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 September 30, 1996

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)

23 Frontage Road, Andover, Massachusetts 01810
(Address of registrant's principal executive office)

(508) 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 September 30, 1996.

Common Stock, $.01 par value ----------------29,781,829
Class B Common Stock, $.01 par value ------12,274,809

VICOR CORPORATION

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VICOR CORPORATION

Condensed Consolidated Balance Sheet
(In thousands)
(Unaudited)

Assets	September 30, 1996	December 31, 1995
Current assets:		
Cash and cash equivalents	$ 67,846	$ 65,244
Accounts receivable, net	24,623	26,171
Inventories	21,454	16,685
Other current assets	2,956	3,015
Total current assets	116,879	111,115
Property, plant and equipment, net	56,318	51,516
Notes receivable	3,703	2,500
Other assets	2,216	1,866
	$179,116	$166,997

Liabilities and Stockholders' Equity	September 30, 1996	December 31, 1995
Current liabilities:		
Accounts payable	$ 6,685	$ 7,647
Accrued liabilities	6,445	7,568
Total current liabilities	13,130	15,215
Deferred income taxes	1,726	1,726
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred Stock	-	-
Class B Common Stock	123	123
Common Stock	328	324
Additional paid-in capital	81,192	77,793
Retained earnings	118,813	99,200
Treasury stock, at cost	(36,196)	(27,384)
Total stockholders' equity	164,260	150,056
	$179,116	$166,997

Note: The balance sheet at December 31, 1995 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 amounts)
(Unaudited)

	Three Months Ended September 30, 1996	Three Months Ended September 30, 1995	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
Net revenues	$35,673	$37,307	$108,181	$106,218
Costs and expenses:				
Cost of sales	16,353	17,651	49,755	49,566
Selling, general and administrative	6,800	5,507	19,807	15,671
Research and development	3,753	2,953	10,501	8,441
	26,906	26,111	80,063	73,678
Income from operations	8,767	11,196	28,118	32,540
Other income	974	1,117	2,857	3,030
Income before income taxes	9,741	12,313	30,975	35,570
Provision for income taxes	3,506	4,679	11,362	13,517
Net income	$ 6,235	$ 7,634	$ 19,613	$ 22,053
Net income per share	$ 0.15	$ 0.18	$ 0.46	$ 0.51
Weighted average number of common shares and equivalents	42,785	43,547	42,451	43,026

See accompanying notes.

VICOR CORPORATION

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

	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
Operating activities:		
Net income	$ 19,613	$ 22,053
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,186	6,151
(Gain) loss on disposal of equipment	4	(20)
Change in current assets and liabilities, net	(5,248)	(9,014)
Total adjustments	942	(2,883)
Net cash provided by operating activities	20,555	19,170
Investing activities:		
Additions to property, plant and equipment	(10,898)	(11,296)
Proceeds from sale of equipment	16	33
Decrease (increase) in notes receivable	(1,203)	1,473
(Increase) in other assets	(459)	(253)
Net cash used in investing activities	(12,544)	(10,043)
Financing activities:		
Payments on long-term debt	--	(77)
Income tax benefit from stock option activity	2,444	3,576
Proceeds from issuance of Common Stock	959	8,514
Acquisition of treasury stock	(8,812)	--
Net cash provided by (used in) financing activities	(5,409)	12,013
Net increase in cash and cash equivalents	2,602	21,140
Cash and cash equivalents at beginning of period	65,244	43,201
Cash and cash equivalents at end of period	$ 67,846	$ 64,341

See accompanying notes.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
September 30, 1996
(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 nine-month periods ended September 30, 1996 are not necessarily indicative of the results that may be expected for the year ended December 31, 1996. 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, 1995, contained in the Company's annual report filed on Form 10-K (File #0-18277) with the Securities and Exchange Commission.

2. Net Income per Share

Net income per common share is based on the weighted average number of shares of common shares and common share equivalents.

3. Inventories

Inventories are valued at the lower of cost (determined using the first-in, first-out method) or market. Costs associated with the long-term contract for the sale of automated manufacturing line equipment are included in inventories reduced by amounts identified with revenues recognized under the contract. Inventories were as follows as of September 30, 1996 and December 31, 1995 (in thousands):

	September 30, 1996	December 31, 1995
Raw materials	$12,045	$10,396
Work-in-process	3,247	2,754
Finished goods	6,161	3,421
Unbilled costs........................	1	114
	$21,454	$16,685

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
(continued)

4. Adoption of New Accounting Pronouncements

The Company has adopted Statement of Financial Accounting Standards No. 121 ("SFAS 121"), Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, which requires impairment losses to be recorded on the long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The adoption of SFAS 121 has no impact on the financial position or results of operations of the Company as no indicators of impairment currently exist.

