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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2006

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

For the transition period from

Commission File Number 0-18277

VICOR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	04-2742817
(State of Incorporation)	(I.R.S. Employer Identification No.)

25 Frontage Road, Andover, Massachusetts 01810
(Address of Principal Executive Office)

(978) 470-2900
(Registrant's telephone number)

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

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

Large Accelerated Filer o Accelerated Filer ☑ Non-accelerated filer o

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

The number of shares outstanding of each of the issuer's classes of common stock as of July 31, 2006 was:

Common Stock, $.01 par value ------------------30,131,441
Class B Common Stock, $.01 par value --------11,854,952

VICOR CORPORATION

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Item 1 – Financial Statements

VICOR CORPORATION

Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

Assets	June 30, 2006	December 31, 2005
Current assets:		
Cash and cash equivalents	$ 30,348	$ 34,024
Short-term investments	95,214	88,692
Accounts receivable, less allowance of $603 in 2006 and $635 in 2005	30,288	28,072
Inventories, net	19,924	17,168
Deferred tax assets	2,673	2,673
Other current assets	2,945	2,518
Total current assets	181,392	173,147
Long-term investments	0	3,348
Property, plant and equipment, net	55,207	59,114
Other assets	8,416	10,146
	$ 245,015	$ 245,755
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 8,372	$ 8,741
Accrued compensation and benefits	5,719	4,583
Accrued expenses	3,131	3,016
Dividend payable	6,310	0
Income taxes payable	2,293	6,279
Deferred revenue	148	143
Total current liabilities	25,973	22,762
Deferred income taxes	3,258	3,172
Minority interests	3,335	3,031
Stockholders' equity:		
Preferred Stock	—	—
Class B Common Stock	119	119
Common Stock	381	377
Additional paid-in capital	157,502	151,698
Retained earnings	170,270	175,660
Accumulated other comprehensive income(loss)	53	(72)
Treasury stock, at cost	(115,876)	(110,992)
Total stockholders' equity	212,449	216,790
	$ 245,015	$ 245,755

See accompanying notes.

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VICOR CORPORATION

Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
Net revenues	$ 49,210	$ 44,579	$ 97,082	$ 87,759
Cost of revenues	28,101	29,000	54,871	55,135
Gross margin	21,109	15,579	42,211	32,624
Operating expenses:				
Selling, general and administrative	11,657	10,137	22,571	20,241
Research and development	8,028	7,380	15,570	14,476
Gain from litigation-related settlement, net	0	(2,250)	0	(2,250)
Total operating expenses	19,685	15,267	38,141	32,467
Income from operations	1,424	312	4,070	157
Other income (expense), net	1,409	183	2,469	677
Income before income taxes	2,833	495	6,539	834
(Benefit) provision for income taxes	(41)	406	589	706
Net income	$ 2,874	$ 89	$ 5,950	$ 128
Net income per common share:				
Basic	$ 0.07	$ 0.00	$ 0.14	$ 0.00
Diluted	$ 0.07	$ 0.00	$ 0.14	$ 0.00
Shares used to compute net income per share:				
Basic	42,144	41,795	42,046	41,888
Diluted	42,482	41,938	42,433	42,027
Cash dividends per share	$ 0.15	$ 0.12	$ 0.27	$ 0.12

See accompanying notes.

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VICOR CORPORATION

Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended	
	June 30, 2006	June 30, 2005
Operating activities:		
Net income	$ 5,950	$ 128
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,337	8,652
Stock compensation expense	350	—
Minority interest in net income of subsidiaries	304	321
Amortization of bond premium	90	332
(Gain) loss on disposal of equipment	(35)	12
Change in current assets and liabilities, net	(7,013)	2,309
Net cash provided by operating activities	6,983	11,754
Investing activities:		
Purchases of short-term investments	(48,454)	(27,851)
Sales and maturities of short-term and long-term investments	45,357	40,581
Additions to property, plant and equipment	(2,979)	(2,613)
Increase in other assets	(105)	(432)
Net cash (used in) provided by investing activities	(6,181)	9,685
Financing activities:		
Proceeds from issuance of Common Stock	5,458	884
Common Stock dividends paid	(5,030)	—
Acquisitions of treasury stock	(4,884)	(3,277)
Net cash used in financing activities	(4,456)	(2,393)
Effect of foreign exchange rates on cash	(22)	100
Net (decrease) increase in cash and cash equivalents	(3,676)	19,146
Cash and cash equivalents at beginning of period	34,024	36,277
Cash and cash equivalents at end of period	$ 30,348	$ 55,423

See accompanying notes.

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VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
June 30, 2006
(Unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2006 are not necessarily indicative of the results that may be expected for any other interim period or the year ending December 31, 2006. The balance sheet at December 31, 2005 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and notes thereto contained in the Company's annual report on Form 10-K for the year ended December 31, 2005 (File No. 0-18277) filed by Vicor Corporation (the "Company" or "Vicor") with the Securities and Exchange Commission.

2. Stock-Based Compensation

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (FAS 123R), which is a revision of FAS No. 123, "Accounting for Stock-Based Compensation". FAS 123(R) supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees", and amends SFAS No. 95, "Statement of Cash Flows". Generally, the approach in FAS 123(R) is similar to the approach described in FAS 123. However, FAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values at the date of grant. Pro forma disclosure is no longer an alternative.

The Company is using the modified prospective method as permitted under FAS 123(R). Under this transition method, compensation cost recognized in the first six months of fiscal 2006 includes: (a) compensation cost for all share-based payments granted prior to but not yet vested as of December 31, 2005, based on the grant-date fair value estimated in accordance with the provisions of FAS 123, and (b) compensation cost for all share-based payments granted subsequent to December 31, 2005, based on the grant-date fair value estimated in accordance with the provisions of FAS 123(R). In accordance with the modified prospective method of adoption, Vicor's results of operations and financial position for prior periods have not been restated.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

2. Stock-Based Compensation (Continued)

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

Amended and Restated 2000 Stock Option and Incentive Plan (the "2000 Plan") – The 2000 Plan permits the grant of share options to its employees and other key persons, including non-employee directors, for up to 4 million shares of common stock.

