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 March 31, 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 March 31, 1999.

Common Stock, $.01 par value ----------------29,282,073
Class B Common Stock, $.01 par value ------------12,042,409

VICOR CORPORATION

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VICOR CORPORATION

Condensed Consolidated Balance Sheet
(In thousands)
(Unaudited)

	March 31, 1999	December 31, 1998
Assets		
Current assets:		
Cash and cash equivalents	$ 54,718	$ 58,897
Accounts receivable, net	26,119	28,245
Inventories, net	29,563	29,470
Other current assets	5,025	5,071
Total current assets	115,425	121,683
Property, plant and equipment, net	111,881	111,074
Notes receivable	9,082	9,091
Other assets	7,978	7,703
	$ 244,366	$ 249,551
Liabilities and Stockholders' Equity		
Current liabilities:		
Amounts due for assets acquired	$ 10,666	$ 16,000
Accounts payable	7,652	9,919
Accrued liabilities	14,868	11,170
Total current liabilities	33,186	37,089
Deferred income taxes	3,203	3,203
Stockholders' equity:		
Preferred Stock	--	--
Class B Common Stock	120	121
Common Stock	343	342
Additional paid-in capital	100,516	100,255
Retained earnings	170,556	166,891
Accumulated other comprehensive income	115	349
Treasury stock, at cost	(63,673)	(58,699)
Total stockholders' equity	207,977	209,259
	$ 244,366	$ 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	
	March 31, 1999	March 31, 1998
Net revenues:		
Product	$34,396	$41,835
License	7,568	1,357
	41,964	43,192
Costs and expenses:		
Cost of revenue	23,276	22,445
Selling, general and administrative	8,889	8,317
Research and development	5,151	5,516
	37,316	36,278
Income from operations	4,648	6,914
Other income	742	1,412
Income before income taxes	5,390	8,326
Provision for income taxes	1,725	2,911
Net income	$ 3,665	$ 5,415
Net income per common share:		
Basic	$ 0.09	$ 0.13
Diluted	$ 0.09	$ 0.12
Shares used to compute net income per share:		
Basic	41,530	42,896
Diluted	41,925	43,697

See accompanying notes.

VICOR CORPORATION

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

	Three Months Ended	
	March 31, 1999	March 31, 1998
Operating activities:		
Net income	$ 3,665	$ 5,415
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,710	2,063
Loss on disposal of equipment	78	3
Change in current assets and liabilities, net	(1,824)	1,428
Net cash provided by operating activities	5,629	8,909
Investing activities:		
Additions to property, plant and equipment	(4,333)	(7,689)
Proceeds from sale of equipment	10	14
Decrease in notes receivable	9	8
Increase in other assets	(547)	(2,263)
Net cash used in investing activities	(4,861)	(9,930)
Financing activities:		
Tax benefit relating to stock option plans	24	322
Proceeds from issuance of Common Stock	237	1,017
Acquisitions of treasury stock	(4,974)	--
Other	(234)	--
Net cash (used in) provided by financing activities	(4,947)	1,339
Net (decrease) increase in cash and cash equivalents	(4,179)	318
Cash and cash equivalents at beginning of period	58,897	84,859
Cash and cash equivalents at end of period	$ 54,718	$ 85,177

See accompanying notes.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
March 31, 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 months ended March 31, 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 months ended March 31 (in thousands, except per share amounts):

	Three Months Ended March 31,	
	1999	1998
Numerator:		
Net income	$ 3,665	$ 5,415
Denominator:		
Denominator for basic income per share-weighted average shares	41,530	42,896
Effect of dilutive securities:		
Employee stock options	395	801
Denominator for diluted income per share-adjusted weighted-average shares and assumed conversions	41,925	43,697
Basic income per share	$ 0.09	$ 0.13
Diluted income per share	$ 0.09	$ 0.12

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
March 31, 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 March 31, 1999 and December 31, 1998 (in thousands):

	March 31, 1999	December 31, 1998
Raw materials	$18,311	$19,084
Work-in-process	5,042	4,334
Finished goods	6,210	6,052
	$29,563	$29,470

4. COMPREHENSIVE INCOME

Total comprehensive income was $3,431,000 and $5,415,000 for the three months ended March 31, 1999 and 1998, respectively.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
March 31, 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 MARCH 31, 1999, COMPARED TO THREE MONTHS ENDED MARCH 31, 1998

Net revenues for the first quarter of 1999 were $41,964,000, a decrease of $1,228,000 (2.8%) as compared to $43,192,000 for the same period a year ago. The decrease in net revenues resulted primarily from a reduction in unit shipments of standard and custom products of approximately $7,200,000 offset by an increase in license revenues of approximately $6,200,000. The increase in license revenue was primarily due to a non-recurring payment from a licensee for past use of Vicor's intellectual property. As a result of increased product bookings during the first quarter of 1999, backlog grew by 24% to $45,700,000 compared with $37,000,000 at December 31, 1998.

