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: December 31, 2000 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	20,255,596
Class	Outstanding as of February 12, 2000

AMERICAN SUPERCONDUCTOR CORPORATION

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AMERICAN SUPERCONDUCTOR CORPORATION
Consolidated Balance Sheets

	December 31, 2000 (unaudited)	March 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 71,086,828	$126,917,768
Accounts receivable	13,479,844	7,317,009
Inventory	14,678,910	9,246,950
Prepaid expenses and other current assets	1,587,934	809,129
Total current assets	100,833,516	144,290,856
Property and equipment:		
Land	4,131,668	-
Construction in progress-Building	6,092,863	-
Equipment	34,468,060	20,300,734
Furniture and fixtures	2,050,109	1,670,029
Leasehold improvements	3,174,820	3,006,814
	49,917,520	24,977,577
Less: accumulated depreciation	(17,567,655)	(15,199,346)
Property and equipment, net	32,349,865	9,778,231
Long-term marketable securities	108,190,876	91,737,449
Long-term accounts receivable	1,375,000	1,750,000
Net investment in sales-type lease	279,110	279,110
Goodwill	1,174,198	0
Other assets	1,650,315	1,078,610
Total assets	$245,852,880	$248,914,256
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$7,715,423	$6,339,023
Deferred revenue	-	371,250
Total current liabilities	7,715,423	6,710,273
Long-term deferred revenue	3,418,473	1,259,883
Commitments		
Stockholders' equity:		
Common stock, $.01 par value Authorized shares-50,000,000; issued and outstanding - 20,221,422 and 19,734,714 at December 31, 2000 and March 31, 2000, respectively	202,214	197,347
Additional paid-in capital	355,265,781	348,903,034
Deferred compensation	(450,783)	(530,333)
Deferred warrant costs	(411,631)	(637,552)
Accumulated other comprehensive income (loss)	560,740	(172,515)
Accumulated deficit	(120,447,337)	(106,815,881)
Total stockholders' equity	234,718,984	240,944,100
Total liabilities and stockholders' equity	$245,852,880	$248,914,256

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

AMERICAN SUPERCONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended December 31, 2000	Three Months Ended December 31, 1999	Nine Months Ended December 31, 2000	Nine Months Ended December 31, 1999
Revenues:				
Contract revenue	$ 1,005,198	$ 4,533,187	$ 2,400,186	$ 8,712,050
Product sales and prototype development contracts	4,601,640	498,627	11,848,494	1,123,179
Total revenues	5,606,838	5,031,814	14,248,680	9,835,229
Costs and expenses:				
Costs of revenue - Contracts	998,156	4,522,358	2,384,593	8,650,294
Costs of revenue - Product sales and prototype development contracts	3,106,913	560,989	8,867,111	1,247,904
Research and development	5,106,967	2,263,876	16,445,107	8,999,343
Selling, general and administrative	3,673,750	797,941	10,343,976	4,481,563
Total costs and expenses	12,885,786	8,145,164	38,040,787	23,379,104
Interest income	3,117,357	226,425	10,111,087	871,203
Other income (expense), net	31,837	3,601	49,564	5,932
Net loss	$(4,129,754)	$(2,883,324)	$(13,631,456)	$(12,666,740)
Net loss per common share				
Basic	$ (0.20)	$ (0.19)	$ (0.68)	$ (0.82)
Diluted	$ (0.20)	$ (0.19)	$ (0.68)	$ (0.82)
Weighted average number of common shares outstanding				
Basic	20,212,281	15,554,214	20,083,930	15,464,834
Diluted	20,212,281	15,554,214	20,083,930	15,464,834

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

AMERICAN SUPERCONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2000	1999	2000	1999
Net loss	($4,129,754)	($2,883,324)	($13,631,456)	($12,666,740)
Other comprehensive income (loss)				
Foreign currency translation	31,732	(8,148)	13,943	(9,337)
Unrealized gains (losses) on investments	394,129	(39,033)	719,312	(74,475)
Other comprehensive income (loss)	425,861	(47,181)	733,255	(83,812)
Comprehensive income (loss)	$(3,703,893)	$(2,930,505)	$(12,898,201)	$(12,750,552)

