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, 1997

--- 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)

(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 September 30, 1997.

Common Stock, $.01 par value ----------------30,443,321
Class B Common Stock, $.01 par value --------12,214,309

VICOR CORPORATION

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VICOR CORPORATION

Condensed Consolidated Balance Sheet
(In thousands)
(Unaudited)

Assets	September 30, 1997	December 31, 1996
Current assets:		
Cash and cash equivalents	$ 86,327	$ 73,647
Accounts receivable, net	31,181	25,001
Inventories	20,399	21,129
Other current assets	2,949	2,765
Total current assets	140,856	122,542
Property, plant and equipment, net	63,959	57,613
Notes receivable	9,056	3,795
Other assets	2,927	2,493
	$216,798	$186,443

Liabilities and Stockholders' Equity	September 30, 1997	December 31, 1996
Current liabilities:		
Accounts payable	$ 7,300	$ 5,558
Accrued liabilities	10,418	8,433
Total current liabilities	17,718	13,991
Deferred income taxes	1,708	1,708
Stockholders' equity:		
Preferred Stock	--	--
Class B Common Stock	122	123
Common Stock	337	331
Additional paid-in capital	92,996	85,842
Retained earnings	144,308	124,839
Treasury stock, at cost	(40,391)	(40,391)
Total stockholders' equity	197,372	170,744
	$216,798	$186,443

Note: The balance sheet at December 31, 1996 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 September 30, 1997	Three Months Ended September 30, 1996	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996
Net revenues	$41,400	$35,673	$119,057	$108,181
Costs and expenses:				
Cost of revenue	19,967	16,353	57,146	49,755
Selling, general and administrative	7,398	6,800	22,328	19,807
Research and development	4,227	3,753	12,827	10,501
	31,592	26,906	92,301	80,063
Income from operations	9,808	8,767	26,756	28,118
Other income	1,332	974	3,664	2,857
Income before income taxes	11,140	9,741	30,420	30,975
Provision for income taxes	4,010	3,506	10,951	11,362
Net income	$ 7,130	$ 6,235	$ 19,469	$ 19,613
Net income per common share	$ 0.16	$ 0.15	$ 0.45	$ 0.46
Weighted average number of common shares and equivalents	43,438	42,785	42,877	42,451

See accompanying notes.

VICOR CORPORATION

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

	Nine Months Ended	
	September 30, 1997	September 30, 1996
Operating activities:		
Net income	$ 19,469	$ 19,613
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,272	6,186
(Gain) loss on disposal of equipment	(8)	4
Change in current assets and liabilities, net	(1,907)	(5,248)
Net cash provided by operating activities	23,826	20,555
Investing activities:		
Additions to property, plant and equipment	(12,406)	(10,898)
Proceeds from sale of equipment	17	16
Increase in notes receivable	(5,261)	(1,203)
Increase in other assets	(655)	(459)
Net cash used in investing activities	(18,305)	(12,544)
Financing activities:		
Tax benefit relating to stock option plans	875	2,444
Proceeds from issuance of Common Stock	6,284	959
Acquisition of treasury stock	--	(8,812)
Net cash provided by (used in) financing activities	7,159	(5,409)
Net increase in cash and cash equivalents	12,680	2,602
Cash and cash equivalents at beginning of period	73,647	65,244
Cash and cash equivalents at end of period	$ 86,327	$ 67,846

See accompanying notes.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
September 30, 1997
(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, 1997 are not necessarily indicative of the results that may be expected for the year ended December 31, 1997. 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, 1996, 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.

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings per Share," which is effective for the Company on December 31, 1997. At that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. There is not expected to be any material change to either primary or fully diluted net income per share for the quarters or the nine months ended September 30, 1997 and 1996 as a result of the new method.

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, 1997 and December 31, 1996 (in thousands):

	SEPTEMBER 30, 1997	DECEMBER 31, 1996
Raw materials	$13,925	$12,627
Work-in-process	3,230	2,290
Finished goods	3,244	6,212
Unbilled costs....................	--	--
	$20,399	$21,129

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
September 30, 1997
(Continued)

4. MORTGAGE NOTE RECEIVABLE

In May 1997, the Company received a promissory note in the amount of $7,500,000 from an unrelated third party in exchange for $5,000,000 in cash plus the termination of an existing note in the amount of $2,500,000. The note bears interest at 9% and is due in May 2002. The note is secured by a mortgage on certain real estate and by the assignment of certain leases and other contracts.

5. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1997, the FASB issued Statement No. 130, "Reporting Comprehensive Income," and Statement No. 131, "Disclosures About Segments of an Enterprise and Related Information." Statement No. 130 establishes standards for the reporting and display of comprehensive income and its components. Statement No. 131 establishes standards for the way that public companies report information about operating segments in financial statements. This Statement supersedes Statement No. 14, "Financial Reporting for Segments of a Business Enterprise," but retains the requirements to report information about major customers. Statements 130 and 131 are effective for the Company in fiscal 1998. The Company does not believe that the adoption of these Statements will have a material effect on the Company's financial statements.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
September 30, 1997

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, 1996. 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, 1997, COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1996

Net revenues for the third quarter of 1997 were $41,400,000, an increase of $5,727,000 (16.1%) as compared to $35,673,000 for the same period a year ago. The increase in net revenues was primarily due to a net increase of unit shipments of standard and custom products of approximately $7,400,000, offset by reductions in license income and the sale of automated manufacturing line equipment of approximately $900,000 and $800,000, respectively.

Gross margin increased $2,113,000 (10.9%) to $21,433,000 from $19,320,000, but decreased as a percentage of net revenues from 54.2% to 51.8%. The primary components of the fluctuations in gross margin dollars and percentage were attributable to changes in the revenue mix.

