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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, 1998

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
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Indicate the number of shares outstanding of each of the issuer's classes of common stock as of March 31, 1998.

Common Stock, $.01 par value ----------------30,756,463
Class B Common Stock, $.01 par value ------12,169,309

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VICOR CORPORATION

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VICOR CORPORATION

Condensed Consolidated Balance Sheet
(In thousands)
(Unaudited)

Assets	March 31, 1998	December 31, 1997
Current assets:		
Cash and cash equivalents	$ 85,177	$ 84,859
Accounts receivable, net	34,786	35,258
Inventories, net	26,893	23,448
Other current assets	4,019	3,269
Total current assets	150,875	146,834
Property, plant and equipment, net	75,507	69,802
Notes receivable	9,089	9,097
Other assets	5,277	3,110
	$ 240,748	$ 228,843

Liabilities and Stockholders' Equity	March 31, 1998	December 31, 1997
Current liabilities:		
Accounts payable	$ 13,203	$ 8,542
Accrued liabilities	10,515	10,025
Total current liabilities	23,718	18,567
Deferred income taxes	1,852	1,852
Stockholders' equity:		
Preferred Stock	--	--
Class B Common Stock	122	122
Common Stock	340	340
Additional paid-in capital	99,319	97,980
Retained earnings	156,471	151,056
Treasury stock, at cost	(41,074)	(41,074)
Total stockholders' equity	215,178	208,424
	$ 240,748	$ 228,843

Note: The balance sheet at December 31, 1997 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, 1998	March 31, 1997
Net revenues	$43,192	$37,939
Costs and expenses:		
Cost of revenue	22,445	17,877
Selling, general and administrative	8,317	7,447
Research and development	5,516	4,379
	36,278	29,703
Income from operations	6,914	8,236
Other income	1,412	1,102
Income before income taxes	8,326	9,338
Provision for income taxes	2,911	3,362
Net income	$ 5,415	$ 5,976
Net income per common share:		
Basic	$ 0.13	$ 0.14
Diluted	$ 0.12	$ 0.14
Shares outstanding:		
Basic	42,896	42,365
Diluted	43,697	42,917

See accompanying notes.

VICOR CORPORATION

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

	Three Months Ended March 31, 1998	Three Months Ended March 31, 1997
Operating activities:		
Net income	$ 5,415	$ 5,976
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,063	2,170
(Gain) loss on disposal of equipment	3	(1)
Change in current assets and liabilities, net	1,428	(1,301)
Net cash provided by operating activities	8,909	6,844
Investing activities:		
Additions to property, plant and equipment	(7,689)	(4,000)
Proceeds from sale of equipment	14	--
Decrease (increase) in notes receivable	8	(144)
Increase in other assets	(2,263)	(88)
Net cash used in investing activities	(9,930)	(4,232)
Financing activities:		
Tax benefit relating to stock option plans	322	269
Proceeds from issuance of Common Stock	1,017	5,569
Acquisitions of treasury stock	--	--
Net cash provided by financing activities	1,339	5,838
Net increase in cash and cash equivalents	318	8,450
Cash and cash equivalents at beginning of period	84,859	73,647
Cash and cash equivalents at end of period	$ 85,177	$ 82,097

See accompanying notes.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
March 31, 1998
(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 month period ended March 31, 1998 are not necessarily indicative of the results that may be expected for the year ended December 31, 1998. 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, 1997, 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):

	1998	1997
Numerator:		
Net Income	$ 5,415	$ 5,976
Denominator:		
Denominator for basic income per share-weighted average shares	42,896	42,365
Effect of dilutive securities:		
Employee stock options	801	552
Denominator for diluted income per share-adjusted weighted-average shares and assumed conversions	43,697	42,917
Basic income per share	$ .13	$ .14
Diluted income per share	$ .12	$ .14

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
March 31, 1998
(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, 1998 and December 31, 1997 (in thousands):

	March 31, 1998	December 31, 1997
Raw materials	$18,226	$16,715
Work-in-process	4,575	3,774
Finished goods	4,092	2,959
	$26,893	$23,448

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
March 31, 1998

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, 1997. 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, 1998, COMPARED TO THREE MONTHS ENDED MARCH 31, 1997

Net revenues for the first quarter of 1998 were $43,192,000, an increase of $5,253,000 (13.8%) as compared to $37,939,000 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 $8,151,000, offset by reductions in license income and the sale of automated manufacturing line equipment of approximately $1,100,000 and $1,800,000, respectively.

Gross margin increased $685,000 (3.4%) to $20,747,000 from $20,062,000, but decreased as a percentage of net revenues from 52.9% to 48.0%. The primary components of the fluctuations in gross margin dollars and percentage were attributable to changes in the revenue mix. The decrease in the gross margin as a percentage of net revenues was also due to higher provisions for inventory reserves and material scrap as compared to the first quarter of 1997. The gross margins for the remainder of 1998 may be negatively impacted by the commencement of depreciation on the second-generation product line in the second quarter of 1998 (see "Other," below).