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

AMERICAN SUPERCONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended December 31, 2000	Nine Months Ended December 31, 1999
Cash flows from operating activities:		
Net loss	$(13,631,456)	$(12,666,740)
Adjustments to reconcile net loss to net cash used by operations:		
Depreciation and amortization	2,688,141	1,529,176
Deferred compensation expense	79,550	-
Deferred warrant costs	265,888	334,813
Stock compensation expense	165,586	96,962
Changes in operating asset and liability accounts :		
Accounts receivable	(5,735,557)	(3,194,799)
Inventory	(5,171,980)	(2,964,708)
Prepaid expenses and other current assets	(778,805)	(82,763)
Accounts payable and accrued expenses	1,376,400	1,217,900
Deferred revenue - current and long-term	1,787,340	1,583,883
Total adjustments	(5,323,437)	(1,479,536)
Net cash used by operating activities	(18,954,893)	(14,146,276)
Cash flows from investing activities:		
Purchase of property and equipment (net)	(24,734,414)	(4,571,403)
Purchase of long-term marketable securities	(15,734,115)	(315,467)
Purchase of assets of Integrated Electronics, LLC	(755,000)	-
Net investment in sales-type lease	-	8,000
Increase in other assets	(736,454)	(394,224)
Net cash used in investing activities	(41,959,983)	(5,273,094)
Cash flows from financing activities:		
Net proceeds from issuance of common stock	5,083,936	1,950,777
Net cash provided by financing activities	5,083,936	1,950,777
Net increase (decrease) in cash and cash equivalents	(55,830,940)	(17,468,593)
Cash and cash equivalents at beginning of period	126,917,768	24,969,142
Cash and cash equivalents at end of period	$ 71,086,828	$ 7,500,549
Supplemental schedule of cash flow information:		
Noncash issuance of common stock	$ 1,323,261	$ 96,962

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

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 devices for electric power applications. The focus of the Company's development and commercialization efforts is on electrical equipment for use by electric utilities and industrial and commercial users of electrical power. For large-scale applications, the Company's development efforts are focused on high temperature superconducting ("HTS") power transmission cables, motors, generators and transformers. In the area of industrial power quality and transmission network power reliability, the Company is focused on marketing and selling commercial superconducting magnetic energy storage ("SMES") devices, on development and commercialization of new SMES products, on development of power electronic subsystems, and on providing engineering services in the area of power quality and transmission network reliability for industrial, commercial and utility customers. The Company operates in two business segments.

The Company currently derives a substantial portion of its revenue from research and development contracts. A significant portion of this contract revenue relates to a development contract with Pirelli Cables and Systems ("Pirelli"), who (through an affiliated company) is a stockholder of the Company.

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 12/31/2000	Three Months Ended 12/31/1999	Nine Months Ended 12/31/2000	Nine Months Ended 12/31/1999
Research and development expenses	$1,742,079	$3,286,565	$4,197,852	$6,459,655
Selling, general and administrative expenses	$ 577,120	$1,759,208	$1,328,360	$3,297,263

2. Basis of Presentation:

The accompanying consolidated financial statements are unaudited, except for those dated as of March 31, 2000, and 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 December 31, 2000 and 1999 and the financial position at December 31, 2000.

The results of operations for the interim periods 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, 2000 which are contained in the Company's Annual Report on Form 10-K covering the year ended March 31, 2000.

