SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended March 31, 1997

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

COMMISSION FILE NO. 0-19672

AMERICAN SUPERCONDUCTOR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	04-2959321
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
Two Technology Drive, Westborough, Massachuetts	01581
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $.01 par value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

On April 30, 1997, the aggregate market value of voting Common Stock held by nonaffiliates of the registrant was $105,103,725, based on the closing price of the Common Stock on the Nasdaq National Market on April 30, 1997.

Number of shares of Common Stock outstanding as of June 20, 1997 was 11,575,266.

Documents Incorporated By Reference

Document	Form 10-K Part
Definitive Proxy Statement with respect to the Annual Meeting of Stockholders for the fiscal year ended March 31, 1997, to be filed with the Securities and Exchange Commission by July 29, 1997	Part III

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This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. For this purpose, any statements contained herein that are not statements of historical fact, including without limitation, the statements under "Item 1. Business" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and located elsewhere herein regarding industry prospects and the Company's results of operations or financial position, may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," and similar expressions are intended to identify forward-looking statements. Such forward-looking statements represent management's current expectations and are inherently uncertain. The important factors discussed below under the caption "Management's Discussion

and Analysis of Financial Conditions and Results of Operations -- Future Operating Results," among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. Investors are warned that actual results may differ from management's expectations.

ITEM 1. BUSINESS

American Superconductor Corporation (the "Company") develops and commercializes high temperature superconductor ("HTS") wires, wire products and systems, including current leads, multistrand conductors, electromagnetic coils and electromagnets, and subsystems comprising electromagnetic coils integrated with appropriate cooling systems. The focus of the Company's development and commercialization efforts is on electrical equipment for use by electric utilities and industrial users of electrical power. For large-scale applications, the Company's development efforts are focused on power transmission cables, motors, transformers, generators and fault current limiters. In the area of power quality, the Company is focused on marketing and selling commercial, low temperature superconducting magnetic energy storage ("SMES") devices, on development and commercialization of new SMES products, and on development of power electronic subsystems and engineering services for the power quality marketplace.

In April 1997, the Company acquired Superconductivity, Inc. ("SI"), a manufacturer of low temperature SMES products. The Company believes that this acquisition provides the Company with a strong presence in the power quality market. The Company plans to expand sales and manufacturing capacity for the existing SI family of low temperature superconductor ("LTS") SMES products and intends to convert these products to HTS SMES products in the future. The Company also plans to incorporate HTS current leads into the SI family of LTS SMES products in order to improve the efficiency of operation of the LTS SMES products and to reduce the manufacturing costs. Over the next two years the Company plans a number of development programs to expand the SI family of LTS SMES products. The Company has had under development certain cryocooled power electronics subsystems. While the Company plans to continue to develop cryocooled power electronics subsystems for military applications under government contracts, the Company plans to refocus most of its power electronics development efforts and resources on power electronics for SMES products.

Superconductors lose all resistance to the flow of direct electrical current and nearly all resistance to the flow of alternating electrical current when cooled below a "critical" temperature, which is different for each superconducting material. Superconducting wires provide significant advantages over conventional wires because superconducting wires conduct electricity with little or no energy loss, and therefore can transmit much larger amounts of electricity than conventional wires of the same size.

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The following graph illustrates the loss of resistance of a superconducting material at the critical temperature:

[Graph depicting increase in resistance in a Silver Sheathed Bismuth-based Copper Oxide Superconductor from .0000025 to .00001 as temperature increases from 100K (-280(degree) Fahrenheit) to 300K (80(degree)Fahrenheit)]

It is anticipated that HTS wires and wire products, if successfully developed, could be used in a wide spectrum of electric power systems, including power transmission cables, large-scale electric motors, transformers, electric generators, fault current limiters and SMES devices; and in a wide range of high field electromagnet systems, including magnetic resonance imaging ("MRI") medical systems, magnetic separation equipment, and magnetically levitated transportation systems. There can be no assurance, however, that commercial uses of HTS wires and wire products will ever be practical.

LTS products are currently used in a number of applications targeted by the Company. For example, the Company believes that MRI diagnostic equipment currently represents the single largest commercial use of LTS materials. LTS materials are also used in SMES units and magnetic separation equipment. LTS products have been under development since the early 1960s and LTS technology is relatively mature as compared with HTS technology. However, commercial acceptance of LTS products in other power applications has been significantly limited by the cooling requirements of LTS materials. LTS materials generally require costly cooling by liquid helium at nearly the absolute zero temperature or cooling by cryocoolers generating at up to 10K Kelvin ("K") (-441(degree) Fahrenheit).

HTS wires maintain their superconductivity at higher temperatures than LTS wires and can be cooled with liquid nitrogen or closed-cycle refrigerators at temperatures above 20K (-423(degree) Fahrenheit), which are much less expensive and easier to utilize than liquid helium. Closed-cycle refrigerators operate in much the same way as household refrigerators, but because of their lower operating temperature they are substantially more complicated to build and maintain. It is anticipated by the Company that specially designed closed-cycle refrigerators can be used to cool HTS electromagnetic coils. Closed-cycle refrigerators are not expected to be usable to cool power cables; it is presently anticipated that HTS power cables would be cooled by maintaining liquid nitrogen within hollow cores of an HTS cable, much the same as oil is now maintained within the cores of some conventional underground power cables. It is anticipated that HTS transformers would be cooled by submerging the coils in liquid nitrogen. The liquid nitrogen

acts both as a coolant and a dielectric. Therefore, while HTS products may replace or compete with LTS products in certain applications in which LTS products are currently used, the Company believes that the less demanding cooling requirements of HTS materials will permit their use in a broad range of applications not currently available to LTS products.

The Company has produced and sold prototype HTS electromagnetic coils and multistrand conductors for use in several development and demonstration programs. Nevertheless, significantly better strength, flexibility, and electrical performance must be achieved, over longer wire lengths, for commercial applications of HTS wire and wire products to be realized. Despite the advances being made, to date neither the Company nor, to the Company's knowledge, any other company has produced HTS wires in commercial quantities, and substantial barriers to commercialization continue to exist.

The Company's strategy is to develop these products through a combination of Company-, customer-, and government-sponsored programs, as well as through other research programs and to market these products through strategic partners or directly through its sales and marketing organization. The Company has established research arrangements with several U.S. National Laboratories and with Superlink Joint Venture of New Zealand, a joint venture organized by Industrial Research Limited and Electricity Corporation of New Zealand ("Superlink"), and is currently a party to development contracts with several U.S. government agencies to build prototype HTS electromagnetic coils. The Company has sold several prototype HTS products to private-sector companies, including HTS wires to ABB Secheron SA ("ABB") and Pirelli Cable Corporation and HTS motor coils to Rockwell Automation. In addition, the Company has collaborative research and development agreements with a number of companies, including without limitation Pirelli Cavi S.p.A. ("Pirelli") and the Electric Power Research Institute, Inc. ("EPRI"). Ultimately, if the Company is successful in developing HTS wires for commercial applications, the Company intends to introduce and market large-scale power products through strategic partners, and to introduce and market, directly through the Company's sales and marketing organization or through distributors, products in the power quality area, magnet coils and current leads. Currently, the Company has an exclusive distribution agreement with ESKOM, the largest utility in South Africa, to distribute the SI SMES products in South Africa.

SUPERCONDUCTIVITY

A superconductor is a perfect conductor of electricity; it carries direct current with 100% efficiency since no energy is dissipated by resistive heating. Once induced in a superconducting loop, direct current can literally flow undiminished forever. Superconductors can also conduct alternating current, but with some slight dissipation of energy.

Three conditions must be met for superconducting materials to exhibit superconducting behavior:

-- The material must be cooled below a characteristic temperature known as its superconducting transition or critical temperature (Tc);

-- The current passing through a given cross-section of the material must be below a characteristic level known as the critical current density (Jc); and

-- The magnetic field to which the material is exposed must be below a characteristic value known as the critical magnetic field (Hc).

These conditions are interdependent, and define the environmental operating conditions for the superconductor.

The initial discovery of superconductive materials was made in 1911. Before 1986, the critical temperatures for all known superconductors did not exceed 23 Kelvin (23K or -418(degree) Fahrenheit; 0K is absolute zero, or - -459(degree) Fahrenheit). The use of superconductivity has not been practical for widespread commercial applications principally because commercially available superconductors (i.e., LTS materials) are made superconductive only when these materials are cooled to near 0K. Although it is technologically possible to cool LTS materials to a temperature at which they become superconductive, broad commercialization of LTS materials has been inhibited by the high cost associated with the cooling process. For example, liquid helium, which can be used to cool materials to about 4K (-452(degree) Fahrenheit), and which has been commonly used to cool LTS materials, is expensive and difficult to use.

In 1986, a breakthrough in superconductivity occurred when two scientists, Dr. K. Alex Muller, who is currently a consultant to the Company, and Dr. J. Georg Bednorz, at an IBM laboratory in Zurich, Switzerland identified a ceramic oxide compound which was shown to be superconductive at 36K (-395(degree) Fahrenheit). This discovery earned them the Nobel Prize for Physics in 1987. A series of related ceramic oxide compounds which have higher critical temperatures were subsequently discovered.

THE COMPANY'S HTS DEVELOPMENT

The Company was organized in 1987, following research at the Massachusetts Institute of Technology ("MIT") relating to the fabrication of high temperature superconductors from ceramic oxides using a process called the metallic precursor process. See "-- HTS Wire Production Processes." The principal researchers at MIT were Gregory J. Yurek, the Company's Chairman, President and Chief Executive Officer and at the time a professor at MIT, and John Vander Sande, a professor at MIT and a director of and consultant to the Company. MIT filed the patent application on the results of this research and then granted the Company a license under such patent application in return for license fees and shares of the Company's Common Stock. See "-- Patents, Trade Secrets and Licenses, Patents and the Processing of HTS Materials." Since its inception, the Company's efforts have been directed towards the development of HTS wire and its applications, primarily in the electric power sector, including electric utilities and industrial users of electric power. In late 1987 the Company developed its first length of current-carrying HTS wire. In 1989 the Company added electromagnetic coils, electromagnets and multistrand conductors to its development program, and in December 1989 the Company sold its first prototype coil to a commercial customer. Since commencing operations in 1987, the Company

has been able to significantly increase both the length and the current-carrying capacity of its HTS wires as well as the magnetic field strength generated by its HTS electromagnetic coils.

The Company has chosen to focus on HTS wires and HTS wire products (rather than HTS electronics applications) because it believes that HTS wires and wire products offer the largest potential commercial market in the HTS field. See "-- Markets." The Company is not devoting any efforts to the discovery of new HTS materials (although in both its internal development program and its collaborative program with Superlink the Company is exploring certain materials for use in HTS wires). The Company primarily focuses on processing the most promising of the HTS materials available into wires and from these wires, manufacturing components and subsystems, such as multistrand conductors, electromagnetic coils and electromagnets. In most cases, higher level integration is performed in collaboration with or by the Company's customers and/or strategic partners.

The Company has obtained patent licenses for a number of HTS materials. The Company may be required to obtain licenses with respect to other known HTS materials. In addition, as new HTS materials are discovered, the Company expects that patent or other proprietary rights will be asserted with respect to such materials, and that the Company may be required to obtain licenses for the use of such materials. While the Company is optimistic that it will be able to obtain such licenses on commercially reasonable terms, there can be no assurance of this. See "-Patents, Trade Secrets and Licenses -- Patents and the Choice of HTS Materials." Furthermore, the Company's ability to apply its current wire processing and component and subsystem manufacturing processes to newly discovered HTS materials will depend on the nature of the materials, although the Company believes that its manufacturing processes are sufficiently generic that they can be adapted to newly discovered HTS materials.

HTS WIRE PRODUCTION PROCESSES

The Company produces HTS wires by a variety of techniques. The principal technique involves deformation processing, which is in some respects closely analogous to the technique used in the existing metal wire industry. In this approach a metal tube, typically silver, is packed with a precursor powder and sealed to form a "billet." The billet is then deformed into a wire shape by a variety of classical deformation processing techniques: extrusion, wire-drawing, multifilamentary bundling and rolling. Finally, the wire is heat-treated to transform the precursor powder inside the wire into a high-temperature superconductor. The resulting multifilamentary composite structure, consisting of many fine superconducting filaments imbedded in a metal matrix, is considered by the Company to be a preferred method of achieving flexibility and durability in its wires and wire products. This composite structure is the subject of a patent owned by MIT, based on work by Dr. Yurek and Dr. Vander Sande, which patent is licensed to the Company on an exclusive basis until 1998. The Company has the option to extend the exclusive period until 2010 under certain conditions. See "-- Patents, Trade Secrets and Licenses."

The Company has pursued two basic approaches to the deformation processing of silver-sheathed, powder-in-tube, multifilamentary composite wires. They differ principally in the

type of powder that is packed into the silver billet. One, referred to as the oxide-powder-in-tube or "OPIT" process, involves the use of oxide powders. The Company is presently focused primarily on the OPIT process and has established a pilot manufacturing line using this method. The pilot line has produced sufficient lengths of wire with sufficient performance to enable the Company to use the wire in prototype electromagnetic coils and multistrand conductors.

In the alternative technique for making multifilamentary wires, referred to as the metallic precursor or "MP" process, metallic (rather than oxide) powders are packed into the silver billet. The metallic powder is an alloy of the metal elements in the ceramic superconducting compound, which is formed in a subsequent step in this process. With metals packed into the billet, deformation occurs in the generally more ductile metallic state, analogous to standard deformation of metal wires such as copper. During heat treatment in the MP process, oxygen is transported through the silver sheath to oxidize the metal powder and then the resulting oxides react to form the superconductor. The metallic precursor used in the MP process is easier to deform than the ceramic precursor used in the OPIT process, permitting a larger number of finer filaments and hence higher flexibility and durability. Promising results have been demonstrated at the Company using the MP process, especially in the wire's flexibility and durability, although the critical current density is at present lower than that achieved by the OPIT process. The MP process has the potential to displace the OPIT process used by the Company and its competitors if current density can be improved. Inco Alloys International, Inc. has terminated an earlier agreement with the Company which had helped support this development, and work on MP at the Company now continues at a lower level, with the expectation of a longer term impact. The MP process has been patented by MIT, based on work by Dr. Yurek and Dr. Vander Sande, and licensed to the Company on an exclusive basis until 1998. The Company has an option to extend the exclusive period until 2010 under certain conditions. See "-- Patents, Trade Secrets and Licenses."

Precise control of initial composition, heat-treatment temperatures and their interplay with the deformation are required to obtain the best superconducting performance of the wire material. The Company may be required to obtain additional patent licenses in order to practice certain aspects of both processes. While the Company is optimistic that it will be able to obtain such licenses on commercially reasonable terms, there can be no assurance of this. See "-- Patents, Trade Secrets and Licenses."

Within the past few years, very high levels of current carrying performance have been reported in small laboratory samples of "coated conductors," which are comprised of a thick film of HTS material deposited on a flexible substrate, typically with an intermediate buffer layer. One variation of this process is called IBAD, or ion beam assisted deposition. In this process, thick films of HTS material are deposited on an aligned buffer layer (the IBAD layer) which is placed on a flexible substrate. This process improves the alignment of the HTS thick films and consequently their electrical performance. Initially developed by Fujikura Ltd. ("Fujikura"), the Company believes that this process has been significantly improved by Los Alamos National Laboratory. Another variant of this process, called deformation texturing of substrates, has been developed by Toshiba and significantly improved by Oak Ridge National Laboratory. The

Company has studied both processes and believes that these processes have the potential to be future processes for manufacturing HTS wire with high current carrying capacity. However, only short wire samples are now being fabricated at high-performance levels and it is still uncertain whether these processes can be used for cost-effective manufacturing on a larger scale. The Company is pursuing the development of these processes in collaboration with EPRI, Los Alamos National Laboratory, Massachusetts Institute of Technology and other organizations. There can be no assurance, however, that the Company will succeed in developing this technology for commercial use or, if necessary, obtain licenses for these processes on commercially reasonable terms.

STATUS OF HTS WIRE DEVELOPMENT

During the last several years considerable progress in the development of HTS wire has occurred, both at the Company and at other institutions and companies worldwide. There remain, however, significant technical problems that must be overcome before HTS wires can be produced in commercial amounts for the full range of potential applications. The critical current density of long wire lengths has been increased significantly during the past fiscal year. However, it must be increased further from present levels to higher levels already demonstrated on short-length research samples. In addition, the mechanical properties of the wire must be adequate to permit it to be wound in a variety of shapes to create multistrand conductors, electromagnetic coils and electromagnets without loss of the wire's critical current density during winding. The wire must also withstand forces arising from the interplay of its own current with a surrounding magnetic field. For alternating current magnet and coil applications, special conductor architectures must be developed.

The HTS wires used in the electromagnetic coils, electromagnets and multistrand conductors must have critical current densities in the superconducting filament of the wires (excluding any metal sheathing, strengthening members, etc.) in the range of 30,000 to 100,000 Amperes per square centimeter (A/cm2) in the magnetic field required for the application. Most applications will require magnetic fields in the range of 0.1 to 5 Tesla (a typical LTS magnet in an MRI system operates at about 0.5 to 1.5 Tesla; a kitchen magnet typically has a magnetic field of less than 0.05 Tesla).

Research samples of HTS wires have already exhibited sufficient current density in very high magnetic fields to enable applications to be developed. The Company has reported that short lengths of multifilamentary HTS wires (typically one centimeter) produced on a laboratory scale have filament critical current densities of 100,000 A/cm2 in a magnetic field of up to 3 Tesla at 20K (-423(degree) Fahrenheit). The challenge is to produce cost effective wires with these electrical properties by high-volume manufacturing processes in long lengths (typically greater than 10,000 feet) and with the flexibility, strength and durability required to fabricate and utilize multistrand conductors, electromagnetic coils and electromagnets in end-use applications.

The Company has made considerable progress in achieving these combined goals; it has achieved filament critical current density of 12,700 A/cm2 at 77K (-321(degree) Fahrenheit) in zero applied magnetic field in wires 3,800 feet long with sufficient flexibility to allow winding of

electromagnetic coils with 1.25 inch inner diameters. The Company routinely manufactures wire in several hundred-foot lengths with over 16,500 A/cm2 at 77K. An earlier generation of the Company's wires were incorporated into a number of demonstration products. During the fiscal year, Pirelli Cavi S.p.A built and demonstrated a 50 meter cable conductor that carried 3,300 amps of current. Rockwell built and demonstrated a 280 hp HTS motor utilizing the rotor coils built and delivered by the Company. The Company's wire was also incorporated into an HTS transformer prototype built by Asea Brown Boveri, which was recently installed in a grid and is now providing power for the headquarters of the electric utility of Geneva, Switzerland during a test period of several months. However, considerable progress is still required to meet the commercial needs of electric power and high-field magnet customers. The Company believes that several years of further development will be necessary before HTS wires and wire products are available for significant commercial end-use applications, although HTS wires of sufficient performance are now available for the Company's commercial current lead product and laboratory magnets.

In addition to the technical hurdles described above, there are energy losses when alternating current is employed in a superconductor (as opposed to the zero loss that occurs when the superconductor carries direct current), and it has been established in LTS wires that these losses can be reduced in a multifilamentary configuration. While the Company has produced prototype multifilamentary composite wires, the superconducting and mechanical properties of such wires must be improved before they can be used for commercial alternating current magnet applications. The Company has started a program to develop wires specifically for these applications. However, there can be no assurance that the Company will succeed in developing this technology for commercial use, or if necessary, obtain licenses for these processes on commercially reasonable terms.

THE COMPANY'S HTS COIL, MAGNET, CONDUCTOR AND CRYOINTEGRATION DEVELOPMENT

Simultaneously with its development of HTS wires, the Company is engaged in the development of electromagnetic coils, electromagnets and alternating current cables using these wires, and the integration of these products with related cooling systems (known as "cryointegration"). Electromagnetic coils are wire-wound structures such as those used in the rotors or stators of electric motors; electromagnets are coils used to produce a magnetic field, such as that required for magnetic resonance imaging. Alternating current cables are bundles of HTS wires woven together to form a long conducting body, such as that needed for alternating current applications such as power transformers.

