SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For The Quarter Ended: December 31, 1997   Commission File Number 0-19672

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

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

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

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

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

YES X   NO ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of February 13, 1998
Common Stock, par value $.01 per share	11,699,625

AMERICAN SUPERCONDUCTOR CORPORATION

INDEX

AMERICAN SUPERCONDUCTOR CORPORATION

CONSOLIDATED BALANCE SHEETS

	December 31, 1997 (Unaudited)	March 31, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,208,673	$ 584,804
Accounts receivable	4,668,496	3,070,573
Notes receivable	344,729	383,607
Inventory	3,232,740	2,940,656
Prepaid expenses and other current assets	503,634	345,344
Total current assets	10,958,272	7,324,984
Property and equipment:		
Equipment	11,263,083	10,137,721
Furniture and fixtures	855,605	733,794
Leasehold improvements	1,915,023	1,732,215
	14,033,711	12,603,730
Less: accumulated depreciation	(10,459,806)	(8,835,754)
Property and equipment, net	3,573,905	3,767,976
Long-term marketable securities	7,508,043	15,446,106
Other assets	5,876	42,028
Net investment in sales-type lease	413,006	--
Total assets	$ 22,459,102	$ 26,581,094
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Note payable-line of credit	$ --	$ 530,000
Accounts payable and accrued expenses	3,016,232	4,283,612
Deferred revenue	225,346	1,519,678
Short-term note	117,340	673,428
Total current liabilities	3,358,918	7,006,718
Long-term debt	3,141,793	3,073,663
Stockholders' equity:		
Common stock, $.01 par value 20,000,000 shares authorized and 11,696,991 and 10,505,118 issued and outstanding at December 31, 1997 and March 31, 1997, respectively	116,970	105,051
Additional paid-in capital	86,579,672	76,388,679
Deferred compensation	--	(25,480)
Deferred contract costs	(437,847)	(557,265)
Unrealized gain/(loss) on investments	29,630	(143,661)
Cumulative translation adjustment	(23,334)	(9,892)
Accumulated deficit	(70,306,700)	(59,256,719)
Total stockholders' equity	15,958,391	16,500,713
Total liabilities and stockholders' equity	$ 22,459,102	$ 26,581,094

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

AMERICAN SUPERCONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended December 31, 1997	Three Months Ended December 31, 1996	Nine Months Ended December 31, 1997	Nine Months Ended December 31, 1996
Revenues:				
Contract revenue	$ 3,757,908	$ 2,124,444	$ 6,547,147	$ 5,037,306
Product sales and prototype development contracts	697,616	415,459	4,053,328	2,329,632
Rental/other revenue	437,422	151,766	783,069	613,006
Total revenues	4,892,946	2,691,669	11,383,544	7,979,944
Costs and expenses:				
Costs of revenue	4,705,482	2,830,751	10,511,021	7,538,461
Research and development	2,929,253	2,198,007	6,382,086	6,814,326
Selling, general and administrative	742,281	549,167	3,724,315	3,072,833
Total costs and expenses	8,377,016	5,577,925	20,617,422	17,425,620
Transaction fees	(25,975)	-	(136,273)	-
Interest income	182,194	276,648	676,771	932,892
Interest expense	(51,382)	(102,389)	(187,918)	(280,704)
Other income (expense), net	2,145	(656,653)	(12,287)	(694,014)
Net loss	$(3,377,088)	$(3,368,650)	$(8,893,585)	$(9,487,502)
Net loss per common share	$ (0.29)	$ (0.32)	$ (0.76)	$ (0.90)
Weighted average number of common shares outstanding	11,695,238	10,502,288	11,638,198	10,497,597