On June 1, 2000, the Company 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 purchase price consisted of cash paid to IE of $675,000, miscellaneous transaction costs of $80,000, and the value of 37,500 shares of the Company's common stock at June 1, 2000 of $1,078,125. The fair value of the assets acquired were accounts receivable of $52,278, inventory of $259,980, and fixed assets of $191,585. These asset purchases are included under "Purchase of assets of Integrated Electronics, LLC" in the Consolidated Statements of Cash Flows for the period ended December 31, 2000 and thus are excluded from the "Changes in operating asset and liability accounts" section of the Consolidated Statements of Cash Flows.

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

3. Net Loss Per Common Share:

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share" effective December 28, 1997. SFAS No. 128 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 effect of the exercise of stock options. For the three months ended December 31, 2000 and 1999, common equivalent shares of 2,450,138 and 1,543,813 were not included for the calculation of diluted EPS as they were considered antidilutive. For the nine months ended December 31, 2000 and 1999, common equivalent shares of 2,524,041 and 3,391,891 were also not included for the calculation of diluted EPS as they were also considered antidilutive.

4. Cost-Sharing Agreements:

The Company received funding of approximately $4,000 under a U.S. Air Force cost-sharing agreement in the three months ended December 31, 2000, compared to approximately $347,000 from two Department of Energy cost-sharing agreements in the three months ended December 31, 1999. For the nine months ended December 31, 2000 and 1999, government cost-sharing funding was approximately $198,000 and $1,446,000, respectively. This funding was used to directly offset research and development and selling, general and administrative expenses.

5. Business Segment Information:

The Company adopted Statement of Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("FAS 131"), as of March 31, 1999. The Company has two reportable business segments as defined by FAS 131-High Temperature Superconducting ("HTS") business segment, and the Superconducting Magnetic Energy Storage ("SMES") segment.

The HTS business segment develops and commercializes HTS wire, wire products and systems. The focus of this segment's development efforts is on HTS wire for power transmission cables, motors, generators and transformers.

The SMES business segment is focused on marketing and selling commercial SMES devices, on development and commercialization of new SMES products, on development of power electronic subsystems and on providing engineering services in the area of power quality and transmission network reliability for industrial, commercial and utility customers.

The operating segment results for the HTS and SMES business segments were as follows:

	Three Months Ended December 31		Nine Months Ended December 31	
	2000	1999	2000	1999
Revenues				
HTS	$ 2,110,869	$ 4,967,931	$ 5,305,806	$ 9,249,385
SMES	3,495,969	63,883	8,942,874	585,844
Total	$ 5,606,838	$ 5,031,814	$ 14,248,680	$ 9,835,229
Operating Income (loss)				
HTS	$ (6,118,182)	$ (1,034,768)	$ (18,926,676)	$ (7,639,802)
SMES	(835,622)	(1,810,922)	(3,869,712)	(5,031,246)
Unallocated Corporate Expenses	(325,144)	(267,660)	(995,719)	(872,827)
Total	$(7,278,948)	$ (3,113,350)	$ (23,792,107)	$(13,543,875)

The segment assets for the HTS and SMES business segments were as follows:

	December 31, 2000	March 31, 2000
HTS	$ 38,642,372	$ 16,265,634
SMES	27,932,804	13,993,405
Corporate cash and marketable securities	179,277,704	218,655,217
Total	$245,852,880	$248,914,256

The accounting policies of the business segments are the same as those described in Note 2, except that certain corporate expenses which we do not believe are specifically attributable or allocable to either business segment have been excluded from the segment operating losses.

6. New Accounting Pronouncements:

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

Statement 133, as amended by Statement 138, effective July 1, 2000, is effective for fiscal years beginning after June 15, 1999. In June 1999, FASB issued Statement 137 which defers the effective date to fiscal years beginning after June 15, 2000. A company may also implement the Statement as of the beginning of any fiscal quarter after issuance. Statement 133 cannot be applied retroactively. Statement 133 must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts that were issued, acquired or substantively modified after December 31, 1997 (and, at the company's election, before January 1, 1998). We believe the impact on our financial statements of adopting Statement 133 will be immaterial.