Gross margin decreased $2,059,000 (9.9%) from $20,747,000 to $18,688,000, and decreased as a percentage of net revenues from 48.0% to 44.5%. The primary components of the decrease in gross margin dollars and percentage were attributable to depreciation on the second-generation automated production line in the first quarter of 1999 of approximately $1,242,000, increases in the unit cost of first generation product, changes in the revenue mix and a non-recurring charge of $700,000 for exit costs in connection with the relocation of certain manufacturing operations from a leased facility to the Company's owned manufacturing facility located at Federal Street in Andover, Massachusetts. 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 $8,889,000 for the period, an increase of $572,000 (6.9%) over the same period in 1998. As a percentage of net revenues, selling, general and administrative expenses increased to 21.2% from 19.3%. The principal components of the $572,000 increase were $806,000 (100.0%) of expenses incurred by Vicor Japan Company Ltd. ("VJCL"), which began operations in July 1998 and $476,000 (167.6%) of increased legal expenses. The principal components offsetting the above increases were a decrease of $348,000 (27.1%) in sales commission expense and a decrease of $325,000 (43.4%) in advertising costs.

Research and development expenses were $5,151,000 for the period, a decrease of $365,000 (6.6%) over the same period in 1998. As a percentage of net revenues, research and development expenses decreased from 12.8% to 12.3%. The principal component of the $365,000 decrease was $815,000 (26.6%) of decreased compensation expense in the research and development departments due to these departments transitioning from research and development to manufacturing production 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 $293,000 (100%) of increased research and development expenses associated with the operations of VJCL and $168,000 (13.9%) of increased project materials costs.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
March 31, 1999
(continued)

Other income decreased $670,000 (47.5%) from the same period a year ago to $742,000. Other income is primarily comprised of interest income derived from invested cash and cash equivalents, as well as notes receivable associated with the Company's real estate transactions. Interest income decreased primarily due to a decrease in cash and cash equivalent balances and a decrease in the average interest rates.

Income before income taxes was $5,390,000, a decrease of $2,936,000 (35.3%) compared to the same period in 1998. As a percentage of net revenues, income before income taxes decreased from 19.3% to 12.8% primarily due to the gross margin decrease and the increase in operating expenses as discussed above.

The effective tax rate for the first 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 $.09 for the first quarter of 1999, compared to $.12 for the first quarter of 1998, a decrease of $.03 (25.0%).

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1999 the Company had $54,718,000 in cash and cash equivalents. The ratio of current assets to current liabilities was 3.5:1 compared to 3.3:1 at December 31, 1998. Working capital decreased $2,355,000, from $84,594,000 at December 31, 1998 to $82,239,000 at March 31, 1999. The primary factors affecting the working capital decrease were a decrease in cash of $4,179,000 and a decrease in accounts receivable of $2,126,000, offset by a decrease in current liabilities of $3,903,000. The primary uses of cash for the first three months of 1999 were for the acquisition of treasury stock of $4,974,000 and for additions to property and equipment of $4,333,000, offset by cash provided by operating activities of $5,629,000.

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 March 31, 1999, the Company had approximately $1,400,000 of capital expenditure commitments, including approximately $1,100,000 related to the construction of new and expanded facilities.

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 material during the last three fiscal years.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
March 31, 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. For both IT and non-IT systems, there are approximately 5 critical vendors from which responses either have not been received or have not indicated compliance. The compliance team and the purchasing department are following up with these vendors. Both the assessment phase and the planning phase have been completed for the IT systems and for non-IT systems. The remediation and testing phases will commence and are expected to be completed during the second quarter of 1999 for IT systems. The remediation phase for non-IT systems is expected to be completed during the second quarter of 1999, with testing to run into 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, with final implementation targeted for completion in the second quarter. 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 should not be 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, and the balance of $3.8 million will be expensed as incurred through 2001, which is not expected to have a material effect on the results of operations. Through March 31, 1999, the Company has incurred approximately $2.9 million ($1.1 million expensed and $1.8 million capitalized), of which approximately $164,000 was incurred in the first quarter of 1999 ($64,000 expensed and $100,000 capitalized).

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.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
March 31, 1999
(continued)

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 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 has not developed contingency plans but intends to determine whether to develop such plans early in fiscal 1999.

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
March 31, 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

Not applicable.

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: May 13, 1999

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

Date: May 13, 1999

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

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VICOR CORPORATION
1,000
U.S. DOLLARS

3-MOS
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JAN-01-1999
MAR-31-1999
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