The Company's HTS prototype coils, electromagnets and conductors are made from multifilamentary wires. This form of wire, which is more flexible and durable than single filament wires that contain the same amount of superconductor, can permit winding with no further high temperature heat treatment being required (referred to as the "react and wind" method). The Company believes that this approach permits more versatile application of its wires to a variety of prototypes, although the alternative method, the "wind and react" technique, may be appropriate in certain circumstances. The "wind and react" technique, which can also use

multifilamentary wires, means that an additional heat treatment is required after winding a coil, electromagnet or cable. Both techniques are being utilized by the Company.

The Company has delivered increasingly advanced prototypes of electromagnetic coils and multistrand conductors, including a coil which produces a magnetic field of 2.16 Tesla at 27K (-411(degree) Fahrenheit) when cooled by a mechanical cryocooler, and a coil which produces 3.36 Tesla at 4.2K (-452(degree) Fahrenheit) when cooled by liquid helium, which magnetic fields exceed the maximum field obtainable from iron. However, there remain significant hurdles to overcome before commercial quality products can be produced. These hurdles include further increasing the field strength of the Company's coils, increasing the size of the coils and improving the integration of the cooling system and the cooling agent used in the cooling system with the coils.

The Company has also developed and is selling commercially current leads which incorporate the Company's multifilamentary wires, and which, as compared to normal metal leads, reduce the heat loss in cryogenic systems operating at temperatures between 77K (-321(degree) Fahrenheit) and lower temperatures.

MARKETS

The expected markets for the Company's products can be divided into two main market segments: electric power systems (large-scale power products and products for power quality) and high field magnet systems. Large-scale power products include power transmission cables, motors, transformers, fault current limiters and generators. Power quality products include SMES devices and power electronic subsystems. High field magnetic systems are utilized in applications such as magnetic resonance imaging (MRI) medical systems, magnetic separation systems, particle accelerators, ion beam steering magnets and magnetically levitated transportation systems.

The HTS wire that might be used in most of these systems, with the exception of the power transmission cables, will be in the form of electromagnetic coils or electromagnets. In the case of power transmission cables, the HTS wire will be in the form of multistrand conductors. The Company is also currently producing products from its multifilamentary wires for a third, and smaller, market segment, current leads.

The Company believes that the markets for the Company's HTS wire products initially will be development contracts and demonstration projects, although the Company expects a small commercial market for current leads and research electromagnets to develop. Purchasers of the Company's HTS wire products are expected initially to be government agencies and large private companies, and the Company's marketing efforts are directed to these purchasers. The size of this market will depend on funding levels and interest in prototype development. In addition to the sale of HTS wire products during this period, the Company expects, but cannot assure, that there will be a continuing market for its HTS development abilities in the form of additional collaborative arrangements similar to the ones already in place. Because of the episodic nature of these arrangements, the Company is not able to estimate the size of the market for the Company's HTS expertise. After this initial period, assuming the Company has been successful in developing HTS products, the Company expects that it will market its products to commercial customers.

The Company believes that the acquisition of SI provides the Company with a strong presence in the power quality market. SI's product line consists of commercial products focused on meeting the power quality needs of large industrial customers. The Company currently markets products that are in the one to two megawatt (MW) range. Over the next two years, the Company plans to extend the product line by increasing the capacity to 10 MW while achieving ongoing cost reductions to enhance the price competitiveness of the products. Since 1991, SI has demonstrated and field tested a number of SMES systems at various industrial and data processing centers. The Company is currently in the process of commissioning commercial systems at Tinker Air Force base in Oklahoma City, OK, serving a data processing application. In addition, the Company and its distributor ESKOM are testing a system at a paper mill in South Africa.

The Company has to broaden its marketing and sales organization and activities and has to reduce the costs of the SMES systems in order to fully realize the market potential of its products and services. The Company estimates that the total market potential for industrial power quality applications is approximately $500 million. There is no assurance that the Company will be able to achieve the planned product growth and cost reductions or be able to penetrate its identified markets with its product line.

PRODUCTS

If the Company is successful in developing its technology for commercial applications, the Company intends to develop the following product lines in the next several years.

Power Transmission Cables. In cooperation with Pirelli, the Company is developing HTS wires for underground HTS cables designed to provide more efficient and economical ways for utilities to satisfy demands for power.

Motors and Generators. The Company is designing, developing and fabricating HTS rotor coils for use in high-horsepower electric motors with the potential for use in major industrial and utility applications. HTS motors utilizing these rotor coils would potentially be half the weight and size of conventional motors and in addition would provide greater operating efficiency. The Company and Reliance Electric Company, a Rockwell International subsidiary, are developing a 1,000 hp motor under a Superconducting Partner Initiative. The same rotor coil technology could also be used for developing large generators.

Transformers. The Company is developing alternating current HTS wire which can be used for fabrication of HTS transformers. These HTS transformers would potentially be significantly smaller in size and weight as compared to conventional transformers. In addition, these HTS transformers would provide improved operating efficiencies and provide environmental benefits by replacing the dielectric oil, used in conventional, copper-based transformers, with liquid nitrogen.

Current Limiters. The Company plans to develop current limiters which would instantaneously protect a power grid from electric surges caused by lightning, short circuits and other common fluctuations.

Superconducting Magnetic Energy Storage. The Company is presently producing SMES devices which store electricity that can be tapped instantly to protect power users from voltage sags or brief outages. The Company is marketing LTS SMES systems through SI, its subsidiary.

Current Leads. The Company is presently producing, on a commercial basis, HTS wire-based current leads designed to reduce heat load while providing electric current for applications operating at temperatures below about 77K (-321 Fahrenheit), such as LTS magnetic resonance imaging, LTS SMES devices, accelerator or research magnets.

Specialty Magnets. The Company has produced or is presently producing HTS magnets for specialty applications such as ion beam steering accelerators, magnetic separation and laboratory research.

The Company currently intends to use its internal facilities and expertise for manufacturing current limiters, specialty magnets and SMES devices. For transformers, cables and motors and generators the Company plans to supply the HTS wire and/or HTS coils for the manufacturing of the complete system through alliances with other organizations.

COMPETITION

There are a number of companies in the United States, Europe and Japan engaged in attempts to develop and produce commercial amounts of HTS wire. However, to the Company's knowledge, no significant commercial amounts of HTS wire have been produced to date. For HTS applications, the Company's principal competitors presently are several Japanese companies, Siemens A.G. in Germany ("Siemens"), Alcatel Alsthom in France, B.I.C.C. and Oxford Instruments in England, NKT in Denmark, Intermagnetics General Corporation ("IGC"), Midwest Superconductivity, Inc. and 3M in the United States. The most significant competitors appear to be in Japan, where Sumitomo Electric Industries, Ltd. ("SEI"), Showa Electric Wire & Cable Co., Ltd., Mitsubishi Electric Corporation, Hitachi, Ltd., Hitachi Cable, Ltd., Furukawa Electric Co., Ltd., Fujikura and Kobe Steel, Ltd. all are directing significant efforts to flexible, long-length HTS wire development. Some of these companies are also developing HTS magnets and systems, including SEI, IGC and Siemens.

LTS products are currently used in a number of applications targeted by the Company. For example, the Company believes that magnetic resonance imaging (MRI) diagnostic equipment currently represents the single largest commercial use of LTS materials. LTS materials are also used in superconducting magnetic energy storage (SMES) units, high energy physics systems, such as particle accelerators, laboratory magnets, and magnetic separation equipment. LTS products have been under development since the early 1960s and LTS technology is relatively mature as compared with HTS technology. However, further commercial acceptance of LTS products has been significantly limited by the cooling requirements of LTS materials. LTS

materials generally require costly cooling by liquid helium at nearly the absolute zero temperature or cooling by cryocoolers operating at up to 10K (-441(degree) Fahrenheit). Because HTS wires maintain their superconductivity at higher temperatures, they can be cooled with liquid nitrogen or with closed-cycle refrigerators at temperatures above 20K (-423(degree) Fahrenheit), which are generally less expensive and easier to utilize than liquid helium or lower temperature cryocoolers. Therefore, while HTS products may compete with LTS products in certain applications in which LTS products are currently used, the Company believes that the less demanding cooling requirements of HTS materials will permit their use in a broad range of applications not currently available to LTS products. However, the ability of the Company's HTS products to compete with respect to applications in which LTS products are currently used may be hindered because LTS manufacturers have already established a market in these areas.

The Company does not know of any competitors producing commercially available LTS SMES products that compete with the SMES products offered by the Company's subsidiary, SI. However, at least one company, IGC, is developing SMES systems for power quality applications, and the Company believes there is a government-sponsored program in Japan to develop SMES systems for power quality applications. As a product, SMES also competes against dynamic voltage restorers (DVRs) produced by companies such as Westinghouse, flywheels under development by various companies around the world, and Uninterruptible Power Supply (UPS) systems supported by batteries which are widely manufactured and used around the world.

Many of the Company's competitors have substantially greater financial resources, research and development personnel and manufacturing and marketing capabilities than the Company. In addition, as the HTS and power quality market develop, it is possible that other large industrial companies may enter this field.

PATENTS, TRADE SECRETS AND LICENSES

The HTS Patent Background

Since the discovery of high temperature superconductors in 1986, a large number of patents have been applied for and granted worldwide relating to superconductivity. The scope of the claims in different granted patents often overlap, and similar patents in different countries may have different claims or be owned by different entities. As a result, the patent situation in the field of HTS technology and products is unusually complex.

There are a number of United States and foreign patents and patent applications, held by third parties, that relate to the Company's current products or to products under development, or to the technology now or later to be utilized by the Company in the development or production of certain present and future products. Additional patents relating to the Company's technology, processes or applications may be issued to third parties in the future. The Company will need to acquire licenses to, or to successfully contest the scope or validity of, patents owned by third parties. The extent to which the Company may be able to acquire necessary licenses upon commercially reasonable terms, and the cost of any such licenses (to the extent available), is not known. The likelihood of successfully contesting the scope or validity of any such patents is also

uncertain; and, in any event, the Company could incur substantial costs in challenging the patents of other companies. Moreover, the Company could incur substantial litigation costs in defending the scope and validity of its own patents.

To understand the Company's approach to patents in light of these circumstances, it is useful to analyze HTS patents in relation to the aspects the Company must consider in the process of designing and manufacturing HTS products: the choice of material used to make an HTS product, the choice of the processing method to be applied to that material, the choice of components or subsystems to be fabricated and the fabrication methods used and the initial use or application of the finished HTS product.

Patents and the Choice of HTS Materials

Presently, the materials from which HTS products are made are copper oxides, or "cuprates." The Company does not anticipate that anyone will receive a broad basic patent on cuprates, but there can be no assurance in this regard. There are a number of HTS materials within the cuprate family. A number of patents have been issued with regard to certain specific HTS materials within the cuprate family and the Company believes that a number of other patent applications for various HTS materials within the cuprate family are pending.

At any given time, the Company will have a preference for utilizing one or a few specific HTS materials in the production of its products for commercial application, and any HTS material used by the Company is likely to be covered by one or more patents issued to other parties. Because of the number and scope of patents pending or issued in various parts of the world, the Company may be required to obtain multiple licenses to use any particular material.

The Company jointly owns or has obtained licenses with respect to patents covering certain HTS materials. However there is no assurance that the Company will be able to obtain on commercially reasonable terms all the licenses that may be needed for the Company to use preferred HTS materials.

Patents and the Processing of HTS Materials

The Company is pursuing three methods for processing the materials the Company currently intends to use: the MP method, the OPIT method, and the "coated conductor" technology. See "--HTS Wire Production Processes." The Company's strategy is to obtain a proprietary position in each of these processes through a combination of patents, licensing and proprietary know-how. If alternative processes become more promising in the future, the Company will also seek to develop a proprietary position in these alternative processes.

The Company has filed a number of patent applications which are applicable to one or more of the MP method, the OPIT method, and coated conductor technology, including a number of patent applications directed to producing ceramic materials using the MP method. Some of these applications have been issued as patents in the U.S. and abroad while others are pending. The Company also has acquired options to exclusively license additional intellectual property in

the coated conductor area through its collaborations with EPRI, Los Alamos National Laboratory and the Massachusetts Institute of Technology.

The Company holds licenses on a number of patents and applications directed to making HTS materials using the MP method. One issued U.S. patent under which the Company has such a license covers the basic MP technology; another covers MP technology with certain specified noble metals as an additive. The Company's licenses require the payment of royalties based on net sales of products based on the licensed processes (including certain minimum annual royalties that are not significant in amount).

In the United States, AT&T has been issued a patent on OPIT processing, and may have a dominant U.S. position in the OPIT processing area. To the Company's knowledge, AT&T has not been active in developing HTS wire for commercial purposes. The Company has been advised by its outside patent counsel that, in such counsel's opinion, to the extent the OPIT patent of AT&T purports to cover anything currently done by the Company, it is invalid. However, no assurance can be given that AT&T will not assert that its patent is valid and infringed by the Company, that a court would not uphold the patent's validity and find that infringement had occurred, or that AT&T would license its patent to the Company on commercially reasonable terms.

Additional U.S. patents and foreign patents have been issued with claims, directed to HTS processing methods in general, which, if valid, may cover both the MP and the OPIT methods used by the Company. Several U.S. and foreign patents have been issued with claims which, if valid, may cover various aspects of the coated conductor process. In addition, the Company has learned that a number of additional U.S. and foreign patent applications have been filed which contain similar claims. To the extent any of these issued patents are valid and cover any processing methods used by the Company, or if any of the pending applications result in a valid patent with claims covering the Company's methods, the Company would be required to obtain licenses under any applicable patents.

Patents and Wire Structure

The Company has a license under an issued U.S. patent that covers composites (including multifilamentary wires) of HTS ceramics and noble metals such as silver.

A number of other companies have also filed, and in some instances, have been issued patents on various aspects of wire structure. To the extent any of these issued patents are valid and cover the wire structures used by the Company, or to the extent any of the pending applications result in a valid patent with claims covering the Company's methods, the Company would be required to obtain licenses under any applicable patents.

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HTS Component and Subsystem Fabrication Patents; HTS Application Patents; Power Quality and SMES.

The Company has been issued several patents and filed several additional patent applications regarding the design and fabrication of electromagnetic coils and electromagnets, the integration of these products with an appropriate coolant or cryocooler and the application of these products to certain specific end uses, as well as several patent applications on cryocooled power electronics. The Company's SI subsidiary holds several issued patents and pending applications on power quality systems which ASC now owns as a result of the SI acquisition.

Since the HTS and cryocooled power engineering application fields are relatively new, significant applications can and are being patented by others. A number of other companies have also filed, and in some instances, have been issued patents on various applications of HTS wire, cryocooled power electronics and component and subsystem fabrication methods. To the extent any existing or future third party patents are pertinent to these aspects of the Company's operations, the Company would be required to obtain licenses under the applicable patents.

General

The HTS industry has been characterized over the past several years by rapid technical advances which in turn have resulted in a large number of new patent applications and issued patents. These in turn have created a situation where most major potential HTS manufacturers, including the Company and its competitors, own or may obtain patents which may interfere with each other. The Company believes that, in this situation, companies holding patent positions which may complement positions held by others in the industry are more likely to be willing to enter into cross-licensing arrangements with such other patent owners than companies that do not have such patent positions. The Company believes that its licensed patents covering basic materials and composites of HTS ceramics and noble metals will improve the strength of its patent portfolio and therefore its position in these future licensing developments. See "-- Patents, Trade Secrets and Licenses -- Patents and Wire Structure."

However, it is possible that the Company could be required to obtain licenses under a number of different patents and from a number of different patent holders in connection with various aspects of its present and planned business operations. Although the Company believes that it will be able to obtain any necessary licenses on commercially reasonable terms, there can be no assurance that all necessary licenses will be available on commercially reasonable terms. Further, to the extent the Company is required to obtain multiple licenses, the costs to the Company may increase significantly. The failure to obtain all necessary licenses upon reasonable terms could significantly reduce the scope of the Company's business and otherwise have a material adverse effect on the Company's operations.

Trade Secrets

Some of the technology used in, and that may be important to, the Company's operations and products is not covered by any patent or patent application owned by or licensed to the Company. However, the Company takes steps to maintain the confidentiality of this technology by requiring all employees and all consultants to sign confidentiality agreements and limiting access to confidential information. However, no assurance can be given that these measures will

prevent the unauthorized disclosure or use of such information. Further, there is no assurance that others, including the Company's competitors, will not independently develop the same or comparable technology.

STRATEGIC RELATIONSHIPS, RESEARCH ARRANGEMENTS AND GOVERNMENT CONTRACTS

The Company is party to a number of strategic relationships, research arrangements and government contracts, its most significant strategic corporate agreement being with Pirelli and its newest with Electricite de France ("EDF"). The Pirelli alliance, originally established in February 1990, is designed to combine Pirelli's cable technology, manufacturing and marketing expertise with the Company's proprietary wire-forming technologies for the purpose of developing and producing HTS wires for cables used to transmit both electric power and control signals. The EDF relationship, established in April 1997, involves the exchange of information relating to developments in HTS and related fields and trends in the electricity industry, and the review of technical, industrial and commercial topics by the parties through an advisory board comprised of persons from both the Company and EDF. The Company has also established a number of collaborative research relationships with various organizations such as Superlink Developments, Ltd., four U.S. Department of Energy Laboratories, the U.S. Department of Commerce National Institute of Standards and Technology, and the Electric Power Research Institute. Finally, the Company is party to a number of government contracts, with entities such as Wright-Patterson Air Force Base, the Naval Research Laboratory and the U.S. Department of Energy through its Superconductivity Partnership Initiative, relating to the development and supply of prototype products.

The Company believes strategic relationships, research arrangements and government contracts provide it with three important benefits. First, they have assisted the Company in meeting and exceeding the technical benchmarks it has established for itself. Second, they have provided the Company with development and marketing rights to important technologies. Third, various parties to these arrangements have provided the Company, in exchange for the technology and marketing rights and equity interests provided by the Company, with funding that has been critical to the Company as its research and development efforts progress toward commercialization.

The following table sets forth a partial listing of the Company's strategic relationships, research arrangements and government contracts.

STRATEGIC CORPORATE RELATIONSHIPS

PIRELLI CAVI S.P.A.	HTS cable wires for power cable applications
ELECTRIC POWER RESEARCH INSTITUTE	HTS materials processing and wire development
ELECTRICITE DE FRANCE	electric utility industry applications

RESEARCH ARRANGEMENTS

U.S. DEPARTMENT OF ENERGY LABORATORIES -- AMES, ARGONNE, LOS ALAMOS, OAK RIDGE NATIONAL LABORATORIES	HTS materials processing and wire development
UNIVERSITY OF WISCONSIN APPLIED SUPERCONDUCTIVITY CENTERS	HTS materials processing and wire development
U.S. DEPARTMENT OF COMMERCE NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY	HTS materials processing and wire development
SUPERLINK DEVELOPMENTS, LTD.	HTS materials processing techniques

GOVERNMENT PROGRAMS

WRIGHT-PATTERSON AIR FORCE BASE	HTS coils for an aerospace electric generator
NAVAL RESEARCH LABORATORY	HTS coils for electric motors and generators
U.S. DEPARTMENT OF ENERGY SUPERCONDUCTIVITY PARTNERSHIP INITIATIVE (THROUGH RELIANCE ELECTRIC COMPANY)	HTS cryocooled motors
U.S. DEPARTMENT OF ENERGY SUPERCONDUCTIVITY PARTNERSHIP INITIATIVE (THROUGH PIRELLI CABLES NORTH AMERICA)	HTS cables for power transmission

RESEARCH AND DEVELOPMENT

The Company's research and development expenses in fiscal 1997 were approximately $7,709,000. Externally funded research and development programs accounted for approximately $5,322,000 of these expenses in fiscal 1997.

