SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For The Quarter Ended: June 30, 2002 Commission File Number 0-19672

American Superconductor Corporation
(Exact name of registrant as specified in its charter)

Delaware	04-2959321
(State or other jurisdiction of organization or incorporation)	(I.R.S. Employer Identification Number)

Two Technology Drive
Westborough, Massachusetts 01581
(Address of principal executive offices, including zip code)

(508) 836-4200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports 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 the latest practicable date.

Common Stock, par value $.01 per share	20,588,234
Class	Outstanding as of August 9, 2002

AMERICAN SUPERCONDUCTOR CORPORATION

INDEX

Part I. Financial Information

Item 1. Financial Statements

AMERICAN SUPERCONDUCTOR CORPORATION
Consolidated Balance Sheets

	June 30, 2002	March 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21,673,787	$ 37,170,927
Accounts receivable	7,676,895	7,583,505
Inventory	13,145,714	13,212,831
Prepaid expenses and other current assets	743,953	708,079
Total current assets	43,240,349	58,675,342
Property and equipment:		
Land	4,244,611	4,244,611
Construction in progress - building and equipment	84,454,788	79,685,813
Equipment	24,949,600	24,939,124
Furniture and fixtures	3,833,016	3,833,016
Leasehold improvements	6,234,304	6,226,267
	123,716,319	118,928,831
Less: accumulated depreciation	(22,489,135)	(21,209,230)
Property and equipment, net	101,227,184	97,719,601
Long-term marketable securities	23,937,780	31,028,683
Long-term inventory	3,787,000	3,787,000
Goodwill	1,107,735	1,107,735
Other assets	5,626,437	5,476,563
Total assets	$ 178,926,485	$ 197,794,924
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 13,202,591	$ 20,784,931
Deferred revenue	247,878	1,056,806
Total current liabilities	13,450,469	21,841,737
Long-term deferred revenue	3,787,000	3,787,000
Commitments		
Stockholders' equity:		
Common stock, $.01 par value Authorized shares-50,000,000; issued and outstanding - 20,536,459 and 20,497,514 at June 30, 2002 and March 31, 2002, respectively	205,365	204,975
Additional paid-in capital	358,238,020	357,781,718
Deferred compensation	(477,061)	(318,199)
Deferred contract costs	(85,068)	(121,167)
Accumulated other comprehensive income	113,780	95,641
Accumulated deficit	(196,306,020)	(185,476,781)
Total stockholders' equity	161,689,016	172,166,187
Total liabilities and stockholders' equity	$ 178,926,485	$ 197,794,924

The accompanying notes are an integral part of the consolidated financial statements.

AMERICAN SUPERCONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001
Revenues:		
Contract revenue	$ 131,125	$ 589,429
Product sales and prototype development contracts	2,728,848	1,069,380
Total revenues	2,859,973	1,658,809
Costs and expenses:		
Costs of revenue-contract revenue	128,118	585,895
Costs of revenue-product sales and prototype development contracts	4,230,822	1,695,682
Research and development	6,217,335	6,734,835
Selling, general and administrative	3,463,923	3,714,563
Total costs and expenses	14,040,198	12,730,975
Operating loss	(11,180,225)	(11,072,166)
Interest income	370,806	1,816,926
Other income (expense), net	(19,820)	210,922
Net loss	$(10,829,239)	$ (9,044,318)
Net loss per common share		
Basic	$ (0.53)	$ (0.44)
Diluted	$ (0.53)	$ (0.44)
Weighted average number of common shares outstanding		
Basic	20,535,175	20,331,783
Diluted	20,535,175	20,331,783

The accompanying notes are an integral part of the consolidated financial statements.

AMERICAN SUPERCONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Three Months Ended June 30, 2002	2001
Net loss	$(10,829,239)	$(9,044,318)
Other comprehensive income (loss)		
Foreign currency translation	19,827	(1,347)
Unrealized losses on investments	(1,688)	(237,134)
Other comprehensive income (loss) comprehensive	18,139	(238,481)
Comprehensive loss	$(10,811,100)	$(9,282,799)

The accompanying notes are an integral part of the consolidated financial statements.

AMERICAN SUPERCONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001
Cash flows from operating activities:		
Net loss	$(10,829,239)	$ (9,044,318)
Adjustments to reconcile net loss to net cash used by operations:		
Depreciation and amortization	1,520,406	1,134,733
Deferred compensation expense	34,578	26,517
Deferred warrant costs	49,421	68,726
Stock compensation expense	-	11,843
Changes in operating asset and liability accounts:		
Accounts receivable	(93,390)	3,761,502
Inventory	67,117	(2,648,523)
Prepaid expenses and other current assets	(16,047)	143,092
Accounts payable and accrued expenses	(7,582,340)	(369,295)
Deferred revenue - current and long-term	(808,928)	-
Net cash used by operating activities	(17,658,422)	(6,915,723)
Cash flows from investing activities:		
Purchase of property and equipment	(4,787,488)	(21,186,865)
Sale of long-term marketable securities	7,089,215	6,928,742
Increase in other assets	(390,375)	(597,627)
Net cash (used in) provided by investing activities	1,911,352	(14,855,750)
Cash flows from financing activities:		
Net proceeds from issuance of common stock	249,930	579,957
Net cash provided by financing activities	249,930	579,957
Net decrease in cash and cash equivalents	(15,497,140)	(21,191,516)
Cash and cash equivalents at beginning of period	37,170,927	89,063,299
Cash and cash equivalents at end of period	$ 21,673,787	$ 67,871,783
Supplemental schedule of cash flow information:		
Noncash issuance of common stock	$ 34,578	$ 38,360

The accompanying notes are an integral part of the consolidated financial statements.