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

AMERICAN SUPERCONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended December 31, 1997	1996
Operating activities:		
Net loss	$ (8,893,585)	$(9,487,502)
Adjustments to reconcile net loss to net cash used by operations:		
Forgiveness of notes receivable	-	106,744
Depreciation and amortization	1,566,847	1,425,680
Loss on disposals of property and equipment	24,569	49,986
Deferred compensation expense	25,480	25,480
Deferred contract costs-warrants	119,418	59,709
Changes in operating asset and liability accounts :		
Accounts receivable	(2,138,892)	(2,103,307)
Inventory	156,522	(610,911)
Prepaid expenses and other current assets	(163,837)	85,953
Accounts payable and accrued expenses	(2,194,240)	1,246,256
Notes payable-line of credit	(875,000)	(220,000)
Deferred revenue	(1,936,449)	528,383
Total adjustments	(5,415,582)	593,973
Net cash used by operating activities	(14,309,167)	(8,893,529)
Investing activities:		
Notes receivable	(14,312)	(76,012)
Repayment of notes receivable	53,190	100,000
Purchase of property and equipment, net	(1,484,015)	(1,026,124)
Purchase of long-term marketable securities	(3,000,000)	-
Sale of long-term marketable securities	11,111,354	5,906,085
Decrease (increase) in other assets	36,152	652
Net investment in sales-type lease	(413,006)	-
Net cash provided by investing activities	6,289,363	4,904,601
Financing activities:		
Net proceeds from issuance of stock and warrants	10,202,912	89,096
Short-term notes	(556,088)	(51,102)
Long-term debt	4,693	595,000
Net cash provided by financing activities	9,651,517	632,994
Net increase (decrease) in cash and cash equivalents	1,631,713	(3,355,934)
Cash and cash equivalents at beginning of period	584,804	4,261,051
Effect of SI's excluded results	(7,844)	(142,308)
Cash and cash equivalents at end of period	$ 2,208,673	$ 762,809
Supplemental schedule of cash flow information:		
Cash paid for interest	$ 134,252	$ 90,392

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

AMERICAN SUPERCONDUCTOR CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS:

American Superconductor Corporation (the "Company"), which was formed on April 9, 1987, develops and commercializes high temperature superconducting ("HTS") wire, wire products and systems, including current leads, multistrand conductors, electromagnetic coils, and electromagnets and subsystems comprising electromagnetics 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. The Company operates in one business segment.

The Company derives a substantial portion of its revenue from research and development contracts. A significant portion of this contract revenue relates to development contracts with two stockholders, Pirelli Cavi E Sistemi S.p.A. and Electricite de France.

2. BASIS OF PRESENTATION:

The accompanying consolidated financial statements are unaudited, except for those dated as of March 31, 1997, and have been prepared in accordance with generally accepted accounting principles. Certain information and footnote disclosure normally included in the Company's annual consolidated financial statements have been condensed or omitted. The interim consolidated financial statements, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results for the interim periods ended December 31, 1997 and 1996 and the financial position at December 31, 1997.

The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the fiscal year. It is suggested that these interim consolidated financial statements be read in conjunction with the audited consolidated financial statements for the year ended March 31, 1997 which are contained in the Company's Current Report on Form 8-K dated September 5, 1997 covering the year ended March 31, 1997.

On April 8, 1997 the Company completed a transaction (the "Merger") in which a subsidiary of the Company acquired all the outstanding stock of Superconductivity, Inc. ("SI"). These consolidated financial statements have been prepared following the pooling of interests method of accounting and reflect the combined financial position, operating results and cash flows of the Company and SI as if they had been combined for all periods presented. Prior to the merger, SI's fiscal year-end was December 31. Effective with the merger, SI's fiscal year-end was changed to March 31 to conform with the Company's fiscal year-end. The March 31, 1997

AMERICAN SUPERCONDUCTOR CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

2. BASIS OF PRESENTATION - CONTINUED:

Consolidated Balance Sheet combines SI's audited balance sheet at December 31, 1996 with the Company's pre-merger audited balance sheet at March 31, 1997. As a result, SI's cash flow activity for the three months ended March 31, 1997 and 1996 is listed as "Effect of SI's excluded results" on the Consolidated Statement of Cash Flows to account for the difference in the beginning cash and cash equivalents between December 31 and March 31 of each year presented.

