

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934.

Date of Report: October 23, 2006  
(Date of earliest event reported)

Vicor Corporation  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

0-18277  
(Commission File  
Number)

04-2742817  
(IRS Employer  
Identification Number)

25 Frontage Road, Andover, Massachusetts  
(Address of principal executive offices)

01810  
(Zip Code)

(978) 470-2900  
(Registrant's telephone number, including area code)

Not Applicable  
(Former Name or Former Address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 2.02. Results of Operations and Financial Condition**

On October 23, 2006, Vicor Corporation issued a press release announcing its financial results for the third quarter of 2006. The full text of that press release is attached as Exhibit 99.1 hereto and incorporated by reference herein. The information furnished under this Item 2.02, including the Exhibit attached hereto, shall not be deemed "filed" for any purpose, including for purposes of Section 18 of the Securities and Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

**Item 9.01. Financial Statements and Exhibits**

**(a) Financial statements:**

None

**(b) Pro forma financial information:**

None

**(c) Shell company transactions:**

None

**(d) Exhibits**

99.1 [Press Release of Vicor Corporation dated October 23, 2006](#)

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**SIGNATURE**

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 hereunto duly authorized.

Dated: October 23, 2006

**VICOR CORPORATION**

By: /s/ Mark A. Glazer  
Mark A. Glazer  
*Chief Financial Officer*

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**Exhibit Index**

**Exhibit No.**

99.1

**Description**

Press Release of Vicor Corporation dated October 23, 2006

## Vicor Corporation Earnings Release for the Quarter Ended September 30, 2006

ANDOVER, MA -- 10/23/2006 -- Vicor Corporation (NASDAQ: VICR) today reported its financial results for the third quarter ended September 30, 2006.

Revenues for the quarter increased to \$46,932,000 compared to \$45,298,000 for the corresponding period a year ago. Net income for Q3 was \$2,462,000, or \$.06 per diluted share compared to net income of \$1,708,000, or \$.04 per diluted share, in Q3 2005.

For the nine months ended September 30, 2006 revenues increased to \$144,014,000 from \$133,057,000 for the same period of 2005. The Company reported net income for the period of \$8,412,000, or \$.20 per diluted share compared to net income of \$1,836,000 or \$.04 per diluted share in 2005.

Gross margin improved to 42.5% in Q3 2006 from 42.0% in Q3 2005 and decreased on a sequential basis from 42.9% in Q2 2006. The book-to-bill ratio for Q3 2006 was 1.00:1 as compared to 0.86:1 in Q2 2006. Backlog at the end of Q3 2006 was \$39.3 million as compared to \$38.6 million at the end of 2005.

In Q3 2006, the Company recorded \$173,000 for expensing stock-based compensation in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004) (FAS 123R).

Commenting on the third quarter, Vicor's CEO Patrizio Vinciarelli noted: "Demand improved in Q3 from the lackluster level in Q2 as orders increased by approximately 11%. In Q3 we continued to experience delays in certain significant orders projected to be booked in that quarter. As in Q2, these delays caused the book-to-bill and revenue levels to be short of expectations."

Vinciarelli went on to say: "The slow down that Vicor experienced beginning in Q2 has now been seen by other component manufacturers selling to the electronics industry at large. Customers continue to say that their orders have slipped by only a few months. However, the slow down may reflect more than an inventory correction. Aside from soft demand for Vicor bricks, a significant V-I Chip program has, for a second time, been delayed by 6 months.

"Given the revenue shortfall, Q3 margins were generally in line with expectations. Subject to increasing demand, we expect planned productivity improvements to support a resumption of incremental quarterly expansion in margins and overall profitability. In Q3, V-I Chip and Picor made progress with their product roadmaps and in major engagements with key customers. These developments may contribute top line growth and further improvements to the bottom line starting in the 2nd half of 2007."

Depreciation and amortization in Q3 was \$3.3 million and capital additions were \$1.3 million. For the first nine months of 2006 depreciation and amortization was \$10.6 million and capital additions were \$4.2 million. This compares to \$12.8 million and \$6.6 million, respectively for the first nine months of 2005. Cash and short and long-term investments decreased by \$9.2 million in Q3, to approximately \$116.4 million from \$125.6 million at the end of Q2 2006. During the quarter the Company paid a dividend of approximately \$6.3 million and repurchased 538,000 shares, for approximately \$5.9 million. During the first nine months of 2006 the Company has paid approximately \$11.3 million in dividends and repurchased 825,700 shares, for approximately \$10.8 million.

At the end of Q3 2006 there was approximately \$8.5 million remaining in the authorized stock buy-back plan.