EMPLOYEES

As of March 31, 1997, the Company employed a total of 146 persons, 23 of whom have Ph.D.s in materials science, physics or related fields. With the acquisition of SI on April 8, 1997, the Company added 33 employees. No Company employees are represented by a labor union. The Company believes that its employee relations are good.

ITEM 2. PROPERTIES.

The Company's operations are located in approximately 102,000 square feet of space in Westborough, Massachusetts and approximately 27,000 square feet of space in Middleton, Wisconsin. The Company occupies the Westborough facility under a lease which expires on May 31, 1998 and has an option to extend the lease for two additional five-year terms. The Company occupies the Middleton facility under a lease which expires on December 31, 1998.

ITEM 3. LEGAL PROCEEDINGS.

Neither the Company nor any subsidiary is involved in any material legal proceedings other than routine litigation incidental to its business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS.

No matters were submitted to a vote of the Company's security-holders during the fourth quarter of the fiscal year ended March 31, 1997.

Executive Officers of the Company

The following table sets forth the names, ages and offices of all executive officers of the Company:

Name	Age	Office
Gregory J. Yurek	50	President, Chief Executive Officer and Chairman of the Board of Directors
Alexis P. Malozemoff	53	Chief Technical Officer
Ramesh L. Ratan	47	Executive Vice President, Corporate Development, Chief Financial Officer and Secretary

Gero Papst	53	Managing Director, American Superconductor Europe GmbH
John Scudiere	44	Vice President, Operations
Carl J. Russo	48	Director of Advanced Technologies
Roland E. Lefebvre	46	Vice President, Sales and Marketing
Paul F. Koeppe	47	President, SI

Dr. Yurek co-founded the Company and has been a director since July 1987, President since March 1989, Chief Executive Officer since December 1989 and Chairman of the Board since October 1991. Dr. Yurek also served as Vice President, Research and Chief Technical Officer from August 1988 until March 1989 and as Chief Operating Officer from March 1989 until December 1989. Prior to joining the Company, Dr. Yurek was a Professor of Materials Science and Engineering at MIT for 13 years.

Dr. Malozemoff joined the Company as Vice President, Research and Development in January 1991 and was elected Chief Technical Officer in January 1993. Prior to joining the Company, Dr. Malozemoff spent 19 years at IBM in a variety of research and management positions, most recently as IBM Research Coordinator for High Temperature Superconductivity.

Mr. Ratan joined the Company as Executive Vice President, Corporate Development, and Chief Financial Officer in January 1995. Mr. Ratan was elected Secretary of the Company in June 1995. Prior to joining the Company, from November 1986 to January 1995, Mr. Ratan served as Senior Vice President, Chief Financial Officer and Secretary of Repligen Corporation, a biotechnology company.

Dr. Papst joined the Company in January 1993 as Managing Director of American Superconductor Europe GmbH, the Company's European subsidiary. Prior to joining the Company, Dr. Papst was President of Otto Oeko-Tech GmbH & Co., an environmental technology company, from 1987 to 1992.

Mr. Scudiere joined the Company in November 1993, was promoted to Vice President, Manufacturing in July 1994 and was promoted to Vice President, Operations in May 1996. Prior to joining the Company, Mr. Scudiere was Director, Programs and Marketing for Oxford Superconductor Technology, a superconductor manufacturer, from August 1990 to October 1993. Prior to August 1990, Mr. Scudiere was Manager, Liquid Propellant Development Program for General Electric Corporation, a diversified manufacturing and services company.

Dr. Russo joined the Company in January 1988 as Manager of Technical Applications and was promoted to Director of Advanced Technologies in January 1991.

Mr. Lefebvre joined the Company in May 1996 as Vice President, Sales and Marketing. Prior to joining the Company, Mr. Lefebvre spent 23 years at General Electric Company in a variety of positions, most recently as General Manager, National Account Sales.

Mr. Koeppe joined the Company as President of the Company's subsidiary, SI, in April 1997 with the Company's acquisition of SI. From 1988 until the acquisition, Mr. Koeppe served as the President and a Director of SI.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS.

The quarterly range of high and low closing sales prices of the Company's Common Stock for the Company's two most recent fiscal years as reported on the Nasdaq National Market is shown below.

Quarter Ended	High	Low
June 30, 1995	19 1/4	13 1/4
September 30, 1995	14 1/4	12 1/4
December 31, 1995	15 1/4	10 1/2
March 31, 1996	15 3/4	12 1/4
June 30, 1996	14 3/4	12 3/8
September 30, 1996	15 3/4	11 5/8
December 31, 1996	15 1/8	10 3/8
March 31, 1997	11 3/4	7 7/8

The Company has never paid cash dividends on its Common Stock, and the Company does not expect to pay any cash dividends on its Common Stock in the foreseeable future.

The number of shareholders of record on June 20, 1997 was 396.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data presented below for each of the years ended March 31, 1997, 1996, 1995, 1994 and 1993 have been derived from the Company's consolidated financial statements that have been audited by Coopers & Lybrand L.L.P., independent accountants. These financial data should be read in conjunction with the Consolidated Financial Statements and the

Notes thereto and the other financial information appearing elsewhere in this Annual Report on Form 10-K.

	Year ended March 31,				
	1997	1996	1995	1994	1993
Revenues	7,174,487	7,130,899	$ 4,270,246	$ 3,944,447	$ 3,189,884
Net loss	(10,422,131)	(7,319,873)	(5,771,642)	(5,405,735)	(4,304,420)
Net loss per share	(1.09)	(.77)	(0.62)	(0.67)	(0.55)
Total assets	23,612,633	33,028,398	40,470,404	46,005,433	24,106,000
Working capital	2,654,522	5,915,438	2,912,309	5,169,641	15,181,822
Long-term Marketable Securities	15,446,106	22,257,898	31,671,395	35,344,102	5,084,145
Stockholders' equity	21,404,441	31,731,367	38,488,791	44,160,744	22,138,749

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information required by this Item is attached as Appendix A hereto and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

All financial statements required to be filed hereunder are filed as Appendix B hereto, are listed under Item 14(a), and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not Applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The response to this item is contained in part under the caption "Executive Officers of the Company" in Part I of this Annual Report on Form 10-K, and in part in the Company's Proxy Statement for the Annual Meeting of Stockholders for the fiscal year ended March 31, 1997 (the "1997 Proxy Statement") in the section "Election of Directors - Nominees," which section is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The response to this item is contained in the 1997 Proxy Statement in the sections "Election of Directors - Directors' Compensation," "- Executive Compensation," "- Employment Agreements with Senior Executives," and "- Compensation Committee Interlocks and Insider Participation," which sections are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The response to this item is contained in the 1997 Proxy Statement in the section "Beneficial Ownership of Common Stock," which section is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The response to this item is contained in the 1997 Proxy Statement in the section "Election of Directors - Certain Business Relationships," which section is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) The following documents are filed as Appendix B hereto and are included as part of this Annual Report on Form 10-K.

Financial Statements:

Report of Independent Accountants
Consolidated Balance Sheets

Consolidated Statements of Operations
Consolidated Statements of Cash Flows
Consolidated Statements of Changes in
Stockholders' Equity
Notes to Consolidated Financial Statements

The Company is not filing any financial statement schedules as part of this Annual Report on Form 10-K because they are not applicable or the required information is included in the financial statements or notes thereto.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the last quarter of the Company's fiscal year ended March 31, 1997. A report on Form 8-K was filed on April 23, 1997 to report a transaction pursuant to Item 2 of Form 8-K describing the acquisition of all of the capital stock of Superconductivity, Inc., a Delaware corporation ("SI"), by means of a merger of SI into a subsidiary of the Registrant. A report on Form 8-K/A was filed on June 23, 1997 to amend Item 7 of the Form 8-K filed on April 23, 1997 and include financial statements of the business acquired and pro forma financial information.

(c) The list of Exhibits filed as a part of this Annual Report on Form 10-K is set forth on the Exhibit Index immediately preceding such Exhibits, and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By: /s/ Gregory J. Yurek

Gregory J. Yurek
Chairman of the Board, President and
Chief Executive Officer

Date: June 27, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Gregory J. Yurek Gregory J. Yurek	Director, Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	June 27, 1997
/s/ Ramesh L. Ratan Ramesh L. Ratan	Executive Vice President, Corporate Development, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) and Secretary	June 27, 1997
/s/ Albert J. Baciocco, Jr. Albert J. Baciocco, Jr.	Director	June 27, 1997
/s/ Frank Borman Frank Borman	Director	June 27, 1997

Name	Title	Date
/s/ Peter O. Crisp Peter O. Crisp	Director	June 27, 1997
/s/ Richard Drouin Richard Drouin	Director	June 27, 1997
/s/George W. McKinney George W. McKinney, III	Director	June 27, 1997
/s/Gerard J. Menjon Gerard J. Menjon	Director	June 27, 1997
/s/ Andrew G.C. Sage, II Andrew G.C. Sage, II	Director	June 27, 1997
/s/John B. Vander Sande John B. Vander Sande	Director	June 27, 1997

American Superconductor Corporation
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

American Superconductor Corporation (the "Company") was founded in 1987 to develop for commercialization high temperature superconducting ("HTS") wires and wire products. As the Company is moving toward commercialization of the technology, the Company is no longer reporting its financial statements as a development stage enterprise.

RESULTS OF OPERATIONS

FISCAL YEARS ENDED MARCH 31, 1997 AND MARCH 31, 1996.

Revenues from research and development contracts, prototype development contracts and the sale of prototypes increased to $7,174,000 in fiscal 1997 from $7,131,000 in fiscal 1996. This increase was due primarily to work performed on a research and development contract with Asea Brown Boveri (ABB) and increases in funding on various U. S. Government grants and prototype development contracts. This increase was largely offset by a drop in prototype sales associated with a major cable prototype on which the Company concluded shipping HTS wire in the year ended March 31, 1996, and by the discontinuation (effective December 31, 1996) of the joint research and development program on metallic precursor wire technology with Inco Alloys International, Inc., which had been providing $1.1 million in annual funding.

In addition to reported revenues, the Company also received funding of $1,706,000 in fiscal 1997 under government cost-sharing agreements as compared to $985,000 in fiscal 1996. The increased cost-sharing funding was primarily due to the award of a $20.5 million Phase II Superconductivity Partnership Initiative (SPI) contract on commercial-scale HTS motors by the Department of Energy to the Company and Reliance Electric Company (a Rockwell Automation business). The Company expects to receive approximately $7.3 million over the next five years (including the year ended March 31, 1997) and Reliance expects to receive $2.9 million, with each company investing a corresponding amount of their own funds to bring the total program value to $20.5 million. The Company anticipates that a portion of its funding in the future will continue to come from cost-sharing agreements as the Company continues 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 revenue.

The Company's total operating expenses in fiscal 1997 were $18,035,000 compared to $15,992,000 in fiscal 1996. Costs of revenue, which include costs of research and development contracts and costs of prototypes and prototype development contracts, increased to $7,508,000 in fiscal 1997 compared to $7,331,000 in fiscal 1996. This increase reflects expenditures to support the increase in contract and prototype development revenues, including the hiring of additional personnel and purchases of materials and equipment, partially offset by lower costs of revenue associated with the decreased sales of prototypes.

Research and development ("R&D") expenses increased to $7,709,000 in fiscal 1997 from $5,341,000 the prior year. This increase was due to the continued scale-up of the Company's internal research and development activities including the hiring of additional personnel and purchases of materials and equipment. In addition to these expenses, a portion of R&D expenditures related to externally funded development contracts has been classified as costs of revenue (rather than as R&D expenses). R&D expenditures included as costs of revenue during fiscal 1997 and fiscal 1996 were $5,322,000 and $5,256,000, respectively. Additionally, R&D expenses that were offset by cost share funding were $879,000 and $584,000 in fiscal years 1997 and 1996, respectively.

Selling, general and administrative ("SG&A") expenses were $2,818,000 in fiscal 1997 as compared to $3,319,000 in fiscal 1996. This decrease was primarily the result of certain SG&A expenditures that were offset by the increased funding received under cost sharing agreements. The SG&A amounts offset by cost share funding were $828,000 and $378,000 in fiscal years 1997 and 1996, respectively. In addition to these expenses, a portion of SG&A expenditures related to externally funded development contracts has been classified as costs of revenue (rather than as SG&A expenses). SG&A expenditures included as costs of revenue during fiscal 1997 and fiscal 1996 were $2,186,000 and $2,075,000, respectively.

Interest income decreased to $1,172,000 in fiscal 1997, as compared to $1,579,000 in fiscal 1996. This decrease primarily reflects lower cash, cash equivalents and long-term marketable securities balances available for investment as a

result of cash being used to fund the Company's operations and to purchase capital equipment. Other expense, net is comprised primarily of miscellaneous taxes net of gains on the disposition of excess capital equipment.

Transaction fees of $710,000 in fiscal 1997 related to the costs incurred through March 31, 1997 in connection with the Company's acquisition of Superconductivity, Inc. ("SI"), a developer and manufacturer of low temperature superconductor products for the industrial power quality market, and consisted primarily of financial advisory and legal fees. On April 8, 1997, the Company completed the transaction (the "Merger") in which the Company acquired all of the outstanding stock of SI by means of a merger of SI into a subsidiary of the Company. The Company will account for the Merger as a pooling of interests and begin reporting results on a consolidated basis effective in fiscal 1998.

The Company expects to continue to incur operating losses for at least the next few years, as it continues to devote significant financial resources to its research and development activities.

The Company expects to be a party to agreements which, from time to time, may result in costs incurred exceeding expected revenues under such contracts. The Company 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.

In October 1995, Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" was issued. The expense recognition provision encouraged by SFAS 123 would require fair-value based financial accounting to recognize compensation expense for employee stock option plans. The Company made a determination to elect the disclosure only alternative and accordingly the Company has disclosed the pro forma net loss and per share amounts in the notes to the financial statements using the fair value based method beginning in fiscal 1997, with comparable disclosures for fiscal 1996.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS 128), which is effective for fiscal years ending after December 15, 1997, including interim periods. Earlier application is not permitted. The Statement requires restatement of all prior-period earnings per share presented after the effective date. SFAS 128 specifies the computation, presentation, and disclosure requirements for earnings per share. The Company will adopt SFAS 128 in fiscal 1998 and has determined the impact to be immaterial.

FISCAL YEARS ENDED MARCH 31, 1996 AND MARCH 31, 1995.

Revenues from research and development contracts, prototype development contracts and the sale of prototypes increased to $7,131,000 in fiscal 1996 from $4,270,000 in fiscal 1995. This increase was due primarily to the expansion of the corporate development contract with Pirelli Cavi S.p.A. and an increase in sales of prototypes. This increase was partially offset by the completion of work and related funding under a collaborative research and development agreement in August 1994.

The Company also received funding of $985,000 in fiscal 1996 under government cost-sharing agreements as compared to $2,866,000 in fiscal 1995. This lower level of cost-sharing funding was primarily due to a decrease in work performed under several cost-sharing contracts with the Department of Energy and the Department of Commerce which were completed during fiscal 1996. Funding was recorded as an offset to research and development and selling, general and administrative expenses, as required by government contract accounting guidelines, rather than as revenue.

The Company's total operating expenses in fiscal 1996 were $15,992,000, compared to $11,887,000 in fiscal 1995. Costs of revenue, which include costs of research and development contracts and costs of prototypes and prototype development contracts, increased to $7,331,000 in fiscal 1996 compared to $4,397,000 in fiscal 1995. This increase reflects expenditures to support the increase in sales of prototypes, including the hiring of additional personnel and purchases of materials and equipment.

Research and development expenses increased to $5,341,000 in fiscal 1996 from $4,634,000 the prior year. This increase was due to the continued scale-up of the Company's internal research and development activities including the hiring of additional personnel and purchases of materials and equipment. In addition to these expenses, a portion of R&D expenditures related to externally funded development contracts has been classified as costs of revenue (rather than as research and development expenses). R&D expenditures included as costs of revenue during fiscal 1996 and fiscal 1995 were $5,256,000, and $3,032,000, respectively. Additionally, R&D expenses that were offset by cost share funding were $584,000 and $1,673,000 in fiscal years 1996 and 1995, respectively.

Selling, general and administrative expenses were $3,319,000 in fiscal 1996 as compared to $2,857,000 in fiscal 1995. This increase reflects increased staffing, recruiting costs, and legal costs associated with the signing of several corporate development agreements and other expenses necessary to support the overall increase in the Company's revenues, sales and marketing programs and internal research and development activities. In addition to these expenses, a portion of SG&A expenditures related to externally funded development contracts has been classified as costs of revenue (rather than as SG&A expenses). SG&A expenditures included as costs of contract revenue during fiscal 1996 and fiscal

1995 were $2,075,000 and $1,365,000, respectively. The SG&A amounts offset by cost share funding were $378,000 and $956,000 in fiscal years 1996 and 1995, respectively.

Interest income decreased to $1,579,000 in fiscal 1996 as compared to $1,869,000 in fiscal 1995. This decrease primarily reflects lower cash, cash equivalents and long-term marketable securities balances available for investment as a result of cash being used to fund the Company's operations and to purchase capital equipment. Other expense, net is comprised primarily of miscellaneous taxes net of gains on the disposition of excess capital equipment.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1997, the Company had cash, cash equivalents and long-term marketable securities totaling $16,023,000 compared to cash, cash equivalents and long-term marketable securities totaling $26,363,000 at March 31, 1996. In fiscal 1997, approximately $8,909,000 was used to fund the Company's operations. An additional $1,415,000 was used to acquire capital equipment, primarily for research and development and manufacturing, and to make leasehold improvements to its facilities.

On April 7, 1997, the Company entered into a strategic alliance agreement with an affiliate of Electricite de France (EDF) under which EDF purchased one million shares of the Company's common stock at $10 per share. The Company intends to use this $10,000,000 equity investment by EDF, which is not included in the Company's cash balance as of March 31, 1997, to accelerate the development and commercialization of HTS technology for uses specific to the electric utility industry.

On April 8, 1997, the Company completed the Merger with Superconductivity, Inc. (SI). The transaction was effected through the exchange of 942,961 shares of the Company's common stock for all of the issued and outstanding shares of SI, based on a Merger exchange ratio of .3292 shares of Company common stock for each share of SI common stock. As a result of the Merger, the Company also assumed approximately $6.4 million of SI's liabilities, approximately $3.9 million of which were paid in April, 1997.

The Company has potential funding commitments of approximately $13,393,000 to be received after March 31, 1997 from strategic partners and government agencies (all of which is due within the next four years). However, a total of $8,143,000 of these commitments is derived from government contracts and is therefore subject to the continued availability and appropriation of government funding.

The Company's policy is to invest available funds in short-term, intermediate-term, and long-term investment grade marketable securities, including but not limited to government obligations, repurchase agreements, certificates of deposit and money market funds.

Transaction gains and losses from foreign currency transactions have not been material to date.

To date, inflation has not had a material impact on the Company's financial results.

FUTURE OPERATING RESULTS

The Company does not provide forecasts of its future financial performance. However, various statements included in this Annual Report, as well as other statements made from time to time by Company representatives, which are not statements of historical facts (including but not limited to statements concerning the future commercial success of the Company) 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 the Company's 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.

The Company's products are in the early stages of commercialization and testing and there can be no assurance that these products will be technically or commercially successful or that the Company will be able to manufacture adequate quantities of its products at commercially acceptable cost levels or on a timely basis. The Company believes that several years of further development will be necessary before HTS wires and wire products will be available for significant commercial end-use applications.

On April 8, 1997, the Company completed the Merger with SI, a developer and manufacturer of low temperature superconductor products for the industrial power quality market. The Company believes the acquisition of SI provides the Company with a strong commercial presence in this market. However, there can be no assurance that this Merger will produce the benefits anticipated by the Company.