Selling, general and administrative expenses were $8,317,000 for the period, an increase of $870,000 (11.7%) over the same period in 1997. As a percentage of net revenues, selling, general and administrative expenses decreased from 19.6% to 19.3%. The principal components of the $870,000 increase were $479,000 (100.0%) of increased costs for training and consulting fees for the implementation of the new Enterprise Resource Planning system; $330,000 (11.7%) of increased compensation expense due to growth in staffing levels of selling and administrative personnel; $246,000 (23.7%) of increased sales commission expense, offset by a reduction in advertising costs of $228,000 (23.4%).

Research and development expenses increased $1,137,000 (26.0%) to $5,516,000 and increased as a percentage of net revenues to 12.8% from 11.5%. The principal components of the $1,137,000 increase were $637,000 (26.3%) of increased compensation expense due to growth in staffing levels of engineering personnel and $416,000 (52.3%) of increased project materials costs, which included a provision of approximately $300,000 for potentially obsolete materials.

Other income increased $310,000 (28.1%) from the same period a year ago, to $1,412,000. 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 increased primarily due to an increase in these balances.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
March 31, 1998
(continued)

Income before income taxes was $8,326,000, a decrease of $1,012,000 (10.8%) compared to the same period in 1997. As a percentage of net revenues, income before income taxes decreased from 24.6% to 19.3% primarily due to the gross margin percentage decrease and the increase in research and development expenses discussed above.

The effective tax rate for the first quarter of 1998 was 35%, compared to 36% for the same period in 1997.

Net income per share (diluted) for the first quarter of 1998 was $.12, compared to $.14 for the first quarter of 1997, a decrease of $.02 (14.3%).

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1998 the Company had $85,177,000 in cash and cash equivalents. The ratio of current assets to current liabilities was 6.4:1 compared to 7.9:1 at December 31, 1997. Working capital decreased $1,110,000, from $128,267,000 at December 31, 1997 to $127,157,000 at March 31, 1998. The primary factor affecting the working capital decrease was an increase in accounts payable of $4,661,000, offset by an increase in inventories of $3,445,000, during the first three months of 1998. The primary use of cash for the first three months of 1998 was for additions to property and equipment of $7,689,000.

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, 1998, the Company had approximately $14,000,000 of capital expenditure commitments, including approximately $13,000,000 related to the construction of new and expanded facilities.

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.

OTHER

In 1995, the Company started prototype production on a new automated manufacturing line specifically designed to manufacture second-generation products. In the fourth quarter of 1996, the Company began introducing selected models of its second-generation product families which had been produced on this line. During 1997, the Company shipped a limited number of second-generation products, while continuing to make modifications to the designs, processes, equipment and parts associated with second-generation products. While management believes that the initiation of limited production on the new manufacturing line and the introduction of selected models of its second-generation product families are important milestones, there can be no assurance that problems will not substantially delay the ultimate general introduction of the complete product line, require continued modification of product specifications, or prevent 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 plans to begin depreciation on a significant portion, approximately $32.5 million, of this product line in the second quarter of 1998. Approximately $2.5 million of this line will be depreciated on a straight-line basis over a period of five years, and approximately $30 million will be depreciated on a straight-line basis over a period of eight years.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operations
March 31, 1998
(continued)

Consequently, this depreciation and other fixed and variable costs associated with the ramp-up of production are not expected to be fully absorbed until higher production volumes and higher yield levels are achieved. As a result, gross margins during 1998 may be negatively impacted until higher production volumes and higher yield levels are attained.

IMPACT OF THE YEAR 2000

The Company is proceeding with its plans to address the Year 2000 Issue. To date, the Company has incurred approximately $2.1 million ($596,000 expensed and $1.5 million capitalized), of which approximately $560,000 was incurred in the first quarter of 1998 ($479,000 expensed and $81,000 capitalized).

VICOR CORPORATION

Part II - Other Information
March 31, 1998

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: May 12, 1998

By: /s/ Patrizio Vinciarelli

Patrizio Vinciarelli
President and Chairman
of the Board

Date: May 12, 1998

By: /s/ Mark A. Glazer

Mark A. Glazer
Chief Financial Officer

5
1,000
U.S. DOLLARS

3-MOS
DEC-31-1998
JAN-01-1998
MAR-31-1998
1
85,177
0
34,786
0
26,893
150,875
126,898
51,391
240,748
23,718
0
0
0
462
214,716
240,748
43,192
43,192
22,445
22,445
0
0
0
8,326
2,911
5,415
0
0
0
5,415
.13
.12

RESTATED QTR 1 1997 EPS TO REFLECT ADOPTION OF FAS 128

1,000
U.S. DOLLARS

3-MOS
DEC-31-1997
JAN-01-1997
MAR-31-1997
1
82,097
0
28,125
0
19,869
132,920
103,400
43,891
198,884
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0
458
182,100
198,884
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37,939
17,877
17,877
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0
9,338
3,362
5,976
0
0
0
5,976
.14
.14