

**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**

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Date of Report (Date of earliest event reported): April 21, 2006

**VICOR CORPORATION**

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(Exact Name of Registrant as Specified in Charter)

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**Delaware**

(State or Other Jurisdiction  
of Incorporation)

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**0-18277**

(Commission File Number)

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**04-2742817**

(IRS Employer  
Identification No.)

**25 Frontage Road, Andover, Massachusetts 01810**

(Address of Principal Executive Offices) (Zip Code)

**(978) 470-2900**

(Registrant's telephone number, including area code)

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 1.01. Entry into a Material Definitive Agreement.**

On April 21, 2006, Vicor Corporation (the “Company”) adopted the Vicor Corporation Brick Business Unit and Corporate Support Functions Incentive Compensation Plan (the “Plan”). Under the Plan, each year the Compensation Committee of Vicor’s Board of Directors (the “Compensation Committee”) will consider an Incentive Compensation Plan providing for awards of cash or stock options under the Company’s existing stock option plan to eligible employees. The Compensation Committee will have discretion as to whether or not to approve an Incentive Compensation Plan for any year. If an Incentive Compensation Plan is approved under the Plan, a percentage of pre-tax income of the Company above a certain level will be used to fund a bonus pool for that year. Awards will be made out of the bonus pool on or about March 1<sup>st</sup> following the end of the year to which the Incentive Compensation Plan relates and will generally be calculated as a percentage of the employee’s base salary. For each employee, individual goals and objectives must have been satisfactorily accomplished in order for an award to be payable to that employee. Employees who are eligible to participate in the Plan include most of the Company’s executive officers and other senior employees (at a level of E11 or higher as internally designated by the Company) who are not otherwise eligible to participate in the Company’s other incentive compensation plans.

On April 21, 2006, the Compensation Committee approved an Incentive Compensation Plan for 2006 under the Plan. Under this Incentive Compensation Plan, the Company will establish a cash bonus pool for 2006. Twenty percent of the Company’s pre-tax income in excess of a target amount will be reserved to fund the cash bonus pool. If the target is met and the bonus pool is formed, each eligible employee selected to participate who has satisfied his or her individual goals and objectives, including certain collective divisional goals, will be entitled to receive a cash bonus. The amount of each participant’s cash bonus will be based on an individual target participation level established by the Company and will be capped at an amount equal to two times the participant’s target participation level. Each participant’s target participation level will be established as a percentage of his or her annual base salary.

Under the Incentive Compensation Plan for 2006, the Company will also grant stock options to each participant who earns a cash bonus. The Black-Scholes value of the stock options granted to each participant will be equal to the cash bonus earned by that participant. These stock options will vest, and the associated expense will be recognized, over a five-year period beginning in 2007.

The table below lists the name, title and target participation level of each executive officer of the Company who has been selected to participate in the Incentive Compensation Plan for 2006.

Name and Title	Target Participation Level (% of Annual Base Salary)
Barry Kelleher Senior Vice President, Global Operations, and General Manager of Brick Business Unit	25%

<u>Name and Title</u>	<u>Target Participation Level (% of Annual Base Salary)</u>
Mark A. Glazer Chief Financial Officer, Treasurer and Secretary	22.5%
Douglas W. Richardson Vice President, Chief Information Officer	22.5%
Richard E. Zengilowski Vice President, Human Resources	22.5%
H. Allen Henderson Vice President, President of Westcor Division	20%

The foregoing summary of the Plan is qualified in its entirety by the full text of the Plan, which is attached as Exhibit 99.1 hereto and incorporated by reference herein.

**Item 9.01. Financial Statements and Exhibits.**

(c) *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
*99.1	Vicor Corporation Brick Business Unit and Corporate Support Functions Incentive Compensation Plan

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\* Filed herewith.

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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 hereunto duly authorized.

VICOR CORPORATION

Date: April 27, 2006

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

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**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">*99.1</a>	Vicor Corporation Brick Business Unit and Corporate Support Functions Incentive Compensation Plan

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\* Filed herewith.

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**Vicor Corporation**  
**Brick Business Unit and Corporate Support Functions**  
**Incentive Compensation Plan**

**Purpose of the Plan:**

Vicor has established this Incentive Compensation Plan for its Brick Business Unit employees and Finance, IS&T and Human Resources Support Function employees (“the Plan”) to achieve the following purposes:

- Drive agreed upon business goals and objectives in order to surpass the competition in achieving desired results.
- Attract and retain top level, high caliber employees.
- Reward demonstrated, measurable performance.
- To ensure equitable distribution of compensation dollars and/or equity, in the form of stock options, through consistent management pay practices that preserve internal pay equity and external market competitiveness.

**Approval of the Plan:**

Each year the Compensation Committee of Vicor’s Board of Directors will consider for approval an Incentive Compensation Plan. Once approved, each employee eligible to participate in the Plan will receive an individual communication that specifically sets forth all relevant information.

Approval will be based on the following and appropriate additional criteria:

- The Plan year will run from January 1 through December 31.
- The General Manager of the Brick Business Unit will present a business plan outlining the financial goals and objectives for the Plan year.
- The Human Resources Department will provide internal and external compensation information and other recommendations, such as eligibility requirements, performance data, target awards, etc.

**Eligibility:**

In order to be a participant in the Plan, an employee must:

- Be an Executive Officer; or

- Otherwise be an employee at an E 11 level or above.
- Be a full time, regular employee working at least 40 hours per week for at least six (6) months during the Plan year.
- Not be eligible to participate in other incentive compensation plans, such as the Sales Incentive Plan, Product Marketing Incentive Plan and other such programs.
- At the discretion of Senior Management, support function employees may participate in more than one plan on a pro-rated basis.

**Award Calculation and Payout:**

Cash and stock option awards will generally be calculated as a percentage of the employee's base salary (not including overtime or shift differential). All cash awards are taxable and will be paid through Payroll on or about March 1 following the end of the Plan year and completion of the year end audit performed by the Company's independent registered public accounting firm. Stock options will be granted on or before the same day as the cash award is paid. All cash and stock awards shall be subject to approval by the Compensation Committee. **In order to receive an award under the Plan, an employee must be actively employed at the time of award payout.**

**Partial awards may be paid for the following special circumstances:**

- Employees who transfer in/out of the business unit or become eligible for other incentive compensation during the Plan year will have their participation in the Plan reviewed at the time of the transfer.
- Awards will be pro-rated based on time actually worked during the Plan year (i.e. new hires, employees on leave of absence, etc.).
- In the event of an employee's death, cash awards will be pro-rated and paid to the employee's estate.
- Employees who retire during the Plan year and meet the eligibility requirements will receive a pro-rated cash award.

**Measurement Criteria:**

- Measurement criteria will be established annually, as a percentage of pre- tax income above a level established each year to be set aside to fund the bonus pool.
- ÿ Individual goals and objectives outlined in the employee's performance appraisal must have satisfactorily been accomplished.
- ÿ If the Company's financial measures are not met, no award will be paid out to employees even if they have met their individual goals and objectives.

**Other Terms and Conditions:**

It is impossible to predict every circumstance that might arise in relation to the Plan, but Vicor reserves all its rights to change, amend, suspend, terminate or take any other action it deems appropriate in its sole discretion at any time. The Plan does not, in any way, change the “at will” employment relationship between Vicor and its employees and does not create any guarantee of employment for any employee. Any disputes or controversies regarding the Plan will be decided first by independent senior management and, if necessary, by the Compensation Committee of Vicor’s Board of Directors.