The Company expects to incur operating losses for at least the next few years, as it continues to devote significant financial resources to its research and development activities.

The Company expects that some or all of the HTS materials used in manufacturing its products, and certain of the methods used by the Company in processing HTS materials, are or will become covered by patents issued to other parties (who may include competitors of the Company). Accordingly, the Company will need to acquire licenses to, or successfully contest the validity of, such patents in order to avoid patent infringement claims being brought against it. Although the Company expects that it will be able to obtain, on commercially reasonable terms, any required licenses, there can be no assurance that it will be able to do so. If the Company does not obtain such licenses, the Company may be forced to contest the validity of such patents or may face an infringement claim by the owners of such patents. The outcome of any such litigation is impossible to predict with certainty, and, regardless of its outcome, the Company may incur substantial costs in connection with any such litigation. The Company generally relies on a combination of patent protection and trade secret law to protect its proprietary technology. There can be no assurance that the steps taken by the Company to protect its technology will be adequate to prevent misappropriation by third parties or that third parties will not be able to independently develop similar technology.

The HTS industry is characterized by rapidly advancing technology and the Company encounters intense competition in the development of HTS products, particularly from several major Japanese companies, including Sumitomo Electric Industries, Ltd., Showa Electric Wire & Cable Co., Ltd., Hitachi, Ltd., Hitachi Cable, Ltd., Furukawa Electric Co., Ltd., Fujikura Ltd., Mitsubishi Electric Corporation, and Kobe Steel, Ltd. Other competitors include Siemens A.G. in Germany, B.I.C.C. and Oxford Instruments in England, Alcatel-Alsthom in France, NKT in Denmark, and Intermagnetics General Corporation, Midwest Superconductivity, Inc., and 3M in the United States. The future success of the Company will depend in large part on its ability to keep pace with advancing HTS technology and such industry standards as may develop. There can be no assurance that the Company's development efforts will not be rendered obsolete by research efforts and technological advances made by others. Moreover, many of the Company's competitors have substantially greater financial resources and research and development, manufacturing and marketing capabilities than the Company. In addition, as the HTS industry develops, it is possible that other large industrial companies may enter this field.

The Company believes that revenues from funded development contracts and the sale of prototypes, together with its current cash and marketable securities, should provide adequate funding to meet the Company's cash requirements for its planned operations for at least the next year. Thereafter, the Company may need substantial additional funds for its research and development programs, operating expenses, licensing fees, scale-up of manufacturing capabilities, expansion of sales and marketing capabilities, potential acquisitions and working capital. Moreover, the Company may need additional funds sooner than anticipated if the Company's performance deviates significantly from its current operating plan or if there are significant changes in competitive or other market factors. There can be no assurance that such funds, whether from equity or debt financing, development contracts or other sources, will be available on terms acceptable to the Company. Insufficient funds may require the Company to reduce, delay or eliminate certain research and development activities or to license or sell to others certain proprietary technology, which could delay, either temporarily or permanently, the development of certain products and technologies currently under development by the Company.

For the Company to be financially successful, it must manufacture the products developed by it in commercial quantities, at acceptable costs and on a timely basis. The production of significant quantities at competitive costs presents a number of technological and engineering challenges for the Company, and significant start-up costs and unforeseen expenses may be incurred in connection with attempts to manufacture commercial quantities of the Company's products. In addition, the Company will be required to develop a marketing and sales force that effectively demonstrates the advantages of its products over more traditional products. The Company may also elect to enter into agreements or relationships with third parties regarding the commercialization or marketing of its products. There can be no assurance that the Company will be successful in its marketing efforts, that it will be able to establish adequate sales and distribution capabilities, that it will be able to enter into marketing agreements or relationships with third parties on financially acceptable terms, or that any such third parties will be successful in marketing the Company's products.

APPENDIX B

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
American Superconductor Corporation:

We have audited the accompanying consolidated balance sheets of American Superconductor Corporation as of March 31, 1997 and 1996, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended March 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Superconductor Corporation as of March 31, 1997 and 1996, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 1997 in conformity with generally accepted accounting principles.

/s/ Coopers & Lybrand L.L.P.
Coopers & Lybrand L.L.P.

Boston, Massachusetts
May 9, 1997

American Superconductor Corporation

SELECTED FINANCIAL DATA

Year ended March 31	1997	1996	1995	1994	1993
Revenues	$ 7,174,487	$ 7,130,899	$ 4,270,246	$ 3,944,447	$ 3,189,884
Net loss	(10,422,131)	(7,319,873)	(5,771,642)	(5,405,735)	(4,304,420)
Net loss per share	(1.09)	(0.77)	(0.62)	(0.67)	(0.55)
Total assets	23,612,633	33,028,398	40,470,404	46,005,433	24,106,000
Working capital	2,654,522	5,915,438	2,912,309	5,169,641	15,181,822
Cash and marketable securities*	16,023,020	26,362,601	33,138,679	41,232,122	21,629,969
Stockholders' equity	21,404,441	31,731,367	38,488,791	44,160,744	22,138,749

The Company has paid no dividends.

* Includes Cash and Cash Equivalents, Short-Term Investments and Long-Term Marketable Securities.

American Superconductor Corporation

CONSOLIDATED BALANCE SHEETS

March 31	1997	1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 576,914	$ 4,104,703
Accounts receivable	2,518,331	1,485,628
Notes receivable	383,607	607,536
Inventory	1,054,141	779,428
Prepaid expenses and other current assets	329,721	226,179
Total current assets	4,862,714	7,203,474
Property and equipment:		
Equipment	8,064,091	6,779,649
Furniture and fixtures	733,794	710,473
Leasehold improvements	1,732,215	1,663,806
	10,530,100	9,153,928
Less accumulated depreciation and amortization	(7,268,315)	(5,606,374)
Property and equipment, net	3,261,785	3,547,554
Long-term marketable securities	15,446,106	22,257,898
Other assets	42,028	19,472
Total assets	$ 23,612,633	$ 33,028,398
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 2,208,192	$ 1,288,036
Total current liabilities	2,208,192	1,288,036
Obligation under capital lease, net of current portion	-	8,995
Commitments (Note 7)		
Stockholders' equity:		
Common stock ($.01 par value); 20,000,000 shares authorized; 9,562,157 and 9,487,277 shares issued and outstanding at March 31, 1997 and 1996, respectively	95,622	94,873
Additional paid-in capital	64,182,878	63,460,452
Deferred compensation	(25,480)	(50,960)
Deferred contract costs-warrants	(557,265)	-
Unrealized loss on investments	(143,661)	(61,970)
Cumulative translation adjustment	(9,892)	4,602
Accumulated deficit	(42,137,761)	(31,715,630)
Total stockholders' equity	21,404,441	31,731,367
Total liabilities and stockholders' equity	$ 23,612,633	$ 33,028,398

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

American Superconductor Corporation

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended March 31	1997	1996	1995
Revenues:			
Contract revenue	$ 5,296,970	$ 4,764,548	$ 3,162,872
Prototypes and prototype development contracts	1,877,517	2,366,351	1,107,374
Total revenues	7,174,487	7,130,899	4,270,246
Costs and expenses:			
Costs of revenue	7,507,626	7,331,390	4,396,572
Research and development	7,708,759	5,341,437	4,634,017
Selling, general and administrative	2,818,320	3,319,451	2,856,812
Total costs and expenses	18,034,705	15,992,278	11,887,401
Interest income	1,171,969	1,579,035	1,868,606
Other expense, net	(23,777)	(37,529)	(23,093)
Transaction fees	(710,105)	-	-
Other income, net	438,087	1,541,506	1,845,513
Net loss	$(10,422,131)	$(7,319,873)	$(5,771,642)
Net loss per common share	$ (1.09)	$ (.77)	$ (0.62)
Weighted average number of common shares outstanding	9,560,818	9,470,931	9,380,787

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

American Superconductor Corporation

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31	1997	1996	1995
Operating activities:			
Net loss	$(10,422,131)	$(7,319,873)	$(5,771,642)
Adjustments to reconcile net loss to net cash from operations:			
Forgiveness of notes receivable	206,744	104,778	-
Depreciation and amortization	1,701,749	1,623,901	1,453,850
Gain on disposals of property and equipment	(9,697)	-	-
Deferred compensation expense	25,480	29,960	112,680
Deferred contract costs-warrants	79,613	-	-
Changes in operating asset and liability accounts:			
Accounts receivable	(1,032,702)	364,014	(1,052,483)
Inventory	(274,713)	(88,354)	(559,626)
Prepaid expenses and other current assets	(103,542)	(25,071)	(21,883)
Accounts payable and accrued expenses	920,156	(684,582)	136,924
Net cash used by operating activities	(8,909,043)	(5,995,227)	(5,702,180)
Investing activities:			
Notes receivable	(82,815)	(40,973)	(671,341)
Repayment of notes receivable	100,000	-	-
Purchase of property and equipment	(1,415,199)	(1,309,634)	(1,688,916)
Sale of long-term marketable securities	6,730,101	9,924,608	3,099,626
Decrease (increase) in other assets	(37,130)	28,676	(701)
Net cash provided by investing activities	5,294,957	8,602,677	738,668
Financing activities:			
Net proceeds from issuance of stock	86,297	29,969	542,776
Net cash provided by financing activities	86,297	29,969	542,776
Net increase (decrease) in cash and cash equivalents	(3,527,789)	2,637,419	(4,420,736)
Cash and cash equivalents at beginning of year	4,104,703	1,467,284	5,888,020
Cash and cash equivalents at end of year	$ 576,914	$ 4,104,703	$ 1,467,284

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

American Superconductor Corporation

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock		Additional	
	Number of Shares	Par Value	Paid-in Capital	Deferred Compensation
Balance at March 31, 1994	9,333,608	$93,336	$62,889,244	$(193,600)
Exercise of stock options	132,540	1,325	512,696	
Issuance of common stock	1,500	15	28,740	
Amortization of deferred compensation				112,680
Purchase of fractional shares	(21)			
Cumulative translation adjustment				
Unrealized loss on investments				
Net Loss				
Balance at March 31, 1995	9,467,627	94,676	63,430,680	(80,920)
Exercise of stock options	19,660	197	29,772	
Amortization of deferred compensation				29,960
Purchase of fractional shares	(10)			
Cumulative translation adjustment				
Unrealized gain on investments				
Net Loss				
Balance at March 31, 1996	9,487,277	94,873	63,460,452	(50,960)
Exercise of stock options	74,880	749	85,548	
Amortization of deferred compensation				25,480
Cumulative translation adjustment				
Deferred contract costs - warrant			636,878	
Warrant expense				
Unrealized loss on investments				
Net Loss				
Balance at March 31, 1997	9,562,157	$95,622	$64,182,878	$ (25,480)

	Deferred Contract Costs	Unrealized Gain/Loss on Investments	Cumulative Translation Adjustment	Accumulated Deficit	Total Stockholders' Equity
Balance at March 31, 1994			$(4,121)	$(18,624,115)	$ 44,160,744
Exercise of stock options					514,021
Issuance of common stock					28,755
Amortization of deferred compensation					112,680
Purchase of fractional shares					
Cumulative translation adjustment			17,314		17,314
Unrealized loss on investments		(573,081)			(573,081)
Net Loss				(5,771,642)	(5,771,642)
Balance at March 31, 1995		(573,081)	13,193	(24,395,757)	38,488,791
Exercise of stock options					29,969
Amortization of deferred compensation					29,960
Purchase of fractional shares					
Cumulative translation adjustment			(8,591)		(8,591)
Unrealized gain on investments		511,111			511,111
Net Loss				(7,319,873)	(7,319,873)
Balance at March 31, 1996		(61,970)	4,602	(31,715,630)	31,731,367
Exercise of stock options					86,297
Amortization of deferred compensation					25,480
Cumulative translation adjustment			(14,494)		(14,494)
Deferred contract costs - warrant	(636,878)				
Warrant expense	79,613				79,613
Unrealized loss on investments		(81,691)			(81,691)
Net Loss				(10,422,131)	(10,422,131)

Balance at March 31, 1997	$(557,265)	$(143,661)	$(9,892)	$(42,137,761)	$ 21,404,441

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

American Superconductor Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF THE BUSINESS

American Superconductor Corporation (the "Company") was organized to develop and commercialize high temperature superconducting (HTS) wires, wire products and systems which include electromagnetic coils, electromagnets and multistrand conductors for incorporation in compact, cost-effective electric power and magnet systems such as electric generators, power transmission lines, large-scale electric motors, transformers, current limiters, and superconducting magnetic energy storage (SMES) devices. As the Company is moving toward commercialization of the technology, the Company is no longer reporting its financial statements as a development stage enterprise.

The Company has devoted substantially all of its efforts to conducting research and development. The Company has recorded contract revenue related to research and development contracts of approximately $5,297,000, $4,765,000 and $3,163,000 for the fiscal years ended March 31, 1997, 1996 and 1995, respectively. As discussed in Note 8, a significant portion of this contract revenue relates to development contracts with two stockholders, Inco Alloys International, Inc. ("Inco") and Pirelli Cavi S.p.A. ("Pirelli"). Included in costs of revenue are research and development expenses of approximately $5,322,000, $5,256,000 and $3,032,000 for the fiscal years ended March 31, 1997, 1996 and 1995, respectively. Selling, general and administrative expenses also included as costs of revenue for the fiscal years ended March 31, 1997, 1996 and 1995 were approximately $2,186,000, $2,075,000 and $1,365,000, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

RECLASSIFICATION

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

CASH EQUIVALENTS

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of government obligations, short-term certificates of deposit and repurchase agreements.

ACCOUNTS RECEIVABLE

Due to scheduled billing requirements specified under certain contracts, a portion of the Company's accounts receivable balance at March 31, 1997 and 1996 was unbilled. The unbilled portion included in the accounts receivable balance was approximately $1,090,000 or 43% of total accounts receivable and $588,000 or 40% of total accounts receivable at March 31, 1997 and 1996, respectively. The Company expects the amounts to be billed in the next year.

LONG-TERM MARKETABLE SECURITIES

Long-term marketable securities, with original maturities of more than 12 months when purchased, consist primarily of U.S. Treasury Notes and a U.S. government agency security. These marketable securities are stated at amortized cost plus accrued interest which approximates fair value. Interest income is accrued as earned.

INVENTORY

Inventory, consisting of raw materials, work in progress, and finished goods is stated at the lower of cost (first in, first out) or market.

March 31	1997	1996
Raw materials	$ 536,000	$417,000
Work-in-progress	348,000	323,000
Finished goods	170,000	39,000
	$1,054,000	$779,000

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Equipment	3 years
Furniture and fixtures	3 years
Leasehold improvements	shorter of lease term or useful life of asset

Maintenance and repairs are charged to expense as incurred while betterments are capitalized. Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the determination of net income or loss.

RESEARCH AND DEVELOPMENT

Research and product development costs are expensed as incurred.

RESEARCH AND DEVELOPMENT CONTRACTS

The Company has entered into contracts to perform research and development (see Note 8). Revenues from these contracts are recognized utilizing the percentage of completion method measured by the relationship of costs incurred to total contract costs. Costs include direct engineering and development costs and applicable overhead. The Company generally recognizes its prototype revenue upon shipment or, for certain programs, on the percentage of completion method of accounting.

NET LOSS PER COMMON SHARE

Net loss per common share is computed based upon the weighted average number of common shares outstanding. Common equivalent shares are included in the per-share valuations only when the effect of their inclusion would be dilutive.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS 128), which is effective for fiscal years ending after December 15, 1997, including interim periods. Earlier application is not permitted. The Statement requires restatement of all prior-period earnings per share presented after the effective date. SFAS 128 specifies the computation, presentation and disclosure requirements for earnings per share. The Company will adopt SFAS 128 in fiscal year 1998 and has determined the impact to be immaterial.

FOREIGN CURRENCY TRANSLATION

The functional currency of the foreign subsidiary is the local currency. The assets and liabilities of this operation are translated into U.S. dollars at the exchange rate in effect at the balance sheet date and income and expense items are translated at average rates for the period. The effects of these translations are excluded from net loss as a separate component of stockholders' equity. Transaction gains and losses from foreign currency transactions have not been material to date.

RISKS AND UNCERTAINTIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and would impact future results of operations and cash flows.

The Company invests its cash and cash equivalents and investments with high credit quality financial institutions and invests primarily in short-term, intermediate-term, and long-term investment grade marketable securities, including but not limited to government obligations, repurchase agreements, and money market funds.

The Company's receivables are comprised mostly of amounts owed by government agencies and some commercial companies. The Company does not require collateral or other security to support customer receivables. The Company believes any credit losses will not be material.

3. RELATED PARTY TRANSACTIONS

In fiscal 1995 the Company made a series of loans to an officer of the Company in the aggregate amount of $671,000 which included accrued interest. The Compensation Committee of the Board of Directors forgave $206,700 and $104,800 in fiscal years 1997 and 1996, respectively, of principal and accrued interest of the loans. In addition, the officer repaid $100,000 of principal in November 1996. The remaining principal and interest on the loan, which is approximately $331,000, is repayable on November 1, 1998.

4. LONG-TERM MARKETABLE SECURITIES

Long-Term Marketable Securities at March 31, 1997, consist of the following:

	Aggregate Cost	Fair Value	Gross Unrealized Loss
U.S. government and U.S. government agency securities	$15,589,767	$15,446,106	$143,661

The Company's long-term marketable securities are classified as available-for-sale securities and, accordingly, are recorded at amortized cost plus accrued interest which approximates fair value. The difference between cost and fair value is included in stockholders' equity. All of these securities mature in one to three years.

5. INCOME TAXES

The principal components of the Company's deferred tax liabilities and assets are the following:

March 31	1997	1996
Deferred tax assets:		
Net operating loss carryforward	$ 17,749,000	$ 13,936,000
Research and development and other credits	1,021,000	746,000
Depreciation	637,000	450,000
Other	114,000	48,000
Valuation allowance	(19,521,000)	(15,180,000)
Net	-	-

At March 31, 1997, the Company had available for federal income tax purposes net operating loss carryforwards of approximately $44,300,000 which commence expiring in years 2005 through 2012. Based on the Internal Revenue Code, and changes in ownership of the Company, utilization of these net operating loss carryforwards may be subject to annual limitations. The Company also had approximately $1,021,000 of research and development and other credit carryforwards that are available to offset federal and state income taxes which expire in years 2005 through 2012.

6. STOCKHOLDERS' EQUITY

In November 1994, the Board of Directors declared a three-for-two stock split in the form of a 50% stock dividend effective November 28, 1994, for stockholders of record on November 14, 1994. All share and per share data have been restated to reflect the split.

STOCK BASED COMPENSATION PLANS

Under APB 25 no compensation expense has been recorded. The Company adopted the disclosure only option under Statement of Financial Accounting Standards (SFAS) 123 "Accounting for Stock-Based Compensation" as of March 31, 1997. Pro forma information regarding net income and earnings per share is required by SFAS 123, and has been determined as if the Company had accounted for its stock options under the fair value method of that Statement. Consistent with the method of SFAS 123, the Company's net loss and net loss per share would have been increased to the pro forma amounts indicated below:

For the years ended March 31		1997	1996
Net Loss (in thousands)	As Reported	$(10,422)	$(7,320)
	Pro Forma	$(11,096)	$(7,470)
Loss Per Share	As Reported	$(1.09)	$(0.77)
	Pro Forma	$(1.16)	$(0.79)

The pro forma amounts include the effects of all activity under the Company's stock based compensation plans since April 1, 1995. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 1997 and 1996, respectively: the weighted average risk free interest rate of 6.4% and 5.5% in 1997 and 1996, respectively; expected stock price volatility of 45%; no dividends; and a weighted average life of the options of 5 years. The weighted average fair value of options granted during 1997 and 1996 was $5.02 per share and $6.42 per share, respectively. The Company anticipates it will have additional activity under these plans in the future.