1998 Stock Option and Incentive Plan (the "1998 Plan") – The 1998 Plan permits the grant of share options to its employees and other key persons, including non-employee directors for up to 2 million shares of common stock.

1993 Stock Option Plan (the "1993 Plan") - The 1993 Plan permits the grant of share options to its employees and non-employee directors for up to 4 million shares of common stock.

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

2001 Stock Option and Incentive Plan, as amended (the "2001 Picor Plan") – The 2001 Picor Plan, permits the grant of share options to its employees and other key persons, including non-employee directors and full or part-time officers, for up to 10 million shares of common stock.

All option awards are granted at an exercise price equal to or greater than the market price for Vicor at the date of the grant, and are granted at the fair market value for Picor at the date of grant. Options vest at various periods of up to five years and may be exercised for up to ten years from the date of grant, which is the maximum contractual term.

As a result of adopting the FAS 123(R), the Company recorded $172,000 of non-cash stock-based compensation expense for the three months ended June 30, 2006 and $350,000 for the six months ended June 30, 2006. The stock-based compensation included $19,000 in cost of revenues, $93,000 in selling, general and administrative expense and $60,000 in research and development expense for the three months ended June 30, 2006 and $49,000, $179,000, and $122,000, respectively, for the six months ended June 30, 2006. The compensation expense did not have a material impact on basic or diluted net income per share.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

2. Stock-Based Compensation (Continued)

Had expense been recognized using the fair value method described in FAS 123, using the Black-Scholes option pricing model, the following pro forma results of operations would have been reported (in thousands except for per share information):

	Three Months Ended June 30, 2005	Six Months Ended June 30, 2005
Net income as reported	$ 89	$ 128
Stock-based employee compensation cost, net of related tax effects	(221)	(477)
Pro forma net loss	$ (132)	$ (349)
Net income per share, as reported:		
Basic	$ 0.00	$ 0.00
Diluted	$ 0.00	$ 0.00
Pro forma net loss per share:		
Basic	$ (0.00)	$ (0.01)
Diluted	$ (0.00)	$ (0.01)

The above table includes compensation expense for Picor options of $26,000 and $50,000 for the three and six months ended June 30, 2005. The three and six months ended June 30, 2005 expenses has been revised to include this Picor amount. The fair value of Picor common stock was estimated by obtaining an independent valuation of Picor.

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	Vicor		Picor		Vicor		Picor	
	2006	2005	2006	2005	2006	2005	2006	2005
Risk-free interest rate	4.8%	3.8%	4.5%	4.4%	4.6%	3.8%	4.5%	4.4%
Expected dividend yield	1.6%	.12%	—	—	1.6%	.08%	—	—
Expected volatility	.52	.65	.43	.43	.54	.65	.43	.43
Expected term (years)	3.2	3.3	6.5	6.5	3.7	3.8	6.5	6.5

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

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

2. Stock-Based Compensation (Continued)

Picor - The Company uses the yield to maturity of a ten-year treasury bond, since all of Picor's options expire ten years after they are granted.

Expected dividend yield:
Vicor - The Company determines the expected dividend yield by annualizing the most recent prior cash dividends declared by the Company's Board of Directors and dividing that result by the closing stock price on the date of that dividend declaration. Because the Company historically has not paid regular periodic dividends and has not committed to do so in the future, the Company annualizes the most recent prior cash dividends based on its expectations at the time regarding the frequency of dividends to be declared over the next twelve months. Dividends are not paid on options.

Picor - Picor has not and does not expect to declare and pay dividends in the foreseeable future. Therefore, the expected dividend yield is not applicable.

Expected volatility:
Vicor - Under FAS 123, Vicor used historical volatility to estimate the grant-date fair value of the options. Under FAS 123(R), Vicor has elected to continue to use historical volatility, using the expected term for the period over which to calculate the volatility (see below). The Company does not expect its future volatility to differ from its historical volatility. The computation of the Company's volatility is based on a simple average calculation of monthly volatilities over the expected term.

Picor – As Picor is a nonpublic entity, historical volatility information is not available. As permitted under FAS 123(R), an industry sector index of approximately 40 publicly traded fabless semiconductor firms was developed for calculating historical volatility for Picor. Historical prices for each of the companies in the index based on the market price of the shares on each day of trading over the expected term were used to determine the historical volatility.

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

Picor – Due to the lack of historical information, the "simplified" method prescribed by the Securities and Exchange Commission's Staff Accounting Bulletin No. 107 was used to determine the expected term.

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VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

2. Stock-Based Compensation (Continued)

Forfeiture rate
Vicor - The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. FAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term “forfeitures” is distinct from “cancellations” or “expirations” and represents only the unvested portion of the surrendered option. The Company currently expects, based on an analysis of its historical forfeitures, that approximately 84% of its options will actually vest, and therefore has applied an annual forfeiture rate of 9.4% to all unvested options as of June 30, 2006. This analysis will be re-evaluated quarterly and the forfeiture rate will be adjusted as necessary. Ultimately, the actual expense recognized over the vesting period will only be for those shares that vest.

Picor – Since the compensation expense for the three and six months ended June 30, 2006 was immaterial, the Company did not apply an estimated forfeiture rate to the compensation expense.

