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ANNUAL REPORT ON FORM 10-K
U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2000

or

[] 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 1-12432

AMERICAN POWER CONVERSION CORPORATION
(Exact name of Registrant as specified in its charter)

MASSACHUSETTS	04-2722013
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

132 FAIRGROUNDS ROAD, WEST KINGSTON, RHODE ISLAND 02892
401-789-5735
(Address and telephone number of Principal Executive Offices)

Securities registered pursuant to Section 12(b) of the Act:
Title of Each Class Name of Each Exchange on Which
Common Stock, \$.01 par value Registered
Pacific Exchange, Inc.

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

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 [X] 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 the Registrant's knowledge, in definitive proxy or

information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

The aggregate market value of the voting stock held by non-affiliates of the Registrant on March 12, 2001 was approximately \$2,022,055,000 based on the price of the last reported sale as reported by The Nasdaq Stock Market on March 12, 2001. The number of shares outstanding of the Registrant's Common Stock on March 12, 2001 was 194,904,000.

Documents Incorporated by Reference

Portions of the Registrant's definitive Proxy Statement in connection with the 2001 Annual Meeting of the Shareholders are incorporated by reference in Part III hereof.

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Part I

Item 1. Description of Business

American Power Conversion Corporation

American Power Conversion Corporation, APC, designs, develops, manufactures, and markets power protection and management solutions for computer, communications, and electronic applications worldwide. Our solutions include:

- Uninterruptible power supply products, commonly known as UPSs;
- DC-power solutions;
- Electrical surge protection devices, also known as surge suppressors;
- Power conditioning products;
- Precision cooling equipment; and
- Associated software, services, and accessories.

These solutions are used with sensitive electronic devices which rely on electric utility power including, but not limited to, home electronics, PCs, high-performance computer workstations, servers, networking equipment, communications equipment, Internetworking equipment, data centers, mainframe computers, and facilities.

Our UPS products regulate the flow of utility power to ensure safe and clean power to the protected equipment and provide seamless back-up power in the event of the loss of utility power. The back-up power lasts for a period of time sufficient to enable the user to continue computer operations, conduct an orderly shutdown of the protected equipment, preserve data, work through short power outages or, in some cases, continue operating for several hours or longer.

Our DC-power solutions are highly configurable designs that continuously monitor and isolate end-user equipment from utility voltage fluctuations, frequency variations, and electrical noise. In the event of a power failure, the DC products seamlessly provide back-up power for critical communications networks, allowing users emergency access to these networks for a period of many hours.

Our surge protection devices and power conditioning products provide protection from electrical power surges and noise in the flow of utility power. APC's precision cooling equipment regulates temperature and humidity. Our software and accessory solutions enhance monitoring, management, and performance of our UPS products, and our service offerings assist the end-user with installation, configuration, and maintenance of our products.

Segments

APC operates primarily within one industry consisting of three reportable operating segments by which we manage our business and from which various offerings are commonly combined to develop a total solution for the customer. These efforts primarily incorporate the design, manufacture, and marketing of power protection equipment and related software and accessories for computer, communications, and related equipment. Our three segments are: Small Systems, Large Systems and Other. Each of these segments address global markets.

The Small Systems segment develops power solutions for servers and networking equipment commonly used in local area and wide area networks and for personal computers and sensitive electronics. Major product offerings include the Smart-UPSr, Matrix-UPSr, Symmetrar Power Arrayr and Back-UPSr family of UPSs. Also included are the SurgeArrestr surge suppressors as well as cabling and connectivity solutions. Additional accessories and software products are offered to enhance the management of these networks. Products include PowerChuter software, MasterSwitchT power distribution units, and NetShelterr server enclosures. Products are sold to home and commercial users primarily through an indirect selling model consisting of computer distributors and dealers, value added resellers, mass merchandisers, catalog merchandisers, E-commerce vendors, and strategic partnerships.

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The Large Systems segment produces large system solutions that provide power and availability solutions for data centers, facilities, and communications equipment. Product offerings include Silconr UPSs, NetworkAIRT precision cooling equipment, and DC-power solutions. Products are sold to commercial users primarily through an indirect selling model consisting of value added resellers and strategic partnerships.

The Other segment provides Web-based informational, product, and selling services as well as replacement batteries for the Company's UPS products and notebook computers.

Information on reportable operating segment net sales, profit from operations, and depreciation for each of the last three years is located in note 10 of Notes to Consolidated Financial Statements in Item 8 of this Report.

APC was incorporated under the laws of the Commonwealth of Massachusetts on March 11, 1981. Executive offices are located at 132 Fairgrounds Road, West Kingston, RI 02892, our telephone number is (401) 789-5735 and our Web site is

Market Overview

The growth of the power protection industry has been fueled by the rapid proliferation of microprocessor-based equipment and related systems in the corporate marketplace and in the small office/home office environment. PCs and servers have become an integral part of the overall business strategy of many organizations as well as in many technical, scientific, and manufacturing settings. Businesses continue to store, manipulate, and transfer data via local area and wide area networks as well as via corporate intranets and the Internet. Additionally, there has been a rise in the installation of large data centers and Web hosting facilities to support the rapidly growing Internet-based market. APC's products protect both the hardware and data stored in, and traveling through, these networks from power disturbances. The products also provide battery back-up to enhance productivity through the continued availability of networks, sensitive electronics, and even facilities during power outages.

We believe that the increased awareness of the costs and lost productivity associated with poor power quality has increased demand for power protection products. Complete failures, surges, or sags in the electrical power supplied by a utility can cause computers and electronic systems to malfunction, resulting in costly downtime, damaged or lost data files, and damaged hardware. A UPS protects against these power disturbances by providing continuous power automatically and virtually instantaneously after the electric power supply is interrupted. UPSs also provide line filtering and protection against surges or sags while the electric utility is operating. In international regions, power quality often results in varied levels of distortions and, as a result, these areas provide us with additional opportunities for our products.

In 2000, we focused on providing global, end-to-end, Nonstop NetworkingT solutions for the PC, server, data center, communications, and enterprise systems marketplace. Particular emphasis was placed on our Large Systems and the rapidly growing market for large UPS systems with Fortune 1000 companies, Internet service providers, Web hosting, and co-locators who use large amounts of information technology, or IT, equipment to support their businesses. APC's operations worldwide were impacted by the growth of networking-based applications, the continued rapid expansion of Internet-based applications, the growth of the PC market, and the continued poor and unreliable quality of power worldwide.

Our goals are to 1) target the sales of UPSs with new IT equipment; 2) have the products and presence to succeed in new geographies; and 3) continue to position APC as the UPS and power availability provider of choice. We continue to target promotional efforts at both consumer and commercial markets, which we believe represent growth opportunities, and continue to target industries that are dependent on electronic systems, such as the communications industry, as potential market growth opportunities.

Products

APC's strategy is to design and manufacture products that incorporate high-performance and quality at competitive prices. Our products are designed to fit seamlessly into the computer, networking, and communications environments of businesses, homes, and small offices/home offices. These products are engineered and extensively tested for compatibility with leading information technology hardware and software.

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UPS

We currently manufacture a broad range of standard domestic and international UPS products. Our UPSs are designed for multiple applications with the principal differences among the products being the amount of power which can be supplied during an outage, the length of time for which battery power can be supplied, the level of intelligent network interfacing capability, and the number of brownout and over-voltage correction features. UPSs range from 200 volt-amps, suitable for a PC, to 500 kilo volt-amps, or kVA, suitable for data centers, mainframe computers or facilities. List prices to end-users range from approximately \$80 to approximately \$200,000.

Surge Suppressors

We also offer a line of surge protection products to protect against power spikes and surges. The principal difference among the surge suppressor models is the level of protection available and feature sets of the products. List prices to end-users range from approximately \$13 to approximately \$3,500.

DC Power

Our DC-Power solutions include rectifiers; highly configurable DC power plant design, installation, and service; and power distribution equipment for a variety of communications networks, including cable, wireless, fiber optic, and public switched telephone network applications. The products serve as both the primary power supply and back-up power for communications equipment. List prices to end-users range from approximately \$500 to over \$100,000.

Power Management Software

APC also offers a family of power management software solutions. The primary software offering is available under the PowerChute plus name and provides unattended system shutdown capabilities, UPS power management, and diagnostic features. PowerChute plus is available free of charge for many major operating systems with the purchase of select UPS units. List prices to end-users for other PowerChute products start at approximately \$69. The Company also offers software packages for advanced monitoring, configuring, and managing of power resources. Select versions are available free of charge, while list prices to end-users for these software packages range from approximately \$169 to approximately \$10,000.

Power Management Accessories

We also offer a range of power management hardware accessories. These solutions include add-on hardware to manage and monitor attached UPS and networking equipment; cables and connectivity equipment; a free-standing rack enclosure product, NetShelter; and a variety of rack accessories to better utilize

precious space in a computer room. List prices to end-users for accessory products range from approximately \$70 to approximately \$1,650.

Precision Cooling

Additionally, APC offers a line of precision cooling products that regulate temperature and humidity. Products include floor and ceiling-mounted precision cooling systems as well as management systems used in a variety of applications including data centers, colocation facilities, and communication stations. List prices range from approximately \$3,000 to approximately \$45,000.

Service Programs

Warranties

APC provides service programs to our customers for in-warranty UPS products and out-of-warranty UPS products, as well as for product installation and start-up. There are two-year and one-year limited warranties covering UPS, DC-power and NetworkAir products. Customers can extend the basic warranty period of select products, at an additional charge, for a period of one or three additional years. In-warranty service programs allow customers to return their original unit for repair and, if found defective, we will replace the original unit with a factory reconditioned unit or, if requested, repair the original unit and return it to the customer. The extended warranty can be purchased anytime during the standard warranty period. For a fixed fee, which varies by model, we will replace an out-of-warranty UPS unit with a factory reconditioned unit. We also offer a standard one-year limited warranty which covers certain Silcon product parts. This warranty can be extended in annual increments for a period not to exceed ten years. Additionally, customers can purchase on-site service, preventative maintenance, and power availability consulting. On-site service is offered through APC's service department and third party vendors. We also offer Trade-UPS programs for customers to upgrade old APC or competitive units to new APC units.

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Equipment Protection Policy

APC offers an Equipment Protection Policy in the US, Canada, and European Community. Depending on the model and country, the policy provides up to \$25,000, 50,000 pounds sterling, or 100,000 euros for repair or replacement of customers' hardware should a surge or lightning strike pass through a Company unit. Other restrictions also apply. Customers can also register the ProtectNetr line of data line surge suppressors for a "Double-Up" Supplemental Equipment Protection Policy, under which the total recoverable limit under the Equipment Protection Policy is doubled (U.S. and Canada only). Most surge suppressor products come with a lifetime product warranty.

Our products have experienced satisfactory field operating results, and warranty costs incurred to date have not had a significant impact the consolidated results of operations.

Distribution Channels

APC markets its products to businesses, small offices/home offices, and home users around the world through a variety of distribution channels. These channels include:

- Computer distributors and dealers;
- Value added resellers;
- Mass merchandisers;
- Catalog merchandisers;
- E-commerce vendors; and
- Strategic partnerships.

We also sell directly to some large value added resellers, which typically integrate our products into specialized computer systems and then market turnkey systems to selected vertical markets. Additionally, certain select products are sold directly to manufacturers for incorporation into products manufactured or packaged by them.

Two customers, Ingram Micro and Tech Data Product Management, accounted for approximately 15% and 11%, respectively, of net sales in 2000. No single customer comprised 10% or more of APC's net sales in 1999. One customer, Ingram Micro, accounted for approximately 11% of our net sales in 1998. The majority of our sales to Ingram Micro and Tech Data Product Management are included in the Small Systems segment.

Sales and Marketing

APC's sales and marketing organizations are primarily responsible for four activities: sales, marketing, customer service, and technical support. Our sales force is responsible for relationships with distributors, dealers, strategic partners, and end-users as well as developing new distribution channels, particularly in geographic and product application areas into which we are expanding. We have charged our sales force with providing customers comprehensive product and service solutions to meet their power availability and management needs.

Our marketing activities include market research, product planning, trade shows, sales and pricing strategies, and product sales literature. We utilize direct marketing efforts domestically and internationally, including direct mailings and print, online/Internet, radio, and television advertising, as well as exhibiting at computer trade shows. Customer service is responsible for all technical marketing inquiries and customer support. APC has developed a number of programs and techniques to support the distribution channels. These include, but are not limited to, toll-free phone assistance, online product and technical information, formal product demonstrations, and reseller trainings.

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Supply Chain Management - Manufacturing, Quality, Raw Materials, and Distribution

Manufacturing

APC's manufacturing operations are located in the United States, Philippines,

Ireland, China, India, Denmark, Switzerland, and England. We believe that our long-term success depends on, among other things, the ability to control our costs. We utilize lean "cell" based manufacturing processes, automated manufacturing techniques, and extensive quality control in order to minimize costs and maximize product reliability. In addition, the design of products and the commonality of parts allow for efficient circuit board component insertion, wave soldering, and in-process testing. Quality control procedures are performed at the component, sub-assembly, and finished product levels. We are committed to an ongoing effort to enhance the overall productivity of our manufacturing facilities.

Quality

APC has been ISO 14001 and ISO 9001 certified by the International Organization for Standardization. Our systems have been audited to the stringent ISO 14001 and ISO 9001 levels at our manufacturing facilities in Rhode Island, Ireland, Denmark, China, India, and the Philippines. The International Organization for Standardization has also certified our manufacturing efforts in England and our Massachusetts Research and Development Center to the ISO 9001 level.

Raw Materials

We generally purchase devices and components from more than one source where alternative sources are available; however, we do use sole source suppliers for certain components. We believe that alternative components for these sole source items could be incorporated into our products, if necessary. While we have been able to obtain adequate supplies of components from sole source suppliers, the future unavailability of components from these suppliers could disrupt production and delivery of products until an alternative source is identified.

Distribution

APC continues to invest in a worldwide distribution network that delivers our products and services to our customers. We own or lease distribution centers in numerous countries across the globe. All distribution centers are connected to our customer service operations via APC's Enterprise Resource Planning system, which enables orders received from any point in the network to be fulfilled from any distribution center throughout the world. APC employs several enhanced fulfillment capabilities in support of our overall E-commerce initiatives, including the use of Electronic Data Interchange transactions between APC and our distributors for receipt of orders, acknowledgement of orders, and confirmation of shipments. Additionally, we utilize a suite of Web tools that allows consumers and resellers to view product information, gain access to pricing information, and place their orders via the Web.