In December 1999, the SEC issued Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition," which outlines the basic criteria that must be met to recognize revenue and provides guidance for presentation of revenue and for disclosure related to revenue recognition policies in financial statements filed with the SEC. The SEC has subsequently delayed the implementation date of SAB 101 until no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. We believe the future impact on our financial statements as a result of SAB 101 will be immaterial.

In March 2000, the FASB issued Interpretation No. 44 ("FIN 44"), "Accounting for Certain Transactions Involving Stock Compensation - an Interpretation of APB Opinion No. 25". This interpretation clarifies (a) the definition of employee for purposes of applying Opinion 25, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. This interpretation is effective July 1, 2000, but certain conclusions in this interpretation cover specific events that occur after either December 15, 1998, or January 12, 2000. To the extent that this interpretation covers events occurring during the period after December 15, 1998, or January 12, 2000, but before the effective date of July 1, 2000, the effects of applying this interpretation are recognized on a prospective basis from July 1, 2000. There is no impact on our financial statements in the current quarter as a result of adopting FIN 44. We believe the future impact on our financial statements as a result of this interpretation will be immaterial.

AMERICAN SUPERCONDUCTOR CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 2000

Results of Operations

Total revenues during the three months ended December 31, 2000 were $5,607,000, compared to $5,032,000 for the same period a year earlier. For the nine months ended December 31, 2000, revenues were $14,249,000, as compared to $9,835,000 for the comparable period in 1999. Revenues for the three and nine-month periods increased by $575,000 and $4,414,000, respectively, compared to the same prior-year periods. The increase in revenue resulted from higher sales of Superconducting Magnetic Energy Storage (SMES) products. SMES sales in the quarter were $3,496,000, compared to $64,000 during the third quarter of last year, an increase of $3,432,000. SMES sales for the recent nine-month period were $8,943,000, compared to $586,000 recorded during the first nine months of last year, an increase of $8,357,000.

These increases in SMES sales were partially offset by lower HTS business unit revenues, which decreased by $2,857,000 and $3,943,000 for the three and nine-month periods ended December 31, 2000, respectively, compared to the same prior-year periods. In the quarter ended December 31, 2000, total HTS revenues were $2,111,000, as compared to $4,968,000 in the prior-year quarter. HTS contract revenue decreased to $775,000 in the quarter ended December 31, 2000 from $4,478,000 in the year-ago quarter. The year-ago quarter included $3,000,000 of revenue from a research and development contract with Pirelli Cables and Systems, which became effective October 1, 1999. Included in the $3,000,000 of Pirelli-related contract revenue was $2,500,000 of retroactive funding for work performed prior to October 1, 1999. Pirelli-related contract revenue for the quarter ended December 31, 2000 was $500,000. HTS revenues from product sales and prototype development contracts increased to $1,336,000 in the quarter ended December 31, 2000, compared to $490,000 in the prior-year period, partially offsetting the decline in contract revenue. For the nine-month periods ended December 31, 2000 and 1999, total HTS revenues were $5,306,000 and $9,249,000, respectively, a decrease caused by lower contract revenues.

For the three months ended December 31, 2000, we recorded approximately $4,000 of funding under a new $1,500,000 government cost-sharing agreement with the U. S. Air Force, which became effective December 18, 2000. For the three months ended December 31, 1999, we recorded $347,000 of funding under two cost sharing agreements with the Department of Energy ("DOE"). For the nine months ended December 31, 2000, funding under government cost-sharing agreements was $198,000, compared to $1,446,000 for the comparable period in 1999. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 2000

Total costs and expenses for the three months ended December 31, 2000 were $12,886,000, compared to $8,145,000 for the same period last year. Total costs and expenses for the first nine months of the current fiscal year were $38,041,000, compared to $23,379,000 for the same period last year. The increase in costs and expenses was primarily the result of our increased investment in research and development and increased costs of revenue associated mainly with the higher level of SMES product sales.