A summary of the activity under Vicor’s stock option plans as of June 30, 2006 and changes during the three and six month periods then ended, is presented below (in thousands except for share and weighted-average data):

	Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at March 31, 2006	2,056,956	$18.39		
Granted	41,510	$18.21		
Forfeited and expired	(105,543)	$20.35		
Exercised	(225,931)	$13.18		
Outstanding at June 30, 2006	1,766,992	$18.94	3.23	$ 3,875
Exercisable at June 30, 2006	1,517,343	$19.60	2.74	$ 3,180
Vested or expected to vest at June 30, 2006 (1)	1,729,493	$19.00	3.15	$ 3,802

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

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

2. Stock-Based Compensation (Continued)

	Options Outstanding	Weighted-Average Exercise Price
Outstanding at December 31, 2005	2,260,248	$ 18.14
Granted	96,860	$ 19.08
Forfeited and expired	(170,218)	$ 23.01
Exercised	(419,898)	$ 12.99
Outstanding at June 30, 2006	1,766,992	$ 18.94

During the three and six months ended June 30, 2006, under all plans, the total intrinsic value of Vicor options exercised (i.e. the difference between the market price at exercise and the price paid by the employee to exercise the options) was $1,719,000 and $2,966,000, respectively and the total amount of cash received from exercise of these options was $2,977,000 and $5,451,000, respectively. The total grant-date fair value of stock options that vested during the three and six months ended June 30, 2006 was approximately $529,000 and $1,111,000, respectively.

As of June 30, 2006, there was $1,009,000 of total unrecognized compensation cost related to unvested share-based awards for Vicor. That cost is expected to be recognized over a weighted-average period of 1.73 years for all Vicor awards.

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VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

2. Stock-Based Compensation (Continued)

A summary of the activity under Picor's stock option plan as of June 30, 2006 and changes during the three and six month periods then ended, is presented below (in thousands except for share and weighted-average data):

	Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at March 31, 2006	3,332,640	$ 0.46		
Granted	783,500	$ 0.84		
Forfeited and expired	(29,000)	$ 0.38		
Exercised	(30,000)	$ 0.25		
Outstanding at June 30, 2006	4,057,140	$ 0.53	7.25	$ 1,407
Exercisable at June 30, 2006	1,897,944	$ 0.38	6.28	$ 948
Vested or expected to vest at June 30, 2006	4,057,140	$ 0.53	7.25	$ 1,407

	Options Outstanding	Weighted-Average Exercise Price
Outstanding at December 31, 2005	3,442,000	$ 0.45
Granted	783,500	$ 0.84
Forfeited and expired	(138,360)	$ 0.33
Exercised	(30,000)	$ 0.25
Outstanding at June 30, 2006	4,057,140	$ 0.53

During the three and six months ended June 30, 2006, under all plans, the total intrinsic value of Picor options exercised (i.e. the difference between the market price at exercise and the price paid by the employee to exercise the options) was $19,000 and $19,000, respectively and the total amount of cash received from exercise of these options was $7,000 and $7,000, respectively. The total grant-date fair value of stock options that vested during the three and six months ended June 30, 2006 was approximately $20,000 and $79,000, respectively.

As of June 30, 2006, there was $512,000 of total unrecognized compensation cost related to unvested share-based awards for Picor. That cost is expected to be recognized over a weighted-average period of 1.87 years for all Picor awards.

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VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

3. Net Income per Share

The following table sets forth the computation of basic and diluted income per share for the three and six months ended June 30 (in thousands, except per share amounts):

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Numerator:				
Net income	$ 2,874	$ 89	$ 5,950	$ 128
Denominator:				
Denominator for basic income per share-weighted average shares	42,144	41,795	42,046	41,888
Effect of dilutive securities:				
Employee stock options	338	143	387	139
Denominator for diluted income per share – adjusted weighted-average shares and assumed conversions	42,482	41,938	42,433	42,027
Basic income per share	$ 0.07	$ 0.00	$ 0.14	$ 0.00
Diluted income per share	$ 0.07	$ 0.00	$ 0.14	$ 0.00

Options to purchase 661,952 and 1,717,766 shares of Common Stock were outstanding for the three months ended June 30, 2006 and 2005, respectively, and options to purchase 661,952 and 1,735,310 shares of Common Stock were outstanding for the six months ended June 30, 2006 and 2005, respectively, but were not included in the computation of diluted income per share because the options' exercise prices were greater than the average market price of the Common Stock and, therefore, the effect would have been antidilutive.

4. Inventories

Inventories are valued at the lower of cost (determined using the first-in, first-out method) or market. The Company provides reserves for inventories estimated to be excess, obsolete or unmarketable. The Company's estimation process for such reserves is based upon its known backlog, projected future demand and expected market conditions. If the Company's estimated demand and or market expectation were to change or if product sales were to decline, the Company's estimation process may cause larger

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VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

4. Inventories (Continued)

inventory reserves to be recorded, resulting in larger charges to cost of revenues. Inventories were as follows as of June 30, 2006 and December 31, 2005 (in thousands):

	June 30, 2006	December 31, 2005
Raw materials	$ 24,173	$ 21,519
Work-in-process	3,086	2,502
Finished goods	3,514	3,838
	30,773	27,859
Inventory reserves	(10,849)	(10,691)
Net balance	$ 19,924	$ 17,168

5. Product Warranties

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

Product warranty activity for the six months ended June 30, 2006 and 2005 were as follows (in thousands):

	2006	2005
Balance at the beginning of the period	$ 755	$1,042
Accruals for warranties for products sold in the period	101	94
Fulfillment of warranty obligations	(77)	(118)
Revisions of estimated obligations	(143)	(200)
Balance at the end of the period	$ 636	$ 818