The Company has adopted the disclosure provisions of Financial Accounting Standards No. 123 ("SFAS 123"), Accounting and Disclosure of Stock-Based Compensation. The Company will continue to account for its stock-based compensation arrangements under the provisions of APB 25, Accounting for Stock Issued to Employees.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
September 30, 1996

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, 1995. 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 -- Next-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 September 30, 1996, compared to three months ended September 30, 1995

Net revenues for the third quarter of 1996 were $35,673,000, a decrease of $1,634,000 (4.4%) as compared to $37,307,000 for the same period a year ago. $859,000 (53%) of this decrease in net revenues was due to a reduction of revenue recognized under the Company's long-term contract for the sale of automated manufacturing line equipment. The balance of the decrease was primarily due to lower unit shipments of standard products.

Gross margin decreased $336,000 (1.7%) from $19,656,000 to $19,320,000, but increased as a percentage of net revenues to 54.2% from 52.7%, primarily due to a higher average selling price per standard unit and to changes in the revenue mix.

Selling, general and administrative expenses were $6,800,000 for the period, an increase of $1,293,000 (23.5%) over the same period in 1995. As a percentage of net revenues, selling, general and administrative expenses increased to 19.1% compared to 14.8% in 1995. The principal components of the $1,293,000 increase were $392,000 (18.3%) of increased compensation expense due to growth in staffing levels of selling and administrative personnel; $329,000 (183.7%) of other international sales office expenses; and $138,000 (212.7%) of increased legal expenses.

Research and development expenses increased $800,000 (27.1%) to $3,753,000 and increased as a percentage of net revenues to 10.5% from 7.9%. The principal components of the $800,000 increase were $491,000 (29.5%) of increased compensation expense due to growth in staffing levels of engineering personnel; $132,000 (100.0%) of Vicor Integration Architects (VIAs) related expense, and increased project materials costs of $106,000 (19.2%). The Company continues work on its next-generation products. The Company does not expect revenues or earnings from this new product family to be material over the next several quarters. See also the discussion under "Liquidity and Capital Resources."

Other income decreased $143,000 (12.8%) from the same period a year ago, to $974,000. Other income is primarily comprised of interest income derived from cash and cash equivalents, short-term investments, and notes receivable associated with the Company's real estate transactions in Andover, Massachusetts. This decrease is primarily due to a reduction in interest income earned on lower average balances from an escrow account maintained in connection with the Company's long-term contract for the sale of automated manufacturing line equipment and from an overall decrease in market interest rates during the quarter, as compared with the same period a year ago.

Income before income taxes was $9,741,000, a decrease of $2,572,000 (20.9%)

compared to the same period in 1995. As a percentage of net revenues, income before income taxes decreased from 33.0% to 27.3% primarily due

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
September 30, 1996
(continued)

to the increase in operating expenses related to the Company's continued investments in international expansion and research and development.

Net income per share for the third quarter of 1996 was $.15, compared to $.18 for the third quarter of 1995, a decrease of $.03 (16.7%).

Nine months ended September 30, 1996, compared to nine months ended September 30, 1995

Net revenues for the first nine months of 1996 were $108,181,000, an increase of $1,963,000 (1.8%) as compared to $106,218,000 for the same period a year ago. The increase in net revenues was primarily due to an increase of unit shipments of standard products.

Gross margin increased $1,774,000 (3.1%) to $58,426,000 from $56,652,000, and increased as a percentage of net revenues to 54.0% from 53.3%. The increase in gross margin resulted primarily from changes in the revenue mix.

Selling, general and administrative expenses were $19,807,000 for the period, an increase of $4,136,000 (26.4%) over the same period in 1995. As a percentage of net revenues, selling, general and administrative expenses increased to 18.3% compared to 14.8% in 1995. The principal components of the $4,136,000 increase were $1,204,000 (19.7%) of compensation expense due to growth in staffing levels of selling and administrative personnel, primarily in the international sales offices; $793,000 (209.8%) of other international sales office expenses; $693,000 (130.9%) of VIA related expense; and $353,000 (154.6%) of increased legal expenses.

Research and development expenses increased $2,060,000 (24.4%) to $10,501,000 and increased as a percentage of net revenues to 9.7% from 7.9%. The principal components of the $2,060,000 increase were $1,169,000 (24.4%) of compensation expense due to growth in staffing levels of engineering personnel; VIA related research and development costs of $312,000 (100.0%); and increased project material costs of $275,000 (18.0%).