Adjusted research and development ("R&D") expenses, which include amounts classified as costs of revenue and amounts offset by cost sharing funding, increased to $6,851,000 in the three months ended December 31, 2000 from $5,730,000 for the same period of the prior year. For the nine-month periods ended December 31, 2000 and 1999, adjusted research and development expenses were $20,745,000 and $16,204,000, respectively. These increases were due to the continued scale-up of our internal research and development activities, including the hiring of additional personnel and the purchases of materials and equipment, and higher spending on licenses and consultants/outside contractors. 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). A significantly higher proportion of R&D expenditures was classified as costs of revenue in the year-ago periods due to the higher level of Pirelli and other contract revenues. Additionally, a portion of 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) increased to $5,107,000 in the quarter ended December 31, 2000 from $2,264,000 for the same period last year. For the nine months ended December 31, 2000 and 1999, these amounts were $16,445,000 and $8,999,000, respectively.

Our R&D expenditures are summarized as follows:

	Three Months Ended 12/31/2000	Three Months Ended 12/31/1999	Nine Months Ended 12/31/2000	Nine Months Ended 12/31/1999
R&D expenses per Consolidated Statements of Operations..................	$5,107,000	$2,264,000	$16,445,000	$ 8,999,000
R&D expenditures on development contracts classified as Costs of revenue..	1,742,000	3,287,000	4,198,000	6,460,000
R&D expenditures offset by cost sharing funding..................................	2,000	179,000	102,000	745,000
Adjusted R&D expenses	$6,851,000	$5,730,000	$20,745,000	$16,204,000

Adjusted selling, general and administrative ("SG&A") expenses, which include amounts classified as costs of revenue and amounts offset by cost sharing funding, increased to $4,253,000 for the three months ended December 31, 2000, compared to $2,725,000 for the same period a year earlier. For the nine-month periods ended December 31, 2000 and 1999, adjusted

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 2000

SG&A expenses were $11,768,000 and $8,479,000, respectively. These increases were primarily due to the hiring of additional personnel and related expenses incurred to support corporate development, marketing, and recruiting activities and future planned growth. 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). A significantly higher proportion of SG&A expenditures was classified as costs of revenue in the year-ago periods due to the higher level of Pirelli and other contract revenues. Additionally, a portion of SG&A expenses was offset by cost sharing funding. Net SG&A expenses (exclusive of amounts classified as costs of revenues and amounts offset by cost sharing funding) increased to $3,674,000 in the quarter ended December 31, 2000 from $798,000 for the same period last year. For the nine months ended December 31, 2000 and 1999, these amounts were $10,344,000 and $4,482,000, respectively.

Our SG&A expenditures are summarized as follows:

	Three Months Ended 12/31/2000	Three Months Ended 12/31/1999	Nine Months Ended 12/31/2000	Nine Months Ended 12/31/1999
SG&A expenses per Consolidated Statements of Operations..................	$3,674,000	$ 798,000	$10,344,000	$4,482,000
SG&A expenditures on development contracts classified as Costs of revenue..	577,000	1,759,000	1,328,000	3,297,000
SG&A expenditures offset by cost sharing funding...........................	2,000	168,000	96,000	700,000
Adjusted SG&A expenses	$4,253,000	$2,725,000	$11,768,000	$8,479,000

Interest income was $3,117,000 in the quarter ended December 31, 2000 compared to $226,000 for the same period in the previous year. For the nine months ended December 31, 2000 and 1999, these amounts were $10,111,000 and $871,000, respectively. These increases in interest income reflect the higher cash balances available for investment as a result of receiving $205,625,000 in net proceeds from our March, 2000 public offering of 3,500,000 shares of common stock.

We expect to continue to incur operating losses for the next two years, 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 December 31, 2000, we had cash, cash equivalents and long-term marketable securities of $179,278,000 compared to $218,655,000 at March 31, 2000. The principal uses of cash during the nine months ended December 31, 2000 were the funding of our operations, the acquisition of capital equipment, primarily for research and development and manufacturing, and expenditures for our planned new HTS manufacturing facility in Devens, Massachusetts.