AMERICAN SUPERCONDUCTOR CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of the Business:

American Superconductor Corporation (the "Company"), which was formed on April 9, 1987, is a world leader in developing and manufacturing products using superconducting materials and power electronic converters for electric power applications. The focus of the Company's development and commercialization efforts is on electrical equipment for electric utilities, transmission grid operators, industrial and commercial users of electrical power, and commercial and military ships. For large-scale applications, the Company's development efforts are focused on high temperature superconductor ("HTS") wire for use in power transmission cables, motors, and generators. The Company is also developing and commercializing electric motors and generators based on its HTS wire. For power quality and reliability applications, the Company is focused on proprietary power electronic converters that rapidly switch, control and modulate power. The Company also designs, manufactures, and sells systems based on those power electronic converters for power quality and reliability solutions. The Company operates in three business segments - HTS Wire, Electric Motors and Generators, and Power Electronic Systems.

The Company currently derives a portion of its revenue from research and development contracts. The Company recorded contract revenue related to research and development contracts of $131,125 and $589,429 for the three months ended June 30, 2002 and 2001, respectively. In addition, the Company recorded prototype development contract revenues of $2,271,611 and $863,707, which are included under "Revenues - Product sales and prototype development contracts", on two U.S. Navy contracts in the three months ended June 30, 2002, and on three U.S. Navy contracts in the three months ended June 30, 2001, respectively.

Costs of revenue include research and development and selling, general and administrative expenses that are incurred in the performance of these development contracts.

Research and development and selling, general and administrative expenses included as costs of revenue were as follows:

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001
Research and development expenses	$2,087,747	$1,223,907
Selling, general and administrative expenses	$ 308,745	$ 439,801

2. Basis of Presentation:

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles. Certain information and footnote disclosure normally included in the Company's annual consolidated financial statements have been condensed or omitted. The interim consolidated financial statements, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results for the interim periods ended June 30, 2002 and 2001 and the financial position at June 30, 2002.

The results of operations for the interim period are not necessarily indicative of the results of operations to be expected for the fiscal year. It is suggested that these interim consolidated financial statements be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2002 which are contained in the Company's Annual Report on Form 10-K covering the year ended March 31, 2002

Effective April 1, 2001, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," and ceased amortizing the goodwill recorded as a result of the acquisition of substantially all of the assets of Integrated Electronics, LLC ("IE") on June 1, 2000. The Company reviews its goodwill and other long-term assets at least annually or when events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. If the carrying amount of the net tangible and intangible assets in a given reporting unit exceed the reporting unit's fair value, a detailed impairment loss analysis would be performed to calculate the amount of impairment, if any, as prescribed by SFAS 142.

Certain prior year amounts have been reclassified to be consistent with the current year presentation.

3. Net Loss Per Common Share:

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share" which requires presentation of basic earnings per share ("EPS") and, for companies with complex capital structures, diluted EPS. Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS includes dilution and is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. Common equivalent shares include the dilutive effect of stock options. For the three months ended June 30, 2002 and 2001, common equivalent shares of 4,817,851 and 2,551,748 were not included in the calculation of diluted EPS as their effect was antidilutive.

4. Inventories:

Inventories at June 30, 2002 and March 31, 2002 consisted of the following:

	June 30, 2002	March 31, 2002
Raw materials	$ 1,894,210	$ 1,545,327
Work-in-progress	9,327,803	10,046,359
Finished goods	1,923,701	1,621,145
	$ 13,145,714	$ 13,212,831

5. Cost-Sharing Agreements:

The Company received funding under a government cost-sharing agreement of $103,321 and $119,219 for the three months ended June 30, 2002 and 2001, respectively. This funding was used to directly offset research and development and selling, general and administrative expenses.

6. Restructuring and other charges:

In the fourth quarter of fiscal 2002, the Company announced two events which resulted in a combined fiscal 2002 charge of $13.9 million.

In March 2002, the Company announced a series of restructuring, consolidation and cost-cutting measures to create a more streamlined and flatter organization aimed at reducing the cost structure of the Company as it drives to commercialize its technologies and products. The Company incurred an aggregate charge of $9.9 million of restructuring and other charges, of which $3.5 million was inventory-related and was classified as "Costs of revenue - product sales and prototype development contracts" and $0.7 million was related to an allowance for doubtful accounts reserve and was classified as "Selling, general, and administrative" expense. The remaining $5.7 million was shown as "Restructuring costs" on the fiscal 2002 Consolidated Statements of Operations.

In addition, the Company announced a new agreement with Pirelli in February 2002 in which the Company acquired the right to sell its HTS wire to other cable manufacturers in addition to Pirelli at a cost of $4.0 million.

The restructuring charges and other charges recorded in the fourth quarter of fiscal 2002 and their corresponding June 30, 2002 status are summarized below:

	Total Restructuring & other charges	Cash Payments	Other Adjustments	Balance as of June 30, 2002
Workforce Reduction	1,548,897	1,263,983	---	284,914
Consolidation of facilities, fixed asset write-offs, & other charges	4,117,161	---	2,980,165	1,136,996
Inventory Write-down	3,464,275	---	1,791,259	1,673,016
Allowance for Doubtful Accounts	727,028	---	727,028	---
Pirelli License	4,009,890	2,289,390	1,375,000	345,500
	13,867,251	3,553,373	6,873,452	3,440,426

The Company currently anticipates payments for the restructuring activities and other charges to be completed within fiscal 2003 except for certain long-term contractual obligations.

7. Business Segment Information:

The Company has three reportable business segments as defined by SFAS 131--HTS Wire, Electric Motors and Generators, and Power Electronic Systems.

The HTS Wire business segment develops and sells HTS wire. The focus of this segment's current development, manufacturing and sales efforts is on HTS wire for power transmission cables, motors and generators.

The Electric Motors and Generators business segment is developing and commercializing electric motors and generators based on HTS wire. Its primary focus is on ship propulsion motors and generators.

The Power Electronic Systems business segment develops and sells power electronic converters and designs, manufactures and sells integrated systems based on those converters for power quality and reliability solutions.