In 2006, 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. In the third quarter of 2006, the Company reduced its tax reserves by \$468,000 due to closing tax periods in certain jurisdictions.

For more information on Vicor and its products, please visit the Company's website at [www.vicorpower.com](http://www.vicorpower.com).

### Earnings Conference Call

Vicor will be holding its investor conference call, today, Monday, October 23, 2006 at 5:00 p.m. Eastern Time. Shareholders interested in participating in the call, should call 888-482-0024 at approximately 4:50 p.m. and use the Passcode 65829008. Internet users can listen to a real-time audio broadcast of the conference call on the Investor Relations section of Vicor's website at [www.vicorpower.com/irwebcast](http://www.vicorpower.com/irwebcast). Please go to the website at least 15 minutes prior to the call to register, download and install any necessary software. For those who cannot participate a replay will be available, shortly after the conclusion of the call, through November 6, 2006. The replay dial-in number is 888-286-8010 and the Passcode is 54982045. In addition, a webcast replay of the conference call will also be available on the Investor Relations section of Vicor's website at [www.vicorpower.com/irwebcast](http://www.vicorpower.com/irwebcast) beginning shortly after the conclusion of the call.

This press release contains certain forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. You can identify these statements by our use of the words "may," "will," "would," "should," "plans," "expects," "anticipates," "believes," "continue," "estimate," "prospective," "project," "intend," and similar expressions. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. These risks and uncertainties include 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

risks and uncertainties identified in the Company's Annual Report on Form 10-K. 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 SEC from time to time, which may supplement, modify, supersede or update those risk factors.

Vicor Corporation designs, develops, manufactures and markets modular power components and complete power systems based upon a portfolio of patented technologies. Headquartered in Andover, Massachusetts, Vicor sells its products primarily to the communications, information technology, industrial control and military electronics markets.

VICOR CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS  
(Thousands except for per share amounts)

	QUARTER ENDED (Unaudited)		NINE MONTHS ENDED (Unaudited)	
	SEPT 30, 2006	SEPT 30, 2005	SEPT 30, 2006	SEPT 30, 2005
Net revenues	\$ 46,932	\$ 45,298	\$ 144,014	\$ 133,057
Cost of sales	26,981	26,284	81,852	81,419
Gross margin	19,951	19,014	62,162	51,638
	Operating expenses:			
Sales & administration	11,225	10,144	33,796	30,385
Research & development	7,961	7,590	23,531	22,066
Gain from litigation-related settlement, net	0	0	0	(2,250)
Total operating expenses	19,186	17,734	57,327	50,201
Income from operations	765	1,280	4,835	1,437
Other income (expense), net	1,318	261	3,787	938
Income before income taxes	2,083	1,541	8,622	2,375
(Benefit) provision for income taxes	(379)	(167)	210	539
Net income	\$ 2,462	\$ 1,708	\$ 8,412	\$ 1,836
	Net income per share:			
Basic	\$ 0.06	\$ 0.04	\$ 0.20	\$ 0.04
Diluted	\$ 0.06	\$ 0.04	\$ 0.20	\$ 0.04
	Shares outstanding:			
Basic	41,703	41,912	41,932	41,896
Diluted	41,771	42,093	42,212	42,049

VICOR CORPORATION

CONSOLIDATED BALANCE SHEET  
(Thousands)

	SEPT 30, 2006 (Unaudited)	DEC 31, 2005 (Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 28,376	\$ 34,024
Short-term investments	87,971	88,692
Accounts receivable, net	30,101	28,072
Inventories, net	20,931	17,168
Deferred tax assets	2,673	2,673
Other current assets	2,359	2,518

Total current assets	172,411	173,147
Long-term investments	0	3,348
Property and equipment, net	53,358	59,114
Other assets	8,329	10,146
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	\$ 234,098	\$ 245,755
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Liabilities and Stockholders' Equity

	Current liabilities:	
Accounts payable	\$ 7,728	\$ 8,741
Accrued compensation and benefits	4,839	4,583
Other accrued liabilities	5,585	9,438
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Total current liabilities	18,152	22,762
Deferred income taxes	3,259	3,172
Minority interests	3,448	3,031
	Stockholders' equity:	
Capital stock	158,337	152,122
Retained earnings	172,729	175,660
Treasury stock	(121,827)	(110,992)
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Total stockholders' equity	209,239	216,790
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	\$ 234,098	\$ 245,755
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For further information contact:  
Mark A. Glazer  
Chief Financial Officer  
Vicor Corporation  
Tel: 978-470-2900  
Fax: 978-749-3439