Long-term accounts receivable of $1,375,000 represents the amount due after December 31, 2001 on the $2,500,000 recognized as revenue in the year ended March 31, 2000 for R&D work performed by us prior to the effective date (October 1, 1999) of the Pirelli development agreement. The $2,500,000 payment by Pirelli for R&D performed before October 1, 1999 is guaranteed by the agreement and is payable in quarterly installments over the five-year period between October 1, 1999 and September 30, 2004.

Goodwill of $1,174,000 at December 31, 2000 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. The IE transaction was accounted for under the purchase method of accounting. Goodwill was initially calculated to be $1,329,000, and is being amortized over a five-year period beginning June 1, 2000, in an amount equal to $22,000 per month. Results of operations for IE since June 1, 2000 are incorporated in our consolidated financial results.

We have potential funding commitments (excluding amounts included in accounts receivable) of approximately $15,264,000 to be received after December 31, 2000 from strategic partners and government and commercial customers, compared to $20,064,000 at March 31, 2000. However, these commitments, including $3,835,000 on U.S. government contracts, are subject to certain cancellation provisions. Of the current commitment amount of $15,264,000, approximately 48% is potentially collectable within the next 12 months.

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

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

Statement 133, as amended by Statement 138, effective July 1, 2000, is effective for fiscal years beginning after June 15, 1999. In June 1999, FASB issued Statement 137 which defers the effective date to fiscal years beginning after June 15, 2000. A company may also implement the Statement as of the beginning of any fiscal quarter after issuance. Statement 133 cannot be applied retroactively. Statement 133 must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts that were issued, acquired or substantively modified after December 31, 1997 (and, at the company's election, before January 1, 1998). We believe the impact on our financial statements of adopting Statement 133 will be immaterial.

In December 1999, the SEC issued Staff Accounting Bulletin ("SAB") 101,"Revenue Recognition," which outlines the basic criteria that must be met to recognize revenue and provides guidance for presentation of revenue and for disclosure related to revenue recognition policies in financial statements filed with the SEC. The SEC has subsequently delayed the implementation date of SAB 101 until no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. We believe the future impact on our financial statements as a result of SAB 101 will be immaterial.

In March 2000, the FASB issued Interpretation No. 44 ("FIN 44"), "Accounting for Certain Transactions Involving Stock Compensation - an Interpretation of APB Opinion No. 25". This Interpretation clarifies (a) the definition of employee for purposes of applying Opinion 25, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. This Interpretation is effective July 1, 2000, but certain conclusions in this Interpretation cover specific events that occur after either December 15, 1998, or January 12, 2000. To the extent that this Interpretation covers events occurring during the period after December 15, 1998, or January 12, 2000, but before the effective date of July 1, 2000, the effects of applying this Interpretation are recognized on a prospective basis from July 1, 2000. There is no impact on our financial statements in the current quarter as a result of adopting FIN 44. We believe the future impact on our financial statements as a result of this interpretation will be immaterial.

Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk through derivative financial instruments and other financial instruments, such as investments in short-term marketable securities and long-term debt, is not material.

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.

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 1998, fiscal 1999, fiscal 2000, and the first nine months of fiscal 2001 was $12,378,000, $15,326,000, $17,598,000, and $13,631,000, respectively. Our accumulated deficit as of December 31, 2000 was $120,447,000. We expect to continue to incur operating losses in the next two years and there can be no assurance that we will ever achieve profitability.

There are a number of technological challenges that must be successfully addressed before our superconducting 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 of our products later than anticipated.

