring higher-end solutions that often are uniquely customized to meet their specific requirements. Many of these customers are in niche markets for which our mass customization approach is well suited. We believe ongoing investment in streamlining our manufacturing process will allow us to improve our ability to meet customer needs.

The success of our promising V•I Chip™ business accelerated in 2007, as product shipments more than quadrupled for the year on the strength of high-end server applications where V•I Chips enabled small form factor requirements. With growing familiarity and confidence in the attributes of V•I Chips, next generation high-end computers will take full advantage of the benefits of V•I Chips as Factorized Power™ components. Our Factorized Power Architecture ("FPA") is gaining acceptance by computer industry pioneers who recognize the benefits of deploying V•I Chips to multiply current in immediate proximity to processors. Competitive advantages in computing speed, density and efficiency raise our expectations that FPA and V•I Chips will, in time, capture a significant share of power systems in the high-end server market.

While continuing to penetrate high-end computing, V•I Chip is also making inroads into other attractive applications:

In the Automated Test Equipment ("ATE") market, the low noise and high-density attributes of V•I Chips are attractive to OEMs seeking to design test heads for advanced memory and processor chips capable of short test times and fast throughput. Design-in activity by industry leaders in the U.S. and Japan points to long-term penetration by V•I Chips into the ATE market.

The thin mechanical profile and flexible thermal management of V•I Chips are attractive to manufacturers of LCD-TVs seeking to compete in ultra-thin, large format, flat panel displays. A prototype one-inch thin 52" screen TV powered by V•I Chips was exhibited at the 2008 Las Vegas Consumer Electronics show and a half-inch thin prototype VI BRICK power system for a 52" display was exhibited at Tokyo's 2008 Techno Frontier. To penetrate the flat panel display market with power systems manufactured cost-effectively in high volume, V•I Chip, Picor and Great Wall Semiconductor (in which Vicor is an investor), have entered into a non-exclusive license agreement with a Japanese partner that has been a major supplier to leading Asian consumer electronics OEMs. We believe that the performance attributes and benefits of V•I Chip technology are well aligned with the power system requirements of large panel displays and this market represents a major opportunity.

With the rapid growth of hybrid drive trains and the anticipated introduction of fully electric automobiles, we believe the Automotive market represents another major long-term opportunity.

Vicor's total revenues for 2008 will continue to largely consist of bricks and configured power systems. Rollout of higher performance, V•I Chip enabled, Factorized Power bricks (VI BRICKs) and related configurable product families has started and should bring new vitality to Vicor's brick product brand with its well-established and diversified customer base. Given the longevity of the DC-DC brick paradigm and its multi-billion dollar magnitude, higher performance AC-DC and DC-DC bricks and configurable products with the connectivity and flexibility of Factorized Power components should, we believe, lead to a significant expansion of the brick market and of Vicor's market share within it.

In the aggregate, the opportunity for V•I Chip technology stems from our ability to provide complete power systems from the AC wall plug to the point of load, with power components – bricks and V•I Chips – that process power from the AC source to a 48-volt bus (for safe and efficient energy storage and distribution), to a Factorized Bus (for efficient regulation and distribution), and to the point of load (for efficient current multiplication). PFM™, PRM™ and VTM™ are the V•I Chip product building blocks for implementing our vision of efficient power systems from the wall plug to the point of load.

To accelerate acceptance and wide spread use of V•I Chips and Factorized Power systems, we have thus far granted licenses to three independent licensees and are entertaining other possible partners that are well connected in major electronic markets. Since the technology has attractive attributes for applications across all of the major electronics segments, more opportunities exist than we have the wherewithal to pursue and properly support directly. While business development initiatives involving partners have characteristically long gestation periods, we believe that licensee's contributions, by way of licensing income, incremental sales and a reduction in cost structure due to economies of scale in materials procurement, will help us build a stronger foundation for long term, profitable growth. In anticipation of greater demand, we are also expanding capacity in Andover and planning capacity in Asia.