6. Income Taxes

In 2006, the tax provision is based on an estimated effective tax rate for 2006, which includes federal, state and foreign income taxes on the Company's projected annual pretax income, estimated federal and state income taxes for certain minority-owned subsidiaries that are not part of the Company's consolidated income tax returns, offset by the expected utilization of remaining net operating loss carryforwards and certain tax credit carryforwards. During the second quarter of 2006, the estimated tax rate was reduced from 17% to 9%, which resulted in a net tax benefit for the second quarter of 2006. The principal reason for the change in the rate was a reduction in the expected pre-tax income for 2006. In 2005, the tax provision included estimated income taxes for federal and state taxes for certain minority-owned subsidiaries that are not part of the Company's consolidated income tax returns, for the

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VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

6. Income Taxes (Continued)

Federal alternative minimum tax and for estimated income taxes due in various state and international taxing jurisdictions. The Company operates in numerous taxing jurisdictions and is, therefore, subject to a variety of income and related taxes. The Company has provided for potential tax liabilities due in various jurisdictions which it judges to be probable and reasonably estimable in accordance with Statement of Financial Accounting Standards No. 5 "Accounting for Contingencies". Judgment is required in determining the income tax expense and related tax liabilities. In the ordinary course of business, there are transactions and calculations where the ultimate tax outcome is uncertain. The Company believes it has reasonably estimated its accrued taxes for all jurisdictions for all open tax periods. The Company periodically assesses the adequacy of its tax and related accruals on a quarterly basis and adjusts appropriately as events warrant and open tax periods close. It is possible that the final tax outcome of these matters will be different from management's estimate reflected in the income tax provisions and accrued taxes. Such differences could have a material impact on the Company's income tax provision and operating results in the period in which such determination is made.

The Company recently underwent an audit of its federal tax returns for tax periods 1994 through 2002 by the Internal Revenue Service ("IRS"). The conclusions reached by the IRS based on their audit have been agreed to by the Joint Committee on Taxation of the U.S. Department of the Treasury. During the second quarter of 2006, the Company remitted payments to the IRS in settlement of the assessments, including interest, for these tax periods. The amounts paid were not materially different from the amounts previously estimated and recorded by the Company.

7. Comprehensive Income (Loss)

The following table sets forth the computation of comprehensive income (loss) for the three and six months ended June 30 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Net income	$ 2,874	$ 89	$ 5,950	$ 128
Foreign currency translation gain (loss)	34	(28)	26	(69)
Unrealized gains (losses) on available for sale securities	52	75	99	(17)
Comprehensive income	$ 2,960	$ 136	$ 6,075	$ 42

8. Legal Proceedings

Vicor and VLT, Inc. ("VLT"), a wholly owned subsidiary of the Company, are pursuing Reset Patent infringement claims directly against Artesyn Technologies, Lucent Technologies and Tyco Electronics

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

8. Legal Proceedings (Continued)

Power Systems, Inc. in the United States District Court in Boston, Massachusetts. The lawsuit against Lucent was filed in May 2000 and in April 2001, the Company added Tyco Electronics as a defendant in that lawsuit. The lawsuit against Artesyn was filed in February 2001. In January 2003, the District Court issued a pre-trial decision in each of these patent infringement lawsuits relating to claim construction of the Reset Patent. The District Court's decisions rejected assertions that the Reset Patent claims are invalid for indefiniteness; and affirmed Vicor's interpretation of several terms used in the Reset Patent claims. However, the District Court adopted interpretations of certain terms of the Reset Patent claims that are contrary to Vicor's position. On May 24, 2004, the United States Court of Appeals for the Federal Circuit affirmed the decisions issued in January 2003 by the District Court. Vicor believes that the District Court's decisions, and the affirmation of these decisions by the Federal Circuit, strengthens its position regarding validity of the patent, but reduces the cumulative amount of infringing power supplies and the corresponding amount of potential damages. The Federal Circuit has referred the proceedings back to the District Court for trials on validity of the Reset Patent and infringement and damages by Lucent, Tyco and Artesyn.

In the second quarter of 2005, the Company entered into a settlement agreement with Lambda Americas, Inc., successor to Lambda Electronics, Inc., under which the Company received a payment of $2,500,000, net of a $250,000 contingency fee paid by the Company to its litigation counsel, in full settlement of the Company's Reset Patent claims against Lambda and which settled the lawsuit that the Company had filed against Lambda in June 2001. The District Court has not yet set dates for the remaining trials. There can be no assurance that Vicor and VLT will ultimately prevail with respect to any of these claims or, if they prevail, as to the amount of damages that would be awarded.

In May 2004, Ericsson Wireless Communications, Inc. v. Vicor Corporation was filed in Superior Court of the State of California, County of San Diego. The plaintiff has brought an action against the Company claiming unspecified damages for failure of out-of warranty products previously purchased by it from the Company. In November 2004, Ericsson filed a First Amended Complaint adding claims against Exar Corporation, a former vendor of the Company. The Company filed cross-claims against Exar, and third-party claims against Rohm Device USA, LLC and Rohm Co., Ltd., the original manufacturer(s) of the component which Exar sold to the Company. The Company has denied the claims made against it and intends to vigorously defend the claims made against it.

On March 4, 2005, Exar filed a declaratory judgment action against Vicor in the Superior Court of the State of California, County of Santa Clara, in which Exar seeks a declaration by the Court that Exar is not obligated to reimburse or indemnify Vicor for any claims brought against Vicor for alleged damages incurred as a result of the use of Exar components in Vicor products. The Company has brought cross-claims against Exar, and third-party claims against Rohm Device USA, LLC and Rohm Co., Ltd., for declaratory judgment. This matter has been consolidated with the above Ericsson matter in the Superior Court of the State of California, County of San Diego. The Company intends to vigorously assert its cross-claims against Exar.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

8. Legal Proceedings (Continued)

On August 18, 2005, the Company filed an action in The Superior Court of the Commonwealth of Massachusetts, County of Essex ("the Court") against Concurrent Computer Corporation ("Concurrent") in response to a demand made by Concurrent in connection with breach of contract and breach of product warranty claims against the Company. On September 22, 2005, Concurrent filed a Demand For Arbitration with The American Arbitration Association. Concurrent is seeking $1,500,000 in replacement costs, plus incidental, consequential and any other damages to be determined. On March 8, 2006 the Court allowed Concurrent's motion to compel arbitration. The Company has denied the claims made against it and intends to vigorously defend the claims made against it.