The commercial uses of superconducting 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 superconducting 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 superconducting 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 have announced plans to build a facility exclusively dedicated to HTS wire manufacturing at the Devens Commerce Center in Devens, Massachusetts, and have begun construction of this facility. Over the next two years, we plan to use a portion of the net proceeds from our March 2000 stock offering to buy land, construct a building and purchase equipment for the new HTS wire manufacturing facility in Devens, and for a new SMES manufacturing facility. We can only estimate the costs of these projects, and the actual costs may be significantly in excess of our estimates. In addition, we may be unable to lease suitable space for our new facilities on commercially acceptable terms, the completion of those new facilities may be delayed, or we may experience start-up difficulties or other problems once those facilities become 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 these facilities.

We have no experience manufacturing our 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 achieved in manufacturing these products in limited quantities. This presents a number of technological and engineering challenges for us. We cannot assure you that we will be successful in developing product designs and manufacturing processes that permit us to manufacture our HTS and SMES 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 superconducting products. Consequently, our management team has limited experience directing our commercialization efforts which are essential to our future success. To date, we only have limited experience marketing and selling our products, and there are very few people anywhere who have significant experience marketing or selling superconducting 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 superconducting 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. We have entered into a marketing and sales alliance with GE Industrial Systems giving GE the exclusive right to offer our Distributed-SMES (D-SMES) product line 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.

We depend on our strategic relationships with our corporate partners for the successful development and marketing of applications for our superconducting products.

Our business strategy depends upon strategic relationships with corporate partners, which are intended to provide funding and technologies for our development efforts and assist us in marketing and distributing our products. Although we currently are party to a number of strategic relationships, we may not be able to maintain these relationships, and these relationships may not be technologically or commercially successful.

We have an agreement with Pirelli relating to HTS wire for cables used to transmit both electric power and control signals. In general, we are obligated to sell our HTS cable wire exclusively to Pirelli, and Pirelli is obligated to buy this HTS wire exclusively from us or to pay us royalties for any of this wire that it manufactures for use in these applications anywhere in the world other than Japan. Pirelli continues to provide us with substantial funding and has been critical in assisting us in the development and commercialization of HTS cable wire. Consequently, we are significantly dependent on Pirelli for the commercial success of this cable wire in these applications.

As we move toward commercialization of several of our products, we plan to use strategic alliances as an important means of marketing and selling our products. We have entered into a marketing and sales alliance with GE giving GE the exclusive right to offer our D-SMES product line in the United States to utilities and the right to sell industrial PQ-SMES systems to certain of GE's global industrial accounts. Any strategic relationships established may not provide us with the commercial benefits we anticipate.

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

As we begin to market and sell our superconducting products, we will face intense competition both from competitors in the superconducting field and from vendors of traditional products and new technologies. There are many companies in the United States, Europe, Japan and Australia engaged in the development of HTS products, including 3M, Siemens, Alcatel and Sumitomo Electric Industries. The superconducting 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. In addition, our SMES products compete with a variety of non-superconducting products such as dynamic voltage restorers and battery-based power supply systems. Research efforts and technological advances made by others in the superconducting 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, power quality and power reliability 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 superconducting 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 superconducting 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 following:

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

- Patents and patent applications may be challenged by third parties. For example, several interference or opposition proceedings have been initiated with respect to patent applications or patents under which we hold exclusive licenses. These proceedings could result in a loss of patents or applications, which would also result in a loss of our rights under them; and in the case of an interference might also result in the issuance of a similar patent to the party initiating the interference proceeding.

- 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. In addition, the demand for qualified personnel is particularly acute in the New England and

Wisconsin areas, where most of our operations are located, due to the currently low unemployment rate in these regions.

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.

AMERICAN SUPERCONDUCTOR CORPORATION

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

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.

AMERICAN SUPERCONDUCTOR CORPORATION

February 14, 2001	/s/ Gregory J. Yurek
Date	Gregory J. Yurek Chairman of the Board, President and Chief Executive Officer
February 14, 2001	/s/ Thomas M. Rosa
Date	Thomas M. Rosa Chief Accounting Officer, Corporate Controller and Assistant Secretary