Product Development

APC's research and development, or R&D, staff includes engineers and support persons who develop new products and provide engineering support for existing products. Our R&D efforts are also aimed at reducing cost and total cycle time and improving product and component quality. Most of these employees are located in two Massachusetts facilities with additional resources located in Denmark and England. Employees devoted to the improvement and development of software products are located in the West Kingston, Rhode Island facility and in St. Louis, Missouri, at APC's subsidiary, Systems Enhancement Corporation. We believe that the technical expertise of our R&D staff is very important to our growth as technological change is rapid in our markets.

Through acquisitions in 2000, APC added DC-power solutions for communications applications, cabling, and connectivity products for desktop and networking environments, and precision cooling equipment for data center and communications gear. (For more information about these acquisitions, see the Acquisition section included in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Report.) New UPS solutions introduced during the year from existing product lines included new Back-UPS Officer models, new Smart-UPS models, new Symmetra Rack-mount Power Arrays, and new high end Silcon models in North America. We introduced solutions for mobile PC users, including TravelPowerT laptop power adapters and notebook replacement battery cartridges. Additional power management, monitoring and services were also introduced during the year.

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During 1999, APC increased its offerings of products and services for the enterprise market, specifically, geographically expanding the availability of the Silcon UPS products, introducing new Symmetra models, and introducing APC's Global Services organization, which offers a comprehensive suite of professional and maintenance services. Hardware introductions primarily focused on enhancements to the SurgeArrest, Smart-UPS, and Back-UPS lines. New software solutions announced during the year included new versions of the PowerChute plus software to expand support of leading operating systems, including support for Microsoft Windows 2000 Beta 3 and expanded support for Linux, as well as integration with leading management platforms.

During 1998, APC expanded its product offerings in the enterprise market with the acquisition of Silcon, a leading manufacturer of 3-phase UPSs up to 500 kVA. Implementation of APC's enterprise power protection strategy began in 1997 with the introduction of the Symmetra Power Array, the first scalable and fault-tolerant power protection system for multiple servers, computer rooms, call centers, and back-office applications. We also innovated our desktop line of UPSs during 1998, revamping the Back-UPS line and adding new features, including Universal Serial Bus support, to select products in the Back-UPS Pro line. Additional areas of development included new products for the Internetworking market, additional network management support via new PowerChute and PowerNetr solutions, and customized hardware and software products for strategic partners.

R&D expenditures were \$46.9 million or 3.2% of net sales in 2000, \$34.6 million or 2.6% of net sales in 1999, and \$32.6 million or 2.9% of net sales in 1998.

Intellectual Property

We protect certain proprietary rights in our products as well as certain proprietary technology developments by seeking patent protection. We believe that the loss of such rights concerning these developments would not have a

material adverse effect on our business. We also license from others certain worldwide patent rights relating to UPS technology. With respect to protection of those areas of our technology for which patent protection has not been sought, we rely on the complexity of our technology, trade secrecy law, and employee confidentiality agreements.

APC has numerous trademarks registered in the United States and in many foreign countries. We also have trademark applications pending domestically and internationally. The trademark "APC" is of principal importance to us. In addition, a number of other trademarks owned by us have significant importance.

Competition

We believe that we are one of less than ten global companies providing a full range of UPS products and services worldwide. Our principal competitors include InvenSys Secure Power, a unit of InvenSys plc, consisting of PowerWare (formerly Exide Electronics) and Best Power; Liebert Corporation, a division of Emerson Network Power and Emerson Electric Co.; MGE UPS Systems, a privately-held French company; Chloride Power, a subsidiary of Chloride Group PLC; and Phoenixtec Power Company Ltd., a publicly-held Taiwanese company. We also compete with a number of other U.S. and non-U.S. based companies which offer power protection, DC-power, and other products similar to ours. Some competitors have greater financial and other resources than APC. We compete in the sale of our products on the basis of several factors, including product performance and quality, marketing, access to distribution channels, customer service, product design, and price.

International Operations

APC has experienced rapid growth internationally and plans to continue to expand its international efforts. With a full line of internationally positioned products already available, we continue to staff personnel to serve geographical markets of interest. Our manufacturing operations outside of the United States are located in the Philippines, Ireland, China, India, Denmark, Switzerland, and England. A significant portion of products in our Small Systems and Large Systems reportable operating segments are built internationally, particularly in the Philippines. We believe that the production of these products could be redeployed to other regions if necessitated.

Our primary sales offices outside of the United States are located in Europe and the Far East. These offices, together with offices in other locations worldwide, provide sales and technical support to our customers across the globe. APC also owns or leases distribution centers in numerous countries worldwide, and utilizes third party warehouses in Europe, the Far East, Canada, South Africa, and Uruguay for distribution into our international markets.

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Financial Information About Foreign and Domestic Operations

The information required under this section is included in note 10 of Notes to Consolidated Financial Statements in Item 8 of this Report and is incorporated herein by reference.

Employees

As of December 31, 2000, APC had approximately 7,350 full-time employees worldwide, approximately 2,233 of whom are located in the United States and Canada. APC also engages other personnel on a part-time basis.

APC's Executive Officers

APC's Executive officers are elected annually and hold office until the next Annual Meeting of the Board of Directors and until their successors are duly elected and qualified. As of March 12, 2001, APC's executive officers were:

<TABLE>

<CAPTION>

Name	Age	Positions
<S>	<C>	<C>
Rodger B. Dowdell, Jr.	51	Chairman of the Board of Directors, President, and Chief Executive Officer
Neil E. Rasmussen	46	Vice President, Chief Technical Officer, and Director
Edward W. Machala	46	Vice President, Operations and Treasurer
Donald M. Muir	44	Vice President, Finance and Administration and Chief Financial Officer
Emanuel E. Landsman	64	Vice President, Clerk, and Director
Aaron L. Davis	34	Vice President, Small Systems Group

</TABLE>

Rodger B. Dowdell, Jr. has been President and a Director of APC since August 1985 and Chairman of APC's Board of Directors since June 1988. From January to August 1985, Mr. Dowdell worked for APC as a consultant, developing a marketing and production strategy for UPS products. From 1978 to December of 1984 he was President of Independent Energy, Inc., a manufacturer of electronic temperature controls.

Neil E. Rasmussen became Chief Technical Officer of APC in 1997 and has been Vice President and a Director of APC since our inception. From 1979 to 1981, Mr. Rasmussen worked in the Energy Systems Engineering Group at Massachusetts Institute of Technology's Lincoln Laboratory.

Edward W. Machala joined APC in January 1989 as Vice President, Operations. From January 1985 to January 1989, Mr. Machala was Director of Manufacturing and Engineering Technology for GTECH, a manufacturer of electronic lottery and gaming terminals, where he was responsible for manufacturing and engineering functions.

Donald M. Muir joined APC in July 1995 as Chief Financial Officer. From July 1993 to July 1995, Mr. Muir was the Treasurer of Stratus Computer, Inc. where he was responsible for managing investor relations, treasury services, corporate taxation, and risk management. Prior to his appointment as Treasurer at Stratus Computer, Inc., Mr. Muir held the position of Director of Finance and Administration from January 1991 to July 1993 and Controller, Worldwide Sales and Service from December 1988 to January 1991.

Emanuel E. Landsman has been Vice President, Clerk, and a Director of APC since

our inception. From 1966 to 1981, Dr. Landsman worked at Massachusetts Institute of Technology's Lincoln Laboratory, where he was in the Space Communications Group from 1966 to 1977 and the Energy Systems Engineering Group from 1977 to 1981.

Aaron L. Davis was appointed to the newly created role of Vice President, Small Systems Group in May 1999 after serving as Vice President, Marketing and Communications from June 1997 to May 1999, and Vice President of Marketing Communications from January 1995 to June 1997. Mr. Davis joined APC as Director of Marketing Communications in May 1989. Mr. Dowdell is the uncle of Mr. Davis.

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Item 2. Properties

APC's principal properties are located in the United States, Ireland, Philippines, China, India, Denmark, Switzerland, and England. In addition, we own or lease sales offices and other space at various locations throughout the United States and outside the United States. APC also owns or leases such machinery and equipment as are necessary in our operations. In general, our properties are in good condition, are considered to be adequate for the uses to which they are being put, and are substantially in regular use.

<TABLE> <CAPTION> Location of Principal Properties In square feet <S>						
	Sales, Marketing & Administration	Manufacturing	R&D	Warehouse	Total	Segment
<C>	<C>	<C>	<C>	<C>	<C>	<C>
Owned						
United States						
Rhode Island	167,850	98,930		4,980	271,760	Shared
Maryland	12,170	80,980		26,280	119,430	Large Systems
Massachusetts			23,000		23,000	Shared
Europe						
Ireland	58,900	192,300		118,800	370,000	Shared
Denmark	27,660	71,925	11,065		110,650	Large Systems
England	7,990	40,890	5,000	15,050	68,930	Large Systems
Far East						
Philippines	26,250	199,240		42,195	267,685	Shared
Leased						
United States						
Rhode Island	41,210	188,830	9,540	304,940	544,520	Shared
Maryland	15,900	25,000		64,900	105,800	Small Systems
Massachusetts			52,300		52,300	Shared
Texas	8,500	33,500		3,000	45,000	Large Systems
Missouri	13,155	2,700	10,460	1,350	27,665	Shared
Europe						
England	17,200	55,630	7,290	6,680	86,800	Large Systems
Switzerland	14,120	19,380	540	8,610	42,650	Large Systems
Far East						
China	26,820	38,945		22,990	88,755	Shared
India	12,130	38,055		7,240	57,425	Small Systems

Item 3. Legal Proceedings

The information required under this section is included in note 11 of Notes to Consolidated Financial Statements in Item 8 of this Report and is incorporated herein by reference.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

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Part II

Item 5. Market for Registrant's Common Stock and Related Stockholder Matters

APC's Common Stock is traded over-the-counter on The Nasdaq Stock Market under the symbol APCC and on the Pacific Exchange, Inc. under the symbol ACC. The following table sets forth the range of high and low bid quotations on the Nasdaq Stock Market per share of Common Stock for the years 2000 and 1999. These quotations reflect inter-dealer prices, without retail mark up, mark down, or commission and may not necessarily represent actual transactions.

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<S>	High <C>	Low <C>	High <C>	Low <C>	
First Quarter	\$44.880	\$23.250	\$27.125	\$14.032	
Second Quarter	45.000	28.063	21.125	13.250	
Third Quarter	48.844	18.500	22.500	17.188	
Fourth Quarter	22.750	9.500	28.750	16.188	

On March 12, 2001, the closing sale price for APC's Common Stock was \$12.313 per share. As of March 12, 2001, there were approximately 2,190 holders of record of APC's Common Stock. No cash dividends have been paid and it is anticipated that none will be declared in the foreseeable future. We currently intend to retain any earnings to finance the growth and development of our business. Any future dividends will be at the discretion of the Board of Directors and will

depend upon, among other things, the financial condition, capital requirements, earnings, and liquidity of APC.

Item 6. Selected Financial Data

All amounts are in dollars except for outstanding shares. Dollars are in thousands except for basic and diluted earnings per share. Shares are in thousands. APC did not declare any cash dividends for the five year period presented. Earnings per share and share data reflect a stock split effected in 1999.

The results of operations of companies acquired in 2000 and 1998 are included from their respective dates of acquisition. For more information about these acquisitions, see the Acquisition section included in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Report.

In consideration of guidance issued by the Financial Accounting Standards Board's Emerging Issues Task Force in Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs," we have retroactively changed our classification of freight charges billed to customers and related freight expenses from operating expenses to net sales and cost of goods sold, respectively. These changes increased net sales by \$10.0 million, \$7.7 million, \$5.2 million, \$2.9 million, and \$2.2 million in 2000, 1999, 1998, 1997 and 1996, respectively; increased cost of goods sold by \$30.8 million, \$24.7 million, \$24.3 million, \$15.4 million, and \$9.6 million in 2000, 1999, 1998, 1997 and 1996 respectively; and decreased marketing, selling, general, and administrative expenses by \$20.8 million, \$17.0 million, \$19.1 million, \$12.5 million, and \$7.4 million in 2000, 1999, 1998, 1997 and 1996, respectively.

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Item 6. Selected Financial Data (cont.)

<TABLE>

<CAPTION>

	2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	\$1,483,563	\$1,344,931	\$1,130,991	\$876,292	\$709,078
Cost of goods sold	867,680	747,389	645,378	491,460	417,473
Gross profit	615,883	597,542	485,613	384,832	291,605
Operating expenses	406,410	318,317	281,144	213,394	157,815
Operating income	209,473	279,225	204,469	171,438	133,790
Other income, net	23,838	13,292	11,687	6,354	5,189
Earnings before income taxes and minority interest					
Income taxes	233,311	292,517	216,156	177,792	138,979
Earnings before minority interest	67,660	86,293	68,231	56,004	46,558
Minority interest, net	165,651	206,224	147,925	121,788	92,421
Net income	\$165,651	\$206,224	\$147,576	\$121,788	\$92,421
Basic earnings per share	\$.85	\$1.07	\$.77	\$.64	\$.49
Basic weighted average shares outstanding	194,235	192,201	191,006	189,986	187,744
Diluted earnings per share	\$.83	\$1.05	\$.76	\$.63	\$.49
Diluted weighted average shares outstanding	200,156	196,088	193,576	192,242	188,694
Total assets	\$1,317,105	\$1,106,938	\$871,983	\$641,290	\$504,002
Short-term debt	-	-	\$12,540	-	-
Long-term debt	-	-	-	-	-

</TABLE>

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of operations

The following table sets forth our net sales, cost of goods sold, gross profit, marketing, selling, general, and administrative expenses, R&D expenses, operating income, other income, earnings before income taxes and minority interest, and net income, expressed as a percentage of net sales, for the years ended December 31, 2000, 1999 and 1998.

