

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 March 31, 2000

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

(State of Incorporation)

04-2742817

(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 No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of March 31, 2000.

Common Stock, \$.01 par value	30,407,093
Class B Common Stock, \$.01 par value	12,011,348

VICOR CORPORATION

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VICOR CORPORATION

Condensed Consolidated Balance Sheet
(In thousands)
(Unaudited)

Assets	March 31, 2000	December 31, 1999

Current assets:		
Cash and cash equivalents	\$ 76,859	\$ 69,109
Accounts receivable, net	37,936	32,465
Inventories, net	35,315	33,360
Other current assets	6,461	6,940
	-----	-----
Total current assets	156,571	141,874
Property, plant and equipment, net	109,413	109,079
Notes receivable	8,694	8,698
Other assets	8,491	9,254
	-----	-----
	\$ 283,169	\$ 268,905
	=====	=====
Liabilities and Stockholders' Equity		

Current liabilities:		
Accounts payable	\$ 9,767	\$ 10,317
Accrued liabilities	16,684	8,540
	-----	-----
Total current liabilities	26,451	18,857
Deferred income taxes	5,515	5,515
Stockholders' equity:		
Preferred Stock	--	--
Class B Common Stock	120	121
Common Stock	359	356
Additional paid-in capital	128,539	124,451
Retained earnings	193,095	185,979
Accumulated other comprehensive income	862	889
Treasury stock, at cost	(71,772)	(67,263)
	-----	-----
Total stockholders' equity	251,203	244,533
	-----	-----
	\$ 283,169	\$ 268,905
	=====	=====

Note: The balance sheet at December 31, 1999 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, 2000	March 31, 1999
	-----	-----
Net revenues:		
Product	\$55,186	\$34,396
License	2,600	7,568
	-----	-----
	57,786	41,964
Costs and expenses:		
Cost of revenue	33,019	23,276
Selling, general and administrative	10,273	8,889
Research and development	5,271	5,151
	-----	-----
	48,563	37,316
	-----	-----
Income from operations	9,223	4,648
Other income	1,164	742
	-----	-----
Income before income taxes	10,387	5,390
Provision for income taxes	3,271	1,725
	-----	-----
Net income	\$ 7,116	\$ 3,665
	=====	=====
Net income per common share:		
Basic	\$ 0.17	\$ 0.09
Diluted	\$ 0.16	\$ 0.09
Shares used to compute net income per share:		
Basic	42,483	41,530
Diluted	43,341	41,925

See accompanying notes.

VICOR CORPORATION

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

	Three Months Ended	
	----- March 31, 2000 -----	----- March 31, 1999 -----
Operating activities:		
Net income	\$ 7,116	\$ 3,665
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,533	3,710
Loss on disposal of equipment	6	78
Change in current assets and liabilities, net	639	(1,824)
	-----	-----
Net cash provided by operating activities	12,294	5,629
Investing activities:		
Additions to property, plant and equipment	(4,549)	(4,333)
Proceeds from sale of equipment	0	10
Decrease in notes receivable	4	9
Decrease (increase) in other assets	436	(547)
	-----	-----
Net cash used in investing activities	(4,109)	(4,861)
Financing activities:		
Tax benefit relating to stock option plans	1,211	24
Proceeds from issuance of Common Stock	2,879	237
Acquisitions of treasury stock	(4,509)	(4,974)
	-----	-----
Net cash used in financing activities	(419)	(4,713)
Effect of foreign exchange rates on cash	(16)	(234)
	-----	-----
Net increase (decrease) in cash and cash equivalents	7,750	(4,179)
Cash and cash equivalents at beginning of period	69,109	58,897
	-----	-----
Cash and cash equivalents at end of period	\$ 76,859	\$ 54,718
	=====	=====

See accompanying notes.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
March 31, 2000
(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, 2000 are not necessarily indicative of the results that may be expected for the year ended December 31, 2000. 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, 1999, 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,	
	2000	1999
	----	----
Numerator:		
Net income	\$ 7,116	\$ 3,665
	=====	=====
Denominator:		
Denominator for basic income per share-weighted average shares	42,483	41,530
Effect of dilutive securities:		
Employee stock options	858	395
	-----	-----
Denominator for diluted income per share- adjusted weighted-average shares and assumed conversions	43,341	41,925
	=====	=====
Basic income per share	\$ 0.17	\$ 0.09
	=====	=====
Diluted income per share	\$ 0.16	\$ 0.09
	=====	=====

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
March 31, 2000
(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, 2000 and December 31, 1999 (in thousands):

	March 31, 2000	December 31, 1999
	-----	-----
Raw materials	\$23,159	\$22,924
Work-in-process	6,621	4,957
Finished goods	5,535	5,479
	-----	-----
	\$35,315	\$33,360
	=====	=====

4. Comprehensive Income

Total comprehensive income was \$7,089,000 and \$3,431,000 for the three months ended March 31, 2000 and 1999, respectively. Other comprehensive income consisted of adjustments for foreign currency translation losses in the amounts of \$27,000 and \$234,000 for the three months ended March 31, 2000 and 1999, respectively.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
March 31, 2000

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," "plan," "assumes," and other similar expressions identify forward-looking statements. 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, 1999. 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," "--Licensing," and "--Risk Factors," and under 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.