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

9. Impact of Recently Issued Accounting Standards

In November 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 151, "Inventory Costs, an amendment of Accounting Research Bulletin (ARB) No. 43, Chapter 4" ("FAS 151"). FAS 151 amends the guidance in ARB No 43, Chapter 4, "Inventory Pricing" to clarify that abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) should be recognized as current-period charges. In addition, FAS 151 requires that allocation of fixed production overhead to the costs of conversion be based on the normal capacity of the production facilities. The provisions of FAS 151 are effective for inventory costs incurred starting January 1, 2006. The adoption of FAS 151 did not have a significant impact on the Company's financial position or results of operations.

In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154, "Accounting Changes and Error Corrections" ("FAS 154"). This statement establishes new standards on accounting for changes in accounting principles. Pursuant to FAS 154, all such changes must be accounted for by retrospective application to the financial statements of prior periods unless it is impracticable to do so. FAS 154 replaces APB Opinion No. 20 and SFAS No. 3, though it carries forward the guidance in those pronouncements with respect to accounting for changes in estimates, changes in the reporting entity and the correction of errors. The provisions of FAS 154 are effective for accounting changes and corrections of errors incurred starting January 1, 2006. The adoption of FAS 154 did not have a significant impact on the Company's financial position or results of operations.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes", (FIN48), an interpretation of FAS 109, "Accounting for Income Taxes". This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 2006
(Unaudited)

9. Impact of Recently Issued Accounting Standards (Continued)

on derecognition, interest and penalties, accounting in interim periods, disclosure and transition. The provisions of FIN48 are effective starting January 1, 2007. The Company has not yet evaluated the impact, if any, that FIN48 will have on the Company's financial position or results of operations.

10. Dividends

On February 4, 2006, the Company's Board of Directors approved a cash dividend of $.12 per share of the Company's stock. The total dividend of approximately $5,030,000 was paid on March 20, 2006 to shareholders of record at the close of business on February 28, 2006. On June 23, 2006, the Company's Board of Directors approved a cash dividend of $.15 per share of the Company's stock. The total dividend of approximately $6,310,000 will be paid on August 7, 2006 to shareholders of record at the close of business on July 17, 2006.

Dividends are declared at the discretion of the Company's Board of Directors and depend on actual cash from operations, the Company's financial condition and capital requirements and any other factors the Company's Board of Directors may consider relevant. The Board of Directors anticipates reviewing its dividend policy on a semi-annual basis.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
June 30, 2006

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Except for historical information contained herein, some matters discussed in this report constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "believes," "expects," "anticipates," "intend," "estimate," "plans," "assumes," "may," "will," "would," "should," "continue," "prospective," "project," and other similar expressions identify forward-looking statements. These statements are based upon the Company's current expectations and estimates as to the prospective events and circumstances which may or may not be within the Company's control and as to which there can be no assurance. Actual results could differ materially from those projected in the forward-looking statements as a result of various factors, including our ability to develop and market new products and technologies cost effectively, to leverage design wins into increased product sales, to decrease manufacturing costs, to enter into licensing agreements that amplify the market opportunity and accelerate market penetration, to realize significant royalties under license agreements, to achieve a sustainable increased bookings rate over a longer period, to hire key personnel and build our business units, and to successfully leverage the V • I Chips in standard products to promote market acceptance of Factorized Power, factors impacting the Company's various end markets, including Consumer Electronics, Communications, Information Technology and Automotive, as well as those factors described in the risk factors set forth in this report and in the Company's Annual Report on Form 10-K for the year ended December 31, 2005. Reference is made in particular to the discussions set forth below in this report under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and set forth in the Annual Report on Form 10-K under Part I, Item 1 — "Business — Second-Generation Products," "—Competition," "—Patents," and "—Licensing," under Part I, Item 1A "—Risk Factors," under Part I, Item 3 — "Legal Proceedings," and under Part II, Item 7 — "Management's Discussion and Analysis of Financial Condition and Results of Operations." The risk factors contained in the Annual Report on Form 10-K may not be exhaustive. Therefore, the information contained in that Form 10-K should be read together with other reports and documents that the Company files with the Securities and Exchange Commission from time to time, including Forms 10-Q, 8-K and 10-K, which may supplement, modify, supersede or update those risk factors. The Company does not undertake any obligation to update any forward-looking statements as a result of future events or developments.

Critical Accounting Policies and Estimates

Please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 for a complete summary of the critical accounting policies and estimates.

VICOR CORPORATION

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(Continued)

Results of Operations

Three months ended June 30, 2006 compared to three months ended June 30, 2005

Net revenues for the second quarter of 2006 were $49,210,000, an increase of $4,631,000 or 10.4%, as compared to $44,579,000 for the same period a year ago, and an increase of 2.8% on a sequential basis from the first quarter of 2006. The increase in net revenues from the prior year resulted from an increase in shipments of standard and custom products. Although revenues for the quarter increased compared to the first quarter of 2006, orders during the quarter decreased by 24.5% compared with the first quarter of 2006. Several significant orders expected to be booked in the second quarter of 2006 were delayed and the base level business, consisting of smaller accounts and orders, was below expectations. The book-to-bill ratio for the second quarter of 2006 was 0.86:1 as compared to 0.99:1 for the second quarter of 2005 and 1.17:1 in the first quarter of 2006.