<TABLE>

<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	58.5	55.6	57.1
Gross profit	41.5	44.4	42.9
Marketing, selling, general & administrative expenses	21.0	21.1	21.3
Special charges	3.2	-	-
Research & development	3.2	2.6	2.9
Acquired research & development	-	-	.6
Operating income	14.1	20.7	18.1
Other income, net	1.6	1.0	1.0
Earnings before income taxes & minority interest	15.7	21.7	19.1
Net income	11.2	15.3	13.0

</TABLE>

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Change in Accounting Principle

In consideration of guidance issued by the Financial Accounting Standards

Board's Emerging Issues Task Force in Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs," we have retroactively changed our classification of freight charges billed to customers and related freight expenses from operating expenses to net sales and cost of goods sold, respectively. These changes increased net sales by \$10.0 million, \$7.7 million, and \$5.2 million in 2000, 1999 and 1998, respectively; increased cost of goods sold by \$30.8 million, \$24.7 million, and \$24.3 million in 2000, 1999 and 1998, respectively; and decreased marketing, selling, general, and administrative expenses by \$20.8 million, \$17.0 million, and \$19.1 million in 2000, 1999 and 1998, respectively. This accounting change had no impact on reported net income for any of the periods presented.

Revenues

Net sales in fiscal year 2000 increased by 10.3% to \$1,483.6 million from \$1,344.9 million in fiscal year 1999, which had increased 18.9%, from \$1,131.0 million in fiscal year 1998. The increases from 1998 to 2000 included sales attributable to 2000 and 1998 acquisitions (see Acquisitions below). In addition, sales of new products and increased efforts by APC's sales force have contributed to increased sales volumes; net sales attributable to new products totaled approximately 12%, 7%, and 11%, of 2000, 1999 and 1998, respectively. Sales for products in the Small Systems segment addressing networking applications and desktop PCs were negatively impacted by industry softness in the IT markets, weakening global economies, and maturing markets. The Large Systems segment experienced healthy growth driven by the build-out of data centers and share gains in the 3-phase UPS market as well as the acquisition of DC-Power and precision cooling products for data centers and communications equipment. The Company experienced strong demand for its products across all solution applications in 1999.

Foreign sales to unaffiliated customers, primarily in Europe, the Far East, Canada, and South America, in fiscal year 2000 were \$696.2 million or 46.9% of net sales compared to \$636.2 million or 47.3% of net sales in fiscal year 1999 and \$488.0 million or 43.1% of net sales in fiscal year 1998. See also note 10 to the consolidated financial statements.

Cost of Goods Sold

Cost of goods sold was \$867.7 million or 58.5% of net sales in fiscal year 2000 compared to \$747.4 million or 55.6% of net sales in fiscal year 1999. Gross margins for fiscal year 2000 were 41.5% of sales, approximately 290 basis points lower than in fiscal year 1999. The gross margin erosion was associated with product mix shifts to lower margin products, the effect of pro-active consumer product price cuts in 2000, and manufacturing inefficiencies from continued global capacity expansion. Our product mix during 2000 reflected volumes shifting to the high-end enterprise business, which has a lower gross margin structure than our traditional core business.

Cost of goods sold was \$747.4 million or 55.6% of net sales in fiscal year 1999 compared to \$645.4 million or 57.1% of net sales in fiscal year 1998. Gross margins for fiscal year 1999 were 44.4% of sales, approximately 150 basis points higher than in fiscal year 1998. The improvement was driven primarily by manufacturing cost reductions, particularly material cost reductions, the ongoing transition of production from the U.S. and Ireland to the Philippines, improved capacity utilization associated with the closure of our manufacturing facility in Fort Meyers, Florida, and volume related margin improvements in Silcon and Symmetra products.

Total inventory reserves at December 31, 2000 were \$20.5 million compared to \$17.1 million at December 31, 1999. APC's reserve estimate methodology involves quantifying the total inventory position having potential loss exposure, reduced by an amount reasonably forecasted to be sold, and adjusting its interim reserve provisioning to cover the net loss exposure.

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Segment Results (Refer to note 10 of Notes to the Consolidated Financial Statements in Item 8 of this Report for important information regarding the Company's reportable segments)

Net sales for products in the Small Systems segment, which primarily address local and wide area networking applications as well as desktop PCs, increased 2.3% and 14.9% over the prior years in 2000 and 1999, respectively. The rate of growth from 1999 through 2000 was negatively impacted by industry softness in the IT markets, weakening global economies, and maturing markets. Profits for this segment have remained relatively stable as a percentage of net sales in spite of declining sales growth and pro-active price reductions during 2000, principally due to transitioning the manufacture of certain products to lower cost facilities.

Net sales for products in the Large Systems segment, which primarily provides large power and availability solutions for data centers, facilities, and communications equipment, increased 92.0% and 101.3% over the prior years in 2000 and 1999, respectively. The Large Systems segment experienced healthy growth driven by the build-out of data centers and share gains in the 3-phase UPS market with our Silcon products as well as the acquisition of DC-Power and precision cooling products for data centers and communications equipment. Profits for this segment have declined due to cost inefficiencies resulting from continued global capacity expansion, as well as the continued investment in product and business development initiatives for this business segment.

Operating Expenses

Marketing, selling, general, and administrative (SG&A) expenses were \$311.6 million or 21.0% of net sales in 2000 compared to \$283.7 million or 21.1% of net sales in 1999 and \$241.0 million or 21.3% of net sales in 1998. The increase in total spending in 2000 was due primarily to continued investments in building a global relational sales organization. The increase in 1999 was due primarily to costs associated with increased advertising and promotional costs, as well as costs associated with increased staffing and operating expenses of our marketing, selling, and administrative functions.

During the third and second quarters of 2000, we agreed to license worldwide patent rights relating to uninterruptible power supply technology for lump-sum

cash payments of \$17.0 million and \$48.0 million, respectively, as more fully described in note 11 of Notes to Consolidated Financial Statements in Item 8 of this Report. These license fees were paid from operating cash during the third and second quarters of 2000. APC evaluated the portion of the license fees that represented payment for prior use of the subject technology and the portion that represented payment for future use. Considering each of our markets and the historical and projected revenue realized in markets utilizing the licensed technology, we estimated the present value of royalty payments, basing this calculation on an appropriate royalty rate and the technology's contribution to the overall value of affected products. Separate present values were calculated for both historic and projected product sales; the historic values were expensed and the projected values were capitalized. Accordingly, write-offs of the fully paid-up portions of the patent licenses were recognized in our statements of income for the third and second quarters of 2000 as special charges to pre-tax earnings of \$17.5 million and \$30.4 million, respectively, including direct expenses of \$1.5 million and \$1.9 million, respectively. The remaining balances of \$1.0 million and \$19.5 million have been classified on the consolidated balance sheet as long term assets and are being amortized on a straight-line basis over three years and nine years, respectively, the estimated remaining economic lives of the patent licenses.

The allowance for bad debts was 6.3% of gross accounts receivable at December 31, 2000 compared to 8.3% at December 31, 1999. We continue to experience strong collection performance. Accounts receivable balances outstanding over 60 days represented 13.4% of total receivables at December 31, 2000 compared to 9.0% at December 31, 1999. The increase reflects a growing portion of our business originating in areas where longer payment terms are customary, including a growing contribution from international markets as well as large system enterprise sales primarily associated with Silcon products. Write-offs of uncollectable accounts represent less than 1% of net sales. A majority of international customer balances are covered by receivables insurance.

R&D expenditures were \$46.9 million or 3.2% of net sales in 2000, \$34.6 million or 2.6% of net sales in 1999, and \$32.6 million or 2.9% of net sales in 1998. The increased R&D spending primarily reflects increased numbers of software and hardware engineers and costs associated with new product development and engineering support. The slight decrease as a percentage of sales from 1998 to 1999 was attributable to certain fixed R&D expenses spread over a higher revenue base. In addition, during 1998 we recorded non-recurring charges of \$7.6 million for acquired in-process R&D in connection with its acquisition of Silcon (see Acquisitions below).

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Other Income, Net and Income Taxes

Other income is comprised principally of interest income, which increased substantially from 1998 to 2000 due to higher average cash balances available for investment during 1999 and 2000.

Excluding 1998 non-tax deductible charges of \$7.6 million for acquired in-process R&D (see Acquisition section below), our effective income tax rates were approximately 29.0%, 29.5%, and 30.5%, in 2000, 1999 and 1998, respectively. The decrease from 1998 to 2000 is due to the tax savings from an increasing portion of taxable earnings being generated from APC's operations in jurisdictions currently having a lower income tax rate than the present U.S. statutory income tax rate.

Effects of Inflation

Management believes that inflation has not had a material effect on APC's operations.

Liquidity and Financial Resources

Working capital at December 31, 2000 was \$754.5 million compared to \$706.0 million at December 31, 1999. APC has been able to increase its working capital position as the result of continued strong operating results and despite internally financing the capital investment required to expand its operations and fund the licensing of technology discussed below. Our cash, cash equivalents, and short-term investments position decreased to \$308.0 million at December 31, 2000 from \$456.3 million at December 31, 1999, due primarily to outlays from operating cash in 2000 related to acquisitions (see Acquisitions section below) and the licensing of worldwide patent rights relating to uninterruptible power supply technology (see note 11 of Notes to Consolidated Financial Statements in Item 8 of this Report).

Worldwide inventories were \$289.0 million at December 31, 2000, up from \$176.5 million at December 31, 1999, due primarily to increases in on-hand raw materials, to support current and anticipated demand growth for enterprise products, and lower than expected demand in the fourth quarter of 2000, combined with \$21.3 million in inventory attributable to acquisitions during 2000 (see Acquisitions section below). Inventory levels as a percentage of quarterly sales were 71% in the fourth quarter of 2000, up from 65% in the third quarter of 2000 and 45% in the fourth quarter of 1999.

At December 31, 2000, we had \$50.0 million available for future borrowings under an unsecured line of credit agreement at a floating interest rate equal to the bank's cost of funds rate plus .625% and an additional \$15.0 million and \$7.0 million under unsecured line of credit agreements with a second and third bank, respectively, at similar interest rates. No borrowings were outstanding under these facilities at December 31, 2000. APC had no significant financial commitments, other than those required in the normal course of business, at December 31, 2000.

During 2000 and 1999, our capital expenditures, net of capital grants, amounted to approximately \$73.7 million and \$36.0 million, respectively, consisting primarily of manufacturing and office equipment, buildings and improvements, and purchased software applications. The nature and level of capital spending was made to improve manufacturing capabilities, principally in the U.S. and the Far East; to upgrade and expand our IT infrastructure; and to support the increased marketing, selling, and administrative efforts necessitated by our growth. Substantially all of APC's net capital expenditures were financed from available

operating cash. We had no material capital commitments at December 31, 2000.

APC has agreements with the Industrial Development Authority of Ireland, otherwise known as the IDA. Under these agreements, we receive grant monies for costs incurred for machinery, equipment, and building improvements for our Galway and Castlebar facilities. These grants are equal to 40% and 60%, respectively, of such costs up to a maximum of \$13.1 million for Galway and \$1.3 million for Castlebar. Such grant monies are subject to APC meeting certain employment goals and maintaining operations in Ireland until termination of the respective agreements. Under separate agreements with the IDA, we receive direct reimbursement of training costs at our Galway and Castlebar facilities for up to \$3,000 and \$12,500, respectively, per new employee hired. See also note 14 to the consolidated financial statements.

We believe that current internal cash flows together with available cash, available credit facilities or, if needed, the proceeds from the sale of additional equity, will be sufficient to support anticipated capital spending and other working capital requirements for the foreseeable future.

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Acquisitions

Airflow

In the fourth quarter of 2000, we acquired privately-held Airflow Company, a Maryland-based manufacturer of precision cooling equipment primarily used in data center, Internet, and telecommunications applications. For Airflow Company we paid \$22.5 million in cash plus expenses, of which \$4.0 million will be paid at scheduled dates over three years in the event no indemnity claims arise. Our cash outlays associated with the acquisition were financed from operating cash. At December 31, 2000, the excess of the purchase price over the estimated fair value of the tangible net assets acquired has been included in goodwill and is being amortized on a straight-line basis over 15 years. The acquisition has been accounted for as a purchase and, accordingly, Airflow's results of operations are included in our consolidated financial statements from the date of acquisition.

Advance Power

Early in the second quarter of 2000, we acquired privately-held Advance Power Ltd., a U.K.-based manufacturer of DC-power solutions used in communications and Internet applications, for \$75.0 million in cash plus expenses. Our cash outlays associated with the acquisition were financed from operating cash. At December 31, 2000, the excess of the purchase price over the estimated fair value of the tangible net assets and identifiable intangible assets acquired has been included in goodwill and is being amortized on a straight-line basis over 15 years. The acquisition has been accounted for as a purchase and, accordingly, Advance Power's results of operations are included in our consolidated financial statements from the date of acquisition.

ABL Electronics Corporation

Early in the second quarter of 2000, we acquired privately-held ABL Electronics Corporation, a North American provider of computer and network cables, switches, and other connectivity products, for \$8.0 million paid in a combination of cash and stock, plus expenses. Our cash outlays associated with the acquisition were financed from operating cash. At December 31, 2000, the excess of the purchase price over the estimated fair value of the tangible net assets acquired has been included in goodwill and is being amortized on a straight-line basis over 15 years. The acquisition has been accounted for as a purchase and, accordingly, ABL's results of operations are included in our consolidated financial statements from the date of acquisition.

Silcon A/S

Early in the second quarter of 1998, APC entered into a definitive agreement with the principal management shareholders of Silcon to acquire stock of Silcon, a Denmark-based manufacturer of 3-phase UPSs up to 500 kVA. In 1998, we acquired 89% of the outstanding shares of Silcon, and in January through March 1999, we attained ownership of the remaining Silcon shares. Our cash outlays associated with the step-acquisition of \$64.4 million during 1998 and \$8.4 million during 1999 were financed from operating cash.

The purchase price was allocated to the net tangible and identifiable intangible assets acquired and to acquired in-process R&D, or acquired R&D. Acquired R&D includes the value of products in the development stage that are not considered to have reached technological feasibility and that have no alternative future uses. In accordance with applicable accounting rules, acquired R&D is required to be expensed. Accordingly, \$7.6 million of the acquisition cost was expensed in 1998. The remaining purchase price exceeded the fair value of the tangible net assets acquired by approximately \$53.0 million, consisting of identifiable intangible assets and goodwill, which is being amortized on a straight-line basis over 15 years. The acquisition has been accounted for as a purchase and, accordingly, Silcon's results of operations are included in our consolidated financial statements from the dates of acquisition.

