SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 1999

--- 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)	(IRS Employer Identification Number)

25 Frontage Road, Andover, Massachusetts 01810
(Address of registrant's 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 X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of June 30, 1999.

Common Stock, $.01 par value ----------------29,278,689
Class B Common Stock, $.01 par value ------------12,074,309

VICOR CORPORATION

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VICOR CORPORATION

Condensed Consolidated Balance Sheet
(In thousands)
(Unaudited)

	June 30, 1999	December 31, 1998
Assets		
Current assets:		
Cash and cash equivalents	$ 48,993	$ 58,897
Accounts receivable, net	30,572	28,245
Inventories, net	28,284	29,470
Other current assets	4,899	5,071
Total current assets	112,748	121,683
Property, plant and equipment, net	109,536	111,074
Notes receivable	9,169	9,091
Other assets	9,679	7,703
	$ 241,132	$ 249,551
Liabilities and Stockholders' Equity		
Current liabilities:		
Amounts due for assets acquired	$ 5,333	$ 16,000
Accounts payable	7,987	9,919
Accrued liabilities	12,595	11,170
Total current liabilities	25,915	37,089
Deferred income taxes	3,203	3,203
Stockholders' equity:		
Preferred Stock	--	--
Class B Common Stock	121	121
Common Stock	343	342
Additional paid-in capital	101,161	100,255
Retained earnings	174,724	166,891
Accumulated other comprehensive income (loss)	(161)	349
Treasury stock, at cost	(64,174)	(58,699)
Total stockholders' equity	212,014	209,259
	$ 241,132	$ 249,551

Note: The balance sheet at December 31, 1998 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.

See accompanying notes.

VICOR CORPORATION

Condensed Consolidated Statement of Income
(In thousands except per share data)
(Unaudited)

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Product	$42,446	$40,157	$76,842	$81,992
License	2,362	1,561	9,930	2,918
	44,808	41,718	86,772	84,910
Costs and expenses:				
Cost of revenue	26,007	22,878	49,283	45,323
Selling, general and administrative	8,554	8,576	17,443	16,893
Research and development	4,869	5,178	10,020	10,694
	39,430	36,632	76,746	72,910
Income from operations	5,378	5,086	10,026	12,000
Other income	752	1,310	1,494	2,722
Income before income taxes	6,130	6,396	11,520	14,722
Provision for income taxes	1,962	2,241	3,687	5,152
Net income	$ 4,168	$ 4,155	$ 7,833	$ 9,570
Net income per common share:				
Basic	$ 0.10	$ 0.10	$ 0.19	$ 0.22
Diluted	$ 0.10	$ 0.10	$ 0.19	$ 0.22
Shares used to compute net income per share:				
Basic	41,328	42,547	41,429	42,721
Diluted	42,155	43,019	42,040	43,358

See accompanying notes.

VICOR CORPORATION

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

	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Operating activities:		
Net income	$ 7,833	$ 9,570
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,594	5,219
(Gain)loss on disposal of equipment	75	(24)
Change in current assets and liabilities, net	(12,320)	3,555
Net cash provided by operating activities	3,182	18,320
Investing activities:		
Additions to property, plant and equipment	(7,346)	(17,966)
Proceeds from sale of equipment	17	41
Increase in notes receivable	(78)	(21)
Increase in other assets	(814)	(2,874)
Net cash used in investing activities	(8,221)	(20,820)
Financing activities:		
Tax benefit relating to stock option plans	211	611
Proceeds from issuance of Common Stock	696	1,483
Acquisitions of treasury stock	(5,475)	(13,537)
Net cash used in financing activities	(4,568)	(11,443)
Effect of foreign exchange rates on cash	(297)	--
Net decrease in cash and cash equivalents	(9,904)	(13,943)
Cash and cash equivalents at beginning of period	58,897	84,859
Cash and cash equivalents at end of period	$ 48,993	$ 70,916

See accompanying notes.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
June 30, 1999
(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 only normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three- and six- months periods ended June 30, 1999 are not necessarily indicative of the results that may be expected for the year ended December 31, 1999. For further information, refer to the consolidated financial statements and notes thereto included in the Company's audited financial statements for the year ended December 31, 1998, contained in the Company's annual report filed on Form 10-K (File No. 0-18277) with the Securities and Exchange Commission.