Other income decreased $173,000 (5.7%) to $2,857,000. Other income is primarily comprised of interest income derived from cash and cash equivalents, short-term investments, and notes receivable associated with the Company's real estate transactions in Andover, Massachusetts. This decrease is primarily due to a reduction in interest income earned on lower average balances from an escrow account maintained in connection with the Company's long-term contract for the sale of automated manufacturing line equipment and from an overall decrease in market interest rates during the nine months ended September 30, 1996, as compared with the same period a year ago.

Income before income taxes was $30,975,000, a decrease of $4,595,000 (12.9%) compared to the same period in 1995. As a percentage of net revenues, income before income taxes decreased from 33.5% to 28.6% primarily due to the increase in operating expenses related to the Company's continued investment in international expansion, VIA related expenses, and research and development.

Net income per share for the first nine months of 1996 was $.46, compared to $.51 for the first nine months of 1995, a decrease of $.05 (9.8%).

Liquidity and Capital Resources

At September 30, 1996 the Company had $67,846,000 in cash and cash equivalents. The ratio of current assets to current liabilities was 8.9:1 compared to 7.3:1 at December 31, 1995. Working capital increased $7,849,000, from $95,900,000 at December 31, 1995 to $103,749,000 at September 30, 1996. The primary factors affecting the

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
September 30, 1996
(continued)

working capital increase were an increase in inventory of $4,769,000 and an increase in cash of $2,602,000 during the first nine months of 1996. The increase in cash was primarily attributable to cash derived from operating activities of $20,555,000; the net proceeds for the issuance of Common Stock from the exercise of stock options, and the related income tax benefit derived from such issuance, of $3,403,000. The primary uses of cash for the first nine months of 1996 were for additions to property and equipment of $10,898,000, and for the acquisition of treasury stock of $8,812,000.

The Company plans to make continuing investments in manufacturing equipment, much of which is built internally. The internal construction of manufacturing machinery is a practice which the Company expects to follow over the next several years. All machinery and equipment, whether purchased externally or built internally, are depreciated or amortized over five years after being placed into service.

In 1995, the Company had announced that it had started prototype production on a new automated manufacturing line designed to manufacture next-generation products.

On June 27, 1996, the Company announced that it intends to begin introducing selected models of its next-generation 700, 800 and 900 Series product families for sale on September 3, 1996 and that it is planning a general introduction of the three product families in the fall of 1996. The Company also announced certain expected technical characteristics of the models to be introduced and described an interactive computer-aided design tool that the Company is creating to assist customers. In September 1996, advertisements were placed in various electronics magazines, announcing the introduction of a 600 watt module from the Company's next-generation 900 Series product family. While management believes that the new manufacturing line and the introduction of selected models of its next-generation product families are important milestones, there can be no assurance that problems will not substantially delay the ultimate introduction of the products, require modification of product specifications or prevent attainment of the anticipated capacity of the new manufacturing line. Significant revenues are not expected to occur for several quarters from the sale of this product or from the sale of any other product in the Company's next-generation product line.

In February, 1996, the Board of Directors of the Company authorized the repurchase of the Company's Common Stock up to an aggregate amount of approximately $19,500,000, including amounts remaining under a prior authorization. The plan authorized 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 the stock that may be repurchased is at the discretion of management based on its view of economic and financial market conditions. The Company spent $8,812,000 in the repurchase of its Common Stock in the quarter ended March 31, 1996. There were no repurchases in the quarters ended June 30 and September 30, 1996.

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 September 30, 1996, the Company had approximately $700,000 of capital expenditure commitments.

The Company does not consider the impact of inflation on its business activities to have been significant to date.

VICOR CORPORATION

Part II - Other Information
September 30, 1996

Item 1 - Legal Proceedings

On October 17, 1996, the Company filed a complaint in Munich District Court, Federal Republic of Germany, citing Nemic-Lambda of Japan and Lambda Electronics GmbH for infringement of Vicor's German "reset" patent. Vicor seeks injunctive relief and damages. Having recently completed a detailed examination of products sold by Lambda in Germany, and being confronted with an unresolved case of infringement, Vicor has taken this first step in enforcing its reset patent rights.

The Company is involved in other 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. 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: November 5, 1996 By: /s/ Patrizio Vinciarelli

Patrizio Vinciarelli
President and Chairman
of the Board

Date: November 5, 1996 By: /s/ Mark A. Glazer

Mark A. Glazer
Vice President of Finance
and Administration

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DEC-31-1996
JAN-01-1996
SEP-30-1996
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