The operating results for the three business segments are as follows:

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001
Revenues		
HTS Wire	$ 217,633	$ 762,915
Electric Motors and Generators	1,535,849	863,707
Power Electronic Systems	1,106,491	32,187
Total	$2,859,973	$1,658,809

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001
Operating Loss		
HTS Wire	$ (6,979,978)	$ (5,118,702)
Electric Motors and Generators	(1,762,721)	(1,998,812)
Power Electronic Systems	(2,108,006)	(3,572,560)
Unallocated Corporate Expenses	(329,520)	(382,092)
Total	$(11,180,225)	$(11,072,166)

The assets for the three business segments (plus Corporate Cash) are as follows:

	June 30, 2002	March 31, 2002
HTS Wire	$105,058,888	$102,010,166
Electric Motors and Generators	5,786,115	6,424,532
Power Electronic Systems	22,469,915	21,160,616
Corporate cash and marketable securities	45,611,567	68,199,610
Total	$178,926,485	$197,794,924

The accounting policies of the business segments are the same as those for the consolidated company, except that certain corporate expenses which we do not believe are specifically attributable or allocable to any of the three business segments have been excluded from the segment operating losses.

8. New Accounting Pronouncements:

In October 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long Lived Assets to Be Disposed of." SFAS 144 applies to all long-lived assets (including discontinued operations) and consequently amends Accounting Principles Board Opinion No. 30, "Reporting Results of Operations - Reporting the Effects of Disposal of a Segment of a Business". SFAS 144 became effective for financial statements issued for fiscal years beginning after December 15, 2001, and thus became effective for the Company on April 1, 2002. The adoption of SFAS 144 had no impact on the Company's financial statements and related disclosures.

In November 2001, the Emerging Issues Task Force (EITF), a committee of the FASB, reached a consensus on EITF Issue 01-9, Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor's Products ("EITF 01-9"). EITF 01-9 presumes that consideration, including equity instruments, from a vendor to a customer or reseller of the vendor's products is a reduction of the selling prices of the vendor's products and, therefore, should be characterized as a reduction of revenue when recognized in the vendor's income statement and could lead to negative revenue under certain circumstances. Revenue reduction is required unless consideration relates to a separate identifiable benefit and the benefit's fair value can be established. EITF 01-9 was applicable for the Company as of April 1, 2002. The adoption of EITF Issue 01-9 had no impact on the Company's financial statements and related disclosures.

During January 2002, the EITF reached consensus on EITF Issue 01-14, Income Statement Characterization of Reimbursements Received for `Out-of-Pocket' Expenses Incurred ("EITF 01-14"). The EITF concluded in EITF 01-14 that reimbursements received for out-of-pocket expenses incurred should be characterized as revenue in the income statement with the offsetting costs recorded as costs of revenue. Out-of-pocket expenses generally include, but are not limited to, expenses related to airfare, mileage, hotel stays, out-of-town meals, photocopies, and telecommunications and facsimile charges. EITF 01-14 was applicable for the Company as of April 1, 2002. The adoption of EITF 01-14 had no impact on the Company's financial statements and related disclosures.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS No. 146"). This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" ("EITF 94-3"). SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. EITF 94-3 allowed for an exit cost liability to be recognized at the date of an entity's commitment to an exit plan. SFAS 146 also requires that liabilities recorded in connection with exit plans be initially measured at fair value. The provisions of SFAS 146 are effective for exit or disposal activities that are initiated after December 31, 2002, with early adoption encouraged. The Company does not expect the adoption of SFAS 146 to have a material impact on its financial position or results of operations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2002

American Superconductor Corporation was founded in 1987. We are focused on developing, manufacturing and selling products using two core technologies: high temperature superconductor ("HTS") wires and power electronic converters for electric power applications. We also assemble superconductor wires and power electronic converters into fully-integrated products, such as superconductor magnetic energy storage ("SMES") systems and ship propulsion motors, which we sell or plan to sell to end users.

Critical Accounting Policies

The preparation of consolidated financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to long-term production and research and development contracts, accounts receivable reserve requirements, inventories, investments, intangible assets, income taxes and potential warranty obligations. We base our estimates on historical experiences and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ under different assumptions or conditions.

Our accounting policies that involve the most significant judgments and estimates are as follows:

- Revenue recognition;
- Allowance for doubtful accounts;
- Valuation of long-lived and intangible assets and goodwill;
- Inventory accounting;
- Deferred tax assets; and
- Acquisition accounting.

Revenue recognition. For certain arrangements, such as contracts to perform research and development and prototype development contracts, we record revenues using the percentage of completion method, measured by the relationship of costs incurred to total estimated contract costs. We follow this method since reasonably dependable estimates of the revenue and costs applicable to various stages of a contract can be made. Since many contracts extend over a long period of time, revisions in cost and funding estimates during the progress of work have the effect of adjusting earnings applicable to performance in prior periods in the current period. Recognized revenues and profit or loss are subject to revisions as the contract progresses to completion. Revisions in profit or loss estimates are charged to income in the period in which the facts that give rise to the revision become known.

We recognize revenue from product sales upon shipment, installation or acceptance, where applicable, provided persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured, or for some programs, on the percentage of completion method of accounting. When other significant obligations remain after products are delivered, revenue is recognized only after such obligations are fulfilled.

Allowance for doubtful accounts. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions for bad debt allowances may be required.

Long-lived assets. We assess the impairment of identifiable intangibles, long-lived assets and goodwill at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of our use of the acquired assets or the strategy for our overall business; and
- Significant negative industry or economic trends.

When we determine that the carrying value of intangibles, long-lived assets or goodwill may not be recoverable based upon the existence of one or more of the above indicators of potential impairment, we assess whether an impairment has occurred based on whether net book value of the assets exceeds related projected undiscounted cash flows from these assets, considering a number of factors including past operating results, budgets, economic projections and market trends. When necessary, we write down an impaired asset to its estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows.

Inventory accounting. We write down inventory for estimated obsolescence or unmarketable inventory in an amount equal to the difference between the cost of the inventory and the estimated realizable value based upon assumptions of future demand and market conditions. If actual market conditions are less favorable than those projected, additional inventory write-downs may be required.

Deferred tax assets. We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. While we consider future taxable income and tax planning strategies in assessing the need for the valuation allowance, if management were to determine that we would be able to realize deferred tax assets in the future in excess of the net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Likewise, should we determine that we would not be able to realize all or part of any deferred tax assets in the future, an adjustment to the deferred tax asset would decrease income in the period such determination was made.