2. 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,	
	1999	1998	1999	1998
Net Income	$ 4,168	$ 4,155	$ 7,833	$ 9,570
Denominator:				
Denominator for basic income per share-weighted average shares	41,328	42,547	41,429	42,721
Effect of dilutive securities:				
Employee stock options	827	472	611	637
Denominator for diluted income per share-adjusted weighted-average shares and assumed conversions	42,155	43,019	42,040	43,358
Basic income per share	$ 0.10	$ 0.10	$ 0.19	$ 0.22
Diluted income per share	$ 0.10	$ 0.10	$ 0.19	$ 0.22

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
June 30, 1999
(Continued)

3. INVENTORIES

Inventories are valued at the lower of cost (determined using the first-in, first-out method) or market. Inventories were as follows as of June 30, 1999 and December 31, 1998 (in thousands):

	June 30, 1999	December 31, 1998
Raw materials	$17,151	$19,084
Work-in-process	5,971	4,334
Finished goods	5,162	6,052
	$28,284	$29,470

4. COMPREHENSIVE INCOME

Total comprehensive income was $3,892,000 and $7,323,000 for the three and six months ended June 30, 1999 and $4,155,000 and $9,570,000 for the three and six months ended June 30, 1998. Other comprehensive income consisted of adjustments for foreign currency translation losses in the amounts of $276,000 and $510,000 for the three and six months ended June 30, 1999.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
June 30, 1999

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. Actual results could differ materially from those projected in the forward-looking statements as a result of 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, 1998. 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 Item 1 -- "Business -- Second-Generation Automated Manufacturing Line," "--Competition," "--Patents," and "--Licensing," and under Item 7 -- "Management's Discussion and Analysis of Financial Condition and Results of Operations."

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 1999 COMPARED TO THREE MONTHS ENDED JUNE 30, 1998

Net revenues for the second quarter of 1999 were $44,808,000, an increase of $3,090,000 (7.4%) as compared to $41,718,000 for the same period a year ago. The growth in net revenues resulted primarily from a net increase of unit shipments of standard and custom products of approximately $2,300,000 and an increase in license revenue of approximately $800,000.

Gross margin decreased $39,000 (0.2%) to $18,801,000 from $18,840,000, and decreased as a percentage of net revenues from 45.2% to 42.0%. The primary components of the decrease in gross margin dollars and percentage were attributable to changes in the revenue mix.

Selling, general and administrative expenses were $8,554,000 for the period, a decrease of $22,000 (0.3%) over the same period in 1998. As a percentage of net revenues, selling, general and administrative expenses decreased to 19.1% from 20.6%. The principal components of the $22,000 decrease were $634,000 (54.5%) of decreased advertising costs, a $188,000 (5.5%) decrease in compensation expense and a decrease of $105,000 (8.4%) in sales commission expense. The principal component offsetting the above decreases were $853,000 of new expenses incurred by Vicor Japan Company Ltd. ("VJCL"), which began operations in July 1998.

Research and development expenses decreased $309,000 (6.0%) to $4,869,000 and decreased as a percentage of net revenues to 10.9% from 12.4%. The principal component of the $309,000 decrease was $850,000 (25.6%) of decreased compensation expense in the research and development departments due to these departments transitioning from research and development to manufacturing cost centers which are charged to cost of sales and which are primarily related to the second-generation product line. The principal components offsetting the above decrease were $298,000 of new research and development costs associated with the operations of VJCL and $84,000 (12.4%) of increased project material costs.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
June 30, 1999
(continued)

Other income decreased $558,000 (42.6%) from the same period a year ago, to $752,000. Other income is primarily comprised of interest income derived from invested cash and cash equivalents, as well as a note receivable associated with the Company's real estate transaction. Interest income decreased primarily due to a decrease in cash and cash equivalent balances and a decrease in average interest rates.

Income before income taxes was $6,130,000, a decrease of $266,000 (4.2%) compared to the same period in 1998. As a percentage of net revenues, income before income taxes decreased from 15.3% to 13.7% primarily due to the decrease in other income as discussed above.

The effective tax rate for the second quarter of 1999 was 32%, compared to 35% for the same period in 1998. The decrease in the effective tax rate was due to the impact of expected tax credits in 1999.

Net income per share (diluted) was $.10 for the second quarters of 1999 and 1998.

SIX MONTHS ENDED JUNE 30, 1999 COMPARED TO SIX MONTHS ENDED JUNE 30, 1998

Net revenues for the first six months of 1999 were $86,772,000, an increase of $1,862,000 (2.2%) as compared to $84,910,000 for the same period a year ago. The growth in net revenues resulted primarily from an increase in license revenue of approximately $7,000,000 offset by a decrease in unit shipments of standard and custom products of approximately $5,100,000. The increase in license revenue was primarily due to a non-recurring payment from a licensee for past use of Vicor's intellectual property.