On July 31, 1997 the Company completed a transaction in which the Company acquired all the outstanding stock of Applied Engineering Technologies, Ltd. ("AET"). The transaction has been accounted for under the pooling of interests method of accounting. Due to the immaterial effect on the accompanying consolidated financial statements, the prior periods have not been adjusted to reflect the effect on the combined financial position, operating results and cash flows of the Company.

Included in "Costs of Revenue" are research and development expenses of approximately $2,766,000 and $1,756,000 for the three months ended December 31, 1997 and 1996, respectively, and $5,162,000 and $3,931,000 for the nine months ended December 31, 1997 and 1996, respectively.

Included in other income (expense), net for the three and nine months ended December 31, 1996 is $670,000 of professional fees incurred by SI relating to a terminated merger negotiation.

3. DEFERRED CONTRACT COSTS-WARRANTS:

In March of 1996, the Company entered into a strategic alliance with the Electric Power Research Institute (EPRI). Under this agreement a warrant for 100,000 shares of common stock of the Company was granted and becomes exercisable over a five-year period following the date of grant. In connection with the issuance of this warrant, the Company recorded an increase to additional paid-in capital and a corresponding charge to Deferred Contract Costs of approximately $637,000 in the first quarter ended June 30, 1996. This amount is being expensed over five years. Warrant expense related to this transaction was approximately $40,000 for the three months ended December 31, 1997 and $120,000 for the nine months ended December 31, 1997.

4. NET LOSS PER COMMON SHARE:

Net loss per common share is computed based upon the weighted average number of common shares outstanding. Common share equivalents are not included in the dilutive per share calculation as their inclusion would be antidilutive.

5. COST-SHARING AGREEMENTS:

For the nine months ended December 31, 1997, the Company received funding of $1,198,000 under a government cost-sharing agreement with the Department of Energy. This funding was used to directly offset research and development and selling, general and administrative expenses.

AMERICAN SUPERCONDUCTOR CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 1997

RESULTS OF OPERATIONS

Revenues during the three months ended December 31, 1997 increased 82% to $4,893,000 compared to $2,692,000 for the same period in 1996. For the nine months ended December 31, 1997, revenues increased 43% to $11,384,000 as compared to $7,980,000 for the same 1996 period. The Company's results for the prior-year period have been restated to reflect the acquisition of Superconductivity, Inc. ("SI") on April 8, 1997. The Company's prior-year results have not been adjusted to reflect the July 31, 1997 acquisition of Applied Engineering Technologies Ltd. ("AET"), as the effect of this transaction is not material to the consolidated financial statements.

Third quarter revenues were positively affected by the recognition of $2,400,000 in revenue on the four-year research and development cost reimbursement contract (the "ABB/EDF agreement") with Electricite de France and ABB. This agreement is retroactively effective to April 1, 1997, and provides for payments of $800,000 per quarter for the first three quarters of fiscal 1998. As the agreement was only recently finalized, the $2,400,000 in revenue and associated costs were not recognized until the third quarter. Revenues for the first nine months of fiscal year 1998 were also positively affected by new contracts with the Department of the Navy and the Electric Power Research Institute ("EPRI") as well as SI's sales of SMES systems in the first and second quarters. Prior year revenues for the quarter and nine months ended December 31, 1996 included $275,000 and $825,000 respectively, relating to a research and development contract with Inco Alloys International which was discontinued on December 31, 1996.

For the three months ended December 31, 1997, the Company also recorded funding of $394,000 under government cost-sharing agreements. Funding under cost-sharing agreements for the three months ended December 31, 1996 was $469,000. For the nine months ended December 31, 1997, funding under government cost-sharing agreements was $1,198,000 as compared to $1,346,000 for the comparable period in 1996. 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 revenues.

The Company's total operating expenses for the three months ended December 31, 1997 were $8,377,000, compared to $5,578,000 for the same period last year. Operating expenses for the first nine months of the current fiscal year were $20,617,000, compared to $17,426,000 for the same period last year.