Acquisition accounting. In June 2000, we acquired substantially all of the assets of Integrated Electronics, LLC ("IE"). The IE acquisition was accounted for under the purchase method of accounting. Goodwill of $1,329,282 represented the excess of the purchase price of $1,833,125 over the fair value of the acquired assets of $503,843 at June 1, 2000. The fair value of the assets acquired were accounts receivable of $52,278, inventory of $259,980 and fixed assets of $191,585. Significant judgments and estimates were involved in determining the fair market value of assets acquired and their useful lives. Different assumptions could yield materially different results.

Restructuring

In March 2002, we announced a series of restructuring, consolidation and cost-cutting measures to create a more streamlined and flatter organization aimed at reducing our cost structure as we drive to commercialize our technologies and products. The restructuring resulted in the elimination of 99 full-time employees across all business functions at our Massachusetts and Wisconsin locations. Our Power Quality and Reliability business unit, based in Middleton, WI, and our Power Electronics business unit, based in New Berlin, WI, were combined into a new business unit called Power Electronic Systems. This change leveraged personnel with similar skills in the two business units and significantly reduced the cost structure. As part of the restructuring, we also announced that we will outsource our future requirements for low temperature superconductor (LTS) magnets used in our SMES systems and as a result discontinued operations in one of our two buildings in Middleton, WI comprising approximately 27,000 square feet. Cash payments related to the workforce reduction were substantially completed in the first quarter of fiscal 2003. Exit costs related to the leased facility will be incurred over the 19-month period ending December 31, 2003. Anticipated cost savings as a result of this restructuring are estimated to be approximately $9.0 million during the fiscal year ending March 31, 2003.

Results of Operations

Total revenues during the three months ended June 30, 2002 were $2,860,000, compared to $1,659,000 for the same period a year earlier. Revenues for the first quarter of fiscal year 2003 increased by $1,201,000 compared to the same prior-year period. The increase in revenue resulted from significantly higher prototype development contract revenues in two of our three business units - Power Electronic Systems and Electric Motors and Generators. Power Electronic Systems revenues, which include SMES systems, services and power electronic converters, were $1,106,000 in the current quarter, compared to $32,000 during the first quarter of last year, an increase of $1,074,000. This increase was driven by work performed on a U.S.

Navy prototype development contract relating to the Power Electronics Building Blocks program.

Revenues in the Electric Motors and Generators business unit were $1,536,000 in the first quarter of fiscal 2003, compared to $864,000 for the first quarter in fiscal 2002, an increase of $672,000 as a result of higher prototype development contract revenue with the U.S. Navy relating to work performed on a 5-megawatt HTS ship propulsion motor.

These increases in revenues were partially offset by lower HTS Wire business unit revenues, which declined to $218,000 in the first quarter of fiscal 2003, compared to $763,000 in the first quarter of fiscal 2002, as a result of lower contract revenues, primarily with Pirelli Energy Cables and Systems. Pirelli provided us with $500,000 of research and development funding in the first quarter of fiscal 2002, and no funding in the first quarter of fiscal 2003, as a result of the discontinuance of its funding commitment as part of a new agreement reached with Pirelli in February 2002 that allows us to sell our HTS wire to other cable manufacturers in addition to Pirelli.

For the three months ended June 30, 2002, we recorded approximately $103,000 in funding under a government cost-sharing agreement with the U.S. Air Force. For the three months ended June 30, 2001, we recorded approximately $119,000 of funding under this agreement. We anticipate that a portion of our funding in the future will continue to come from cost-sharing agreements as we continue to develop joint programs with government agencies. Funding from government cost-sharing agreements is recorded as an offset to research and development and selling, general and administrative expenses, as required by government contract accounting guidelines, rather than as revenues.

Total costs and expenses for the quarter ended June 30, 2002 were $14,040,000 compared to $12,731,000 for the same period last year. "Costs of revenue - product sales and prototype development contracts" increased due to the higher level of prototype development contract revenue with the U.S. Navy in both the Electric Motors and Generators and Power Electronic Systems business units. It also increased by $896,000 as a result of increased costs (including building depreciation) related to our occupancy of the new Devens, Massachusetts manufacturing plant and initial test production runs of multifilamentary composite wire in that facility. "Costs of revenue - contract revenue" declined proportionally with the lower level of contract revenue.

Adjusted research and development ("R&D") expenses, which include amounts classified as costs of revenue and amounts offset by cost sharing funding, increased to $8,358,000 in the three months ended June 30, 2002 from $8,020,000 for the same period of the prior year. This increase was primarily due to higher research and development spending, both internally and externally funded, in the Electric Motors and Generators business unit. This increase was partially offset by reduced R&D spending in the HTS Wire and Power Electronic Systems business units, as a result of the reduction in force implemented in our March 2002 restructuring program. A portion of the R&D expenditures related to externally funded development contracts has been classified as costs of revenue (rather than as R&D expenses). Additionally, a portion of

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2002

R&D expenses was offset by cost sharing funding. Net R&D expenses (exclusive of amounts classified as costs of revenues and amounts offset by cost sharing funding) decreased to $6,217,000 in the three months ended June 30, 2002 from $6,735,000 for the same period last year.

Our R&D expenditures are summarized as follows:

	Three Months Ended June 30,	
	2002	2001
R&D expenses per Consolidated Statements of Operations	$6,217,000	$6,735,000
R&D expenditures on development contracts classified as Costs of revenue	2,088,000	1,224,000
R&D expenditures offset by cost sharing funding	53,000	61,000
Adjusted R&D expenses	$8,358,000	$8,020,000

Adjusted selling, general and administrative ("SG&A") expenses, which include amounts classified as costs of revenue and amounts offset by cost sharing funding, decreased to $3,823,000 for the three months ended June 30, 2002, compared to $4,212,000 for the same period a year earlier. This decrease was primarily due to the reductions in force implemented as part of our March 2002 restructuring program. A portion of the SG&A expenditures related to externally funded development contracts has been classified as costs of revenue (rather than as SG&A expenses). Additionally, a portion of SG&A expenses was offset by cost sharing funding. Net SG&A expenses (exclusive of amounts classified as costs of revenue and amounts offset by cost sharing funding) was $3,464,000 in the three months ended June 30, 2002 compared to $3,715,000 for the same period last year.