STOCK OPTION PLANS

The Company has five stock option plans including two Directors' Plans. The stock option plans (the "Plans") include the 1987 Stock Plan (the "1987 Plan"), the 1993 Stock Option Plan (the "1993 Plan"), the 1996 Stock Incentive Plan (the "1996 Plan"), the 1991 Directors' Stock Option Plan (the "1991 Directors Plan") and the 1994 Directors' Stock Option Plan (the "1994 Directors Plan"). The Plans are administered by the Compensation Committee of the Board of Directors and permit the Company to sell or award common stock or to grant stock options for the purchase of common stock.

The Plans provide for the issuance of incentive stock options and non-qualified stock options to purchase the Company's common stock. In the case of incentive stock options, the exercise price shall be equal to at least the fair market value of the common stock, as determined by the Board of Directors, on the date of grant. In the event that non-qualified stock options are granted under the 1987 Plan, the exercise price shall be not less than the lesser of the book value per share of common stock at the end of the fiscal year preceding the date of grant or 50% of the fair market value at the time of grant.

The 1991 and 1994 Directors' Plans are stock option plans for members of the Board of Directors who are not also employees of the Company ("outside directors"). The 1994 Directors' Plan provides for the automatic grant of stock options for the purchase of common stock of the Company by outside directors at an exercise price equal to fair market value at the grant date. The 1991 Directors' Plan is no longer operative.

Options granted under the Plans become exercisable ratably over a four or five year period and expire 10 years from the date of grant (subject to earlier termination in certain circumstances).

The following table summarizes information about stock options outstanding at March 31, 1997.

	Outstanding			Exercisable	
Range of Exercise Price	Weighted Average Remaining Contractual Life	Number Outstanding at 3/31/97	Weighted Average Exercise Price	Number Exercisable 3/31/97	Weighted Average Exercise Price
$ .27 -1.07	3.3	140,350	$ .44	140,350	$ .44
$ 6.23 -9.75	8.4	894,765	$ 9.11	217,465	$ 7.48
$ 10.25 -13.50	8.3	565,650	$12.47	152,370	$11.61
$ 14.00 -18.50	7.5	404,400	$16.78	164,660	$17.25
$ 19.83 -23.25	7.3	540,500	$21.72	222,050	$21.67
$ .27 -23.25		2,545,665		896,895	

The following table summarizes the information concerning currently outstanding and exercisable options:

	Shares	Weighted-Average Exercise Price	Number Exercisable
Outstanding at March 31, 1994	979,935	$ 7.79	231,386
Granted	746,500	$20.89	
Exercised	(132,540)	$ 3.89	
Canceled	(49,410)	$14.02	
Outstanding at March 31, 1995	1,544,485	$14.25	375,495
Granted	482,600	$13.71	
Exercised	(19,660)	$ 1.44	
Canceled	(14,670)	$19.11	
Outstanding at March 31, 1996	1,992,755	$14.21	652,885
Granted	766,650	$10.43	
Exercised	(74,880)	$ 1.11	
Canceled	(138,860)	$17.49	
Outstanding at March 31, 1997	2,545,665	$13.28	896,895
Available for grant at March 31, 1997			934,810

DEFERRED COMPENSATION

The Company recorded an increase to additional paid-in capital and a corresponding charge to deferred compensation of approximately $127,000 in fiscal year 1993 related to the issuance of 10,000 shares of common stock. Compensation expense related to this and other prior stock transactions of approximately $25,000, $30,000, and $113,000 was recorded for the fiscal years ended March 31, 1997, 1996 and 1995, respectively.

7. COMMITMENTS

The Company pays all real estate taxes and operating expenses related to its lease, which expires in May 1998 and which provides the Company with an option to extend the lease for two additional five-year periods.

Rent expense was approximately $382,000, $382,000, and $372,000 for the fiscal years ended March 31, 1997, 1996, and 1995, respectively.

In October 1992, the Company entered into a five-year collaborative technology development agreement with Superlink Joint Venture. The Company has the right to terminate this agreement under certain conditions.

Research and development expenses related to the technical agreement with Superlink Joint Venture were approximately $135,000, $150,000 and $230,000 for the fiscal years ended March 31, 1997, 1996, and 1995, respectively.

Minimum lease and funding commitments at March 31, 1997 are as follows:

1998	$432,000
1999	$ 64,000

8. RESEARCH AND DEVELOPMENT AGREEMENTS

In March of 1996, the Company extended its development contract with Pirelli, a stockholder in the Company, to jointly develop high temperature superconducting cable wires. The Company terminated its development contracts with both Hoechst AG and Inco Alloys International in August 1994 and December 1996, respectively.

The Company recorded revenues under these contracts as follows:

For the years ended March 31	1997	1996	1995
Inco	$ 825,000	$1,100,000	$1,100,000
Pirelli	2,500,000	2,831,000	1,000,000
Hoechst	-	-	500,000
	$3,325,000	$3,931,000	$2,600,000

Future funding commitments under the Pirelli contract are approximately $5,250,000 over the next two and one-half years.

In March 1996, the Company entered into a new strategic alliance with the Electric Power Research Institute (EPRI) to develop and commercialize next-generation HTS wire. Under this agreement, warrants to purchase common stock of the Company will be granted to EPRI and become exercisable over the next five years. The Company will receive exclusive license rights to jointly-developed intellectual property from EPRI. This agreement is subject to early termination if certain conditions are not met. The Company recorded an increase to additional paid-in capital and a corresponding charge to deferred contract costs of approximately $637,000 in fiscal 1997 relating to these warrants. Warrant expense related to this agreement was approximately $80,000 for the fiscal year ended March 31, 1997.

9. COST-SHARING ARRANGEMENTS

The Company has entered into several cost-sharing arrangements with various agencies of the United States government. These funds are used to directly offset the Company's research and development and selling, general and administrative expenses and to purchase capital equipment. The Company has recorded costs (including capital equipment purchases) and funding under these agreements of $3,197,000 and $1,706,000, respectively, for fiscal 1997 and $2,590,000 and $985,000, respectively, for fiscal 1996. At March 31, 1997, total funding received to date under these agreements was $5,853,000. Future funding expected to be received under existing agreements is approximately $6,355,000 over the next four years subject to continued future funding allocations.

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

March 31	1997	1996
Accounts payable	$1,958,739	$1,101,856
Accrued expenses	34,153	35,815
Accrued vacation	215,300	150,365
	$2,208,192	$1,288,036

11. EMPLOYEE BENEFIT PLAN

Effective March 1, 1992, the Company implemented a deferred compensation plan under Section 401(k) of the Internal Revenue Code (the "Plan"). Under the Plan, eligible employees are permitted to contribute, subject to certain limitations, up to 15% of their gross salary. The Company does not have post-retirement or post-employment benefit plans.

12. SUBSEQUENT EVENTS

SUPERCONDUCTIVITY, INC.

In April 1997, the Company completed a transaction (the "Merger") with Superconductivity, Inc. ("SI"), a manufacturer of low temperature superconductor products for the industrial power quality market. This transaction, in which the Company acquired all of the outstanding stock of SI by means of a merger of SI into a subsidiary of the Company, will be accounted for as a pooling of interests. The Merger was effected through the exchange of 942,961 shares of the Company's common stock for all of the issued and outstanding shares of SI, based on a merger exchange ratio of .3292 shares of the Company's common stock for each share of SI common stock. The following unaudited pro forma results of operations assume the Merger had occurred on April 1, 1994, and include the audited results of the Company for the years ended March 31, 1997, 1996 and 1995 combined with the audited results of SI for the years ended December 31, 1996, 1995, and 1994, respectively.

For the fiscal years ended (In thousands)	1997	1996	1995
Revenues:			
ASC	$7,174	$7,131	$4,270
SI	3,376	3,633	4,323
Combined	$10,550	$10,764	$8,593
Net loss:			
ASC	($10,422)	($7,320)	($5,772)
SI	(2,955)	(2,378)	(1,264)
Combined	($13,377)	($9,698)	($7,036)

Expenses incurred by the Company in connection with the Merger amounting to $710,105 have been included in the net loss for 1997. Additional merger expenses of approximately $1,458,000 were recorded by SI in the quarter ended March 31, 1997, and are not included in the above results of operations. Effective with the Merger, SI's fiscal year end will be changed from December 31 to March 31 to conform with the Company's fiscal year-end.

ELECTRICITE DE FRANCE

In April 1997, the Company entered into a strategic alliance agreement with an affiliate of Electricite de France (EDF) under which EDF purchased one million shares of the Company's common stock at $10 per share. The Company intends to use the proceeds of this $10 million equity investment to accelerate the development and commercialization of HTS technology for uses specific to the electric utility industry.

Exhibit 10.25

CONSULTING AGREEMENT

AGREEMENT made this 1st day of January, 1997, between AMERICAN SUPERCONDUCTOR CORPORATION, a Delaware corporation (the "Company"), and John Vander Sande, the ("Consultant").

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged, the parties hereto agree as follows:

1. Consulting Services.

The Consultant shall render consulting services to the Company on such matters and in such areas as may be specified from time to time by the President of the Company. The Consultant shall devote his best efforts in the performance of his services hereunder. The Consultant agrees to be reasonably available to the Company and to provide services hereunder at least the equivalent of one full day per month during the term period.

The term period is defined as 12 months beginning on January 1, 1997.

2. Compensation.

The Company shall pay the Consultant a retainer fee of $1,000 per month for the term period in which the Consultant provides his services to the Company. All fees shall be payable by the Company to the Consultant in equal installments on a monthly basis. In addition, if the number of full days of consulting exceeds 6 over a half year period, the Company shall pay the Consultant $1,000 per full day for each excess day.

3. Expenses.

The Company shall reimburse the Consultant for all approved expenses incurred by the Consultant in the performance of his duties hereunder, provided that such expenses are approved by the Company. The Consultant shall furnish suitable invoices and/or receipts to such approved expenses.

4. Termination.

This Agreement shall remain in effect until terminated under the terms of this Agreement.

a. Termination. This Agreement shall terminate after the term period as defined above. Either the Company or the Consultant may terminate this Agreement earlier upon 90 days' written notice to the other party.

b. In the event that this Agreement is terminated by the Company pursuant to Section 4d prior to the date of the end of the term period, the Consultant shall continue to be bound by the terms of a Noncompetition Agreement between the Company and the Consultant dated July 10, 1987. In the event that this Agreement is terminated by the Company other than for Immediate Termination as specified in Section 4d, the Noncompetition Agreement dated July 10, 1987 shall also terminate as of the same date as the termination of this Agreement.

c. In the event that this Agreement is terminated by the Consultant pursuant to Section 4 prior to the date of the end of the term period, the Consultant shall continue to be bound by the terms of a Noncompetition Agreement between the Company and the Consultant dated July 10, 1987 for a period of one year from the date of such termination, and the Company's obligation hereunder shall cease as of the date of termination.

d. Immediate Termination. This Agreement shall terminate immediately on the occurrence of any of the following events:

i. The death of the Consultant.

ii. The physical or mental disability of the Consultant or his continued incapacity to perform his duties which disability or incapacity has continued for either 10 consecutive weeks or any aggregate of 20 weeks in any one year period.

iii. The Consultant's indictment for a felony.

iv. The Consultant's material dishonesty or recklessness, or gross negligence in the conduct of or material breach of his duties hereunder.

5. Restrictions on the Disclosure of Proprietary Information.

a. Proprietary Information. For purposes of this Agreement, the term "Proprietary Information" shall mean all knowledge and information which the Consultant has acquired or may acquire as a result of his relationship with the Company concerning the Company's business, finances, operations, strategic planning services, cost and pricing policies, and including, but not limited to, information relating to notes, data, memoranda, methods, know-how, techniques, and purchasing, merchandising and selling strategies related to such matters of the Company as set forth in this sentence. Proprietary Information shall also mean all knowledge and information relating to commercialization or development of commercial applications for technology licensed or to be licensed to the Company by The Massachusetts Institute of Technology ("MIT") which the Consultant may acquire in the performance of

tasks or projects undertaken by the Consultant at the request of the Company and in the performance of his consulting obligations to the Company. The Consultant agrees to conduct work on such tasks or projects solely at facilities provided or designated by the Company for such purpose (specifically excluding MIT facilities) and to maintain laboratory notebooks relating to such work. Proprietary Information shall specifically not mean knowledge or information which the Consultant may acquire otherwise than in the performance of his consulting obligations hereunder, or (provided that the Consultant shall have complied with the obligations hereunder to conduct such consulting work solely at Company-provided or -designated facilities) knowledge or information acquired otherwise than in the course of work done at Company-provided or -designated facilities. In the event of a dispute the records of laboratory or research notebooks referred to herein or maintained in connection with other work of the Consultant shall be deemed prima facie evidence as to whether information or knowledge shall constitute Proprietary Information hereunder. Notwithstanding the foregoing sentences, Proprietary Information does not include (i) information which is or becomes publicly available (except as may be disclosed by the Consultant in violation of this Agreement), (ii) information acquired by the Consultant from a source other than the Company or any of its employees, which source legally acquired such information directly from the Company, (iii) information of a general nature and information of a specific nature regarding the technology of the Company known to the Consultant prior hereto, or (iv) information disclosed by the Company to any third party other than under conditions of confidence.

b. Nondisclosure Obligation. The Consultant agrees that he will not at any time, either during or after the term or termination of this Agreement, without the prior written consent of the President or Board of Director, of the Company, divulge or disclose to anyone outside the Company, or appropriate for his own use or the use of any third party, any such Proprietary Information, and will not during his engagement by the Company hereunder, or at any time thereafter, disclose or use or attempt to use any such Proprietary Information for his own benefit, or the benefit of any third party, or in any manner which may injure or cause loss, or may be calculated to injure or cause loss, to the Company.

6. Inventions.

a. All inventions, discoveries, computer programs, data, technology, designs, innovations and improvements (whether or not patentable and whether or not copyrightable) ("Inventions") related to the business of the Company which are made, conceived, reduced to practice, created, written, designed or developed by the Consultant, solely or jointly with others and whether during normal business hours or otherwise, during the term of this Agreement or thereafter if resulting or directly derived from Proprietary Information, shall be the sole

property of the Company. The Consultant hereby assigns to the Company all Inventions and any and all related patents, copyrights, trademarks, trade names, and other industrial and intellectual property rights and applications therefor, in the United States and elsewhere and appoints any officer of the Company as his duly authorized attorney to execute, file, prosecute and protect the same before any government agency, court or authority. All such Inventions shall, to the extent permitted by law, be regarded as "work for hire." Upon the request of the Company and at the Company's expense, the Consultant shall execute such further assignments, documents and other instruments as may be necessary or desirable to fully and completely assign all Inventions to the Company and to assist the Company in applying for, obtaining and enforcing patents or copyrights or other rights in the United States and in any foreign country with respect to any Invention.

b. The Consultant shall promptly disclose to the Company all Inventions and will maintain adequate and current written records (in the form of notes, sketches, drawings and as may be specified by the Company) to document the conception and/or first actual reduction to practice of any Invention. Such written records shall be available to and remain the sole property of the Company at all times.

7. Absence of Conflicting Agreements.

The Company does not desire to acquire from the Consultant any trade secret, know-how or confidential information that he may have acquired from others. Accordingly, the Consultant represents and warrants that he is free to divulge to the Company, without any obligation to, or violation of any right of others, any and all information, practices and techniques which the Consultant will use, describe, demonstrate, divulge or in any other manner make known to the Company under this Agreement. The Consultant represents and warrants that, except to the extent he is subject to any of the policies of the Massachusetts Institute of Technology as a result of his employment thereby, he is not a party to any agreement or arrangement, whether oral or written, which would constitute a conflict of interest with this Agreement or would prevent him from carrying out his obligations to the Company under this Agreement. The Consultant agrees to exonerate, indemnify and hold harmless the Company from and against any and all liability, loss, cost, expense or damage for violation of the rights of others in and to any trade secret, know-how or other confidential information by reason of the Company's receipt or use of the services of the Consultant, or otherwise in connection therewith to the limit of Consultant's compensation hereunder.

8. Export Regulations.

All technical data or commodities of United States origin made available directly or indirectly hereunder for use outside the United States shall be used subject to and in

accordance with any applicable laws and regulations of the departments and agencies of the United States Government. The Consultant agrees not to reexport, directly or indirectly, any technical data of United States origin acquired from the AMERICAN SUPERCONDUCTOR or any commodities using such data to any destination requiring United States Government approval for such reexport until a request for approval has been submitted to and granted by the United States Government.

9. General Provisions.

This Agreement shall be binding upon and inure to the benefit of the Consultant and the Company and their respective heirs, executors, administrators, legal representatives, successors and assigns. Any waiver or accommodation by the Company at any time shall not act as, or be deemed to be, a continuing waiver or accommodation and shall not require the Company to provide any future or later waiver or accommodation. It is acknowledged and agreed that the services of the Consultant to the Company are unique, which gives the Consultant a particular value to the Company, as to the loss of which the Company cannot be reasonably or adequately compensated in damages; accordingly, the Consultant acknowledges and agrees that a breach by the Consultant of the provisions hereof will cause the Company irreparable injury and damage. It is therefore expressly agreed that the Company shall be entitled to injunctive and/or other equitable relief in any court of competent jurisdiction to prevent or otherwise restrain a breach of this Agreement. The validity, construction, enforcement and interpretation of this Agreement shall be governed by the laws of The Commonwealth of Massachusetts. This Agreement may be amended only by a written document executed by the Consultant and the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

AMERICAN SUPERCONDUCTOR CORPORATION	CONSULTANT
By: /s/ Alexis P. Malozemoff	/s/ John Vander Sande
Its Chief Technical Officer	
Alexis P. Malozemoff	John Vander Sande
(print name)	(print name)

Exhibit 10.26

CONSULTING AGREEMENT

AGREEMENT made this 1st day of May, 1997, between AMERICAN SUPERCONDUCTOR CORPORATION, a Delaware corporation (the "Company"), and Frank Borman, (the "Consultant").

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged, the parties hereto agree as follows:

1. Consulting Services.

The Consultant shall render consulting services to the Company on such matters and in such areas as may be requested from time to time by the President of the Company. The Consultant shall devote his reasonable best efforts in the performance of his services hereunder. The Consultant agrees to be reasonably available to the Company and to provide services hereunder at least one day each month.

2. Compensation.

The Company shall pay the Consultant a retainer fee of $6,000 per year in which the Consultant provides his services to the Company. All fees shall be payable to the Consultant in equal installments on a monthly basis.

3. Expenses.

The Company shall reimburse the Consultant for all approved expenses incurred by the Consultant in the performance of his duties hereunder, provided that such expenses are approved by the Company. The Consultant shall furnish suitable invoices and/or receipts to such approved expenses.

4. Termination.

This Agreement shall remain in effect until terminated under the terms of this Agreement.

a. Termination. This Agreement shall terminate one year from the date hereof. Either the Company or the Consultant may terminate this Agreement earlier upon 90 days written notice to the other party.

b. Immediate Termination. This Agreement shall terminate immediately on the occurrence of any of the following events:

i. The death of the Consultant.

ii. The physical or mental disability of the Consultant or his continued

incapacity to perform his duties which disability or incapacity has continued for either 10 consecutive weeks or any aggregate of 20 weeks in any one year period.

iii. The Consultant's indictment for a felony.

iv. The Consultant's material dishonesty or recklessness, or gross negligence in the conduct of or material breach of his duties hereunder.