Foreign Currency Activity

We invoice our customers in various currencies. Realized and unrealized transaction gains or losses are included in the results of operations and are measured based upon the effect of changes in exchange rates on the actual or expected amount of functional currency cash flows. Transaction gains and losses were not material to the results of operations in 2000, 1999 and 1998.

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At December 31, 2000, APC's unhedged foreign currency accounts receivable, by currency, were as follows:

<TABLE>

<CAPTION>

In thousands

Foreign Currency

US Dollars

<S>

<C>

<C>

European Euros

38,597

\$35,937

British Pounds	14,989	22,438
Japanese Yen	1,942,010	16,992
German Marks	22,396	10,665
Swiss Francs	16,867	10,285
French Francs	54,873	7,783

</TABLE>

APC also had non-trade receivables denominated in Irish Pounds of approximately US\$3.4 million, liabilities denominated in various European currencies of approximately US\$68.6 million, and liabilities denominated in Japanese Yen of approximately US\$8.7 million.

We continually review our foreign exchange exposure and consider various risk management techniques, including the netting of foreign currency receipts and disbursements, rate protection agreements with customers/vendors and derivatives arrangements, including foreign exchange contracts. We presently do not utilize rate protection agreements or derivative arrangements.

Recently Issued Accounting Standards

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. This Statement is effective for all fiscal quarters of fiscal years beginning after June 15, 2000, as provided for in SFAS No. 137. The adoption of this Statement is not expected to have a material impact on our consolidated financial position or results of operations.

Factors That May Affect Future Results

This document contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this document.

Our quarterly results are likely to be volatile.

Our quarterly operating results may fluctuate as a result of a number of factors, including:

- The growth rates in the UPS industry and related industries, including but not limited to the PC, server, networking, telecommunications and enterprise hardware industries;
- Timing of orders from, and shipments to, customers;
- Timing of new product introductions and the market acceptance of those products;
- Increased competition;
- Changes in manufacturing costs;
- Changes in the mix of product sales;
- Inventory risks due to shifts in market demand;
- Component constraints and shortages;
- Risks of nonpayment of accounts receivable;
- Expansion of manufacturing capacity;
- Factors associated with international operations; and
- Changes in world economic conditions.

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To remain competitive and expand our growth, we need to manage our growth expansion effectively.

We have experienced, and are currently experiencing, growth in our business which has placed, and could continue to place, a significant strain on our resources. In order to support the growth of our business, we plan to continue expanding our level of global operations during 2001. If our management is unable to manage growth effectively, our operating results could be adversely affected.

We currently compete with several firms providing power protection and related products and services and expect competition to increase in the future, which could affect our revenue and profitability.

We believe that we are one of less than ten global companies providing a full range of UPS products and services worldwide. The UPS, power protection and related industries, however, are highly competitive on both a worldwide basis and a regional geographic basis. We compete, and will continue to compete, with several U.S. and foreign firms, both on a worldwide basis and in various geographical regions, and within individual product and application niches. We expect competition to increase in the future from existing competitors and a number of companies that may enter our existing or future markets. Increased competition could adversely affect our revenue and profitability through price reductions and loss of market share. The principal competitive factors in our products include:

- Product performance and quality;
- Marketing and access to distribution channels;
- Customer services; and
- Product design and price.

Some of our current and potential competitors have substantially greater financial, technical, sales and marketing resources than we have. We may not be able to continue to compete successfully with our existing competitors or with new competitors.

Failure to alter our products to meet the demands of technological innovation could seriously harm our business.

The market for our products is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. Current competitors or new market entrants may develop new products with features that could adversely affect the competitive position of our products. We may not be successful in selecting, developing, manufacturing and marketing new products or enhancing our existing products or in responding effectively to technological changes, new standards or product announcements by competitors. The timely availability of new products and enhancements, and their acceptance by customers are important to our future success. Delays in such availability or a lack of

market acceptance could have an adverse effect on our business.

Defects in our products could seriously harm our business. Our products may have defects despite testing internally or by current or potential customers. These defects could result in loss or delay in market acceptance, which could have a material adverse effect upon our business, operating results, or financial condition.

Loss of any of our key personnel could seriously harm our business. Our success depends to a significant degree upon the continuing contributions of key management, sales, marketing, research and development and manufacturing personnel, many of whom we would have difficulty replacing. We believe that our future success will depend in large part upon our ability to attract and retain highly-skilled hardware and software engineers, and management, sales, and marketing personnel. Competition for such personnel is intense, and we may not be successful in attracting and retaining such personnel. Failure to attract and retain key personnel could have a material adverse effect on our business, operating results, or financial condition.

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Because we depend on foreign operations and revenues, we are exposed to currency fluctuations, import barriers and other risks related to conducting foreign operations.

We manufacture and market our products worldwide through several foreign subsidiaries, distributors, and resellers. Our worldwide operations are subject to the risks normally associated with foreign operations including, but not limited to:

- The disruption of markets;
- Changes in export or import laws;
- Restrictions on currency exchanges;
- Potentially negative tax consequences;
- Longer payment terms;
- Political instability; and
- The modification or introduction of government policies with potentially adverse effects.

International sales, which are both direct and indirect sales to customers outside the United States, accounted for approximately 46.9%, 47.3%, and 43.1% of our net sales in 2000, 1999 and 1998, respectively. We anticipate that international sales will continue to account for a significant portion of revenue. We invoice our customers in various currencies. To date, we do not use any rate protection agreements or derivative agreements to hedge any foreign exchange exposure. Accordingly, we may be exposed to exchange losses based upon currency exchange rate fluctuations, which losses could have a materially adverse effect on our operating results.

A significant portion of products in our Small Systems and Large Systems reportable operating segments are manufactured in foreign locations. The Small Systems have particular exposure to the Philippines, a country which has experienced political and financial instability. Disruption of manufacturing efforts in these international facilities could negatively impact our ability to fulfill customer orders and potentially result in the loss of business.

Because our business relies upon a variety of computer systems to operate effectively, the failure or disruption of these systems could have a material adverse effect on our business.

APC is a highly automated company whose efficient and effective operation relies on a variety of information systems, including e-mail, enterprise resource planning, electronic data interchange, customer resource management and e-commerce systems. Disruption in the operation of these systems, or difficulties in maintaining or upgrading these systems, could have an adverse effect on our business. In January 2001, we upgraded our enterprise resource planning system. Difficulties that we have encountered, or may encounter, in connection with our implementation and use of this upgraded enterprise resource planning system could adversely affect our order management and fulfillment, financial reporting and supply chain management processes, and any such difficulties could have a material adverse effect on our business.

Our reliance on sole source suppliers may result in product delays or price increases.

We currently obtain some components of our products from single sources. In the future, our suppliers may not be able to meet our demand for components in a timely and cost-effective manner. We generally purchase these single or limited source components using purchase orders and have no guaranteed supply arrangements with the suppliers. In addition, the availability of many of these components is dependent in part on our ability to provide the suppliers with accurate forecasts of our future requirements. However, our operating results and customer relationships could be adversely affected by either an increase in prices for, or an interruption or reduction in supply of, any key components.

We have a limited ability to protect our intellectual property rights and others could infringe on or misappropriate our proprietary rights and information.

Our success will depend, to a large extent, on our ability to protect our proprietary technology. We rely on a combination of contractual rights, trade secrets, patents, and copyrights to protect our proprietary rights. Although we own certain patents, and we have applied, and in the future we may apply, for patents, our intellectual property protection may not be sufficient to prevent competitors from developing similar technology. Moreover, in the absence of patent protection, our business may be adversely affected by competitors which independently develop functionally equivalent technology.

Our products may infringe on the intellectual property rights of others.

We attempt to ensure that our products and processes do not infringe upon third party patents and other proprietary rights, but third parties may allege such infringement in the future. If third parties allege or determine infringement, we may not prevail in such a challenge. Furthermore, if infringement is determined, we may not be able to obtain the necessary licenses on acceptable terms, if at all.

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If we are unable to identify and successfully integrate acquisitions, our ability to expand and our financial results could suffer. We have limited experience in integrating acquired companies or technologies into our operations. We may from time to time pursue the acquisition of other companies, assets, products or technologies. We may not be able to integrate successfully products, technologies, distribution channels, key personnel and businesses of acquired companies into our business or product offerings. In addition, the integration of acquired companies may adversely affect our business, operating results, or financial condition. Further, these acquired companies, assets, products or technologies may not contribute significantly to our sales or earnings, and the sales and earnings from acquired businesses may be adversely affected by the integration process or other factors. If we are not successful in the integration of such acquired businesses, our financial results could be adversely impacted. In addition, we may not be able to identify and consummate suitable acquisition transactions in the future.

Our stock price could be volatile, which could cause you to lose part or all of your investment. The market price of our common stock has been, and may continue to be, extremely volatile. The trading price of our common stock could be subject to wide fluctuations in response to:

- Quarter-to-quarter variations in operating results;
- Changes in earnings estimates by analysts;
- Announcements of technological innovations or new products developed by us or our competitors; and
- Challenges associated with integration of businesses and other events or factors.

In addition, the stock market has from time to time experienced extreme price and volume fluctuations which have particularly affected the market price for many high technology companies and which often have been unrelated to the operating performance of these companies. These broad market fluctuations may adversely affect the market price of our common stock.

Our tax rate depends on earnings derived from certain foreign manufacturing operations.

Our tax rate is heavily dependent upon the proportion of earnings that we derive from our Ireland and Philippines manufacturing operations and our ability to reinvest those earnings permanently outside the United States. If the earnings of these operations as a percentage of our total earnings were to decline significantly from anticipated levels, or should our ability to reinvest these earnings be reduced, our effective tax rate would exceed the currently estimated rate for 2001. In addition, should our intercompany transfer pricing with respect to our Ireland or Philippines manufacturing operations require significant adjustment due to audits or regulatory changes, our overall effective tax rate could increase.

We have been and may become involved in litigation, which could materially harm our business. We have been and may in the future become, involved in litigation involving our business, products or operations. The litigation process is uncertain and includes the risk of an unexpected, unfavorable result. We may be materially adversely impacted by any such litigation.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

APC, in the normal course of business, is exposed to market risks relating to fluctuations in foreign currency exchange rates. The information required under this section related to such risks is included in the Foreign Currency Activity section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Report and is incorporated herein by reference.

<PAGE>

Item 8. Financial Statements and Supplementary Data

<TABLE>

AMERICAN POWER CONVERSION CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2000 and 1999

In thousands

<CAPTION>

ASSETS

	2000	1999
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	\$283,025	\$456,325
Short term investments	25,000	-
Accounts receivable, less allowance for doubtful accounts of \$20,085 in 2000 and \$19,543 in 1999 (Note 4)	298,041	216,810
Inventories (Note 5)	289,032	176,477
Prepaid expenses and other current assets	23,488	18,283
Deferred income taxes (Note 7)	42,024	31,962
Total current assets	960,610	899,857
Property, plant, and equipment:		
Land, buildings, and improvements	72,136	58,220
Machinery and equipment	178,558	130,031
Office equipment, furniture, and fixtures	68,765	55,284
Purchased software	25,633	17,114
	345,092	260,649

Less accumulated depreciation and amortization	133,335	103,422
Net property, plant, and equipment	211,757	157,227
Goodwill and other intangibles, net (Note (2))	122,716	48,239
Other assets (Note 3)	22,022	1,615
Total assets	\$1,317,105	\$1,106,938

See accompanying notes to consolidated financial statements.

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<TABLE>

AMERICAN POWER CONVERSION CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2000 and 1999

In thousands

<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY

	2000	1999
<S>	<C>	<C>
Current liabilities:		
Accounts payable	\$105,031	\$78,641
Accrued expenses	37,946	33,227
Accrued compensation	21,708	25,743
Accrued sales and marketing programs	15,210	16,853
Deferred revenue	11,847	8,739
Income taxes payable	14,377	30,616
Total current liabilities	206,119	193,819
Deferred tax liability (Note 7)	13,805	11,029
Total liabilities	219,924	204,848
Shareholders' equity (Notes 8 and 9):		
Common stock, \$.01 par value;		
authorized 450,000 shares in 2000;		
issued 195,071 in 2000 and 193,339 in 1999	1,951	1,933
Additional paid-in capital	115,381	82,989
Retained earnings	986,176	820,525
Treasury stock, 250 shares, at cost	(1,551)	(1,551)
Accumulated other comprehensive income (loss)	(4,776)	(1,806)
Total shareholders' equity	1,097,181	902,090

COMMITMENTS AND CONTINGENCIES

(Notes 11, 13 and 14)

Total liabilities and shareholders' equity	\$1,317,105	\$1,106,938
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See accompanying notes to consolidated financial statements.

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<TABLE>

AMERICAN POWER CONVERSION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2000, 1999 and 1998

In thousands except per share amounts

<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
Net sales (Note 10)	\$1,483,563	\$1,344,931	\$1,130,991
Cost of goods sold	867,680	747,389	645,378
Gross profit	615,883	597,542	485,613
Costs and expenses:			
Marketing, selling, general, and			
administrative	311,612	283,725	241,027
Special charges (Note 3)	47,900	-	-
Research and development	46,898	34,592	32,563
Acquired research and development	-	-	7,554
Total operating expenses	406,410	318,317	281,144
Operating income	209,473	279,225	204,469
Other income, net	23,838	13,292	11,687
Earnings before income			
taxes and minority interest	233,311	292,517	216,156
Income taxes (Note 7)	67,660	86,293	68,231
Earnings before minority interest	165,651	206,224	147,925
Minority interest, net	-	-	349
Net income	\$165,651	\$206,224	\$147,576

Basic earnings per share (Note 1)	\$.85	\$1.07	\$.77
Basic weighted average shares outstanding	194,235	192,201	191,006
Diluted earnings per share (Note 1)	\$.83	\$1.05	\$.76
Diluted weighted average shares outstanding	200,156	196,088	193,576

See accompanying notes to consolidated financial statements.