Our SG&A expenditures are summarized as follows:

	Three Months Ended June 30,	
	2002	2001
SG&A expenses per Consolidated Statements of Operations	$3,464,000	$3,715,000
SG&A expenditures on development contracts classified as Costs of revenue	309,000	440,000
SG&A expenditures offset by cost sharing funding	50,000	57,000
Adjusted SG&A expenses	$3,823,000	$4,212,000

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2002

Interest income was $371,000 in the quarter ended June 30, 2002, compared to $1,817,000 for the same period in the previous year. The decrease in interest income reflects the lower cash balances available for investment as a result of cash being used to fund our operations and to purchase property, plant and equipment, as well as lower interest rates available on our investments. Other income (expense), net was ($20,000) in the first quarter of fiscal 2003, reflecting taxes on investment income, compared to $211,000 in the prior-year quarter, reflecting investment gains from the sale of long-term marketable securities, partially offset by taxes on investment income.

We expect to continue to incur operating losses until the end of the fiscal year ending March 31, 2005 as we continue to devote significant financial resources to our research and development activities and commercialization efforts.

We expect to be party to agreements which, from time to time, may result in costs incurred exceeding expected revenues under such contracts. We may enter into such agreements for a variety of reasons including, but not limited to, entering new product application areas, furthering the development of key technologies, and advancing the demonstration of commercial prototypes in critical market applications.

Please refer to the "Future Operating Results" section below for a discussion of certain factors that may affect our future results of operations and financial condition.

Liquidity and Capital Resources

At June 30, 2002, we had cash, cash equivalents and long-term marketable securities of $45,612,000 compared to $68,200,000 at March 31, 2002. The principal uses of cash during the three months ended June 30, 2002 were $17,658,000 for the funding of our operations (including $7,582,000 to reduce our fiscal 2002 year-end accounts payable liabilities resulting from equipment purchases and restructuring and other one-time charges incurred during the fourth quarter of fiscal 2002), and $4,787,000 for the acquisition of equipment, primarily for our new HTS manufacturing facility in Devens, Massachusetts.

Goodwill of $1,108,000 at June 30, 2002 represents the excess of the purchase price paid for the acquisition of substantially all of the assets of Integrated Electronics, LLC ("IE") on June 1, 2000, over the fair value of IE's assets, less amortization taken between June 1, 2000 and March 31, 2001. Effective April 1, 2001 we adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" and ceased amortizing the goodwill acquired in the IE purchase.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2002

The possibility exists that we may pursue acquisition and joint venture opportunities in the future that may affect liquidity and capital resource requirements.

We have potential funding commitments (excluding amounts included in accounts receivable) of approximately $10,891,000 to be received after June 30, 2002 from government and commercial customers, compared to $11,020,000 at March 31, 2002. However, these current funding commitments, including $7,694,000 on U.S. government contracts, are subject to certain cancellation provisions. Of the current commitment amount of $10,891,000, approximately 83% is potentially collectable within the next 12 months.

We believe, based upon our current business plan, that our existing capital resources will be sufficient to fund our operations until the end of fiscal 2005, at which time we expect to reach corporate-wide profitability. However, we may need additional funds sooner than anticipated if our performance deviates significantly from our current business plan, if there are significant changes in competitive or other market factors, or if unforeseen circumstances arise. There can be no assurance that such funds, whether from equity or debt financing, development contracts or other sources, will be available, or available under terms acceptable to us.

To date, inflation has not had a material impact on our financial results.

New Accounting Pronouncements

See Note 8 of the Notes to the Interim Consolidated Financial Statements for a discussion of new accounting pronouncements.

Future Operating Results

Various statements included herein, as well as other statements made from time to time by our representatives, which relate to future matters (including but not limited to statements concerning our future commercial success) constitute forward looking statements and are made under the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. There are a number of important factors which could cause our actual results of operations and financial condition in the future to vary from that indicated in such forward looking statements. Factors that may cause such differences include, without limitation, the risks, uncertainties and other information set forth below.

We have a history of operating losses and we expect to continue to incur losses in the future.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2002

We have been principally engaged in research and development activities. We have incurred net losses in each year since our inception. Our net loss for fiscal 2000, fiscal 2001, fiscal 2002, and the first three months of fiscal 2003 was $17,598,000, $21,676,000, $56,985,000, and $10,829,000 respectively. Our accumulated deficit as of June 30, 2002 was $196,306,000. We expect to continue to incur operating losses until the end of fiscal 2005 and there can be no assurance that we will ever achieve profitability.

We believe, based upon our current business plan, that our existing capital resources will be sufficient to fund our operations until the end of fiscal 2005. However, we may need additional funds sooner than anticipated if our performance deviates significantly from our current business plan, if there are significant changes in competitive or other market factors, or if unforeseen circumstances arise. Such funds, whether from equity or debt financing, development contracts or other sources, may not be available, or may not be available under terms acceptable to us.

There are a number of technological challenges that must be successfully addressed before our superconductor products can gain widespread commercial acceptance.

Many of our products are in the early stages of commercialization and testing, while others are still under development. We do not believe any company has yet successfully developed and commercialized significant quantities of HTS wire or wire products. There are a number of technological challenges that we must successfully address to complete our development and commercialization efforts. For example, we face engineering challenges in producing HTS wire in longer lengths and commercial quantities. We also believe that several years of further development in the cable and motor industries will be necessary before a substantial number of additional commercial applications for our HTS wire in these industries can be developed and proven. We may also need to improve the quality of our HTS wire to expand the number of commercial applications for it. We may be unable to meet such technological challenges. Delays in development, as a result of technological challenges or other factors, may result in the introduction or commercial acceptance of our products later than anticipated.