Gross margin for the second quarter of 2006 increased $5,530,000, or 35.5%, to $21,109,000 from $15,579,000 for the second quarter of 2005, and increased to 42.9% from 34.9% as a percentage of net revenues. The primary components of the increase in gross margin dollars and percentage were due to the increase in net revenues, an increase in manufacturing efficiencies resulting in lower average unit costs, and a significant increase in inventory reserves in the second quarter of 2005. During the second quarter of 2005, the Company provided additional reserves of approximately $1,600,000 for potential obsolete inventory arising primarily from the European Union Restriction of Hazardous Substances ("RoHS") initiative and the conversion of second-generation products to the FasTrak platform. In addition, the Company identified other slow-moving and potential obsolete inventory of approximately $1,200,000, of which $300,000 was related to raw material inventories in support of pilot production of V • I Chips. The gross margin in the second quarter of 2006 of 42.9% was down from 44.1% in the first quarter of 2006. This decrease was principally due to lower average selling prices caused by changes in the product mix, partially offset by lower average unit costs.

Selling, general and administrative expenses were $11,657,000 for the period, an increase of $1,520,000 or 15.0%, from the same period in 2005. As a percentage of net revenues, selling, general and administrative expenses increased to 23.7% from 22.7%. The principal components of the $1,520,000 increase were $384,000, or 461.1%, in increased legal fees due to the litigation with Ericsson Wireless Communications, Inc. (see Part II – Item 1 – Legal Proceedings), $295,000, or 31.5%, in increased commissions due to the increase in net revenues, $280,000, or 6.2%, of increased compensation expense primarily due to annual compensation adjustments in May 2006, $217,000, or 30.6%, of increased costs associated with the Vicor Integration Architects ("VIAs"), $110,000, or 23.1%, of increased depreciation costs primarily due to an increase in patent amortization expense, and $101,000, or 380.1%, in increased employee recruitment and relocation fees. The increase in compensation expense also includes $93,000 of non-cash stock-based compensation recorded under newly adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (FAS 123R). See Note 2 to the condensed consolidated financial statements for further discussion.

Research and development expenses increased $648,000, or 8.8%, to $8,028,000, and decreased as a percentage of net revenues to 16.3% from 16.6% from the same period in 2005. The principal components of the $648,000

VICOR CORPORATION

Management's Discussion and Analysis of
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(Continued)

increase were $590,000, or 13.3%, in increased compensation expense primarily due to annual compensation adjustments in May 2006 and increases in headcount, and $58,000, or 16.5%, of increased costs associated with the VIAs. The principal component partially offsetting the above increases were $147,000, or 14.3%, in decreased project material costs associated with the Company's new Factorized Power Architecture ("FPA") products. The increase in compensation expense also includes $60,000 of non-cash stock-based compensation recorded under FAS 123(R). The Company has a long-term commitment to investing in new product design and development in order to maintain and improve its competitive position.

In the second quarter of 2005, the Company entered into a settlement agreement with Lambda Americas, Inc., successor to Lambda Electronics, Inc., under which the Company received a payment of $2,500,000 in full settlement of the Company's Reset Patent claims against Lambda and which settled the lawsuit that the Company had filed against Lambda in June 2001. The full amount of the payment, net of a $250,000 contingency fee paid by the Company to its litigation counsel, has been included in gain from litigation-related settlement, net in the accompanying condensed consolidated statement of operations.

The major changes in the components of the other income (expense), net were as follows (in thousands):

	2006	2005	Increase (decrease)
Interest income	$1,346	$ 683	$ 663
Foreign currency gains (losses)	158	(254)	412
Minority interest in net income of subsidiaries	(151)	(231)	80
Other	56	(15)	71
	$1,409	$ 183	$ 1,226

The increase in interest income is due to higher interest rates and higher average balances on the Company's cash equivalents and short-term investments. The increase in foreign currency gains is due to favorable exchange rates in 2006 as compared to 2005.

Income before income taxes was $2,833,000 for the second quarter of 2006 compared to $495,000 for the same period in 2005.

In 2006, the tax provision is based on an estimated effective tax rate for 2006, which includes federal, state and foreign income taxes on the Company's projected annual pretax income, estimated federal and state income taxes for certain minority-owned subsidiaries that are not part of the Company's consolidated income tax returns, offset by the expected utilization of remaining net operating loss carryforwards and certain tax credit carryforwards. During the second quarter of 2006, the estimated tax rate for 2006 was reduced from 17% to 9%, which resulted in a net tax benefit for the second quarter of 2006. The principal reason for the change in the rate was a reduction in the expected pre-tax income for 2006. In 2005, the tax provision included estimated income taxes for federal and state taxes for certain minority-owned subsidiaries that are not part of the Company's consolidated income tax returns, for the Federal alternative minimum tax and for estimated income taxes due in various state and international taxing jurisdictions.

Basic and diluted income per share was $0.07 for the second quarter of 2006 compared to $0.00 for the second quarter of 2005.

Six months ended June 30, 2006 compared to six months ended June 30, 2005

Net revenues for the first six months of 2006 were $97,082,000, an increase of $9,323,000, or 10.6%, as compared to $87,759,000 for the same period a year ago. The increase in net revenues from the prior year resulted from an increase in shipments of standard and custom products. Orders during the period increased by 8.5% compared with the second half of 2005. The book-to-bill ratio for the first six months of 2006 was 1.01:1 as compared to 1.04:1 for the same period a year ago, and 0.99:1 for the second half of 2005

Gross margin for the first six months of 2006 increased $9,587,000, or 29.4%, to $42,211,000 from $32,624,000, and increased to 43.5% from 37.2% as a percentage of net revenues. The primary components of the increase in gross margin dollars and percentage were due to the increase in net revenues, an increase in manufacturing efficiencies resulting in lower average unit costs, and a significant increase in inventory reserves in the second quarter of 2005. During the second quarter of 2005, the Company provided additional reserves of approximately $1,600,000 for potential obsolete inventory arising primarily from the European Union Restriction of Hazardous Substances ("RoHS") initiative and the conversion of second-generation products to the FasTrak platform. In addition, the Company identified other slow-moving and potential obsolete inventory of approximately $1,200,000, of which $300,000 was related to raw material inventory in support of pilot production of V•I Chips.