Gross margin decreased $2,098,000 (5.3%) to $37,489,000 from $39,587,000, and decreased as a percentage of net revenues from 46.6% to 43.2%. The primary components of the decrease in gross margin dollars and percentage were attributable to the increase in depreciation on the second-generation automated production line for the first six months of 1999 of approximately $1,500,000 as compared to the same period a year ago, changes in the revenue mix and to a non-recurring charge of $700,000 in the first quarter of 1999 for exit costs in connection with the relocation of certain manufacturing operations from a leased facility to the Company's owned manufacturing facility at Federal Street in Andover, Massachusetts. The gross margins for the remainder of 1999 will continue to be negatively impacted by the depreciation of the second-generation automated production line until higher production volumes and higher yield levels are attained.

Selling, general and administrative expenses were $17,443,000 for the period, an increase of $550,000 (3.3%) over the same period in 1998. As a percentage of net revenues, selling, general and administrative expenses increased to 20.1% from 19.9%. The principal components of the $550,000 increase were $1,660,000 of expenses incurred by VJCL and $458,000 (112.1%) of increased legal expense. The principal components offsetting the above increases were a decrease of $894,000 (48.4%) in advertising costs and a decrease of $456,000 (18.0%) in sales commission expense.

Research and development expenses decreased $674,000 (6.3%) to $10,020,000 and decreased as a percentage of net revenues to 11.5% from 12.6%. The principal components of the $674,000 decrease were $1,837,000 (28.8%) of decreased compensation expense in the research and development departments due to these departments transitioning from research and development to manufacturing cost centers which are charged to cost of sales and which are primarily related to the second generation production line. The principal components offsetting the above decrease were $591,000 of research and development expense associated with the operations of VJCL and $249,000 (13.2%) of increased project material costs.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
June 30, 1999
(continued)

Other income decreased $1,228,000 (45.1%) from the same period a year ago, to $1,494,000. Other income is primarily comprised of interest income derived from invested cash and cash equivalents, as well as a note receivable associated with the Company's real estate transaction. Interest income decreased primarily due to a decrease in cash and cash equivalent balances and a decrease in average interest rates.

Income before income taxes was $11,520,000, a decrease of $3,202,000 (21.7%) compared to the same period in 1998. As a percentage of net revenues, income before income taxes decreased from 17.3.% to 13.3% primarily due to the gross margin decrease and the decrease in other income as discussed above.

The effective tax rate for the six months ended June 30, 1999 was 32%, compared to 35% for the same period in 1998. The decrease in the effective tax rate was due to the impact of expected tax credits in 1999.

Net income per share (diluted) was $.19 for the six months ended June 30, 1999, compared to $.22 for the same period in 1998, a decrease of $.03 (13.6%).

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 1999 the Company had $48,993,000 in cash and cash equivalents. The ratio of current assets to current liabilities was 4.4:1 compared to 3.3:1 at December 31, 1998. Working capital increased $2,239,000, from $84,594,000 at December 31, 1998 to $86,833,000 at June 30, 1999. The primary factors affecting the working capital increase were a decrease in current liabilities of $11,174,000 offset by a decrease in cash of $9,904,000. The primary uses of cash for the first six months of 1999 were for additions to property and equipment of $7,346,000 and the acquisition of treasury stock of $5,475,000.

The Company plans to make continuing investments in manufacturing equipment, much of which is built internally. The internal construction of manufacturing machinery, in order to provide for additional manufacturing capacity, is a practice which the Company expects to continue over the next several years.

The Company has an unused line of credit with a bank under which the Company may borrow up to $4,000,000 on a revolving credit basis. 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, 1999, the Company had approximately $400,000 of capital expenditure commitments.

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

Management's Discussion and Analysis of
Financial Condition and Results of Operations
June 30, 1999
(continued)

YEAR 2000 READINESS DISCLOSURE

The statements in the following section include "Year 2000 readiness disclosure" within the meaning of the Year 2000 Information and Readiness Disclosure Act of 1998.

Vicor has formed an internal Year 2000 compliance team to evaluate its internal facilities, engineering and manufacturing processes, and business information systems with respect to Year 2000 compliance. The evaluation has included both Information Technology ("IT") systems and non-IT systems, and the products and systems of the Company's significant suppliers. The Company has initiated formal communications with all of its significant suppliers and large customers to determine the extent to which the Company is vulnerable to those third parties' failures to remediate their Year 2000 issues. The Company does not believe that it has any exposure to contingencies related to the Year 2000 issue for the products it has sold.