The commercial uses of superconductor products are very limited today, and a widespread commercial market for our products may not develop.

To date, there has been no widespread commercial use of HTS products. Although LTS products are currently used in several commercial applications, commercial acceptance of LTS products, other than for medical magnetic resonance imaging and superconductor magnetic energy storage products, has been significantly limited by the cooling requirements of LTS materials. Even if the technological hurdles currently limiting commercial uses of HTS and LTS products are overcome, it is uncertain whether a robust commercial market for those new and unproven products will ever develop. It is possible that the market demands we currently anticipate for our HTS and LTS products will not develop and that superconductor products will never achieve widespread commercial acceptance.

We expect to spend significant amounts on the expansion of our manufacturing capacity, and our expansion projects may not be successful.

In anticipation of significantly increased demand for our products, we are completing a project to expand our HTS wire manufacturing capacity at the Devens Commerce Center in Devens, Massachusetts. We used a large portion of the net proceeds from our March 2000 stock offering to fund the construction and purchase equipment for the new HTS wire manufacturing facility in Devens. While we expect to complete this project within our estimates, the actual costs for equipment may be in excess of our expectations. In addition, we may experience start-up difficulties or other problems once the facility becomes fully operational. Finally, if increased demand for our products does not materialize, we will not generate sufficient revenue to offset the cost of establishing and operating the facility.

We have no experience manufacturing our HTS products in commercial quantities.

To be financially successful, we will have to manufacture our products in commercial quantities at acceptable costs while also preserving the quality levels we have achieved in manufacturing these products in limited quantities. This presents a number of technological and engineering challenges for us. We cannot make assurances that we will be successful in developing product designs and manufacturing processes that permit us to manufacture our HTS products in commercial quantities at commercially acceptable costs while preserving quality. In addition, we may incur significant start-up costs and unforeseen expenses in our product design and manufacturing efforts.

We have historically focused on research and development activities and have limited experience in marketing and selling our products.

We have been primarily focused on research and development of our superconductor products. Consequently, our management team has limited experience directing our commercialization efforts, which are essential to our future success. To date, we have only limited experience marketing and selling our products, and there are very few people anywhere who have significant experience marketing or selling superconductor products. Once our products are ready for commercial use, we will have to develop a marketing and sales organization that will effectively demonstrate the advantages of our products over both more traditional products and competing superconductor products or other technologies. We may not be successful in our efforts to market this new and unfamiliar technology, and we may not be able to establish an effective sales and distribution organization.

We may decide to enter into arrangements with third parties for the marketing or distribution of our products, including arrangements in which our products, such as HTS wire, are included as a component of a larger product, such as a motor. For example, we have a marketing and sales alliance with GE Industrial Systems giving GE the exclusive right to offer our Distributed-SMES

(D-SMES) and D-VAR product lines in the United States to utilities and the right to sell industrial Power Quality-SMES (PQ-SMES) systems to certain of GE's global industrial accounts. By entering into marketing and sales alliances, the financial benefits to us of commercializing our products are dependent on the efforts of others. We may not be able to enter into marketing or distribution arrangements with third parties on financially acceptable terms, and third parties may not be successful in selling our products or applications incorporating our products.

Our products face intense competition both from superconductor products developed by others and from traditional, non-superconductor products and alternative technologies.

As we begin to market and sell our superconductor products, we will face intense competition both from competitors in the superconductor field and from vendors of traditional products and new technologies. There are many companies in the United States, Europe, Japan and China engaged in the development of HTS products, including Sumitomo Electric Industries, 3M, Intermagnetics General, Nordic Superconductor Technologies, and Innova. The superconductor industry is characterized by rapidly changing and advancing technology. Our future success will depend in large part upon our ability to keep pace with advancing HTS and LTS technology and developing industry standards. Our SMES products and integrated power electronic products, such as D-VAR(TM), compete with a variety of non-superconductor products such as dynamic voltage restorers ("DVRs"), static VAR compensators ("SVCs"), static compensators ("STATCOMS"), flywheels, power electronic converters and battery-based power supply systems. Competition for our PowerModules(TM) includes products from Ecostar, Inverpower, Satcon, Semikron and Trace. The HTS motor and generator products that we are developing face competition from copper wire-based motors and generators, and from permanent magnet motors that are being developed. Research efforts and technological advances made by others in the superconductor field or in other areas with applications to the power quality and reliability markets may render our development efforts obsolete. Many of our competitors have substantially greater financial resources, research and development, manufacturing and marketing capabilities than we have. In addition, as the HTS wire, HTS electric motors and generators, and power electronic systems markets develop, other large industrial companies may enter those fields and compete with us.

Third parties have or may acquire patents that cover the high temperature superconductor materials we use or may use in the future to manufacture our products.

We expect that some or all of the HTS materials and technologies we use in designing and manufacturing our products are or will become covered by patents issued to other parties, including our competitors. If that is the case, we will need either to acquire licenses to these patents or to successfully contest the validity of these patents. The owners of these patents may refuse to grant licenses to us, or may be willing to do so only on terms that we find commercially unreasonable. If we are unable to obtain these licenses, we may have to contest the validity or scope of those patents to avoid infringement claims by the owners of these patents. It is possible that we will not be successful in contesting the validity or scope of a patent, or that we will not prevail in a patent infringement claim brought against us. Even if we are successful in such a proceeding, we could incur substantial costs and diversion of management resources in prosecuting or defending such a proceeding.

There are numerous patents issued in the field of superconductor materials and our patents may not provide meaningful protection for our technology.

We own or have licensing rights under many patents and pending patent applications. However, the patents that we own or license may not provide us with meaningful protection of our technologies, and may not prevent our competitors from using similar technologies, for a variety of reasons, such as:

- the patent applications that we or our licensors file may not result in patents being issued;

- any patents issued may be challenged by third parties; and

- others may independently develop similar technologies not protected by our patents or design around the patented aspects of any technologies we develop.

Moreover, we could incur substantial litigation costs in defending the validity of our own patents. We also rely on trade secrets and proprietary know-how to protect our intellectual property. However, our non-disclosure agreements and other safeguards may not provide meaningful protection for our trade secrets and other proprietary information.