Having played a key role in enabling V•I Chips through its unique, high performance ASICs, Picor is now focused on leveraging our common foundation of proprietary technology with power management and low power products to be marketed under the Picor brand name. As such, Picor is poised to be a leader in its own marketplace while continuing to be a key partner to V•I Chip and Vicor.

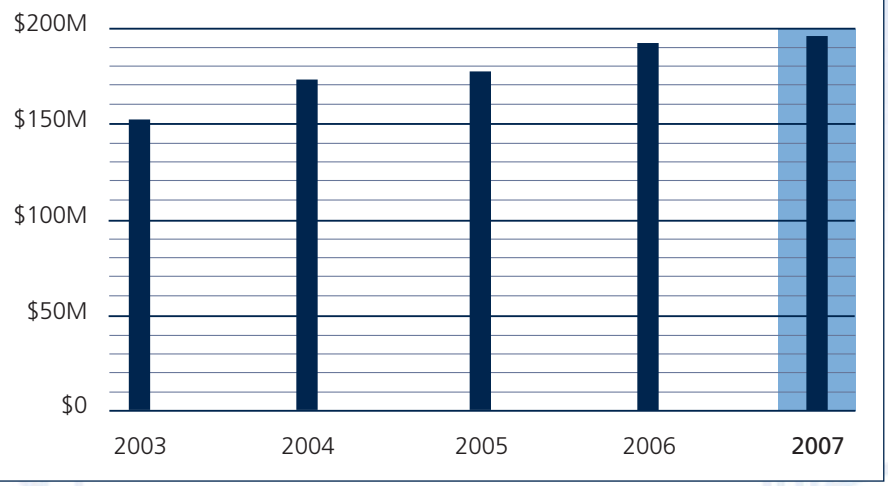
With growing human reliance on information, communication and transportation systems predicated on efficient and dense electrical power, the power landscape is approaching a time of dramatic change just as power components are coming of age to provide high performance, cost-effective solutions for power systems at large. We are positioned to address this opportunity with synergy among Vicor entities, products and core competencies. VI BRICKs, V•I Chips, and Picor products are conceived to provide a superior value proposition to customers challenged by demanding power system requirements and this creates an opportunity for Vicor to thrive in its power space.

Patrizio Vinciarelli
President and Chairman of the Board
April 30, 2008

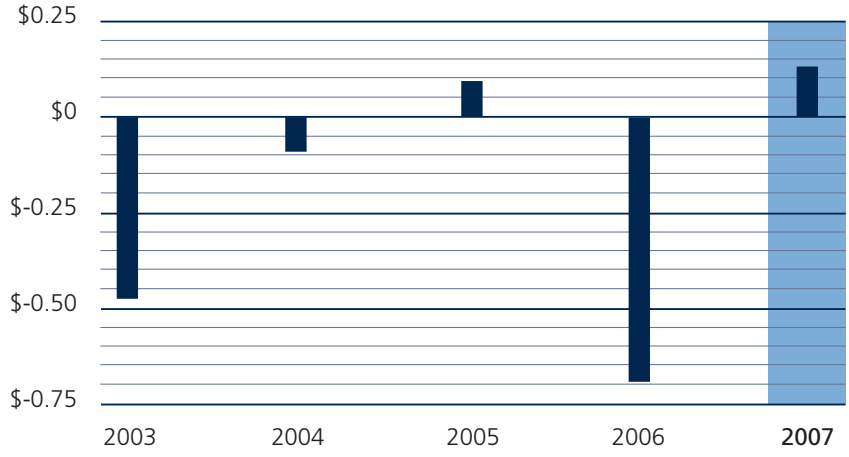
FINANCIAL HIGHLIGHTS 2003-2007

(In thousands, except per share amounts)	2003 (As restated)	2004 (As restated)	2005 (As restated)	2006 (As restated)	2007
Net Revenues	$151,421	$171,580	$179,351	$192,047	$195,827
Income (Loss) from Operations	(25,703)	(4,035)	3,380	(33,182)	1,071
Net Income (Loss)	(19,996)	(4,692)	3,493	(29,059)	5,335
Net Income (Loss) Per Share, Diluted	(0.48)	(0.11)	0.08	(0.69)	0.13
Weighted Average Shares, Diluted	41,896	42,022	42,089	41,839	41,687
Working Capital	141,547	148,419	150,385	123,467	115,924
Total Assets	251,003	243,452	243,902	247,461	192,458
Total Liabilities	24,806	24,259	28,965	77,289	28,018
Stockholders' Equity	$226,197	$219,193	$214,937	$170,172	$164,440
Return on Average Equity	(8.4%)	(2.1%)	1.6%	(15.1%)	3.2%