Selling, general and administrative expenses were $22,571,000 for the period, an increase of $2,330,000, or 11.5%, over the same period in 2005. As a percentage of net revenues, selling, general and administrative expenses increased to 23.2% from 23.1%. The principal components of the $2,330,000 increase were $583,000, or 144.9%, in increased legal fees due to the litigation with Ericsson Wireless Communications, Inc. (see Part II – Item 1 – Legal Proceedings), $575,000, or 6.4%, of increased compensation expense primarily due to annual compensation adjustments in May 2006, $484,000, or 26.6%, in increased commissions due to the increase in net revenues and $393,000, or 27.8%, of increased costs associated with the VIAs. The increase in compensation expense also includes $179,000 of non-cash stock-based compensation recorded under FAS 123R. See Note 2 to the condensed consolidated financial statements for further discussion.

Research and development expenses increased $1,094,000, or 7.6%, to $15,570,000 and decreased as a percentage of net revenues to 16.0% from 16.5%. The principal components of the $1,094,000 increase were $1,048,000, or 11.9%, in increased compensation expense primarily due to annual compensation adjustments in May 2006 and increases in headcount, and $126,000, or 18.3%, of increased costs associated with the VIAs. The principal component partially offsetting the above increases were $403,000, or 20.1%, in decreased project material costs and $107,000, or 51.7%, in decreased supplies costs. The savings are attributed to decreased project material costs associated with the Company's new FPA products.

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The increase in compensation expense also includes $122,000 of non-cash stock-based compensation recorded under FAS 123(R).

In the second quarter of 2005, the Company entered into a settlement agreement with Lambda Americas, Inc., successor to Lambda Electronics, Inc., under which the Company received a payment of $2,500,000 in full settlement of the Company's Reset Patent claims against Lambda and which settled the lawsuit that the Company had filed against Lambda in June 2001. The full amount of the payment, net of a $250,000 contingency fee paid by the Company to its litigation counsel, has been included in gain from litigation-related settlement, net in the accompanying condensed consolidated statement of operations.

The major changes in the components of the other income (expense), net were as follows (in thousands):

	2006	2005	Increase (decrease)
Interest income	$2,489	$1,325	$ 1,164
Minority interest in net income of subsidiaries	(304)	(321)	17
Foreign currency gains (losses)	211	(434)	645
Other	73	107	(34)
	$2,469	$ 677	$ 1,792

The increase in interest income is due to higher interest rates and higher average balances on the Company's cash equivalents and short-term investments. The decrease in foreign currency losses is due to favorable exchange rates in 2006 as compared to 2005.

Income before income taxes was $6,539,000 for the first six months of 2006 compared to $834,000 for the same period in 2005.

In 2006, the tax provision is based on an estimated effective tax rate for 2006, which includes federal, state and foreign income taxes on the Company's projected annual pretax income, estimated federal and state income taxes for certain minority-owned subsidiaries that are not part of the Company's consolidated income tax returns, offset by the expected utilization of remaining net operating loss carryforwards and certain tax credit carryforwards. In 2005 the tax provision included estimated income taxes for federal and state taxes for certain minority-owned subsidiaries that are not part of the Company's consolidated income tax returns, the Federal alternative minimum tax, and estimated income taxes due in various state and international taxing jurisdictions.

Diluted income per share was $0.14 for the first six months of 2006, compared to $0.00 for the first six months of 2005.

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Liquidity and Capital Resources

At June 30, 2006 the Company had $30,348,000 in cash and cash equivalents. The ratio of current assets to current liabilities was 7.0:1 at June 30, 2006 compared to 7.6:1 at December 31, 2005. Working capital increased $5,034,000, from $150,385,000 at December 31, 2005 to $155,419,000 at June 30, 2006. The primary factors affecting the working capital increase were increases in short-term investments of $6,522,000, inventory of $2,756,000, accounts receivable of $2,216,000 and decreases in income taxes payable of $3,986,000. These increases were partially offset by a decrease in cash and cash equivalents of $3,676,000 and increases in dividends payable of $6,310,000 and accrued compensation and benefits of $1,136,000. The primary source of cash for the six months ended June 30, 2006 was $6,983,000 from operating activities and $5,458,000 of proceeds from the issuance of common stock upon the exercise of stock options. The primary uses of cash for the six months ended June 30, 2006 were common stock dividends of $5,030,000, the acquisition of treasury stock of $4,884,000, net purchases of short-term investments of $3,097,000 and equipment additions of $2,979,000.

In November 2000, the Board of Directors of the Company authorized the repurchase of up to $30,000,000 of the Company's Common Stock (the "November 2000 Plan"). The November 2000 Plan authorizes the Company to make such repurchases from time to time in the open market or through privately negotiated transactions. The timing and amounts of stock repurchases are at the discretion of management based on its view of economic and financial market conditions. The Company spent approximately $4,884,000 for the repurchase of 287,700 shares of Common Stock during the six months ended June 30, 2006. As of June 30, 2006, the Company had approximately $14,492,000 remaining under the plan.