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<TABLE>

AMERICAN POWER CONVERSION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended December 31, 2000, 1999 and 1998

In thousands

<CAPTION>

	\$.01 Par, Common Stock Shares	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock, at Cost Shares	Amount	Accumulated Other Comprehensive Income	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 1997	190,766	\$1,908	\$54,672	\$466,725	(250)	\$(1,551)	\$-	\$521,754
Net income				147,576				147,576
Foreign currency translation adjustment							502	502
Comprehensive income								148,078
Exercises of stock options	1,106	11	8,470					8,481
Tax effect of exercises of stock options			2,082					2,082
Shares issued to Employee Stock Purchase Plan	74		897					897
Balances at December 31, 1998	191,946	1,919	66,121	614,301	(250)	(1,551)	502	681,292
Net income				206,224				206,224
Foreign currency translation adjustment							(2,308)	(2,308)
Comprehensive income								203,916
Exercises of stock options	1,285	13	12,762					12,775
Tax effect of exercises of stock options			2,565					2,565
Shares issued to Employee Stock Purchase Plan	108	1	1,541					1,542
Balances at December 31, 1999	193,339	1,933	82,989	820,525	(250)	(1,551)	(1,806)	902,090
Net income				165,651				165,651
Foreign currency translation adjustment							(2,970)	(2,970)
Comprehensive income								162,681
Exercises of stock options	1,488	15	18,652					18,667
Tax effect of exercises of stock options			7,981					7,981
Shares issued to Employee Stock Purchase Plan	131	1	1,761					1,762
Shares issued to acquire ABL Electronics	113	2	3,998					4,000
Balances at December 31, 2000	195,071	\$1,951	\$115,381	\$986,176	(250)	\$(1,551)	\$(4,776)	\$1,097,181

See accompanying notes to consolidated financial statements.

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<TABLE>

AMERICAN POWER CONVERSION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2000, 1999 and 1998

In thousands

<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
Cash flows from operating activities			

Net income	\$165,651	\$206,224	\$147,576
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	40,943	30,590	22,951
Gain on sale of property, plant and equipment	-	(277)	-
Provision for doubtful accounts	2,028	6,015	6,593
Deferred income taxes	(7,212)	65	(5,967)
Acquired research and development	-	-	7,554
Other, net	(2,970)	(2,382)	(409)
Changes in operating assets and liabilities, excluding effects of acquisitions:			
Accounts receivable	(59,638)	(42,469)	(36,321)
Inventories	(91,253)	52,205	(105,327)
Prepaid expenses and other current assets	(4,559)	(482)	(4,151)
Other assets	(21,362)	1,022	(536)
Accounts payable	8,898	3,451	23,550
Accrued expenses	(1,757)	8,926	(457)
Accrued compensation	(4,610)	3,613	5,654
Accrued sales and marketing programs	(1,902)	(971)	1,859
Deferred revenue	3,108	1,909	1,875
Income taxes payable	(8,336)	10,428	3,138
Net cash provided by operating activities	17,029	277,867	67,582
Cash flows from investing activities			
Purchases of held-to-maturity securities	(75,000)	-	-
Maturities of held-to-maturity securities	50,000	-	-
Capital expenditures, net of capital grants	(73,716)	(36,003)	(55,654)
Proceeds from sale of property, plant and equipment	-	1,100	3,200
Acquisitions	(100,315)	(8,426)	(62,424)
Net cash used in investing activities	(199,031)	(43,329)	(114,878)
Cash flows from financing activities			
Repayment of short term debt	(11,727)	(12,438)	(12,308)
Proceeds from issuances of common stock	20,429	14,317	9,378
Net cash provided by (used in) financing activities	8,702	1,879	(2,930)
Net change in cash and cash equivalents	(173,300)	236,417	(50,226)
Cash and cash equivalents at beginning of year	456,325	219,908	270,134
Cash and cash equivalents at end of year	\$283,025	\$456,325	\$219,908
Supplemental cash flow disclosures			
Cash paid during the year for:			
Income taxes (net of tax refunds)	\$80,240	\$70,204	\$65,109
Details of acquisitions:			
Fair value of assets	\$138,242	\$8,426	\$113,177
Liabilities and minority interest	(36,614)	-	(48,793)
Cash paid	101,628	8,426	64,384
Cash acquired	(1,313)	-	(1,960)
Acquisitions	\$100,315	\$8,426	\$62,424

</TABLE>

NON-CASH TRANSACTIONS: In 2000, 1999 and 1998, the tax effect of the exercise of stock options resulted in increases to additional paid-in capital and reductions to income taxes payable of \$7,981, \$2,565, and \$2,082. In 2000, 113,273 shares were issued related to the acquisition of ABL Electronics Corporation resulting in an increase to additional paid-capital of \$3,998.

See accompanying notes to consolidated financial statements.

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AMERICAN POWER CONVERSION CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2000, 1999 and 1998

1. Summary of Significant Accounting Policies

Nature of Business

American Power Conversion Corporation and its subsidiaries (the "Company") designs, develops, manufactures, and markets power protection and management solutions for computer and electronic applications worldwide. The Company's solutions include uninterruptible power supply products ("UPSs"), DC-power solutions, electrical surge protection devices, power conditioning products, precision cooling equipment and associated software, services, and accessories. These solutions are for use with sensitive electronic devices which rely on electric utility power including, but not limited to, home electronics, personal computers ("PCs"), high-performance workstations, servers, networking equipment,

communications equipment, Internetworking equipment, data centers, mainframe computers, and facilities. The Company's principal markets are in North America, Europe, and the Far East.

Principles of Consolidation

The consolidated financial statements include the accounts of American Power Conversion Corporation and all of its wholly-owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Change in Accounting Principle

In consideration of guidance issued by the Financial Accounting Standards Board's Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs," the Company has retroactively changed its classification of freight charges billed to customers and related freight expenses from operating expenses to net sales and cost of goods sold, respectively. These changes increased net sales by \$10.0 million, \$7.7 million, and \$5.2 million in 2000, 1999 and 1998, respectively, increased cost of goods sold by \$30.8 million, \$24.7 million, and \$24.3 million in 2000, 1999 and 1998, respectively; and decreased SG&A expenses by \$20.8 million, \$17.0 million, and \$19.1 million, in 2000, 1999 and 1998, respectively. This accounting change had no impact on reported net income for any of the periods presented.

Revenue Recognition

Revenue from sales of the Company's products, including UPS products, DC-power solutions, electrical surge protection devices, power conditioning products, precision cooling equipment, and associated accessories, is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable, and collectibility is reasonably assured. Provisions for sales returns and allowances and uncollectible accounts are made at the time of sale. Revenues from the sale of service-related contracts are deferred and recognized ratably over an established term, typically one to five years.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds on deposit, money market savings accounts, and short-term commercial paper with original maturities of three months or less.

Short Term Investments

At December 31, 2000, short term investments consisted of U.S. Government debt securities with original maturities greater than three months and less than or equal to one year. Such securities were classified as held-to-maturity and carried at amortized cost. The cost of such securities approximates fair market value. Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates such designation as of each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold such securities to maturity.

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Inventories

Inventories are stated at the lower of cost or market; cost being determined using the first-in, first-out (FIFO) method.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation is provided by using the straight-line method over estimated useful lives as follows:

<TABLE> <CAPTION> <S>		<C>	
Land improvements		15 years	
Buildings and improvements		40 years	
Machinery and equipment		5 - 10 years	
Office equipment, furniture and fixtures		3 - 10 years	
Purchased software		3 years	
</TABLE>			

Goodwill and Other Intangibles

Goodwill represents the excess of cost over the fair value of the net tangible assets and identifiable intangible assets of businesses acquired and is being amortized on a straight-line basis over 15 years. Periodically, the Company evaluates the carrying value of goodwill to assure that changes in facts and circumstances do not suggest that recoverability has been impaired. This analysis relies on a number of factors, including operating results, business plans, budgets, economic projections, and changes in management's strategic direction or market emphasis. In management's opinion, no impairment exists at December 31, 2000. Goodwill and other intangibles are presented net of accumulated amortization of \$12.2 million and \$4.8 million at December 31, 2000 and 1999, respectively.

Research and Development

Expenditures for research and development ("R&D") are expensed in the period incurred.

Warranties

The Company offers limited two-year and one-year warranties. The provision for potential liabilities resulting from warranty claims is provided at the time of sale. The Company also offers its customers the opportunity to extend the basic warranty period up to an additional three years under a separately priced program. Recognition of the revenue associated with the extended warranty program commences on the date the extended warranty becomes effective and is recognized on a straight-line basis over the extended warranty period. In addition, the Company has an Equipment Protection Policy which, depending on the model, provides up to \$25,000, 50,000 pounds sterling, or 100,000 euros for repair or replacement of a customer's hardware should a surge or lightning strike pass through a Company unit. The policy applies to all units manufactured after January 1, 1992. Other restrictions also apply. The

Company's ProtectNet line of data line surge suppressors feature a "Double-Up" Supplemental Equipment Protection Policy, under which the total recoverable limit under the Equipment Protection Policy is doubled (U.S. and Canada only). The Company has experienced satisfactory field operating results, and warranty costs incurred to date have not had a significant impact on the Company's results of operations.

Income Taxes

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income taxes have not been provided for the undistributed earnings of the Company's foreign subsidiaries which aggregated approximately \$361.0 million at December 31, 2000. The Company plans to reinvest all such earnings for future expansion. If such earnings were distributed, taxes would increase by approximately \$86.0 million. Additionally, the Company has tax holidays in China, India, and the Philippines, which reduce or eliminate the income taxes paid in those countries. Based on the currently enacted regular corporate income tax rates in these countries, the benefit to the Company of these tax holidays was approximately \$6.8 million, or \$.03 per diluted share, for the year ended December 31, 2000; \$4.5 million, or \$.02 per diluted share, for the year ended December 31, 1999; \$2.4 million, or \$.01 per diluted share, for the year ended December 31, 1998.

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Earnings per Share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of common shares and dilutive potential common shares outstanding during the period. Under the treasury stock method, the unexercised options are assumed to be exercised at the beginning of the period or at issuance, if later. The assumed proceeds are then used to purchase common shares at the average market price during the period. Potential common shares for which inclusion would have the effect of increasing diluted earnings per share (i.e., antidilutive) are excluded from the computation.

<TABLE>			
<CAPTION>			
In thousands	2000	1999	1998
<S>	<C>	<C>	<C>
Basic weighted average shares outstanding	194,235	192,201	191,006
Net effect of dilutive potential common shares outstanding based on the treasury stock method using the average market price	5,921	3,887	2,570
Diluted weighted average shares outstanding	200,156	196,088	193,576
Antidilutive potential common shares excluded from the computation above	280	872	496
</TABLE>			

Stock-Based Compensation

The Company applies APB Opinion No. 25 and related Interpretations in accounting for its stock-based compensation plans. No compensation cost has been recognized for these plans in the accompanying consolidated financial statements.

Advertising Costs

Advertising costs are expensed as incurred and reported in marketing, selling, general, and administrative expenses in the accompanying consolidated statements of income. Such costs of advertising, advertising production, trade shows, and other activities are designed to enhance demand for the Company's products. Advertising costs were \$85.5 million in 2000, \$94.4 million in 1999, and \$67.4 million in 1998. There are no capitalized advertising costs in the accompanying consolidated balance sheets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

2. Acquisitions

Airflow

In the fourth quarter of 2000, the Company acquired privately-held Airflow Company, a Maryland-based manufacturer of precision cooling equipment primarily used in data center, Internet, and telecommunications applications, for \$22.5 million in cash plus expenses, of which \$4.0 million will be paid at scheduled dates over three years in the event no indemnity claims arise. The Company's cash outlays associated with the acquisition were financed from operating cash. At December 31, 2000, the excess of the purchase price over the estimated fair value of the tangible net assets acquired has been included in goodwill and is being amortized on a straight-line basis over 15 years. The acquisition has been accounted for as a purchase and, accordingly, Airflow's results of

operations are included in the Company's consolidated financial statements from the date of acquisition.

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Advance Power

Early in the second quarter of 2000, the Company acquired privately-held Advance Power Ltd., a U.K.-based manufacturer of DC-based power solutions used in communications and Internet applications, for \$75.0 million in cash plus expenses. The Company's cash outlays associated with the acquisition were financed from operating cash. At December 31, 2000, the excess of the purchase price over the estimated fair value of the tangible net assets and identifiable intangible assets acquired has been included in goodwill and is being amortized on a straight-line basis over 15 years. The acquisition has been accounted for as a purchase and, accordingly, Advance Power's results of operations are included in the Company's consolidated financial statements from the date of acquisition.

ABL Electronics Corporation

Early in the second quarter of 2000, the Company acquired privately-held ABL Electronics Corporation ("ABL"), a North American provider of computer and network cables, switches, and other connectivity products, for \$8.0 million paid in a combination of cash and stock, plus expenses. The Company's cash outlays associated with the acquisition were financed from operating cash. At December 31, 2000, the excess of the purchase price over the estimated fair value of the tangible net assets acquired has been included in goodwill and is being amortized on a straight-line basis over 15 years. The acquisition has been accounted for as a purchase and, accordingly, ABL's results of operations are included in the Company's consolidated financial statements from the date of acquisition.

Silcon A/S

Early in the second quarter of 1998, APC entered into a definitive agreement with the principal management shareholders of Silcon to acquire stock of Silcon, a Denmark-based manufacturer of 3-phase UPSs up to 500 kVA. In 1998, we acquired 89% of the outstanding shares of Silcon, and in January through March 1999, we attained ownership of the remaining Silcon shares. Our cash outlays associated with the step-acquisition of \$64.4 million during 1998 and \$8.4 million during 1999 were financed from operating cash.

The purchase price was allocated to the net tangible and identifiable intangible assets acquired and to acquired in-process R&D ("acquired R&D"). Acquired R&D includes the value of products in the development stage that are not considered to have reached technological feasibility and that have no alternative future uses. In accordance with applicable accounting rules, acquired R&D is required to be expensed. Accordingly, \$7.6 million of the acquisition cost was expensed in 1998. The remaining purchase price exceeded the fair value of the tangible net assets acquired by approximately \$53 million, consisting of identifiable intangible assets and goodwill, which is being amortized on a straight-line basis over 15 years. The acquisition has been accounted for as a purchase and, accordingly, Silcon's results of operations are included in the Company's consolidated financial statements from the date of acquisition.