Net Revenues



Net Income (Loss) per Share



CORPORATE PROFILE

Vicor Corporation designs, develops, manufactures and markets modular power components and complete power systems used primarily by original equipment manufacturers (OEMs) in the communications, data processing, industrial control, test equipment, medical and defense electronics markets. Built into virtually all electronic products, power systems convert electric power from a primary source—a wall outlet, for example—into low, stable voltages required by electronic circuits.

At the heart of Vicor's product line are high density DC-DC converters that come in thousands of combinations of input voltages, output voltages, and power levels. Accessory components integrate other power system functions. Together, these products allow users to meet their unique power requirements by selecting and interconnecting standard, modular parts. The benefits include rapid, flexible design of complete power systems at any power level; the high performance and reliability of Vicor's field-proven technology; and low cost associated with automated component manufacture and simplified power system design.

Engineers use the combined advantages of Vicor component power to create compact, highly functional, economical products with streamlined development cycles that minimize time to market.

CORPORATE OFFICERS

Mark A. Glazer
Vice President of Treasury Services

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

Barry Kelleher
President, Brick Business Unit

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

Douglas W. Richardson
Vice President, Chief Information Officer

James A. Simms
Vice President, Chief Financial Officer and Secretary

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

Richard E. Zengilowski
Vice President, Human Resources

BOARD OF DIRECTORS

Samuel J. Anderson [a]
President, Chief Executive Officer and Chairman of the Board
Great Wall Semiconductor Corporation

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

Barry Kelleher
President, Brick Business Unit

David T. Riddiford [a,c]
Private Investor

James A. Simms
Vice President, Chief Financial Officer and Secretary

Claudio Tuozzolo
President of Picor Corporation

Patrizio Vinciarelli
Chairman of the Board,
President and 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

Ernst & Young LLP
Boston, Massachusetts

FORM 10-K

A copy of the Company's Form 10-K, filed with the Securities and Exchange Commission, is enclosed. Additional copies are available by contacting Investor Relations.

[a] Audit Committee
[c] Compensation Committee

This report contains certain forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Any statement in this report that is not a statement of historical fact is a forward-looking statement, and, you can identify these statements by our use of the words "may," "will," "would," "should," "plans," "expects," "anticipates," "believes," "is designed to," "continue," "estimate," "prospective," "project," "intend," "assumes," and other similar expressions. These statements are based upon the Company's current expectations and estimates as to the prospective events and circumstances which may or may not be within the Company's control and as to which there can be no assurance. Actual results could differ materially from those projected or anticipated in the forward-looking statements as a results of various factors, including our ability to develop and market new products and technologies cost-effectively, to leverage design wins into increased product sales, to continue to make progress with key customers and prospects, to decrease manufacturing costs, to enter into licensing agreements that amplify the market opportunity and accelerate market penetration, to realize significant royalties under license agreements, to achieve a sustainable increased bookings rate over a longer period, to hire key personnel and to continue to build our three business units, to successfully enforce our intellectual property rights, to successfully defend outstanding litigation, and to successfully leverage the V•I Chips in standard products to promote market acceptance of Factorized Power, to develop or maintain an effective system of internal controls, to obtain required financial information for certain investments on a timely basis, factors impacting the Company's various end markets, as well as those risks and uncertainties identified 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, a copy of which is enclosed. However, the risk factors contained in that Form 10-K may not be exhaustive. Therefore, the information in that 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.

25 Frontage Road, Andover, MA 01810 1-978-470-2900 vicorpower.com

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