On February 4, 2006, the Company's Board of Directors approved a cash dividend of $.12 per share of the Company's stock. The total dividend of approximately $5,030,000 was paid on March 20, 2006 to shareholders of record at the close of business on February 28, 2006. On June 23, 2006, the Company's Board of Directors approved a cash dividend of $.15 per share of the Company's stock, which will result in a total dividend of approximately $6,310,000. The dividend is payable on August 7, 2006 to shareholders of record at the close of business on July 17, 2006. The Board of Directors anticipates reviewing its dividend policy on a semi-annual basis.

The Company's primary liquidity needs are for making continuing investments in manufacturing equipment, particularly equipment for the Company's new FPA products. The Company believes that cash generated from operations and the total of its cash and cash equivalents, together with other sources of liquidity, will be sufficient to fund planned operations and capital equipment purchases for the foreseeable future. At June 30, 2006, the Company had approximately $1,017,000 of capital expenditure commitments, principally for manufacturing equipment.

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

VICOR CORPORATION

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Item 3 – Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to a variety of market risks, including changes in interest rates affecting the return on its cash and cash equivalents, short-term and long-term investments and fluctuations in foreign currency exchange rates.

As the Company's cash and cash equivalents consist principally of money market securities, which are short-term in nature, the Company's exposure to market risk on interest rate fluctuations for these investments is not significant. The Company's short-term and long-term investments consist mainly of corporate debt securities. These debt securities are all highly rated investments, in which a significant portion have interest rates reset at auction at regular intervals. As a result, the Company believes there is minimal market risk to these investments.

The Company's exposure to market risk for fluctuations in foreign currency exchange rates relates primarily to the operations of Vicor Japan Company, Ltd. ("VJCL") and changes in the dollar/yen exchange rate. In addition, the functional currency of the Company's subsidiaries in Europe and Hong Kong is the U.S. Dollar. Therefore, the Company believes that market risk is mitigated since these operations are not materially exposed to foreign exchange fluctuations.

Item 4 – Controls and Procedures

(a) Disclosure controls and procedures.

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company's management conducted an evaluation with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), regarding the effectiveness of the Company's disclosure controls and procedures, as of the end of the last fiscal quarter. The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in the reports that its files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and the Company's management necessarily was required to apply its judgment in evaluating and implementing the Company's disclosure controls and procedures. Based upon the evaluation described above, the CEO and CFO have concluded that they believe that the Company's disclosure controls and procedures were effective, as of the end of the period covered by this report, in providing reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. We intend to continue to review and document our disclosure controls and procedures, including our internal controls and procedures for financial reporting, and we may from time to time make changes to the disclosure controls and procedures to enhance their effectiveness and to ensure that our systems evolve with our business.

VICOR CORPORATION

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

(b) Changes in internal control over financial reporting.

There were no changes in the Company’s internal control over financial reporting identified in connection with the Company’s evaluation of internal control over financial reporting that occurred during the Company’s last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

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VICOR CORPORATION

Part II - Other Information
June 30, 2006

Item 1 - Legal Proceedings

Not applicable.

Item 1A – Risk Factors

There have been no material changes in the risk factors described in Item 1A (“Risk Factors”) of the Company’s Annual Report on Form 10-K for the year ended December 31, 2005.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1 – 30, 2006	—	—	—	$ 17,378,000
May 1 – 31, 2006	56,800	$ 19.39	56,800	$ 16,277,000
June 1 – 30, 2006	111,400	$ 16.02	111,400	$ 14,492,000
Total	168,200	$ 17.16	168,200	$ 14,492,000

In November 2000, the Board of Directors of the Company authorized the repurchase of up to $30,000,000 of the Company’s Common Stock.

Item 3 - Defaults Upon Senior Securities

Not applicable.

VICOR CORPORATION

Part II - Other Information
June 30, 2006

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

The 2006 Annual Meeting of Stockholders of the Company was held on June 22, 2006. Under the Company's charter, each share of the Company's Common Stock entitles the holder thereof to one vote per share, and each share of the Company's Class B Common Stock entitles the holder thereof to ten votes per share.

The only matter submitted to a vote of security holders at the 2006 Annual Meeting of Stockholders was the election of directors to the Board of Directors of the Company. All nominees of the Board of Directors of the Company were re-elected for a one year term. Votes were cast in the election of the directors as follows:

Nominee	Votes For	Votes Withheld
Patrizio Vinciarelli	135,169,832	4,109,817
Estia J. Eichten	136,215,012	3,064,637
Barry Kelleher	135,154,737	4,124,912
Jay M. Prager	135,197,226	4,082,423
David T. Riddiford	137,747,714	1,531,935
M. Michael Ansour	137,749,418	1,530,231
Samuel Anderson	135,689,712	3,589,937
Joseph W. Kelly	137,773,478	1,506,171

There were 0 broker non-votes and 0 abstentions on this proposal.

Item 5 - Other Information

Not applicable.

Item 6 - Exhibits

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VICOR CORPORATION

Date: August 7, 2006	By:	/s/ Patrizio Vinciarelli Patrizio Vinciarelli President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)
Date: August 7, 2006	By:	/s/ Mark A. Glazer Mark A. Glazer Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATIONS

I, Patrizio Vinciarelli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vicor Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 7, 2006

/s/ Patrizio Vinciarelli
Patrizio Vinciarelli
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Mark A. Glazer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vicor Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 7, 2006

/s/ Mark A. Glazer
Mark A. Glazer
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Vicor Corporation (the "Company") on Form 10-Q for the period ending June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrizio Vinciarelli, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

August 7, 2006

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

Exhibit 32.2

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

In connection with the Quarterly Report of Vicor Corporation (the "Company") on Form 10-Q for the period ending June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark A. Glazer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Mark A. Glazer
Mark A. Glazer
Chief Financial Officer

August 7, 2006

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