Pro forma results from operations have not been provided as the acquisitions are not considered material individually and in the aggregate.

3. Special Charges

During the third and second quarters of 2000, the Company agreed to license worldwide patent rights relating to uninterruptible power supply technology for lump-sum cash payments of \$17.0 million and \$48.0 million, respectively. These license fees were paid from operating cash during the third and second quarters of 2000, respectively. The Company evaluated the portion of the license fees that represented payment for prior use of the subject technology and the portion that represented payment for future use. Considering each of the Company's markets and the historical and projected revenue realized in markets utilizing the licensed technology, the Company estimated the present value of royalty payments, basing this calculation on an appropriate royalty rate and the technology's contribution to the overall value of affected products. Separate present values were calculated for both historic and projected product sales; the historic values were expensed and the projected values were capitalized. Accordingly, write-offs of the fully paid-up portions of the patent licenses were recognized in the Company's statements of income for the third and second quarters of 2000 as special charges to pre-tax earnings of \$17.5 million and \$30.4 million, respectively, including direct expenses of \$1.5 million and \$1.9 million, respectively. The remaining balances of \$1.0 million and \$19.5 million have been classified on the consolidated balance sheet as long term assets and are being amortized on a straight-line basis over three years and nine years, respectively, the estimated remaining economic lives of the patent licenses.

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4. Accounts Receivable

Accounts receivable are generally not concentrated in any geographic region or industry. Collateral is usually not required except for certain international transactions for which the Company requires letters of credit to secure payment. The Company estimates an allowance for doubtful accounts based on the credit worthiness of its customers as well as general economic conditions. Consequently, an adverse change in those factors could affect the Company's estimate of its bad debts.

5. Inventories

Inventories consist of the following:

<TABLE>
<CAPTION>

In thousands	2000	1999
<S>	<C>	<C>
Raw materials	\$120,685	\$60,708
Work in process	15,755	7,396
Finished goods	152,592	108,373
	\$289,032	\$176,477

</TABLE>

6. Revolving Credit Agreements and Short Term Debt

At December 31, 2000 and 1999, the Company had available for future borrowings \$50.0 million under an unsecured line of credit agreement at a floating interest rate equal to the bank's cost of funds rate plus .625%, and an additional \$15.0 million and \$7.0 million under unsecured line of credit agreements with a second and third bank, respectively, at similar interest rates. No borrowings were outstanding under these facilities at December 31, 2000 and 1999.

7. Income Taxes

Total federal, state, and foreign income tax expense (benefit) from continuing operations for the years ended December 31, 2000, 1999 and 1998 consists of the following:

<TABLE>			
<CAPTION>			
In thousands	Current	Deferred	Total
<S>	<C>	<C>	<C>
2000:			
Federal	\$53,319	\$(3,850)	\$49,469
State	8,073	(794)	7,279
Foreign	12,559	(1,647)	10,912
	\$73,951	\$(6,292)	\$67,660
1999:			
Federal	\$61,756	\$(244)	\$61,512
State	8,024	(239)	7,785
Foreign	16,448	548	16,996
	\$86,228	\$65	\$86,293
1998:			
Federal	\$58,294	\$(4,188)	\$54,106
State	4,707	(785)	3,922
Foreign	11,197	(994)	10,203
	\$74,198	\$(5,967)	\$68,231

</TABLE>

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Income tax expense attributable to continuing operations amounted to \$67.7 million in 2000, \$86.3 million in 1999, and \$68.2 million in 1998, (effective rates of 29.0%, 29.5%, and 31.6%, respectively). The actual expense for 2000, 1999 and 1998 differs from the "expected" tax expense (computed by applying the statutory U.S. federal corporate tax rate of 35% to earnings before income taxes) as follows:

<TABLE>			
<CAPTION>			
In thousands	2000	1999	1998
<S>	<C>	<C>	<C>
Computed "expected" tax expense	\$81,659	\$102,381	\$75,655
State income taxes, net of federal income tax benefit	4,731	5,060	2,549
Foreign earnings taxed at rates lower than U.S. statutory rate (principally Ireland and Philippines)	(16,616)	(18,754)	(12,676)
Foreign sales corporation	(1,754)	(1,294)	(2,729)
Acquired R&D	-	-	3,094
Other	(360)	(1,100)	2,338
	\$67,660	\$86,293	\$68,231

</TABLE>

The domestic and foreign components of earnings before income taxes were \$145.3 million and \$88.0 million, respectively, for 2000; \$188.5 million and \$104.0 million, respectively, for 1999; and \$162.0 million and \$54.2 million, respectively, for 1998. Total income tax expense for the years ended December 31, 2000, 1999 and 1998 was allocated as follows:

<TABLE>			
<CAPTION>			
In thousands	2000	1999	1998
<S>	<C>	<C>	<C>
Income from continuing operations	\$67,660	\$86,293	\$68,231
Shareholders' equity, for compensation expense for tax purposes in excess of amounts recognized for financial statement purposes	(7,981)	(2,565)	(2,082)
	\$59,679	\$83,728	\$66,149

</TABLE>

At December 31, 2000 and 1999, deferred income tax assets and liabilities result from temporary differences in the recognition of income and expense for tax and financial reporting purposes. The sources and tax effects of these temporary differences are presented below:

<TABLE>
<CAPTION>

In thousands	2000	1999
<S>	<C>	<C>
Deferred tax assets		
Allowance for doubtful accounts	\$5,060	\$5,150
Additional costs inventoried for tax purposes	1,629	920
Intercompany inventory profits	4,520	4,521
Allowances for sales and marketing programs	5,837	5,644
Inventory obsolescence reserve	4,302	4,272
Accrual for compensation and compensated absences	2,912	5,629
Reserve for warranty costs	2,449	1,274
Deferred revenue	3,918	2,955
Intangible assets	9,585	-
Other	1,812	1,597
Total gross deferred tax assets	42,024	31,962
Less valuation allowance	-	-
Net deferred tax assets	42,024	31,962
Deferred tax liabilities		
Excess of tax over financial statement depreciation	11,441	9,282
Other	2,364	1,747
Total deferred tax liabilities	13,805	11,029
Net deferred income taxes	\$28,219	\$20,933

</TABLE>

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In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Due to the fact that the Company has sufficient taxable income in the federal carryback period and anticipates sufficient future taxable income during the periods over which the deferred tax assets are deductible, the ultimate realization of deferred tax assets for federal and state tax purposes appears more likely than not.

8. Stock Plans

Stock-based Compensation Plans

At December 31, 2000, the Company had four stock option plans and a stock purchase plan, which are described below. SFAS No. 123, Accounting for Stock-Based Compensation, requires companies to either (a) record compensation costs related to its stock-based compensation plans, or (b) disclose pro forma net income and earnings per share data as if the company had recorded such costs. The Company has elected to continue to apply APB Opinion No. 25 and related Interpretations in accounting for these plans and to comply with the SFAS No. 123 disclosure requirements. Accordingly, no compensation cost has been recognized for its stock-based compensation plans in the accompanying consolidated financial statements. Had compensation costs for such plans been determined in accordance with SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

<TABLE>				
<CAPTION>				
In thousands except per share amounts		2000	1999	1998
<S>	<C>	<C>	<C>	<C>
Net income	As reported	\$165,651	\$206,224	\$147,576
	Pro forma	133,115	181,123	132,296
Basic earnings per share	As reported	\$.85	\$1.07	\$.77
	Pro forma	.69	.94	.69
Diluted earnings per share	As reported	\$.83	\$1.05	\$.76
	Pro forma	.65	.92	.69

</TABLE>

The pro forma effect on net income for 2000, 1999 and 1998 is not representative of the pro forma effect on net income in future years because it does not take into consideration pro forma compensation expense related to stock option grants made prior to 1995. The weighted average fair value of stock options granted during 2000, 1999 and 1998 was \$11.43, \$9.35, and \$8.84, respectively. The Company estimates the fair value of each option as of the date of grant using the Black-Scholes pricing model with the following weighted average assumptions used for grants in 2000, 1999 and 1998:

<TABLE>			
<CAPTION>			
	2000	1999	1998
<S>	<C>	<C>	<C>
Expected volatility	70%	59%	57%
Dividend yield	-	-	-
Risk-free interest rate	5.9%	5.3%	5.5%
Expected life	6 years	5 years	5 years

</TABLE>

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Stock Option Plans

On April 21, 1997, the Company's shareholders approved the 1997 Stock Option Plan and on June 19, 1987 approved the 1987 Stock Option Plan (collectively the "Plans"). The 1997 and 1987 Stock Option Plans authorized the grant of options for up to 12.0 million shares and 21.6 million shares, respectively, of common stock. On May 7, 1999, the Company's shareholders authorized an additional 12.0 million shares under the 1997 Stock Option Plan. Options granted under the Plans are either (a) options intended to constitute incentive stock options

("ISOs") under the Internal Revenue Code of 1986 (the "Code") or (b) non-qualified options. Incentive stock options may be granted under the Plans to employees or officers of the Company. Non-qualified options may be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. ISOs granted under the Plans may not be granted at a price less than the fair market value of the common stock on the date of grant (or 110% of fair market value in the case of employees or officers holding 10% or more of the voting stock of the Company). The aggregate fair market value of shares, for which ISOs granted to any employee are exercisable for the first time by such employee during any calendar year (under all stock option plans of the Company and any related corporation), may not exceed \$100,000. Non-qualified options granted under the Plan may not be granted at a price less than the lesser of (a) the book value per share of common stock as of the end of the fiscal year of the Company immediately preceding the date of such grant, or (b) 50% of the fair market value of the common stock on the date of grant.

Options granted under the Plans before December 1, 1995 vested 25% at the end of the first year and 12.5% at the end of each six month period thereafter. Options granted after December 1, 1995 and before February 14, 1997 vest 20% at the end of the second year and 20% at the end of each year thereafter. Options granted after February 14, 1997 vest 25% at the end of the first year and 12.5% at the end of each six month period thereafter.

On April 21, 1997, the Company's shareholders approved the 1997 Non-employee Director Stock Option Plan and on May 20, 1993 approved the 1993 Non-employee Director Stock Option Plan (collectively the "Director Plans"). The 1997 and 1993 Director Plans authorized the grant of options for up to 400,000 shares and 80,000 shares of common stock, respectively. In 2000, two directors were entitled to participate in the Director Plans with each receiving a grant of options as of February 12, 2000 for 20,000 shares at an exercise price of \$29.84, February 12, 1999 for 20,000 shares at an exercise price of \$19.94, February 12, 1998 for 20,000 shares at an exercise price of \$13.50, April 21, 1997 for 20,000 shares at an exercise price of \$10.88 per share, and February 25, 1993 for 40,000 shares at an exercise price of \$6.00 per share (i.e., the market price on the dates of grant).

Options granted under the 1997 Director Plan vest 25% at the end of the second year and 9.375% at the end of each six month period thereafter. Options granted under the 1993 Director Plan vested 25% at the end of the first year and 25% annually thereafter.

Options granted under all stock option plans before January 1, 1993 expired not more than five years from the date of grant, if unexercised. Options granted under all stock option plans after January 1, 1993 expire not more than ten years from the date of grant (five years in the case of ISOs granted to ten percent shareholders). The outstanding options at December 31, 2000 expire at various dates through 2009. Options granted terminate within a specified period of time following termination of an optionee's employment or position as a director or consultant with the Company.

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A summary of the status of the Company's stock option plans as of December 31, 2000, 1999 and 1998, and changes during the years ending on those dates is presented below:

<TABLE>
<CAPTION>

Shares in thousands	2000		1999		1998	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	12,082	\$14.00	9,560	\$12.23	6,018	\$7.81
Granted	9,448	16.41	5,097	16.26	4,798	16.51
Exercised	(1,488)	12.63	(1,285)	10.12	(944)	6.62
Terminated	(1,040)	15.50	(1,290)	13.50	(312)	11.17
Outstanding at end of year	19,002	15.26	12,082	14.00	9,560	12.23
Exercisable at end of year	4,531	13.01	2,696	11.40	1,354	7.45
Shares reserved at end of year	23,514		25,115		13,536	

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

<TABLE>
<CAPTION>

Shares in thousands		Options Outstanding		Options Exercisable	
Range of Exercise Prices	Shares Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Shares Exercisable	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
\$4.56 - \$6.82	781	4.8	\$4.93	522	\$5.03
\$8.30 - \$11.69	1,841	6.1	9.37	1,249	9.15
\$12.70 - \$17.71	12,143	8.8	13.95	2,441	15.41
\$19.30 - \$24.80	3,957	9.1	22.98	319	22.84
\$29.00 - \$31.13	280	8.4	30.72	-	-
	19,002	8.4	15.26	4,531	13.01

</TABLE>

Stock Purchase Plan

On April 21, 1997, the Company's shareholders approved an Employee Stock Purchase Plan (the "Plan") to provide substantially all employees an opportunity to purchase shares of its common stock through payroll deductions, in an aggregate amount up to 10% of eligible compensation. Semiannually, participant account balances are used to purchase shares of stock at the lesser of 85% of the fair market value of shares on the grant date or the exercise date. The aggregate number of shares purchased by an employee may not exceed 6,000 shares annually (subject to limitations imposed by the Internal Revenue Code). The employee stock purchase plan expires on February 11, 2007. A total of 2.0 million shares are available for purchase under the Plan. During 2000, under the Plan, 41,671 shares were issued at \$18.75 per share and 89,173 shares were issued at \$11.00 per share. During 1999, under the Plan, 54,706 shares were issued at \$14.03 per share and 53,608 shares were issued at \$14.45 per share. During 1998, under the Plan, 42,632 shares were issued at \$13.44 per share and 30,626 shares were issued at \$10.57 per share.

9. Retirement Benefits

Employee Stock Ownership Plans

At December 31, 2000, the Company had noncontributory Employee Stock Ownership Plans (the "ESOP") covering substantially all employees in North America and Ireland. Contributions to the ESOP are based on a percentage of eligible compensation and are determined by the Company's Board of Directors at its discretion, subject to the limitations established by U.S. and Ireland tax laws. The ESOP held 8.3 million shares and 8.8 million shares of common stock at December 31, 2000 and December 31, 1999, respectively. No shares were contributed to the ESOP in 2000, 1999 or 1998.