The compliance team is using the following phased approach to Year 2000 readiness: internal inventory, vendor questionnaires, assessment, planning (which involves establishing timetables and cost estimates), remediation and testing. The internal inventories for both IT and non-IT systems have been completed. Vendor questionnaires for both IT and non-IT systems have been circulated and responses have been received and reviewed. Vicor is continuing to work closely with its critical vendors to ensure compliance. The remediation, testing and implementation phases have been completed for Vicor's business systems during the second quarter of 1999 as planned. The remediation, testing and implementation phases for non-IT systems are planned for the third quarter of 1999.

Vicor's current primary business information system was known to be non-compliant and a vendor was selected to assist the Company in bringing this system into compliance. The system was brought into compliance and tested during the first quarter of 1999, and was placed into production in the second quarter, as planned. In addition, the Company is proceeding with the phased installation of a new Enterprise Resource Planning (ERP) system which will replace the upgraded, Year 2000 compliant primary business information system. The installation of the Year 2000 compliant ERP system is not necessary for the Company to achieve Year 2000 compliance with respect to its business information system and such ERP system will not be fully installed by December 31, 1999. Phases of this installation have been delayed due to other Year 2000 compliance efforts.

The total external cost of the Year 2000 project is estimated to be $6.0 million, of which a significant portion is for the new ERP system. Internal costs are not considered to be incremental, and are therefore not included in the amount. Of the total project cost, approximately $2.2 million will be capitalized for the purchase of new software and hardware enhancements. The balance of $3.8 million will be expensed as incurred through January 1, 2001 and is not expected to have a material effect on the results of operations. All of these costs incurred after January 1, 2000 will be related only to the new ERP system. Through June 30, 1999, the Company has incurred approximately $2.9 million ($1.1 million expensed and $1.8 million capitalized), of which approximately $300,000 was incurred in the first six months of 1999 ($100,000 expensed and $200,000 capitalized).

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
June 30, 1999
(continued)

The Company presently believes that the Year 2000 issue will not pose significant operational problems. However, the future Year 2000 compliance within Vicor is dependent on certain key personnel, and on vendors' equipment and internal systems. Therefore, unresolved Year 2000 issues remain a possibility. As a result, Year 2000 issues could have a significant impact on the Company's operations and its financial results if modifications cannot be completed on a timely basis, unforeseen needs or problems arise, or if systems operated by third parties (including municipalities and utilities) are not Year 2000 compliant. The Company currently believes that its most reasonably likely worst case Year 2000 scenario would relate to failures with external infrastructures such as utilities, telecommunications and transportation systems, over which the Company has limited or no control. The Company has not analyzed the potential consequences to the results of operations, liquidity and financial condition of such a scenario. At present, the Company believes that it understands and has resources to remediate any remaining Year 2000 issues. The Company is continuing to consider the need for a formal contingency plan.

The estimates and conclusions set forth herein regarding Year 2000 compliance contain forward-looking statements and are based on management's estimates of future events and information provided by third parties. There can be no assurance that such estimates and information will prove to be accurate. All forward-looking statements involve a number of risks and uncertainties that could cause the actual results to differ materially from the projected results. Risks to completing the Year 2000 project include the availability of resources, the Company's ability to discover and correct potential Year 2000 problems and the ability of suppliers and other third parties to bring their systems into Year 2000 compliance.

VICOR CORPORATION

Part II - Other Information
June 30, 1999

ITEM 1 - LEGAL PROCEEDINGS

The Company is involved in certain litigation incidental to the conduct of its business. While the outcome of lawsuits against the Company cannot be predicted with certainty, management does not expect any current litigation to have a material adverse impact on the Company.

ITEM 2 - CHANGES IN SECURITIES

Not applicable.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS

The 1999 Annual Meeting of Stockholders of the Company was held on June 24, 1999. 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	135,332,015	208,106
Estia J. Eichten	135,331,626	208,495
Barry Kelleher	135,330,126	209,995
Jay M. Prager	135,330,926	209,195
David T. Riddiford	135,343,926	196,195
M. Michael Ansour	135,344,126	195,995

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

ITEM 5 - OTHER INFORMATION

Not applicable.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits - 27.1 Financial Data Schedule
b. Reports on Form 8-K - none.

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 5, 1999

By: /s/ Patrizio Vinciarelli
Patrizio Vinciarelli
President and Chairman
of the Board

Date: August 5, 1999

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

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VICOR CORPORATION
1,000
U.S. DOLLARS

6-MOS
DEC-31-1999
JAN-01-1999
JUN-30-1999
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