Selling, general and administrative expenses were $7,398,000 for the period, an increase of $598,000 (8.8%) over the same period in 1996. As a percentage of net revenues, selling, general and administrative expenses decreased from 19.1% to 17.9%. The principal component of the $598,000 increase was $441,000 (17.4%) of increased compensation expense due to growth in staffing levels of selling and administrative personnel.

Research and development expenses increased $474,000 (12.6%) to $4,227,000 and decreased as a percentage of net revenues from 10.5% to 10.2%. The principal components of the $474,000 increase were $295,000 (13.7%) of increased compensation expense due to growth in staffing levels of engineering personnel and $88,000 (66.7%) of increased costs relating to the Vicor Integration Architects ("VIAs").

Other income increased $358,000 (36.8%) from the same period a year ago, to $1,332,000. 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. Interest income increased primarily due to an increase in cash balances earning interest.

Income before income taxes was $11,140,000, an increase of $1,399,000 (14.4%) compared to the same period in 1996. As a percentage of net revenues, income before income taxes decreased from 27.3% to 26.9% primarily due to the gross margin percentage decrease as discussed above.

Net income per share for the third quarter of 1997 was $.16, compared to $.15 for the third quarter of 1996, an increase of $.01 (6.7%).

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
September 30, 1997
(continued)

NINE MONTHS ENDED SEPTEMBER 30, 1997, COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1996

Net revenues for the first nine months of 1997 were $119,057,000, an increase of $10,876,000 (10.1%) as compared to $108,181,000 for the same period a year ago. The increase in net revenues was primarily due to a net increase of unit shipments of standard and custom products of approximately $13,000,000, offset by a reduction in license income of approximately $2,000,000.

Gross margin increased $3,485,000 (6.0%) to $61,911,000 from $58,426,000, but decreased as a percentage of net revenues from 54.0% to 52.0%. The primary components of the fluctuations in gross margin dollars and percentage were attributable to changes in the revenue mix.

Selling, general and administrative expenses were $22,328,000 for the period, an increase of $2,521,000 (12.7%) over the same period in 1996. As a percentage of net revenues, selling, general and administrative expenses increased to 18.8% compared to 18.3% in 1996. The principal components of the $2,521,000 increase were $1,379,000 (18.8%) of increased compensation expense due to growth in staffing levels of selling and administrative personnel; $415,000 (14.2%) of increased sales commission expense; $315,000 (54.3%) of increased legal expenses and $283,000 (12.0%) of increased advertising expense.

Research and development expenses increased $2,326,000 (22.2%) to $12,827,000 and increased as a percentage of net revenues to 10.8% from 9.7%. The principal components of the $2,326,000 increase were $1,330,000 (22.3%) of compensation expense due to growth in staffing levels of engineering personnel; $259,000 (84.4%) of increased VIA related expenses and $267,000 (29.9%) of increased depreciation expense.

Other income increased $807,000 (28.2%) to $3,664,000. 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. Interest income increased primarily due to an increase in cash balances earning interest.

Income before income taxes was $30,420,000, a decrease of $555,000 (1.8%) compared to the same period in 1996. As a percentage of net revenues, income before income taxes decreased from 28.6% to 25.6% primarily due to the increase in operating expenses as a percentage of net revenues, and to the gross margin percentage decrease as discussed above.

Net income per share for the first nine months of 1997 was $.45, compared to $.46 for the first nine months of 1996, a decrease of $.01 (2.2%).

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1997 the Company had $86,327,000 in cash and cash equivalents. The ratio of current assets to current liabilities was 7.9:1 compared to 8.8:1 at December 31, 1996. Working capital increased $14,587,000, from $108,551,000 at December 31, 1996 to $123,138,000 at September 30, 1997. The primary factor affecting the working capital increase was an increase in cash of $12,680,000 during the first nine months of 1997. The increase in cash was primarily attributable to cash derived from operating activities of $23,826,000; the net proceeds from the issuance of Common Stock upon the exercise of stock options, and the related income tax benefit derived from such issuance, of $7,159,000. The primary uses of cash for the first nine months of 1997 were for additions to property and equipment of $12,406,000 and for increased notes receivable of $5,261,000. See the discussion under "Notes to Condensed Consolidated Financial Statements," Item 4--"Mortgage Note Receivable."

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
September 30, 1997
(continued)

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.

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. There were no repurchases in the nine months ended September 30, 1997.

During 1997, the Company has begun to increase production of selected models of its second-generation product families. Although shipments during 1997 have not had a material impact on revenues, the Company believes that this is a significant milestone towards the general availability of its second-generation family of products. There can be no assurance that problems will not substantially delay the ultimate general introduction of the complete product line, require modification of product specifications, or prevent the attainment of the anticipated capacity of the new manufacturing line. Significant revenues from the sale of any products in the Company's second-generation product line are not expected to occur for several quarters.

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, 1997, the Company had approximately $1,500,000 of capital expenditure commitments.

The Company has begun the preliminary preparations for the construction of its new corporate headquarters facility in Andover, Massachusetts. The Company is in the process of finalizing the terms and conditions of the construction contracts for the 77,000 square foot building.

The Company does not consider the impact of inflation on its business activities or fluctuations in the exchange rates for foreign currency transactions to have been significant to date.

VICOR CORPORATION

Part II - Other Information
September 30, 1997

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 - none
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: November 5, 1997

By: /s/ Patrizio Vinciarelli

Patrizio Vinciarelli
President and Chairman
of the Board

Date: November 5, 1997

By: /s/ Mark A. Glazer

Mark A. Glazer
Chief Financial Officer

5
1,000
US DOLLARS

9-MOS
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JAN-01-1997
SEP-30-1997
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