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Employee Savings Plan

On May 1, 1997, the Company established an employee savings plan (the "Savings Plan") that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended, covering substantially all North American employees. The Savings Plan allows eligible employees to contribute up to 15% of their compensation on a pre-tax basis subject to certain limitations. The Company matches, with Company common stock, 100% of the first 3% of employee contributions plus 50% of the next 3% of employee contributions. Employees are fully vested in their employer matching contributions.

The Company also sponsors pension plans in several foreign locations.

The Company's pension contributions in 2000, 1999 and 1998 amounted to approximately \$4.9 million, \$4.3 million, and \$1.6 million, respectively.

10. Operating Segment and Geographic Information

Segment accounting policies are the same as policies described in note 1.

Basis for presentation

The Company operates primarily within one industry consisting of three reportable operating segments by which it manages its business and from which various offerings are commonly combined to develop a total solution for the customer. These efforts primarily incorporate the design, manufacture, and marketing of power protection equipment and related software and accessories for computer, communications, and related equipment. The Company's three segments are: Small Systems, Large Systems, and Other. Each of these segments address global markets.

The Small Systems segment develops power solutions for servers and networking equipment commonly used in local area and wide area networks and for personal computers and sensitive electronics. Major product offerings include the Smart-UPS_r, Matrix-UPS_r, Symmetrar Power Array_r and Back-UPS_r family of UPSs. Also included are the SurgeArrestr surge suppressors as well as cabling and connectivity solutions. Additional accessories and software products are offered to enhance the management of these networks. Products include PowerChuter software, MasterSwitchT power distribution units and NetShelter_r server enclosures. Products are sold to home and commercial users primarily through an indirect selling model consisting of computer distributors and dealers, value added resellers, mass merchandisers, catalog merchandisers, E-commerce vendors, and strategic partnerships.

The Large Systems segment produces large system solutions that provide power and availability solutions for data centers, facilities and communications equipment. Product offerings include Silcon UPSs, NetworkAIR precision cooling equipment and DC-power solutions. Products are sold to commercial users primarily through an indirect selling model consisting of value added resellers and strategic partnerships.

The Other segment provides Web-based informational, product, and selling services as well as replacement batteries for the Company's UPS products and notebook computers.

In the fourth quarter of 2000, the Company revised its reportable segments from prior periods to reflect management's increased focus on managing the business by small systems, large systems, and other, as a result of acquisitions during 2000, changing trends in the market, economic conditions, and increased product offerings. Prior periods have been reclassified to reflect the Company's 2000 presentation.

The Company measures the profitability of its segments based on direct contribution margin. Direct contribution margin includes R&D, marketing, and administrative expenses directly attributable to the segments and excludes certain expenses which are managed outside the reportable segments. Costs excluded from segment profit are indirect operating expenses, primarily consisting of selling and corporate expenses, and income taxes. Expenditures

for additions to long-lived assets are not tracked or reported by the operating segments, although depreciation expense is allocated to and reported by the operating segments.

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<PAGE>

Summary operating segment information is as follows:

<TABLE>

<CAPTION>

In thousands	2000	1999	1998
<S>	<C>	<C>	<C>
Segment net sales			
Small Systems	\$1,265,264	\$1,236,413	\$1,075,741
Large Systems	193,623	100,852	50,094
Other	14,643	-	-
Total segment net sales	1,473,530	1,337,265	1,125,835
Shipping and handling revenues	10,033	7,666	5,156
Total net sales	\$1,483,563	\$1,344,931	\$1,130,991

</TABLE>

Summary operating segment information (cont.):

<TABLE>

<CAPTION>

In thousands	2000	1999	1998
<S>	<C>	<C>	<C>
Segment profits			
Small Systems	\$558,548	\$554,385	\$454,726
Large Systems	6,261	17,310	4,056
Other	7,792	-	-
Total segment profits	572,601	571,695	458,782
Shipping and handling net costs	20,745	16,988	19,149
Indirect operating expenses	342,383	275,482	235,164
Other income, net	23,838	13,292	11,687
Earnings before income taxes and minority interest	\$233,311	\$292,517	\$216,156
Segment depreciation			
Small Systems	\$18,517	\$17,072	\$16,992
Large Systems	4,885	3,130	4
Other	77	-	-
Total segment depreciation	\$23,479	\$20,202	\$16,996

</TABLE>

Summary geographic information is as follows:

<TABLE>

<CAPTION>

In thousands	2000	1999	1998
<S>	<C>	<C>	<C>
Net sales			
United States	\$787,359	\$708,777	\$643,021
North and Latin America excluding United States	65,330	70,372	60,897
Europe, Middle East, and Africa	395,417	385,486	306,472
Far East	235,457	180,296	120,601
	\$1,483,563	\$1,344,931	\$1,130,991

Note: Sales are attributed to geographic regions based on location of customer. No individual foreign country is material in relation to total net sales.

Long-lived assets			
United States	\$141,251	\$79,219	\$79,724
Europe	152,913	84,866	87,711
Philippines	47,798	31,558	25,923
Other Far East	14,533	11,438	3,380
	\$356,495	\$207,081	\$196,738

</TABLE>

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The Company closely monitors the credit worthiness of its customers, adjusting credit policies and limits as deemed necessary. Two customers, Ingram Micro and Tech Data Product Management, accounted for approximately 14% and 11%, respectively, of the Company's net sales in 2000. No single customer comprised 10% or more of the Company's net sales in 1999. One customer, Ingram Micro, accounted for approximately 11% of the Company's net sales in 1998. The majority of the Company's sales to Ingram Micro and Tech Data Product Management are included in the Small Systems reportable segment.

11. Litigation

On or about August 20, 1999, General Signal Power Systems, Inc, former parent company of Best Power ("General Signal"), filed suit against the Company in the United States District Court for the Western District of Wisconsin alleging patent infringement and false advertising. General Signal sought unspecified damages, costs, fees, and injunctive relief. During March and April 2000, the court dismissed four of the five patent infringement claims. On or about May 12, 2000, General Signal voluntarily dismissed with prejudice the false advertising claims. On May 17, 2000, the parties agreed to the voluntary dismissal of the remaining claim in the lawsuit with prejudice. In connection with the resolution of this dispute, the Company agreed to license from General Signal worldwide patent rights relating to uninterruptible power supply technology for a lump-sum cash payment of \$48.0 million. The license fee was paid from operating cash during the second quarter of 2000. See also note 3.

On or about January 27, 1999, the Company was served with a lawsuit filed by an individual in the United States District Court for the Central District of California alleging patent infringement. The plaintiff, Anthony F. Coppola, claimed sole ownership of the patent referenced in the lawsuit. Coppola sought unspecified damages, costs, fees, and injunctive relief. On or about April 14, 1999, the Company removed the case from the United States District Court for the Central District of California to the United States District Court for the District of Massachusetts. On September 8, 2000, the parties agreed to the voluntary dismissal of the lawsuit with prejudice. In connection with the resolution of this dispute, the Company agreed to license from Anthony Coppola worldwide patent rights relating to uninterruptible power supply technology for a lump-sum cash payment of \$17.0 million. The license fee was paid from operating cash during the third quarter of 2000. See also note 3.

The Company is also involved in various claims and legal actions arising in the ordinary course of business, some of which claim substantial damages. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations or liquidity.

12. Fair Value of Financial Instruments

The carrying amounts of cash, cash equivalents, accounts receivable, short-term debt, accounts payable, and accrued liabilities approximate their fair values because of the short duration of these instruments.

13. Commitments

The Company has several non-cancelable operating leases, primarily for warehousing and office space, expiring at various dates through 2007. These leases contain renewal options for periods ranging from one to five years and require the Company to pay its proportionate share of utilities, taxes, and insurance. Rent expense under these leases for 2000, 1999 and 1998 was \$6.7 million, \$4.3 million, and \$2.5 million, respectively.

Future minimum lease payments under these non-cancelable leases are: 2001 - \$7.7 million; 2002 - \$6.0 million; 2003 - \$4.3 million; 2004 - \$3.9 million, 2005 - \$2.6 million, and \$5.0 million thereafter.

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14. Contingencies

The Company has agreements with the Industrial Development Authority of Ireland ("IDA") under which the Company receives grant monies for costs incurred for machinery, equipment, and building improvements for its Galway and Castlebar facilities equal to 40% and 60%, respectively, of such costs up to a maximum of \$13.1 million for Galway and \$1.3 million for Castlebar. Such grant monies are subject to the Company meeting certain employment goals and maintaining operations in Ireland until termination of the respective agreements. The total cumulative amounts of capital grant claims submitted and received through December 31, 2000 for the Galway facility were approximately \$10.6 million and \$8.0 million, respectively. The total cumulative amount of capital grant claims submitted through December 31, 2000 for the Castlebar facility was \$4.4 million; no capital grant claims had been received for the Castlebar facility. Under separate agreements with the IDA, the Company receives direct reimbursement of training costs at its Galway and Castlebar facilities for up to \$3,000 and \$12,500, respectively, per new employee hired. The total cumulative amounts of training grant claims submitted and received through December 31, 2000 for the Galway facility were approximately \$1.1 million and \$1.1 million, respectively. The total cumulative amount of training grant claims submitted and received through December 31, 2000 for the Castlebar facility were approximately \$1.1 million and \$.7 million; respectively.

In addition, the Company executed agreements in 1994 with an unrelated company to acquire the 280,000 square foot manufacturing and distribution facility presently occupied for one (1) Irish Pound (equivalent to approximately \$1.50). As additional consideration for the facility, the Company assumed a contingent liability of approximately \$5.2 million as part of the Company's agreement with the IDA. The contingent liability is canceled upon successful completion of the terms of the agreement.

15. Quarterly Financial Data (Unaudited)

In consideration of guidance issued by the Financial Accounting Standards Board's Emerging Issues Task Force in Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs," we have retroactively changed our classification of freight charges billed to customers and related freight expenses from operating expenses to net sales and cost of goods sold, respectively. These changes increased net sales, increased cost of goods sold, and decreased marketing, selling, general, and administrative (SG&A) expenses as follows, in thousands:

<TABLE>				
<CAPTION>				
Increase (decrease)	Q1	Q2	Q3	Q4
<S>	<C>	<C>	<C>	<C>
2000				
Net sales	\$1,783	\$2,291	\$2,057	\$3,902
Cost of goods sold	\$5,797	\$6,274	\$5,916	\$12,791
SG&A	(\$4,014)	(\$3,983)	(\$3,859)	(\$8,889)
1999				
Net sales	\$1,975	\$2,331	\$1,443	\$1,917
Cost of goods sold	\$6,163	\$5,576	\$6,056	\$6,859
SG&A	(\$4,188)	(\$3,245)	(\$4,613)	(\$4,942)
</TABLE>				

The following is a summary of quarterly results of operations in thousands except per share amounts:

<TABLE>
<CAPTION>

<S>	Q1 <C>	Q2 <C>	Q3 <C>	Q4 <C>
2000				
Net sales	\$311,196	\$368,036	\$397,034	\$407,297
Gross profit	\$141,955	\$160,418	\$164,039	\$149,471
Net income	\$47,106	\$35,113	\$45,009	\$38,423
Basic earnings per share	\$.24	\$.18	\$.23	\$.20
Basic weighted average shares outstanding	193,450	194,089	194,600	194,761
Diluted earnings per share	\$.24	\$.17	\$.22	\$.20
Diluted weighted average shares outstanding	199,530	201,040	200,112	196,350
1999				
Net sales	\$279,160	\$317,793	\$357,363	\$390,615
Gross profit	\$117,967	\$135,308	\$162,324	\$181,943
Net income	\$34,791	\$42,814	\$62,127	\$66,492
Basic earnings per share	\$.18	\$.22	\$.32	\$.34
Basic weighted average shares outstanding	191,760	191,962	192,272	192,807
Diluted earnings per share	\$.18	\$.22	\$.32	\$.34
Diluted weighted average shares outstanding	195,576	195,177	196,621	197,625

</TABLE>

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
Not applicable.

Part III

Item 10. Directors of the Registrant

Information with respect to Directors may be found under the caption "Occupations of Directors" appearing in the Company's definitive Proxy Statement for the 2001 Annual Meeting of Shareholders. Such information is incorporated herein by reference.

Item 11. Executive Compensation

The information set forth under the caption "Executive Compensation" appearing in the Company's definitive Proxy Statement for the 2001 Annual Meeting of Shareholders is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information set forth under the caption, "Management and Principal Holders of Voting Securities" appearing in the Company's definitive Proxy Statement for the 2001 Annual Meeting of Shareholders is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information set forth under the captions, "Certain Relationships and Related Transactions" appearing in the Company's definitive Proxy Statement for the 2001 Annual Meeting of Shareholders is incorporated herein by reference.

Part IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Documents filed as part of Form 10-K

1. Consolidated Financial Statements

The consolidated financial statements of the Company have been included in Item 8 of this report.

Consolidated Balance Sheets as of December 31, 2000 and 1999
Consolidated Statements of Income for each of the three years ended
December 31, 2000, 1999 and 1998
Consolidated Statements of Changes in Shareholders' Equity for each of the
three years ended December 31, 2000, 1999 and 1998
Consolidated Statements of Cash Flows for each of the three years ended
December 31, 2000, 1999 and 1998
Notes to Consolidated Financial Statements

2. Consolidated Financial Statement Schedules

Schedule Number	Description	Page No.
II	Valuation and Qualifying Accounts and Reserves	43

Schedules other than those listed above have been omitted since they are either not required or the information required is included in the consolidated financial statements or the notes thereto.

KPMG LLP's reports with respect to the above listed consolidated financial statements and consolidated financial statement schedule are included herein on pages 40 and 41.

