



November 10, 2021

Dear Channel Partner,

In order to better serve our customers and to improve the overall experience of our channel partners, we are implementing the following changes:

- Streamline the Product Catalog: Reduce product catalog to only products that have been purchased in the past 5 years
- Simplify Pricing: Adopt industry-standard column pricing to replace Vicor's Price-For-Quantity (PFQ) program
- Improve Pricing Predictability: Implement an annual review of pricing to avoid sporadic price changes*
- Improve Product Lifecycle Communications: Implement annual review of product EOL notifications

** Please note that our first annual pricing review is currently underway, and we anticipate an average price increase of 10% on our legacy brick products effective February 2, 2022.*

We believe these initiatives will create a better overall customer experience and facilitate better operations with our channel partners. The key to these initiatives is creating processes that promote clarity, transparency, and timely communications.

Streamline the product catalog

Vicor currently has nearly 70,000 products in our catalog, of which fewer than 15,000 have had sales within the past 5 years. Many of those ~55,000 products have never been sold. Effective February 2, 2022, we will formally remove those products from our catalog.

This will greatly simplify the product accounting and greatly simplify the Vicor product price list.

Simplify pricing

Effective February 2, 2022 Vicor will move to an industry standard “column pricing” approach in our new price list. Instead of the current “Price-for-Quantity” (PFQ) method whereby every quantity for a given product has a distinct price, pricing will be based on column ranges. These ranges will vary by product type, to be reflected in the price list.

Additional changes will be made to the price list to include more complete information as requested by our channel partners.

Improve pricing predictability

Vicor will strive to reassess pricing on an annual basis and, where possible, avoid increasing prices on an ad hoc basis. As current events have demonstrated, we cannot guarantee our ability to limit price changes to a yearly basis; however, we will strive to maintain an annual review and limit mid-year price changes.

Our reassessment of pricing will be announced on January 2 of each year to be effective February 2 of that year, in compliance with 30 days notification.

Our first such review is currently underway, and we will be communicating price changes to our channel partners prior to January 2, 2022, to be effective February 2, 2022. We anticipate prices on our legacy brick products will increase on average 10%. This price adjustment is largely a function of the on-going global supply chain situation.

Improve product lifecycle communications

Vicor will implement an annual review process for products reaching end-of-life. As with this year’s effort to streamline the product catalog from ~70,000 to ~15,000 products, we will continuously review the viability of products. We will make every effort to report on product end-of-life situations once a year; however, there may be times when EOL will be outside our control due to loss of supply.

Annual EOL notifications, when applicable, will be announced each January 2 to be effective 30 days later on February 2.

We hope these changes both streamline and simplify our pricing program and operations and make it easier for you, our channel partners.

Thank you and best regards,

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