5. Restrictions on the Disclosure of Proprietary Information.

a. Proprietary Information. For purposes of this Agreement, the term "Proprietary Information" shall mean all knowledge and information which the Consultant has acquired or may acquire as a result of his relationship with the Company concerning the Company's business, finances, operations, strategic planning services, cost and pricing policies, and including, but not limited to, information relating to notes, data, memoranda, methods, know-how, techniques, and purchasing, merchandising and selling strategies related to such matters of the Company as set forth in this sentence. Proprietary Information does not include (i) information which is or becomes publicly available (except as may be disclosed by the Consultant in violation of this Agreement), (ii) information acquired by the Consultant from a source other than the Company or any of its employees, which source other than the Company or any of its employees, which source legally acquired such information directly from the Company, (iii) information of a general nature and information of a specific nature regarding the technology of the Company known to the Consultant prior hereto, or (iv) information disclosed by the Company to any third party other than under conditions of confidence.

b. Nondisclosure Obligation. The Consultant agrees that he will not at any time, either during or after the term or termination of this Agreement, without the prior written consent of the President, Chief Technical Officer, or Board of Directors of the Company, divulge or disclose to anyone outside of the Company, or appropriate for his own use or the use of any third party, any such Proprietary Information, and will not during his engagement by the Company hereunder, or at any time thereafter, disclose or use or attempt to use any such Proprietary Information for his own benefit, or the benefit of any third party, or in any manner which may injure or cause loss, or may be calculated to injure or cause loss, to the Company.

6. Inventions.

a. All inventions, discoveries, computer programs, data, technology, designs, innovations and improvements (whether or not patentable and whether or not copyrightable) ("Inventions") related to the business of the Company which are made, conceived, reduced to practice, created, written, designed or developed by the Consultant, solely or jointly with others and whether during normal business hours or otherwise, during the term of this Agreement or thereafter if resulting or directly derived from Proprietary Information, shall be the sole property of the Company. The Consultant hereby assigns to the Company all Inventions and any and all related patents, copyrights, trademarks, trade names, and other industrial and intellectual property rights and applications therefor, in the United States and elsewhere and appoints any officer of the Company as his duly authorized attorney to execute, file, prosecute and protect the same before any government agency, court or authority. All such Inventions shall, to the extent permitted by law, be regarded as "work for hire". Upon the request of the Company and at the Company's expense, the Consultant shall execute such further assignments, documents and other instruments as may be necessary or desirable to fully and completely assign all Inventions to the Company and to assist the Company in applying for, obtaining and enforcing patents or copyrights or other rights in he United States and in any foreign country with respect to any Invention.

b. The Consultant shall promptly disclose to the Company all Inventions and will maintain adequate and current written records (in the form of notes, sketches, drawings and as may be specified by the Company) to document the conception and/or first actual reduction to practice of any Invention. Such written records shall be available to and remain the sole property of the Company at all times.

7. Absence of Conflicting Agreements.

The Company does not desire to acquire from the Consultant any trade secret, know-how or confidential information that he may have acquired from others. Accordingly, the Consultant represents and warrants that he is free to divulge to the Company, without any obligation to, or violation of any right of others, any and all information, practices and techniques which the Consultant will use, describe, demonstrate, divulge or in any other manner make known to the Company under this Agreement. The Consultant represents and warrants that, he is not a party to any agreement or arrangement, whether oral or written, which would constitute a conflict of interest with this Agreement or would prevent him from carrying out his obligations to the Company under this Agreement. The Consultant agrees to exonerate, indemnify and hold harmless the Company from and against any and all liability, loss, cost, expense or damage for violation of the rights of others in and to any trade secret, know-how or other confidential information by reason of the Company's receipt or use of the services of the Consultant, or otherwise in connection therewith to the limit of Consultant's compensation hereunder.

8. General Provisions.

This Agreement shall be binding upon and inure to the benefit of the Consultant and the Company and their respective heirs, executors, administrators, legal representatives, successors and assigns. Any waiver or accommodation by the Company at any time shall not act as, or be deemed to be, a continuing waiver or accommodation and shall not require the Company to provide any future or later waiver or accommodation. It is acknowledged and agreed that the services of the Consultant to the Company are unique, which gives the Consultant a particular value to the Company, as to the loss of which the Company cannot be reasonably or adequately compensated in damages; accordingly, the Consultant acknowledges and agrees that a breach by the Consultant of the provisions hereof will cause the Company irreparable injury and damage. It is therefore expressly agreed that the Company shall be entitled to injunctive and/or other equitable relief in any court of competent jurisdiction to prevent or otherwise restrain a breach of this Agreement. The validity, construction, enforcement and interpretation of this Agreement shall be governed by the laws of The Commonwealth of Massachusetts. This Agreement may be amended only by a written document executed by the Consultant and the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

AMERICAN SUPERCONDUCTOR CORPORATION	CONSULTANT
By: _____	_____
Its _____	_____
_____ (print name)	_____ (print name)

Exhibit 10.27

CONSULTING AGREEMENT

AGREEMENT made this 1st day of October, 1996, between AMERICAN SUPERCONDUCTOR CORPORATION, a Delaware corporation (the "Company"), and Richard Drouin, (the "Consultant").

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged, the parties hereto agree as follows:

1. Consulting Services.

The Consultant shall render consulting services to the Company on such matters and in such areas as may be requested from time to time by the President of the Company. The Consultant shall devote his reasonable best efforts in the performance of his services hereunder. The Consultant agrees to be reasonably available to the Company and to provide services hereunder at least one day each month.

2. Compensation.

The Company shall pay the Consultant a retainer fee of $18,000 per year in which the Consultant provides his services to the Company. All fees shall be payable to the Consultant in equal installments on a monthly basis.

3. Expenses.

The Company shall reimburse the Consultant for all approved expenses incurred by the Consultant in the performance of his duties hereunder, provided that such expenses are approved by the Company. The Consultant shall furnish suitable invoices and/or receipts to such approved expenses.

4. Termination.

This Agreement shall remain in effect until terminated under the terms of this Agreement.

a. Termination. This Agreement shall terminate one year from the date hereof. Either the Company or the Consultant may terminate this Agreement earlier upon 90 days written notice to the other party.

b. Immediate Termination. This Agreement shall terminate immediately on the occurrence of any of the following events:

i. The death of the Consultant.

ii. The physical or mental disability of the Consultant or his continued incapacity to perform his duties which disability or incapacity has continued for either 10 consecutive weeks or any aggregate of 20 weeks in any one year period.

iii. The Consultant's indictment for a felony.

iv. The Consultant's material dishonesty or recklessness, or gross negligence in the conduct of or material breach of his duties hereunder.

5. Restrictions on the Disclosure of Proprietary Information.

a. Proprietary Information. For purposes of this Agreement, the term "Proprietary Information" shall mean all knowledge and information which the Consultant has acquired or may acquire as a result of his relationship with the Company concerning the Company's business, finances, operations, strategic planning services, cost and pricing policies, and including, but not limited to, information relating to notes, data, memoranda, methods, know-how, techniques, and purchasing, merchandising and selling strategies related to such matters of the Company as set forth in this sentence. Proprietary Information does not include (i) information which is or becomes publicly available (except as may be disclosed by the Consultant in violation of this Agreement), (ii) information acquired by the Consultant from a source other than the Company or any of its employees, which source legally acquired such information directly from the Company, (iii) information of a general nature and information of a specific nature regarding the technology of the Company known to the Consultant prior hereto, or (iv) information disclosed by the Company to any third party other than under conditions of confidence.

b. Nondisclosure Obligation. The Consultant agrees that he will not at any time, either during or after the term or termination of this Agreement, without the prior written consent of the President, Chief Technical Officer, or Board of Directors of the Company, divulge or disclose to anyone outside of the Company, or appropriate for his own use or the use of any third party, any such Proprietary Information, and will not during his engagement by the Company hereunder, or at any time thereafter, disclose or use or attempt to use such Proprietary Information for his own benefit, or the benefit of any third party, or in any manner which may injure or cause loss, or may be calculated to injure or cause loss, to the Company.

6. Inventions.

a. All inventions, discoveries, computer programs, data, technology, designs, innovations and improvements (whether or not patentable and whether or not copyrightable) ("Inventions") related to the business of the Company which are made, conceived, reduced to practice, created, written, designed or developed by the Consultant, solely or jointly with others and whether during normal business hours or otherwise, during the term of this Agreement or thereafter if resulting or directly derived from Proprietary Information, shall be the sole property of the Company. The Consultant hereby assigns to the Company all Inventions and any and all related patents, copyrights, trademarks, trade names, and other industrial and intellectual property rights and applications therefor, in the United States and elsewhere and appoints any officer of the Company as his duly authorized attorney to execute, file, prosecute and protect the same before any government agency, court or authority. All such Inventions shall, to the extent permitted by law, be regarded as "work for hire". Upon the request of the Company and at the Company's expense, the Consultant shall execute such further assignments, documents and other instruments as may be necessary or desirable to fully and completely assign all Inventions to the Company and to assist the Company in applying for, obtaining and enforcing patents or copyrights or other rights in the United States and in any foreign country with respect to any Invention.

b. The Consultant shall promptly disclose to the Company all Inventions and will maintain adequate and current written records (in the form of notes, sketches, drawings and as may be specified by the Company) to document the conception and/or first actual reduction to practice of any Invention. Such written records shall be available to and remain the sole property of the Company at all times.

7. Absence of Conflicting Agreements.

The Company does not desire to acquire from the Consultant any trade secret, know-how or confidential information that he may have acquired from others. Accordingly, the Consultant represents and warrants that he is free to divulge to the Company, without any obligation to, or violation of any right of others, any and all information, practices and techniques which the Consultant will use, describe, demonstrate, divulge or in any other manner make known to the Company under this Agreement. The Consultant represents and warrants that, he is not a party to any agreement or arrangement, whether oral or written, which would constitute a conflict of interest with this Agreement or would prevent him from carrying out his obligations to the Company under this Agreement. The Consultant agrees to exonerate, indemnify and hold harmless the Company from and against any and all liability, loss, cost, expense or damage for violation of the rights of others in and to

any trade secret, know-how or other confidential information by reason of the Company's receipt or use of the services of the Consultant, or otherwise in connection therewith to the limit of Consultant's compensation hereunder.

8. General Provisions.

This Agreement shall be binding upon and inure to the benefit of the Consultant and the Company and their respective heirs, executors, administrators, legal representatives, successors and assigns. Any waiver or accommodation by the Company at any time shall not act as, or be deemed to be, a continuing waiver or accommodation and shall not require the Company to provide any future or later waiver or accommodation. It is acknowledged and agreed that the services of the Consultant to the Company are unique, which gives the Consultant a particular value to the Company, as to the loss of which the Company cannot be reasonably or adequately compensated in damages; accordingly, the Consultant acknowledges and agrees that a breach by the Consultant of the provisions hereof will cause the Company irreparable injury and damage. It is therefore expressly agreed that the Company shall be entitled to injunctive and/or other equitable relief in any court of competent jurisdiction to prevent or otherwise restrain a breach of this Agreement. The validity, construction, enforcement and interpretation of this Agreement shall be governed by the laws of The Commonwealth of Massachusetts. This Agreement may be amended only by a written document executed by the Consultant and the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

AMERICAN SUPERCONDUCTOR CORPORATION		CONSULTANT	
By:	_____		_____
Its	_____		_____
	_____		_____
	(print name)		(print name)

Exhibit 10.28

This CONSULTING AGREEMENT (the "Agreement"), made this first day of July, 1996, is entered into by American Superconductor Corporation of Westborough, Massachusetts (hereinafter together with its successors and assigns "ASC"), and The Baciocco Group, (the "Consultant), located at 747 Pitt Street, Mt. Pleasant, SC.

INTRODUCTION

ASC desires to retain the services of the Consultant and the Consultant desires to perform certain services of ASC. In consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties agree as follows:

1. Services. The consultant agrees to perform such consulting, advisory and related services to and for ASC as may be reasonably requested from time to time by ASC. During the Consultation Period (as defined below), the Consultant shall not engage in any activity that has a conflict of interest with ASC, including any competitive employment, business or other activity, and he shall not assist any other person or organization that competes, or intends to compete, with ASC.

2. Term.

2.1 This Agreement shall commence on the date hereof and shall continue for a 12-month period ending on June 30, 1997 (such period, as it may be extended, being referred to as the "Consultation Period"), unless sooner terminated in accordance with the provisions of Section 4.

2.2 This agreement does not constitute an offer of permanent employment to the Consultant by ASC and does not obligate ASC to employ the Consultant for a period of time other than that specified in section 2.1.

3. Compensation

3.1 Consulting Fees. ASC shall pay to the Consultant a retainer of $10,000.00, in quarterly increments of $2,500.00, payable on the 15th day of the first month of each quarter.

3.2 Reimbursement of Expenses. ASC shall reimburse the Consultant for all reasonable and necessary expenses incurred or paid by the Consultant in connection with, or related to, the performance of his services under this Agreement. The Consultant shall submit to ASC itemized monthly statements with appropriate receipts, in a form satisfactory to ASC, of such expenses incurred in the previous month. ASC shall pay the Consultant amounts shown on each such statement within 30 days after receipt thereof. Notwithstanding the foregoing, the Consultant shall not incur total expenses in excess of $2,000.00 without prior written approval of ASC.

3.3 Benefits. The Consultant shall not be entitled to any benefits, coverages or privileges, including, without limitation, social security, unemployment, medical or pension payments, made available to employees of ASC.

4. Termination. ASC may, without prejudice to any right or remedy it may have due to any failure of the Consultant to perform his obligations under this Agreement, terminate the Consultation Period upon 30 days' prior written notice to the Consultant. In the event of such termination, the Consultant shall be entitled to payment of services performed and expenses paid or incurred prior to the effective date of termination, subject to the limitation on reimbursement of expenses set forth in Section 3.2. Such payments shall constitute full settlement of any and all claims of the Consultant of every description against ASC. Notwithstanding the foregoing, ASC may terminate the Consultation Period, effective immediately upon receipt of written notice, if the Consultant breaches or threatens to breach any provision of Section 6.

5. Cooperation. The Consultant shall use his best efforts in the performance of his obligation under this Agreement. ASC shall provide such access to its information and property as may be reasonably required in order to permit the Consultant to perform his obligations hereunder. The Consultant shall cooperate with ASC's personnel, shall not interfere with the conduct of ASC's business and shall observe all rules, regulations and security requirements of ASC concerning the safety of persons and property.

6. Inventions and Proprietary Information.

6.1 Inventions.

(a) All inventions, discoveries, computer programs, data, technology, designs, innovations an and improvements (whether or not patentable and whether or not copyrightable) ("Inventions") related to the business of ASC which are made, conceived, reduced to practice, created, written, designed or developed by the Consultant, solely or jointly with others and whether during normal business hours or otherwise, during the Consultation Period or thereafter if resulting or directly derived from Proprietary Information (as defined below), shall be the sole property of ASC. The Consultant hereby assigns ASC all Inventions and any and all related patents, copyrights, trademarks, trade names, and other industrial and intellectual property rights and applications therefore, in the United States and elsewhere and appoints any officer of ASC as his duly authorized attorney to execute, file, prosecute and protect the same before any government agency, court or authority. All such Inventions shall, to the extent permitted by law, be regarded as "work for hire". Upon the request of ASC and at ASC's expense, the Consultant shall execute such further assignments, documents and other instruments as may be necessary or desirable to fully and completely assign all Inventions to ASC and to assist ASC in applying for, obtaining and enforcing patents or copyrights or other rights in the United States and in any foreign country with respect to any Invention.

(b) The Consultant shall promptly disclose to ASC all Inventions and will maintain adequate and current written records (in the form of notes, sketches, drawings and as may be specified by ASC) to document the conception and/or first actual reduction to practice of any Invention. Such written records shall be available to and remain the sole property of ASC at all times.

6.2 Proprietary Information

(a) The Consultant acknowledges that his relationship with ASC is one of high trust and confidence and that in the course of his service to ASC he will have access to and contact with Proprietary Information. The Consultant agrees that he will not, during the Consultation Period or at any time thereafter, disclose to others, or use for his benefit or the benefit of others, any Proprietary Information or Invention.

(b) For purposes of this Agreement, Proprietary Information shall mean, by way of illustration and not limitation, all information (whether or not patentable and whether or not copyrightable) owned, possessed or used by ASC, including, without limitation, any Invention, formula, vendor information, customer information, apparatus, equipment, trade secret, process, research, report, technical data, know-how, computer program software, software documentation, hardware design, technology, marketing or business plan, forecast, unpublished financial statement, budget, license, price, cost and employee list that is communicated to, learned of, developed or otherwise acquired by the Consultant in the course of his service as a consultant to ASC.

(c) The Consultant's obligations under this Section 6.2 shall not apply to any information that (i) is or becomes known to the general public under circumstances involving no breach by the Consultant or others of the terms of this Section 6.2, (ii) is generally disclosed to third parties by ASC without restrictions on such third parties, or (iii) is approved for release by written authorization of the Board of Directors of ASC.

(d) Upon termination of this Agreement or at any other time upon request by ASC, the Consultant shall promptly deliver to ASC all records, files, memoranda, notes, designs, data, reports, price lists, customer lists, drawings, plans, computer programs, software, software documentation, sketches, laboratory and research notebooks and other documents (and all copies or reproductions of such materials) relating to the business of ASC.

(e) The Consultant represents that his retention as a consultant with ASC and his performance under this Agreement does not, and shall not, breach any agreement that obligates him to keep in confidence any trade secrets of confidential or proprietary information of his or of any other confidential or proprietary information of his or of any other party or to refrain from competing, directly or

indirectly, with the business of any other party. The Consultant shall not disclose to ASC any trade secrets or confidential or proprietary information of any other party.

(f) The Consultant acknowledges that ASC from time to time may have agreements with other persons or with the United States Government, or agencies thereof, that impose obligations or restrictions on ASC regarding inventions made during the course of work under such agreements or regarding the confidential nature of such work. The Consultant agrees to be bound by all such obligations and restrictions that are known to him and to take all action necessary to discharge the obligations of ASC under such agreements.

6.3 Remedies. The Consultant acknowledges that any breach of the provisions of this Section 6 shall result in serious and irreparable injury to ASC for which ASC cannot be adequately compensated by monetary damages alone. The Consultant agrees, therefore, that, in addition to any other remedy it may have, ASC shall be entitled to enforce the specific performance of this Agreement by the Consultant and to seek both temporary and permanent injunctive relief (to the extent permitted by law) without the necessity of proving actual damages.

7. Export Regulations. All technical data or commodities of United States origin made available directly or indirectly hereunder for use outside the United States shall be used subject to and in accordance with any applicable laws and regulations of the departments and agencies of the United States Government. The Consultant agrees not to reexport, directly or indirectly, any technical data of United States origin acquired from the AMERICAN SUPERCONDUCTOR or any commodities using such data to any destination requiring United States Government approval for such reexport until a request for approval has been submitted to and granted by the United States Government.

8. Independent Contractor Status. The Consultant shall perform all services under this Agreement as an "independent contractor" and not as an employee or agent of ASC. The Consultant is not authorized to assume or create any obligation or responsibility, express or implied, on behalf of, or in the name of, ASC or to bind ASC in any manner.

9. Notices. All notices required or permitted under this Agreement shall be in writing and shall be deemed effective upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail, postage prepaid, addressed to the other party at the address shown above, or at such other address or addresses as either party shall designate to the other in accordance with this Section 8.

10. Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns and pronouns shall include the plural, and vice versa.

11. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter of this Agreement.

12. Amendment. This Agreement may be amended or modified only by a written instrument executed by both ASC and the Consultant.

13. Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the Commonwealth of Massachusetts.

14. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, both parties and their respective successors and assigns, including any corporation with which, or into which, ASC may be merged or which may succeed to its assets or business, provided, however, that the obligations of the Consultant are personal and shall not be assigned by him.