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<PAGE>

3. Exhibit Listing

<TABLE>
<CAPTION>

Exhibit Number	Description
<S>	<C>

3.01	Articles of Organization of the Registrant, as amended
3.02	By-Laws of the Registrant, as amended and restated
4.01	Shareholder Rights Agreement, dated as of September 2, 1999, between the Company and BankBoston, N.A.
4.02	Stock Purchase Agreement dated as of April 28, 2000, by and among ABL Acquisition Corporation, Randall R. Amon, Daniel Bryan, William C. Litsinger III, Jack L. Ottenheimer and Kevin W. Campion (4.02)
10.01	1987 Stock Option Plan of the Registrant (X)
10.02	Form of Incentive Stock Option Agreement under the Registrant's 1987 Stock Option Plan (X)
10.03	Form of the Non-Qualified Stock Option Agreement under the Registrant's 1987 Stock Option Plan (X)
10.04	The Registrant's Employee Stock Ownership Plan Trust Agreement dated December 30, 1987 (X)
10.05	The Registrant's Employee Stock Ownership Plan dated December 30, 1987, as amended and restated (X)
10.06	Employment Agreement dated June 16, 1986 between the Company and Rodger B. Dowdell, Jr. (X)
10.07	Unsecured line of credit agreement dated June 29, 1991 between the Registrant and Rhode Island Hospital Trust National Bank
10.08	Unsecured line of credit agreement dated December 30, 1991 between the Registrant and Fleet National Bank
10.09	Amendment dated December 30, 1992 to Unsecured line of credit agreement between the Registrant and Fleet National Bank
10.10	Grant agreement dated February 16, 1994 between the Registrant and Industrial Development Authority of Ireland
10.11	Contract for Sale dated January 31, 1994 between the Registrant and Digital Equipment International
10.12	Management Agreement dated January 31, 1994 between the Registrant and Digital Equipment International
10.13	License Agreement dated January 31, 1994 between the Registrant (Grantor) and Digital Equipment International (Licensee)
10.14	Grant of Options Agreement dated January 31, 1994 between the Registrant and Digital Equipment International
10.15	Memorandum Agreement dated January 31, 1994 between the Registrant and Digital Equipment International
10.16	1993 Non-Employee Director Stock Option Plan (X)
10.17	Letter Agreement dated June 22, 1995 to amend loan agreement dated December 30, 1991 by and between Registrant and Fleet National Bank
10.18	Letter Agreement dated October 11, 1995 to amend loan agreement dated December 30, 1991 by and between Registrant and Fleet National Bank
10.19	Purchase and Sale Contract dated April 12, 1995 between the Registrant and Trustees of Normac-Billerica Associates III u/d/t dated October 11, 1979
10.20	American Power Conversion Corporation B.V. Profit Sharing Scheme dated September 25, 1996 (X)
10.21	1997 Non-Employee Director Stock Option Plan of the Registrant (X)
10.22	1997 Stock Option Plan of the Registrant (X)
10.23	1997 Employee Stock Purchase Plan of the Registrant (X)
10.24	Form of Change-in-Control Severance Agreement dated as of July 5, 2000 entered into by the Company with each of Rodger B. Dowdell, Jr. and Neil E. Rasmussen. (X) (10.24)
10.25	Form of Change-in-Control Severance Agreement dated as of July 5, 2000 entered into by the Company with each of Donald M. Muir and Aaron L. Davis. (X) (10.25)
21	Subsidiaries of Registrant
23	Consent of KPMG LLP

</TABLE>

(X) Indicates a management contract or any compensatory plan, contract or arrangement.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed by the Registrant during the quarter ended December 31, 2000.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
American Power Conversion Corporation:

We have audited the accompanying consolidated balance sheets of American Power Conversion Corporation and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 American Power Conversion Corporation and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

Providence, Rhode Island
March 15, 2001

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
American Power Conversion Corporation:

Under date of March 15, 2001, we reported on the consolidated balance sheets of American Power Conversion Corporation and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2000, as contained in the annual report on Form 10-K for the year 2000. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedule listed in Item 14(a)(2). This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

Providence, Rhode Island
March 15, 2001

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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.

AMERICAN POWER CONVERSION CORPORATION

Date: March 26, 2001

By: /s/ Donald M. Muir
Donald M. Muir, Chief Financial Officer
(principal financial and accounting officer)

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

Date: March 26, 2001

By: /s/ Rodger B. Dowdell, Jr.
Rodger B. Dowdell, Jr.,
Chairman, President,
Chief Executive Officer and Director
(principal executive officer)

Date: March 26, 2001

/s/ Neil E. Rasmussen
Neil E. Rasmussen,
Vice President and Director

Date: March 26, 2001

/s/ Emanuel E. Landsman
Emanuel E. Landsman,
Vice President, Clerk and Director

Date: March 26, 2001

/s/ Ervin F. Lyon
Ervin F. Lyon,
Director

Date: March 26, 2001

/s/ James D. Gerson
James D. Gerson,
Director

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<PAGE>

Schedule II

<TABLE>

AMERICAN POWER CONVERSION CORPORATION AND SUBSIDIARIES

Valuation and Qualifying Accounts and Reserves

For the years ended December 31, 2000, 1999 and 1998

Valuation accounts deducted from assets to which they apply:

<CAPTION>

In thousands

Allowance for Doubtful Accounts Receivable

	Balance at Beginning of Year	Charged to Costs and Expenses	Write Offs/ Allowances Taken	Balance at End of Year
<S>	<C>	<C>	<C>	<C>
2000	\$19,543	\$2,028	(\$1,486)	\$20,085
1999	15,471	6,015	(1,943)	19,543
1998	12,230	6,593	(3,352)	15,471

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AMERICAN POWER CONVERSION CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

<CAPTION>

Exhibit Number

Description

Page No.

<S>	<C>	<C>
3.01****	Articles of Organization of the Registrant, as amended (3.01)	
3.02*****	By-Laws of the Registrant, as amended and restated (3.02)	
4.01*****	Shareholder Rights Agreement, dated as of September 2, 1999, between the Company and BankBoston, N.A. (4.01)	
4.02*****	Stock Purchase Agreement dated as of April 28, 2000, by and among ABL Acquisition Corporation, Randall R. Amon, Daniel Bryan, William C. Litsinger III, Jack L. Ottenheimer and Kevin W. Campion (4.02)	
10.01*	1987 Stock Option Plan of the Registrant (10.01) (X)	
10.02*	Form of Incentive Stock Option Agreement under the Registrant's 1987 Stock Option Plan (10.02) (X)	
10.03*	Form of the Non-Qualified Stock Option Agreement under the Registrant's 1987 Stock Option Plan (10.03) (X)	
10.04*	The Registrant's Employee Stock Ownership Plan Trust Agreement dated December 30, 1987 (10.04) (X)	
10.05**	The Registrant's Employee Stock Ownership Plan dated December 30, 1987, as amended and restated (10.05) (X)	
10.06*	Employment Agreement dated June 16, 1986 between the Company and Rodger B. Dowdell, Jr. (10.07) (X)	
10.07**	Unsecured line of credit agreement dated June 29, 1991 between the Registrant and Rhode Island Hospital Trust National Bank (10.19)	
10.08**	Unsecured line of credit agreement dated December 30, 1991 between the Registrant and Fleet National Bank (10.20)	
10.09***	Amendment dated December 30, 1992 to Unsecured line of credit agreement between the Registrant and Fleet National Bank (10.13)	
10.10***	Grant agreement dated February 16, 1994 between the Registrant and Industrial Development Authority of Ireland (10.14)	
10.11***	Contract for Sale dated January 31, 1994 between the Registrant and Digital Equipment International (10.15)	
10.12***	Management Agreement dated January 31, 1994 between the Registrant and Digital Equipment International (10.17)	
10.13***	License Agreement dated January 31, 1994 between the Registrant (Grantor) and Digital Equipment International (Licensee) (10.18)	
10.14***	Grant of Options Agreement dated January 31, 1994 between the Registrant and Digital Equipment International (10.19)	
10.15***	Memorandum Agreement dated January 31, 1994 between the Registrant and Digital Equipment International (10.20)	
10.16***	1993 Non-Employee Director Stock Option Plan (10.22) (X)	
10.17****	Letter Agreement dated June 22, 1995 to amend loan agreement dated December 30, 1991 by and between Registrant and Fleet National Bank (10.1)	
10.18*****	Letter Agreement dated October 11, 1995 to amend loan agreement dated December 30, 1991 by and between Registrant and Fleet National Bank (10.1)	
10.19*****	Purchase and Sale Contract dated April 12, 1995 between the Registrant and Trustees of Normac-Billerica Associates III u/d/t dated October 11, 1979 (10.19)	
10.20*****	American Power Conversion Corporation B.V. Profit Sharing Scheme dated September 25, 1996 (10.20) (X)	
10.21*****	1997 Non-Employee Director Stock Option Plan of the Registrant (4.4) (X)	
10.22*****	1997 Stock Option Plan of the Registrant (4.5) (X)	
10.23*****	1997 Employee Stock Purchase Plan of the Registrant (4.6) (X)	
10.24*****	Form of Change-in-Control Severance Agreement dated as of July 5, 2000 entered into by the Company with each of Rodger B. Dowdell, Jr. and Neil E. Rasmussen. (X) (10.24)	
10.25*****	Form of Change-in-Control Severance Agreement dated as of July 5, 2000 entered into by the Company with each of Donald M. Muir and Aaron L. Davis. (X) (10.25)	
21	Subsidiaries of Registrant	46
23	Consent of KPMG LLP	47

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* Previously filed as exhibits to the Company's Registration Statement on Form

S-18 dated July, 1988 (File No. 33-22707-B).

** Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1991 and incorporated herein by reference (File No. 0-17126). The number given in parenthesis indicates the corresponding exhibit in such Form 10-K.

*** Previously filed as an exhibit (Exhibit No. 22) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 and incorporated herein by reference (File No. 1-12432). The number given in parenthesis indicates the corresponding exhibit in such Form 10-K.

**** Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference (File No. 1-12432). The number given in parenthesis indicates the corresponding exhibit in such Form 10-K.

***** Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1995 and incorporated herein by reference (File No. 1-12432). The number given in parenthesis indicates the corresponding exhibit in such Form 10-Q.

***** Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1995 and incorporated herein by reference (File No. 1-12432). The number given in parenthesis indicates the corresponding exhibit in such Form 10-Q.

***** Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 and incorporated herein by reference (File No. 1-12432). The number given in parenthesis indicates the corresponding exhibit in such Form 10-K.

***** Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and incorporated herein by reference (File No. 1-12432). The number given in parenthesis indicates the corresponding exhibit in such Form 10-K.

***** Previously filed as exhibits to the Company's Registration Statement on Form S-8 dated July 31, 1997 (File No. 333-32563). The number given in parenthesis indicates the corresponding exhibit in such Form S-8.

***** Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 and incorporated herein by reference (File No. 1-12432). The number given in parenthesis indicates the corresponding exhibit in such Form 10-K.

***** Previously filed as an exhibit to the Company's Current Report on Form 8-K, dated as of September 3, 1999, which included as Exhibit A the Form of Rights Certificate, and as Exhibit B the Summary of Rights to Purchase Common Stock, and incorporated herein by reference (File No. 1-12432). The number given in parenthesis indicates the corresponding exhibit in such Form 8-K.

***** Previously filed as an exhibit to the Company's Registration Statement on Form S-3 and incorporated herein by reference (File No. 333-43348).

***** Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2000 and incorporated herein by reference (File No. 1-12432).

(X) Indicates a management contract or any compensatory plan, contract or arrangement.

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Exhibit 21

<TABLE>

AMERICAN POWER CONVERSION CORPORATION
Subsidiaries as of December 31, 2000

<CAPTION>

Subsidiary	Place of Incorporation
<S>	<C>
APC America, Inc.	Delaware
APC Sales & Service Corp.	Delaware
American Power Conversion Holdings Inc.	Delaware
Systems Enhancement Corporation	Missouri
A.B.L. Electronics Corporation	Delaware
APC DC Network Solutions Inc.	Ohio
APC NetworkAIR Holding Corp.	Delaware
APC NetworkAIR Corp.	Delaware
APC Foreign Sales Corporation	Barbados, W.I.
American Power Conversion Europe S.A.R.L.	France
American Power Conversion Corporation (A.P.C.) B.V.	The Netherlands
APC Distribution Limited	Ireland
APC (EMEA) Limited	Ireland
APC Holdings B.V.	The Netherlands
APC Deutschland GmbH	Germany
American Power Conversion UK Ltd.	England
American Power Conversion Sweden AB	Sweden
APC Benelux B.V.	The Netherlands
APC Australia Pty Limited	Australia
American Power Conversion Portugal, Lda.	Portugal
American Power Conversion Spain S.L.	Spain
American Power Conversion Italia S.R.L.	Italy
Advance Italia S.R.L.	Italy
(60%, 40% APC DC Network Solutions UK Limited)	
American Power Conversion France SARL	France
Advance Power Elektronik KFT	Hungary
American Power Conversion (Phils.), Inc.	Philippines
American Power Conversion Land Holdings Inc.	Philippines
(40%; 60% Filipino nationals)	
APC (Suzhou) Uninterrupted Power Supply Co., Ltd.	China
American Power Conversion Singapore Pte Ltd.	Singapore
APC International Trade (Shanghai) Co. Ltd.	China
American Power Conversion Denmark ApS	Denmark
Gutor Electronic GmbH	Switzerland
American Power Conversion Dublin Limited	Ireland
Silcon (Qingdao) Power Electronics Co. Ltd.	China
American Power Conversion Mexico, S.A. de C.V.	Mexico
American Power Conversion Uruguay S.A.	Uruguay
APC Japan, Inc.	Japan
American Power Conversion (India) Private Limited	India

American Power Conversion Brasil Ltd.
American Power Conversion Holdings (UK) Limited
APC DC Network Solutions UK Limited
</TABLE>

Brazil
United Kingdom
United Kingdom

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Exhibit 23

ACCOUNTANTS' CONSENT

The Board of Directors
American Power Conversion Corporation:

We consent to incorporation by reference in the registration statement (No. 333-42348) on Form S-3 and in the registration statements (Nos. 33-25873, 33-54416, 333-32563, 333-78595, 333-80541 and 333-80569) on Form S-8 of American Power Conversion Corporation of our reports dated March 15, 2001 relating to the consolidated balance sheets of American Power Conversion Corporation and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2000, and the related schedule, which reports appear in the 2000 annual report on Form 10-K of American Power Conversion Corporation.

KPMG LLP

Providence, Rhode Island
March 30, 2001

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-----END PRIVACY-ENHANCED MESSAGE-----