Our success is dependent upon attracting and retaining qualified personnel.

Our success will depend in large part upon our ability to attract and retain highly qualified research and development, management, manufacturing, marketing and sales personnel. Hiring those persons may be especially difficult due to the specialized nature of our business.

We are particularly dependent upon the services of Dr. Gregory J. Yurek, our co-founder and our Chairman of the Board, President and Chief Executive Officer, and Dr. Alexis P. Malozemoff, our Chief Technical Officer. The loss of the services of either of those individuals could significantly damage our business and prospects.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk through financial instruments, such as investments in marketable securities, is not material.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings
Not Applicable

Item 2. Changes in Securities and Use of Proceeds
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

Exhibit No.

Exhibit No.	Description
10.26	Second Amended and Restated 1997 Director Stock Option Plan
99.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

$$ - Management or compensatory plan or arrangement

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.

AMERICAN SUPERCONDUCTOR CORPORATION

August 14, 2002	/s/ Gregory J. Yurek
Date	Gregory J. Yurek Chairman of the Board, President and Chief Executive Officer
August 14, 2002	/s/ Thomas M. Rosa
Date	Thomas M. Rosa Chief Accounting Officer, Corporate Controller and Assistant Secretary

Exhibit 10.26

AMERICAN SUPERCONDUCTOR CORPORATION

SECOND AMENDED AND RESTATED 1997 DIRECTOR STOCK OPTION PLAN

1. Purpose.

The purpose of this Second Amended and Restated 1997 Director Stock Option Plan (the "Plan") of American Superconductor Corporation (the "Company") is to encourage stock ownership in the Company by outside directors of the Company whose continued services are considered essential to the Company's future success and to provide them with a further incentive to remain as directors of the Company.

2. Administration.

The Board of Directors shall supervise and administer the Plan. Grants of stock options under the Plan and the amount and nature of the options to be granted shall be automatic in accordance with Section 5. However, all questions concerning interpretation of the Plan or any options granted under it shall be resolved by the Board of Directors and such resolution shall be final and binding. No director or person acting pursuant to the authority delegated by the Board of Directors shall be liable for any action or determination relating to or under the Plan made in good faith.

3. Participation in the Plan.

Directors of the Company who are not full-time employees of the company or any subsidiary of the Company ("Outside Directors") shall be eligible to receive options under the Plan, except that Directors of the Company who are representatives of an equity holder of the Company shall not be eligible to receive options under the Plan.

4. Stock Subject to the Plan.

(a) The maximum number of shares of the Company's Common Stock, par value $.01 per share ("Common Stock"), which may be issued under the Plan shall be 640,000 shares, subject to adjustment as provided in Section 7.

(b) If any outstanding option under the Plan for any reason expires or is terminated without having been exercised in full, the shares covered by the unexercised portion of such option shall again become available for issuance pursuant to the Plan.

(c) All options granted under the Plan shall be non-statutory options not entitled to special tax treatment under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

(d) Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

5. Terms, Conditions and Form of Options.

Each option granted under the Plan shall be evidenced by a written agreement in such form as the President or the Executive Vice President, Corporate Development, shall from time to time approve, which agreements shall comply with and be subject to the following terms and conditions:

(a) Option Grant Dates and Shares Subject to Option. Options will be granted under the Plan as follows:

(i) Initial Grants to Outside Directors. An option to purchase 20,000 shares of Common Stock shall be granted automatically to each Outside Director first elected to the Board of Directors after the date of the approval of the Plan by the stockholders of the Company, upon the date of his or her initial election to the Board of Directors.

(ii) Subsequent Grants to Outside Directors. An additional option to purchase 10,000 shares of Common Stock shall be granted automatically, on the third business day following the date of each Annual Meeting of Stockholders of the Company, to each person serving as an Outside Director of the Company on the date of such grant, provided that such Outside Director has served on the Board of Directors of the Company for at least one full calendar year prior to the date of such grant.

(b) Option Exercise Price. The option exercise price per share for each option granted under the Plan shall be equal to the fair market value per share of Common Stock on the date of grant, which shall be determined as follows: (i) if the Common Stock is listed on the Nasdaq National Market or another nationally recognized exchange or trading system as of the date on which a determination of fair market value is to be made, the fair market value per share shall be deemed to be the last reported sale price per share of Common Stock thereon on such date (or, if no such price is reported on such date, such price on the nearest preceding date on which such a price is reported); and (ii) if the Common Stock is not listed on the Nasdaq National Market or another nationally recognized exchange or trading system as of the date on which a determination of fair market value is to be made, the fair market value per share shall be as determined by the Board of Directors.

(c) Transferability of Options. Except as the Board of Directors may otherwise determine, options shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the optionee, shall be exercisable only by the optionee. References to a optionee, to the extent relevant in the context, shall include references to authorized transferees, if any.

(d) Vesting Period.

(i) General. Each option granted pursuant to Section 5(a)(i) shall become exercisable in equal annual installments over a two year period following the date of grant. Each option granted pursuant to Section 5(a)(ii) shall be fully exercisable on the date of grant.

(ii) Acceleration Upon An Acquisition Event. Notwithstanding the foregoing, each outstanding option granted pursuant to Section 5(a)(i) shall immediately become exercisable in full in the event an Acquisition Event (as defined in Section 8) of the Company occurs.

(e) Termination. Each option shall terminate, and may no longer be exercised, on the earlier of the (i) the date ten years after the date of grant or (ii) the date 60 days after the optionee ceases to serve as a director of the Company for any reason, whether by death, resignation, removal or otherwise.

(f) Exercise Procedure. Options may be exercised only by written notice to the Company at its principal office accompanied by (i) payment in cash or by certified or bank check of the full consideration for the shares as to which they are exercised or (ii) an irrevocable undertaking, in form and substance satisfactory to the Company, by a broker to deliver promptly to the Company sufficient funds to pay the exercise price or (iii) delivery of irrevocable instructions, in form and substance satisfactory to the Company, to a broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price.