Results of Operations

Three months ended March 31, 2000 compared to three months ended March 31, 1999

Net revenues for the first quarter of 2000 were \$57,786,000, an increase of \$15,822,000 (37.7%) as compared to \$41,964,000 for the same period a year ago. The increase in net revenues resulted primarily from an increase in unit shipments of standard products of \$20,790,000 offset by a decrease in license revenues of \$4,968,000. The decrease in license revenue was primarily due to a non-recurring payment from a licensee for past use of Vicor's intellectual property in the first quarter of 1999.

Gross margin increased \$6,079,000 (32.5%) from \$18,688,000 to \$24,767,000, and decreased as a percentage of net revenues from 44.5% to 42.9%. The primary component of the increase in gross margin dollars was the increase in net revenues. The primary component of the decrease in gross margin percentage was due to changes in the revenue mix, partially offset by the increase in net revenues.

Selling, general and administrative expenses were \$10,273,000 for the period, an increase of \$1,384,000 (15.6%) over the same period in 1999. As a percentage of net revenues, selling, general and administrative expenses decreased from 21.2% to 17.8%. The principal components of the \$1,384,000 increase were \$587,000 (62.7%) of increased sales commission expense, \$315,000 (10.2%) of increased compensation expense, \$256,000 (60.4%) of increased advertising costs and \$228,000 of payroll tax expense associated with the exercise of stock options.

Research and development expenses were \$5,271,000 for the period, an increase of \$120,000 (2.3%) over the same period in 1999. As a percentage of net revenues, research and development expenses decreased from 12.3% to 9.1%. The principal components of the \$120,000 increase were \$663,000 (29.6%) of increased compensation expense and \$100,000 (57.1%) of increased research and development expenses associated with the operations of the Vicor Integrated Architects ("VIAs"). The principal component offsetting the above increase was \$672,000 (48.7%) of decreased project material costs.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
March 31, 2000
(continued)

Other income increased \$422,000 (56.9%) from the same period a year ago to \$1,164,000. 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 transaction. Interest income increased primarily due to an increase in cash and cash equivalent balances and an increase in the average interest rates.

Income before income taxes was \$10,387,000, an increase of \$4,997,000 (92.7%) compared to the same period in 1999. As a percentage of net revenues, income before income taxes increased from 12.8% to 18.0% primarily due to the gross margin increase generated by the increased net revenues.

The effective tax rate for the first quarter of 2000 was 31.5%, compared to 32.0% for the same period in 1999.

Net income per share (diluted) was \$.16 for the first quarter of 2000, compared to \$.09 for the first quarter of 1999, an increase of \$.07 (77.8%).

Liquidity and Capital Resources

At March 31, 2000 the Company had \$76,859,000 in cash and cash equivalents. The ratio of current assets to current liabilities was 5.9:1 compared to 7.5:1 at December 31, 1999. Working capital increased \$7,103,000, from \$123,017,000 at December 31, 1999 to \$130,120,000 at March 31, 2000. The primary factors affecting the working capital increase were an increase in cash of \$7,750,000 and accounts receivable of \$5,471,000, offset by an increase in current liabilities of \$7,594,000. The primary uses of cash for the first three months of 2000 were for additions to property and equipment of \$4,549,000 and for the acquisition of treasury stock of \$4,509,000.

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.

In February 2000, the Board of Directors of the Company authorized the repurchase of the Company's Common Stock up to an aggregate amount of approximately \$30,000,000. The plan authorizes the Company to make such repurchases from time to time in the open market or through privately negotiated transactions. The timing of this program and the amount of stock that may be repurchased is at the discretion of management based on its view of economic and financial market conditions. During the three months ended March 31, 2000, the Company spent \$4,509,000 for the repurchase of its Common Stock.

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, 2000, the Company had approximately \$870,000 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 material during the last three fiscal years.

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 and fluctuations in foreign currency exchange rates. The Company's exposure to market risk for a change in interest rates relates primarily to the Company's cash and cash equivalents.

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 is not significant. 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"). The Company believes that this market risk is currently not material due to the relative size of VJCL's operations.

VICOR CORPORATION

Part II - Other Information
March 31, 2000

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 10, 2000

By: /s/ Patrizio Vinciarelli

Patrizio Vinciarelli
President and Chairman
of the Board

Date: May 10, 2000

By: /s/ Mark A. Glazer

Mark A. Glazer
Chief Financial Officer

3-MOS

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MAR-31-2000
76,859
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