15. Miscellaneous.

15.1 No delay or omission by ASC in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by ASC on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

15.2 The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

15.3 In the event that any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth above.

AMERICAN SUPERCONDUCTOR CORPORATION	CONSULTANT
By: /s/ G. J. Yurek	By: /s/ A. J. Baciocco, Jr.
Its: President	Its: President
G. J. Yurek	A.J. Baciocco, Jr.
(print name)	(print name)

EXHIBIT 10.29

STRATEGIC ALLIANCE AGREEMENT

This Agreement dated as of April 1, 1997 is entered into by and among AMERICAN SUPERCONDUCTOR CORPORATION, a Delaware corporation (the "Company"), and CHARTH (COMPAGNIE HOLDING D' APPLICATIONS ET DE REALISATIONS THERMIQUES ET HYDRAULIQUES) S.A. (the "Purchaser"), a wholly-owned subsidiary of Electricite de France ("EDF").

WHEREAS, the Company is engaged in the research, development, commercialization, production and marketing of superconductor products for the electric power industry;

WHEREAS, the Purchaser is an affiliate of an electric utility that seeks to provide the best possible service to its customers at the lowest possible cost and to enhance its competitive position;

WHEREAS, the Purchaser believes that high temperature superconductivity is and will be one of the most significant technological developments affecting the electricity industry;

WHEREAS, the Purchaser believes that the Company is and will be a leader in the development and commercialization of high temperature superconductor products;

WHEREAS, the Company desires to (a) gain access to the Purchaser's understanding of the electricity market, including the Purchaser's knowledge of new technologies and market information and (b) obtain additional financing for future development of its high temperature superconductor products; and

WHEREAS, the Company and the Purchaser desire to form a strategic alliance to exchange information relating to high temperature superconductivity products, other emerging technologies affecting the electricity industry and market information regarding the electricity industry;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties hereto agree as follows:

1. Advisory Board.

1.1 Establishment of Advisory Board; Appointment of Representatives.(a) Promptly following the execution of this Agreement, the parties shall establish an advisory board (the "Advisory Board"). The Advisory Board shall be comprised of six members, of which three members shall be designated by the Company and three members shall be designated by the Purchaser. The initial representatives of the Company shall be Gero Papst, Bob Schwall and Alex Malozemoff. The initial representatives of the Purchaser shall be Jean-Pierre Cerdan, Pierre Manuel and Pierre-Guy Therond. The Company and the Purchaser shall have the right at any time to replace its representatives with representatives of its choosing.

(b) The Advisory Board shall meet at least two times per year and at such times as the Purchaser and the Company shall agree. The meetings of the Advisory Board shall take place at the main offices of the Company in Westborough, MA or at such other place in or outside the United States as the Company and the Purchaser shall agree.

(c) The parties agree to prepare and distribute to each other an agenda for each meeting at least one month prior to such meeting and to consult and agree on the form of such agenda prior to each meeting. Each of the Company and the Purchaser may nominate and list on such agenda appropriate members of its scientific, engineering, marketing and business development staff to attend the meetings of the Advisory Board and to advise the Advisory Board with respect to certain items on the agenda. The topics for discussion at the meetings of the Advisory Board shall include those items listed on Appendix 1 attached hereto.

1.2 Purpose. The purpose of the Advisory Board shall be to (i) establish a framework for the exchange of information relating to developments in the field of high temperature superconductivity as well as other emerging technologies affecting the electricity industry; (ii) provide a forum for reviewing various technical, industrial and commercial topics relating to the development of high temperature superconductivity products as well as other emerging technologies affecting the electricity industry; and (iii) exchange market research information regarding current and future trends in the electricity industry.

1.3 Confidential Information. The Purchaser acknowledges that the Company is and may be in the future subject to certain laws and regulations restricting transfers of confidential information and is and may be in the future a party to agreements with certain strategic partners and governmental agencies that contain restrictions and limitations on the Company's ability to disclose certain confidential information to the Purchaser. The Company has previously provided to the Purchaser the text of such restrictions existing today. Subject to the Company's compliance with its obligations under such laws, regulations and agreements, the Company agrees to disclose to the Purchaser as much information as permissible with respect to the research and development being conducted and products being developed pursuant to such agreements. If there is any disagreement as to whether certain information may be disclosed, the parties agree to negotiate in good faith to resolve such disagreement.

1.4 Intellectual Property. The parties agree that any intellectual property that is created or developed by the Advisory Board, including trade secrets and know-how and intellectual property that may be protected by means of copyrights and patents, shall be jointly-owned by the Company and the Purchaser. The parties agree to consult with each other regarding the most appropriate methods for protecting their rights with respect to such property. It is the intention of EDF and the Company that the Company will be the primary means for developing and commercializing any such new technology.

1.5 Sharing of Information. The Company will make its best efforts in good faith and consistent with applicable laws, regulations, and contractual provisions to provide the Purchaser with as detailed a summary as possible, covering the state-of-the-art progress in superconductivity technology, the key project progress and status from existing

current and new strategic agreements that the Company enters into which may involve confidentiality undertakings concerning information developed solely by the Company. For new strategic agreements that the Company enters into, the Company will take into account in good faith its commitment to share information with the Purchaser at the level of detail presented in Appendix 1. It is understood that the Company has contracts with and will continue to pursue contracts with agencies of the U.S. government (e.g., the Department of Defense). These contracts may impose limitations on the Company's ability to provide certain information related to these contracts to the Purchaser, and the Company is obliged, under U.S. law, to observe these limitations.

1.6 Access to New Technologies. To the extent permitted by applicable laws and regulations governing technology transfer, the Company agrees to offer the Purchaser the right to test any new product or technology developed or manufactured by or for the Company on terms reasonably acceptable to both parties simultaneously with or within 90 days of providing any such new product or technology to any third party; provided that the Company shall not be required to offer the Purchaser this right if and to the extent any such new product or technology has been developed by the Company pursuant to an agreement prohibiting the disclosure of such new product or technology to the Purchaser. To the extent permitted by applicable laws and regulations governing technology transfer, in connection with any agreement entered into by the Company after the date hereof with a third party regarding the development of any new products or technologies, the Company agrees to use good faith efforts in the negotiation of the terms of such agreements to obtain or preserve the Company's right to allow the Purchaser to test such new products and technologies.

1.7 Access by the Purchaser to new products and technologies and other information disclosed to the Purchaser during Advisory Board meetings or otherwise pursuant to this Agreement shall be subject to the Confidential Disclosure Agreement dated November 13, 1996.

2. Authorization and Sale of Shares; Closing.

2.1 Authorization. The Company has duly authorized the sale and issuance to the Purchaser of 1,000,000 shares (the "Shares") of its Common Stock, $.01 par value per share ("Common Stock"), at a price of $10.00 per share (the "Purchase Price").

2.2 Closing. The closing ("Closing") of the sale and purchase of the Shares under this Agreement shall take place at the offices of Hale and Dorr, 60 State Street, Boston, Massachusetts, or at such other place as is mutually agreeable to the Company and the Purchaser at 10:00 a.m. on April 4, 1997 or at such other time and date as are mutually agreeable to the Company and the Purchaser. Subject to the terms and conditions of this Agreement, at the Closing, the Company will sell, issue and deliver to the Purchaser a certificate for the Shares, registered in the name of the Purchaser, against payment to the Company by the Purchaser of the Purchase Price therefor, by wire transfer, check, or other method acceptable to the Company. The date of the Closing is hereinafter referred to as the "Closing Date." If at the Closing any of the conditions specified in Section 5 shall not have been fulfilled, the Purchaser shall, at its election, be relieved of all of its obligations under this Agreement without thereby waiving any other rights it may have by reason of such failure or such non-fulfillment.

3. Representations of the Company. The Company hereby represents and warrants to the Purchaser as follows:

3.1 Organization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company is duly qualified to conduct business and is in corporate and tax good standing under the laws of each jurisdiction in which the nature of its businesses or the ownership or leasing of its properties requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the assets, business, financial condition or results of operations of the Company. The Company has all requisite corporate power and authority to carry on the business in which it is engaged and to own and use the properties owned and used by it. The Company has furnished to the Purchaser true and complete copies of its Certificate of Incorporation and By-laws, each as amended and as in effect on the date hereof. The Company is not in default under or in violation of any provision of its Certificate of Incorporation or By-laws.

3.2 Capitalization. The authorized capital stock of the Company consists of 20,000,000 shares of Common Stock, of which 9,562,157 shares were issued and outstanding as of February 28, 1997. As of February 28, 1997, other than options to acquire 1,906,635 shares of Common Stock issued to employees, directors and consultants of the Company, warrants to purchase in the aggregate 350,500 shares of Common Stock and the Company's obligation to issue shares of Common Stock and assume warrants pursuant to the Agreement and Plan of Merger among the Company, ASC Merger Corp. and Superconductivity, Inc., there are outstanding no options, warrants, convertible securities or other rights to acquire any capital stock of the Company. Neither the Company nor, to the Company's knowledge, any securityholder of the Company is a party to any agreement or instrument relating to the voting of the Common Stock or pursuant to which any other person has with respect to the Common Stock any preemptive right, right of first refusal, right of first offer, buy-sell agreement, right to require the Company to file a registration statement or other similar right (except registration rights agreements related to the warrants described above and registration rights agreements to be executed in connection with the Company's pending acquisition of Superconductivity, Inc.). All of the issued and outstanding shares of Common Stock are duly authorized, validly issued, fully paid and nonassessable. The Shares, when issued in accordance with this Agreement, will be duly authorized, validly issued, fully paid and nonassessable. The Shares, when issued in accordance with this Agreement, will be listed on the Nasdaq National Market or such other securities exchange on which Common Stock of the Company is then listed.

3.3 Authorization of Transaction. The execution and delivery of this Agreement by the Company, the performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly and validly executed and delivered by the Company and constitutes the valid and binding obligation of the Company, enforceable against it in accordance with its terms. The execution of and performance of the transactions contemplated by this Agreement and compliance with its provisions by the Company will not violate any provision of law and will not, with or without the passage of time, conflict with or result in any breach of any of

the terms, conditions or provisions of, or constitute a default under, its Certificate of Incorporation or its By-Laws or any indenture, lease, agreement or other instrument to which the Company is a party or by which it or any of its properties is bound, or any decree, judgment, order, statute, rule or regulation applicable to the Company, except where such conflict, breach or default would not have a material adverse effect on the assets, business, financial condition or results of operations of the Company.

3.4 Governmental Consents. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any governmental authority is required on the part of the Company in connection with the execution and delivery of this Agreement, the offer, issuance, sale and delivery of the Shares, or the other transactions to be consummated at the Closing, except such filings as shall have been made prior to and shall be effective on and as of the Closing or as are permitted to be made after the Closing. Based on the representations made by the Purchaser in Section 4 of this Agreement, the offer, sale and issuance of the Shares to the Purchaser will be in compliance with applicable federal securities laws.

3.5 Reports and Financial Statements. The Company has previously furnished to the Purchaser complete and accurate copies, as amended or supplemented, of its (a) Annual Report on Form 10-K for the fiscal years ended March 31, 1994, 1995 and 1996, as filed with the Securities and Exchange Commission (the "SEC"), and (b) all other reports filed by the Company under Section 13 and Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the SEC since March 31, 1996 (such reports are collectively referred to herein as the "Company Reports"). The Company Reports constitute all of the documents required to be filed by the Company under Section 13 of the Exchange Act with the SEC since March 31, 1996. Each Company Report, as of its respective date, did not contain any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The audited financial statements and unaudited interim financial statements of the Company included in the Company Reports (i) comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, (ii) have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods covered thereby (except as may be indicated therein or in the notes thereto, and in the case of quarterly financial statements, as permitted by Form 10-Q under the Exchange Act), (iii) fairly present the consolidated financial condition, results of operations and cash flows of the Company as of the respective dates thereof and for the periods referred to therein, and (iv) are consistent with the books and records of the Company.

3.6 Absence of Material Adverse Changes. Since December 31, 1996, there has not been any material adverse change in the assets, business, financial condition or results of operations of the Company, nor has there occurred any event or development which could reasonably be foreseen to result in such a material adverse change in the future.

3.7 Litigation. The Company is not a party to and, to the knowledge of the Company, is not threatened to be made a party to (a) any unsatisfied judgment, order, decree, stipulation or injunction or (b) any claim, complaint, action, suit, proceeding, hearing or

investigation of, in or before any court, administrative agency or commission, other governmental or regulatory authority, or arbitrator which, if determined adversely, would result in a material adverse change in the assets, business, financial condition or results of operations of the Company.

3.8 Compliance. The Company, and the conduct and operations of its business, are in compliance with each law (including rules and regulations thereunder) of any federal, state, local or foreign government, which (a) affects or relates to this Agreement or the sale and issuance of the Shares hereunder or (b) is applicable to the Company or its business, except for any violation of or default under a law which would not result in a material adverse change in the assets, business, financial condition or results of operations of the Company. The Company and, to the Company's knowledge, each other party thereto is not in default in any material respect and has received no notice that it is in default under any material agreement or instrument to which the Company is a party or by which it or its property may be bound.

3.9 Disclosure. No representation or warranty by the Company contained in this Agreement, and no statement contained in any document, certificate or other instrument delivered to or to be delivered by or on behalf of the Company pursuant to this Agreement (including without limitation the Company Reports), when read together, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading.

4. Representations of the Purchaser. The Purchaser hereby represents and warrants to the Company as follows:

4.1 Investment. The Purchaser is acquiring the Shares for its own account for investment and not with a view to, or for resale in connection with, any distribution or public offering thereof (within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), nor with any present intention of distributing or selling the same; and, except as contemplated by this Agreement, such Purchaser has no present or contemplated agreement, undertaking, arrangement, obligation, indebtedness or commitment providing for the disposition thereof.

4.2 Authority. The Purchaser has full power and authority to enter into and to perform this Agreement in accordance with its terms. The Purchaser represents that it has not been organized, reorganized or recapitalized specifically for the purpose of investing in the Company.

4.3 Experience. The Purchaser has carefully reviewed the Company Reports and the representations concerning the Company contained in this Agreement and has made detailed inquiry concerning the Company, its business and its personnel; the officers of the Company have made available to such Purchaser the opportunity to ask questions and receive answers concerning the terms and conditions of the offering of the Shares made hereby and to obtain any additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy of information provided by the Company to the Purchaser; in evaluating the suitability of an

investment in the Company, the Purchaser has not relied upon any representations or other information (whether oral or written) other than as set forth in this Agreement; the Purchaser has adequate net worth and means of providing for its current needs and personal contingencies to sustain a complete loss of its investment in the Company; and the Purchaser's overall commitment to investments which are not readily marketable is not disproportionate to its net worth and the Purchaser's investment in the Shares will not cause such overall commitment to become excessive.

4.4 Accredited Investor. The Purchaser is an Accredited Investor within the definition set forth in Securities Act Rule 501(a).

5. Conditions to the Obligations of the Purchaser. The obligation of the Purchaser to purchase the Shares at the Closing is subject to the fulfillment, or the waiver by the Purchaser, of the following conditions on or before the Closing Date:

5.1 Accuracy of Representations and Warranties. Each representation and warranty contained in Section 4 (disregarding any qualification contained therein with respect to materiality and material adverse affect) shall be true on and as of the Closing Date with the same effect as though such representation and warranty had been made on and as of that date with only such exceptions as would not in the aggregate have a material adverse effect on the assets, business, financial condition or results of operations of the Company.

5.2 Performance. The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

5.3 Opinion of Counsel. The Purchaser shall receive an opinion from Hale and Dorr LLP, counsel for the Company, on the Closing Date, addressed to the Purchaser, in form and substance satisfactory to the Purchaser.

5.4 Certificates and Documents. The Company shall have delivered to the Purchaser:

(a) Certificates, as of the most recent practicable dates, as to the corporate good standing of the Company issued by the Secretary of State of the State of Delaware and the Secretary of State of the Commonwealth of Massachusetts, confirming such good standing on or immediately prior to the Closing Date;

(b) A certificate of the Secretary of the Company, dated as of the Closing Date, certifying as to (i) the By-laws of the Company, (ii) the Certificate of Incorporation of the Company, and (iii) resolutions of the Board of Directors of the Company authorizing and approving all matters in connection with this Agreement and the transactions contemplated hereby; and

(c) A certificate, executed by the President or an Executive Vice President of the Company, dated as of the Closing Date, certifying to the fulfillment of the conditions specified in subsections 5.1 and 5.2 of this Agreement.

5.5 Other Matters. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be reasonably satisfactory in substance and form to the Purchaser and the Purchaser shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request.

6. Conditions to the Obligations of the Company. The obligation of the Company to sell the Shares to the Purchaser on the Closing Date is subject to fulfillment, or the waiver by the Company, on or before the Closing Date, of the following condition:

6.1 Accuracy of Representations and Warranties. Each representation and warranty contained in Section 3 shall be true on and as of the Closing Date with the same effect as though such representation and warranty had been made on and as of that date.

7. Registration Rights

7.1 Demand Registration Rights. At any time after the Closing and prior to the third anniversary of the Closing, the Purchaser may request the Company in writing to effect the registration on Form S-3 (or any successor form or, if the Company shall be ineligible to use Form S-3, Form S-1 or Form S-2) of at least 30% of the Shares purchased hereby (subject to appropriate adjustment in the event of any stock split, stock dividend, combination or similar event affecting the Common Stock) or all remaining shares held by the Purchaser if the Purchaser holds less than 30% of the Shares purchased hereby. Within 30 days of receipt of such notice, the Company shall file a registration statement (a "Purchaser Registration Statement") on Form S-3 (or such successor form or Form S-1 or Form S-2) registering under the Securities Act all shares that the Purchaser has requested be registered and, thereafter, shall use its best efforts to cause such Purchaser Registration Statement to become effective as soon as practicable. The Company shall cause each Purchaser Registration Statement to remain effective for a period of six months from the date of effectiveness of such Purchaser Registration Statement; provided that if the Company shall have suspended the effectiveness of the Purchaser Registration Statement pursuant to the provisions of Section 7.2(a), such six month period shall be increased by one day for each day the Purchaser Registration Statement was so suspended. Notwithstanding the foregoing, the Company shall not be required to effect more than three registrations pursuant to this Section 7.1 and shall not be required to file any Purchaser Registration Statement within nine months after the effective date of any previous Purchaser Registration Statement.

7.2 Limitations on Registration Rights.

(a) Subject to the provisions of Section 7.2(c), the Company may, by written notice to the Purchaser, (i) delay the filing or effectiveness of any Purchaser Registration Statement or (ii) suspend any Purchaser Registration Statement after effectiveness and require that the Purchaser immediately cease sales of shares of Common Stock pursuant to the Purchaser Registration Statement, in the event that (A) the Company files a registration statement (other than a registration statement on Form S-8 or its successor form) with the SEC for a public offering of its securities or (B) the Company is engaged in any activity or transaction or preparations or negotiations for any activity or transaction that the Company desires to keep confidential for business reasons, if the Company determines in

good faith that the public disclosure requirements imposed on the Company under the Securities Act in connection with the Purchaser Registration Statement would require disclosure of such activity, transaction, preparations or negotiations.

(b) If the Company delays or suspends any Purchaser Registration Statement or requires the Purchaser to cease sales of shares pursuant to paragraph (a) above, the Company shall, as promptly as practicable following the termination of the circumstance which entitled the Company to do so, take such actions as may be necessary to file or reinstate the effectiveness of the Purchaser Registration Statement and/or give written notice to the Purchaser authorizing it to resume sales pursuant to the Purchaser Registration Statement. If as a result thereof the prospectus included in the Purchaser Registration Statement has been amended to comply with the requirements of the Securities Act, the Company shall enclose such revised prospectus with the notice to the Purchaser given pursuant to this paragraph (b), and the Purchaser shall make no offers or sales of shares pursuant to the Purchaser Registration Statement other than by means of such revised prospectus.

(c) The Company may not delay the filing or effectiveness of any Purchaser Registration Statement or suspend the effectiveness of any Purchaser Registration Statement (i) for more than 90 days after the effectiveness of the Company's registration statement for the reasons specified in clause (A) of Section 7.2(a), (ii) for more than 45 days for the reasons specified in clause (B) of Section 7.2(a) or (iii) for more than 120 days in any 12 month period.