(g) Exercise by Representative Following Death of Director. An optionee, by written notice to the Company, may designate one or more persons (and from time to time change such designation), including his or her legal representative, who, by reason of the optionee's death, shall acquire the right to exercise all or a portion of the option. If the person or persons so designated wish to exercise any portion of the option, they must do so within the term of the option as provided herein. Any exercise by a representative shall be subject to the provisions of the Plan.

6. Limitation of Rights.

(a) No Right to Continue as a Director. Neither the Plan, nor the granting of an option nor any other action taken pursuant to the Plan, shall constitute or be evidence of any agreement or understanding, express or implied, that the optionee shall be entitled to continue as a director for any period of time.

(b) No Stockholder Rights for Options. An optionee shall have no rights as a stockholder with respect to the shares covered by his or her option until the date of the issuance to him or her of a stock certificate therefor, and no adjustment will be made for dividends or other rights (except as provided in Section 7) for which the record date is prior to the date such certificate is issued. Notwithstanding the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend, and the distribution date (i.e., the date on which the closing market price of the Common Stock on a stock exchange or trading system is adjusted to reflect the split) is subsequent to the record date for such stock dividend, an optionee who exercises an option between the close of business on such record date and the close of business on such distribution date shall be entitled to receive the stock dividend with respect to the shares of Common Stock acquired upon such option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on such record date.

(c) Compliance with Securities Laws. Each option shall be subject to the requirement that if, at any time, counsel to the Company shall determine that the listing, registration or qualification of the shares subject to such option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition to, or in connection with, the issuance or purchase of shares thereunder, such option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, or satisfaction of such condition shall have been effected or obtained on conditions acceptable to the Board of Directors.

7. Adjustment to Common Stock. In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock other than a normal cash dividend, (i) the number and class of securities available under this Plan and (ii) the number and class of security and exercise price per share subject to each outstanding option shall be appropriately adjusted by the Company to the extent the Board shall determine, in good faith, that such an adjustment is necessary and appropriate. No fractional shares will be issued under the Plan on account of any such adjustments. If this Section 7 applies and Section 8 also applies to any event, Section 8 shall be applicable to such event and this Section 7 shall not be applicable.

Notwithstanding the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend, and the distribution date (i.e., the date on which the closing market price of the Common Stock on a stock exchange or trading system is adjusted to reflect the split) is subsequent to the record date for such stock dividend, an optionee who exercises an option between the close of business on such record date and the close of business on such distribution date shall be entitled to receive the stock dividend with respect to the shares of Common Stock acquired upon such option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on such record date.

8. Acquisition Events.

Consequences of Acquisition Events. Upon the occurrence of an Acquisition Event (as defined below), or the execution by the Company of any agreement with respect to an Acquisition Event, the Board shall take any one or more of the following actions with respect to then outstanding options: (i) provide that outstanding options shall be assumed, or equivalent options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), provided that any such options substituted for such options shall satisfy, in the determination of the Board, the requirements of Section 424(a) of the Internal Revenue Code of 1986, as amended; (ii) upon written notice to the optionees, provide that all then unexercised options will become exercisable in full as of a specified time (the "Acceleration Time") prior to the Acquisition Event and will terminate immediately prior to the consummation of such Acquisition Event, except to the extent exercised by the optionees between the Acceleration Time and the consummation of such Acquisition Event; and (iii) in the event of an Acquisition Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share of Common Stock surrendered pursuant to such Acquisition Event (the "Acquisition Price"), provide that all outstanding options shall terminate upon consummation of such Acquisition Event and each optionee shall receive, in exchange therefor, a cash payment equal to the amount (if any) by which (A) the Acquisition Price multiplied by the number of shares of Common Stock subject to such outstanding options (whether or not then exercisable), exceeds (B) the aggregate exercise price of such options.

An "Acquisition Event" shall mean: (x) any merger or consolidation which results in the voting securities of the Company outstanding immediately prior thereto representing immediately thereafter (either by remaining outstanding or by being converted into voting securities of the surviving or acquiring entity) less than 50% of the combined voting power of the voting securities of the Company or such surviving or acquiring entity outstanding immediately after such merger or consolidation; (y) any sale of all or substantially all of the assets of the Company; or (z) the complete liquidation of the Company.

9. Modification, Extension and Renewal of Options.

The Board of Directors shall have the power to modify or amend outstanding options; provided, however, that no modification or amendment may (i) have the effect of altering or impairing any rights or obligations of any option previously granted without the consent of the optionee, or (ii) modify the number of shares of Common Stock subject to the option (except as provided in Section 7).

10. Termination and Amendment of the Plan.

The Board of Directors may suspend, terminate or discontinue the Plan or amend it in any respect whatsoever; provided, however, that without approval of the stockholders of the Company, no amendment may (i) increase the number of shares subject to the Plan (except as provided in Section 7), or (ii) effect any action which requires approval of the stockholders pursuant to the rules or requirements of the Nasdaq National Market or any other exchange on which the Common Stock of the Company is listed.

11. Notice.

Any written notice to the Company required by any of the provisions of the Plan shall be addressed to the Treasurer of the Company and shall become effective when it is received.

12. Governing Law.

The Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware.

13. Stockholder Approval.

The Plan is conditional upon stockholder approval of the Plan within one year from its date of adoption by the Board of Directors, and no option may be granted under the Plan until such stockholder approval is obtained.

First adopted by the Board of Directors on July 24, 1997 and approved by the stockholders on September 5, 1997.

Amended and Restated Plan adopted by the Board of Directors on May 2, 2000 and approved by the stockholders on July 28, 2000.

Second Amended and Restated Plan adopted by the Board of Directors on April 25, 2002 and approved by the stockholders on July 26, 2002.

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of American Superconductor Corporation (the "Company") for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Gregory J. Yurek, Chief Executive Officer of the Company, and Stanley D. Piekos, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory J. Yurek

Gregory J. Yurek
Chief Executive Officer
August 13, 2002

/s/ Stanley D. Piekos

Stanley D. Piekos
Chief Financial Officer
August 13, 2002