7.3 Piggyback Registration Rights. If the Company at any time (other than pursuant to Section 7.1) proposes to register any of its securities under the Securities Act for sale to the public, whether for its own account or for the account of other security holders or both (other than a registration statements on Form S-8 or Form S-4 or their successor forms), the Company shall each such time give written notice to the Purchaser of its intention so to do. Upon the written request of the Purchaser, received by the Company within 15 days after the giving of any such notice by the Company, to register any of its shares of Common Stock, the Company will use its best efforts to cause the shares of Common Stock as to which registration shall have been so requested to be included in the securities to be covered by the registration statement proposed to be filed by the Company, all to the extent required to permit the sale or other disposition by the Purchaser. In the event that any registration pursuant to this Section 7.3 shall be, in whole or in part, an underwritten public offering of Common Stock, the number of shares of Common Stock proposed to be offered by the Purchaser shall be reduced if and to the extent that the managing underwriter shall be of the opinion that such inclusion would adversely affect the marketing of the securities to be sold by the Company therein, provided, however, that such number of shares of Common Stock shall only be reduced if any shares to be included in such underwriting for the account of any person other than the Company or the Purchaser are reduced by a proportionate number of shares. Notwithstanding the foregoing provisions, the Company may withdraw any registration statement referred to in this Section 7.3 without thereby incurring any liability to the Purchaser.

7.4 Registration Procedures.

(a) In connection with the filing by the Company of any Purchaser Registration Statement, the Company shall furnish to the Purchaser a copy of the prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act.

(b) The Company shall use its best efforts to register or qualify the shares of Common Stock covered by the Purchaser Registration Statement under the securities laws of such states as the Purchaser shall reasonably request; provided, however, that the Company shall not be required in connection with this paragraph (b) to qualify as a foreign corporation or execute a general consent to service of process in any jurisdiction.

(c) The Company shall prepare and file such amendments and supplements to any Purchaser Registration Statement and any prospectus used in connection therewith as may be necessary to keep such Purchaser Registration Statement effective for the period referred to in Section 7.1 and comply with the provisions of the Securities Act with respect to the disposition of the shares of Common Stock offered by the Purchaser thereunder in accordance with the Purchaser's intended method of distribution set forth in such Purchaser Registration Statement for such period of distribution.

(d) If the Company has delivered preliminary or final prospectuses to the Purchaser and after having done so the prospectus is amended to comply with the requirements of the Securities Act, the Company shall promptly notify the Purchaser and, if requested by the Company, the Purchaser shall immediately cease making offers or sales of shares under the Stockholder Registration Statement and return all prospectuses to the Company. The Company shall promptly provide the Purchaser with revised prospectuses and, following receipt of the revised prospectuses, the Purchaser shall be free to resume making offers and sales under the Stockholder Registration Statement.

(e) The Company shall pay the expenses incurred by it in complying with its obligations under this Section 7, including all registration and filing fees, exchange listing fees, fees and expenses of counsel for the Company, printing expenses, fees and expenses of counsel to the Purchaser in connection with such registration (up to a maximum of $20,000 for each registration), the fees and expenses associated with any review of the offering required by the National Association of Securities Dealers, Inc. and fees and expenses of accountants for the Company, but excluding any brokerage fees, selling commissions or underwriting discounts incurred by the Purchaser in connection with sales under the Purchaser Registration Statement.

7.5 Requirements of the Purchaser. The Purchaser agrees, with respect to each Purchaser Registration Statement, that it shall:

(a) furnish to the Company in writing such information regarding the Purchaser and the proposed sale of shares of Common Stock by the Purchaser as the Company may reasonably request in writing in connection with such Purchaser Registration Statement or as shall be required in connection therewith by the SEC or any state securities law authorities;

(b) indemnify the Company and each of its directors and officers against, and hold the Company and each of its directors and officers harmless from, any losses, claims, damages, expenses or liabilities (including reasonable attorneys fees) to which the Company or such directors and officers may become subject by reason of any statement or omission in such Purchaser Registration Statement made in reliance upon, or in conformity with, a written statement by the Purchaser furnished pursuant to this Section 7.5; and

(c) report to the Company sales made pursuant to such Purchaser Registration Statement.

7.6 Indemnification. The Company agrees to indemnify and hold harmless the Purchaser and any underwriter retained by the Purchaser to sell the shares to be offered by the Purchaser or such underwriter against any losses, claims, damages, expenses or liabilities to which the Purchaser or such underwriter may become subject by reason of any untrue statement of a material fact contained in any Purchaser Registration Statement or any omission to state therein a fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, expenses or liabilities arise out of or are based upon information furnished to the Company by or on behalf of the Purchaser or such underwriter for use in the Purchaser Registration Statement. The Company shall have the right to assume the defense and settlement of any claim or suit for which the Company may be responsible for indemnification under this Section 7.6.

8. Standstill Agreement.

(a) Subject to the provisions of Section 8(b), the Purchaser agrees that, for the period beginning on the Closing and ending on the tenth anniversary of the Closing (the "Standstill Period"), unless it has obtained the prior written consent of the Company, it will not

(i) acquire, directly or indirectly, by purchase or otherwise, of record or beneficially, any voting securities of the Company, or rights or options to acquire voting securities of the Company, if after such acquisition (and giving effect to the exercise of any such rights or options) the Purchaser would own of record or beneficially in the aggregate more than twelve percent (12%) of the voting securities (assuming the exercise of all outstanding rights or options to acquire such voting securities which are then exercisable) of the Company (assuming the exercise of all outstanding rights or options held by the Purchaser to acquire voting securities) (the "12 Percent Limit"); provided that notwithstanding the provisions of this clause (i), if the number of shares of outstanding voting securities of the Company is reduced or if the aggregate ownership of the Purchaser is increased as a result of a recapitalization of the Company, or as a result of any other action taken by the Company, the Purchaser will not be required to dispose of (and may continue to vote) any of its holdings of voting securities even though such action resulted in the Purchaser's ownership exceeding the percentage of voting securities which the Purchaser would then be permitted to own. Except as otherwise provided above, if the Purchaser shall at any time during the Standstill Period own in the aggregate in excess of the maximum percentage of the voting securities at the time permitted by this clause (i), (a) the Purchaser shall sell as promptly as practicable under the circumstances sufficient voting securities so that after such sale the Purchaser shall not own in the aggregate more than the applicable

maximum permitted percentage of voting securities, and (b) the Purchaser shall refrain from voting on any matter as to which the holders of voting securities shall have the right to vote with respect to any voting securities held by the Purchaser in excess of the 12 Percent Limit (provided, however, that the foregoing clause (b) shall not be deemed to limit the Company's remedies in the event that the excess voting securities were acquired in violation of this Section 8(a));

(ii) "solicit" proxies with respect to voting securities under any circumstances or become a "participant" in any "election contest" relating to the election of directors of the Company, as such terms are defined in Regulation 14A under the Exchange Act; deposit any voting securities in a voting trust or subject them to a voting agreement or other agreement of similar effect;

(iii) initiate, propose or otherwise solicit stockholders for the approval of one or more stockholder proposals at any time or induce or attempt to induce any other person to initiate any stockholder proposal; or

(iv) take any action individually or jointly with any partnership, limited partnership, syndicate, or other group or assist any other person, corporation, entity or group in taking any action the Purchaser could not take individually under the terms of this Agreement.

The provisions of this Section 8(a) shall not apply to any of the activities restricted by subsections (i) through (iv) to the extent that, and for as long as, either (a) the Board of Directors of the Company has publicly announced it is seeking bids from third parties for the acquisition of the Company, or (b) a third party not affiliated with the Purchaser announces an offer to acquire a majority of the voting securities of the Company.

(b) For purposes of Section 8(a), the Purchaser shall not be deemed to own indirectly or beneficially any voting securities of the Company, or rights or options to acquire voting securities of the Company, that are owned by any entity of which the Purchaser is a limited partner only or in which the Purchaser otherwise owns a non-voting and minority equity interest.

9. Other Agreements of the Company and the Purchaser.

9.1 Board Representation.

(a) The Company hereby agrees that upon the Closing, the number of members of the Board of Directors shall be increased by one, and an individual designated by the Purchaser (the "Purchaser Designee") (who shall initially be Mr. Gerard Menjon) shall be elected to the Company's Board of Directors. The Company also agrees that the Board of Directors shall use its best efforts, subject to the exercise of its fiduciary duties, to nominate the Purchaser Designee for election as a director of the Company at each meeting of stockholders at which the directors of the Company are to be elected.

(b) The Board of Directors shall not remove any Purchaser Designee, except for bad faith or willful misconduct. In the event that the Purchaser Designee dies, is

removed or resigns, a new designee of the Purchaser shall be elected by the Board of Directors of the Company to fill the vacancy caused by the Purchaser Designee's death, resignation or removal; provided that such new designee shall be subject to the approval of the Company, which approval shall not unreasonably be withheld.

(c) Any member of the Board of Directors of the Company designated by the Purchaser shall excuse himself from any matter discussed or acted upon at a Board of Directors meeting of the Company with respect to which the Company and the Purchaser (or any affiliate of the Purchaser) have a conflict of interests.

9.2 Future Equity Offerings of the Company. The Company and the Purchaser agree that the Company shall have no obligation to offer, and the Purchaser shall have no obligation to purchase, any shares of capital stock or other securities of the Company issued and sold by the Company from time to time after the date hereof.

9.3 Termination of Certain Covenants. Notwithstanding the foregoing, the rights provided to the Purchaser under Section 1 and Section 9.1 shall terminate upon the date on which the Purchaser no longer owns at least 80% of the total number of shares of Common Stock purchased hereunder (as appropriately adjusted in the event of any stock split or similar event).

9.4 Non-Competition.

(a) Subject to the provisions of Section 9.4(c), the Purchaser agrees that, for a period beginning on the date of this Agreement and continuing until three years following the date on which the Purchaser first ceases to own at least 80% of the total number of shares of Common Stock purchased hereunder (as appropriately adjusted in the event of any stock split or similar event) (the "Non-Competition Period"), it and its affiliates shall not, directly or indirectly, in any capacity, engage in the business of developing, producing, marketing or selling high temperature superconducting materials or equipment of the kind or type developed or being developed, produced, marketed or sold by the Company as of the Closing Date or during the Non-Competition Period (engaging in any such activity, directly or indirectly, in any capacity, "Competing With the Company").

(b) The Company and the Purchaser agree that if any restriction set forth in Section 9.4(a) is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities, such restriction shall be interpreted to extend over the maximum period of time and range of activities as to which it may be enforceable.

(c) Notwithstanding the provisions of Section 9.4(a) but subject to the Purchaser's compliance with its obligations under the Confidential Disclosure Agreement dated November 13, 1996, nothing shall prevent the Purchaser from (i) acquiring an interest in any other company or entity less than 10% of whose revenue is derived from or whose expenses are allocable to activities that Compete With the Company, (ii) using high temperature superconducting materials or equipment made by an unaffiliated person that Competes With the Company (x) within EDF or any of its affiliates or (y) to provide services to any third party or (iii) conducting proprietary research, development and testing (using its

own employees and facilities or in collaboration with third parties) but not commercializing any products resulting from such research and development; provided that the Purchaser may sell or license any technology resulting from such research and development, and provided further that if the Purchaser intends to sell or license to third parties any technology so developed it must first give written notice (the "Notice") to the Company stating that it intends to sell or license such technology and setting forth the price or fee and any other material terms (the "Offer Price") for such technology. Within 60 days after receipt of the Notice, the Company may elect to purchase or license such technology at the Offer Price. If the Company fails to elect to purchase or license such technology at the Offer Price within the 60 day period specified above, the Purchaser may sell or license such technology to third parties for a price and on terms no more favorable to such third parties than the Offer Price.

10. Transfer of Shares; Legend.

10.1 The Shares shall not be sold or transferred to any person other than a majority-owned subsidiary of EDF unless either (i) they first shall have been registered under the Securities Act, or (ii) the Company first shall have been furnished with an opinion of legal counsel, reasonably satisfactory to the Company, to the effect that such sale or transfer is exempt from the registration requirements of the Securities Act.

10.2 Each certificate representing the Shares shall bear a legend substantially in the following form:

> "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be offered, sold or otherwise transferred, pledged or hypothecated unless and until such shares are registered under such Act or an opinion of counsel satisfactory to the Company is obtained to the effect that such registration is not required."

The foregoing legend shall be removed from the certificates representing any of such Shares, at the request of the Purchaser, at such time as such Shares become eligible for resale pursuant to Rule 144(k) under the Securities Act.

11. Confidentiality. The Purchaser agrees that any confidential, proprietary or secret information which it may obtain from the Company pursuant to any financial statements, reports and other materials submitted by the Company to the Purchaser or the Purchaser Designee, as the case may be, pursuant to this Agreement, or otherwise, and its obligations with respect thereto, shall be subject to the Confidential Disclosure Agreement dated November 13, 1996.

12. Survival of Representations and Warranties. All agreements, representations and warranties contained herein shall survive the execution and delivery of this Agreement and the closing of the transactions contemplated hereby.

13. Notices. All notices, requests, consents, and other communications under this Agreement shall be in writing and shall be (i) delivered by hand, (ii) mailed by first class certified or registered mail, return receipt requested, postage prepaid or (iii) transmitted by telecopy with a hard copy mailed by first class certified or registered mail as aforesaid:

If to the Company, at Two Technology Drive, Westborough, Massachusetts 01581, telecopy number (508) 870-1871, Attention: President, or at such other address or addresses as may have been furnished in writing by the Company to the Purchaser, with a copy to Patrick J. Rondeau, Hale and Dorr, 60 State Street, Boston, Massachusetts 02109, telecopy number 617-526-5000; or

If to the Purchaser, to CHARTH S.A., 57 Avenue F.D. Roosevelt, Paris 75008, France, Attn: President, or at such other address or addresses as may have been furnished to the Company in writing by the Purchaser, with a copy to Purchaser's designee on the Board at the following address: Electricite de France, 1 Avenue du General de Gaulle, Clamart 92140, France.

Notices provided in accordance with this Section 13 shall be deemed delivered upon personal delivery or (i) in the case of notices provided within the continental United States, 48 hours after deposit in the mail, (ii) in the case of notices provided outside the United States ten (10) days after deposit in the mail or noon on the second business day next following deposit with an overnight express courier service and (iii) in the case of notices provided by telecopy, upon completion of transmission to the addressee's telecopier.

14. No Assignment. The Purchaser may assign any of its rights under this Agreement to EDF or to another majority-owned subsidiary of EDF in connection with the transfer of Shares to such entity. In addition, the Purchaser may transfer its rights under Section 7 to any purchaser of at least 60% of the total number of shares of Common Stock purchased hereunder (as appropriately adjusted in the event of any stock split or similar event). Except as provided in the two preceding sentences, the rights granted to the Purchaser under this Agreement may not be transferred or assigned by the Purchaser without the prior written consent of the Company (which consent may be provided or withheld in the Company's sole discretion). Subject to the foregoing, the provisions of this Agreement shall be binding upon, and inure to the benefit of, the respective successors, assigns, heirs, executors and administrators of the parties hereto.

15. Entire Agreement. This Agreement, together with the Confidential Disclosure Agreement, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. The parties acknowledge that they may in the future enter into one or more separate agreements relating to the development, license and/or purchase and sale of technology or products.

16. Amendments and Waivers. Except as otherwise expressly set forth in this Agreement, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Purchaser. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

17. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

18. Headings. The headings of the sections, subsections, and paragraphs of this Agreement have been added for convenience only and shall not be deemed to be a part of this Agreement.

19. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision.

20. Expenses. Each party hereto shall bear its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby (including any legal and other professional fees and expenses incurred by such party and any taxes imposed upon such party as a result of the transactions contemplated hereby).

21. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to conflict of laws provisions.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as of the day and year first above written.

AMERICAN SUPERCONDUCTOR CORPORATION

/s/ G. J. Yurek
_____
By:
Title: President

CHARTH (COMPAGNIE HOLDING D'APPLICATIONS ET DE REALISATIONS THERMIQUES ET HYDRAULIQUES) S.A.

/s/ Alain Bertay
_____
By: Alain Bertay
Title: Chief Executive Officer

APPENDIX 1
TECHNICAL, INDUSTRIAL AND COMMERCIAL TOPICS FOR DISCUSSION
AT THE ADVISORY BOARD MEETING

(Note: Topics for discussion will not include details of manufacturing or processing conditions for development, or production or export regulated uses of superconducting materials, products and applications.)

1. The Company's activity on superconducting materials: progress, achievements, difficulties.

   1.1 Performance progress of the Company (general results, such as Jc, AC losses, mechanical properties) on high temperature superconductor wires, tapes and coated conductors, and prospects for improvements.

   1.2 Funding sources and cooperations: present situation and future possibilities.

   1.3 Goals of existing and prospective alliance agreements including manufacturing, development, marketing, sales, and distribution.

   1.4 Discussion of the Company's technology assessments.

2. Performance requirements and marketing analyses for commercial use of superconducting wires and tapes, and comparison with Item 1.1. Applications considered include, but are not limited to: current limiters, transformers, power cables, motors, SMES and other DC magnets.

3. The Company's activity on superconducting equipment and cryogenic power electronics.

   For each item of superconducting equipment in Item 2, the following Items 3.1 to 3.4 will be considered:

   3.1 Involvement level of the Company in the developments of prototypes: present situation and future possibilities.

   3.2 Technical justifications of primary design of superconducting demonstrators, industrial prototypes and future equipment.

   3.3 General prospects and milestones for unit power increments and evolution toward an industrial state of superconducting equipment.

   3.4 Funding of demonstrators and industrial prototypes.

   3.5 The Company's activity on cryogenic power electronics.

3.6 Discussion and analysis of technical and economic improvements required for cryogenic technology.

4. Plans for scaling up manufacturing operations.

4.1 Present level of industrial performance.

4.2 Growth of production capacity - general planning.

4.3 Prospects for technological evolution of production equipment.

4.4 Partnerships.

4.5 Investments needed and funding sources.

4.6 Progress against cost reduction plans for superconducting wires and tapes.

5. Status of competitors and competitive technologies.

5.1 R&D and production capabilities and resources.

5.2 Patents and license agreements, trademarks, copyrights, royalty agreements.

5.3 Funding resources.

5.4 Partnerships, development contracts.

5.5 Review and evaluation of alternative superconducting technologies.

5.6 Review and evaluation of progress made with conventional technologies.

6. Commercialization agenda.

6.1 Review of the Company's business plan.

6.2 Discussion and judgment regarding strategy and production capacity for the Company's targeted markets.

EXHIBIT 21.1

Subsidiaries:

1.American Superconductor Europe GmbH(*) - established in Germany

2.ASC Holding Corp.(*) - incorporated in Delaware

3.ASC Securities Corp.(**) - incorporated in Massachusetts

4.Superconductivity, Inc.(*)- incorporated in Delaware

(*) Wholly owned subsidiary of American Superconductor Corporation

(**) Wholly owned subsidiary of ASC Holding Corp.

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements of American Superconductor Corporation on Form S-8 (File Nos. 33-44962, 33-44963, 33-64832, 33-74418, 33-86106 and 33-86108) of our report dated May 9, 1997, on our audits of the consolidated financial statements of American Superconductor Corporation as of March 31, 1997 and 1996, and for each of the three years in the period ended March 31, 1997, which report is included in the Form 10-K of American Superconductor Corporation.

/s/ COOPERS & LYBRAND L.L.P.
COOPERS & LYBRAND L.L.P.

Boston, Massachusetts
June 27, 1997

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1,000
U.S. DOLLARS

YEAR		
MAR-31-1997		
APR-01-1996		
MAR-31-1997		
1		
		577
15,446		
2,518		
	0	
1,054		
4,863		
		10,530
7,268		
23,613		
2,208		
		0
0		
	0	
		96
21,308		
23,613		
		1,878
7,174		
		2,161
7,508		
10,527		
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