AMERICAN SUPERCONDUCTOR CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 1997

For the third quarter ended December 31, 1997, costs of revenue increased to $4,705,000 from $2,831,000 for the same period a year earlier. Year-to-date costs of revenue were $10,511,000 compared to $7,538,000 for the same period last year. These increases reflect the costs of revenue associated with the revenue recognized under the ABB/EDF agreement, costs of revenue associated with SI's sales of SMES systems, and the costs of revenue associated with the Navy and EPRI contracts.

Research and development ("R&D") expenses increased to $2,929,000 during the third quarter from $2,198,000 a year earlier. Expenses are up in the quarter due to higher outside R&D contract spending, a higher number of developmental wire runs, and higher depreciation. For the first nine months of fiscal year 1998, R&D expenses were $6,382,000 compared to $6,814,000 for the same period last year. The decline in net R&D expenses on a year-to-date basis is due to a higher percentage of R&D expenditures being classified as costs of revenue (rather than as R&D expenses) as they relate to externally funded development contracts. These R&D expenditures included in costs of revenue for the three and nine-month periods ended December 31, 1997 were $2,766,000 and $5,162,000 respectively, compared to $1,756,000 and $3,931,000 for the same periods last year. In addition, the R&D amounts offset by cost-sharing funding were $203,000 and $242,000 for the third quarter of fiscal years 1998 and 1997, respectively. For the nine months ended December 31, 1997, this amount was $617,000 as compared to $693,000 for the comparable period in 1996.

Selling, general and administrative ("SG&A") expenses for the quarter December 31, 1997 were $742,000 compared to $549,000 for the same period the prior year. On a year-to-date basis, selling, general and administrative expenses were $3,724,000 compared to $3,073,000 for the same period a year earlier. These increases were primarily due to additional recruiting, legal, consulting, and marketing expenses incurred to support the overall increase in the Company's revenues and research and development activities. The SG&A amounts offset by cost-sharing funding were $191,000 and $227,000 in the third quarter of fiscal years 1998 and 1997, respectively. For the nine months ended December 31, 1997, this amount was $580,000 as compared to $653,000 for the comparable period in 1996. In addition, certain SG&A expenditures related to externally funded development contracts have been classified as costs of revenue (rather than as SG&A expenses). Such indirect costs included in costs of revenue during the three and nine month periods ended December 31, 1997 were $1,460,000 and $2,547,000, respectively. For the three and nine month periods ended December 31, 1996, these costs were $781,000 and $1,606,000, respectively.

Transaction fees of $136,000 through December 31, 1997 reflect certain legal and accounting fees incurred this fiscal year associated with the acquisitions of SI on April 8, 1997 ($66,000) and AET on July 31, 1997 ($70,000). Other income (expense) for the three and nine months ended December 31, 1996 includes $670,000 incurred by SI relating to a terminated merger negotiation.

AMERICAN SUPERCONDUCTOR CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 1997

Interest income was $182,000 in the quarter ended December 31, 1997 compared to $277,000 for the same period in the previous year. For the nine month periods ended December 31, 1997 and 1996, interest income was $677,000 and $933,000 respectively. This decrease primarily reflects lower cash balances available for investment as a result of cash being used to fund the Company's operations, purchase property and equipment, and pay down SI's liabilities.

Interest expense was $51,000 in the quarter ended December 31, 1997 compared to $102,000 for the same period in the previous year. For the nine month periods ended December 31, 1997 and 1996, interest expense was $188,000 and $281,000 respectively. This decrease primarily reflects the Company's retirement of certain SI bank debts and liabilities.

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

The Company expects to be 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.

Please refer to the "Future Operating Results" section of the Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's current report on Form 8-K dated September 5, 1997 covering the fiscal year ended March 31, 1997 for a discussion of certain factors that may affect the Company's future results of operations and financial condition.

AMERICAN SUPERCONDUCTOR CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 1997

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1997, the Company had cash, cash equivalents and long-term marketable securities of $9,717,000 compared to $16,031,000 at March 31, 1997. Principal uses of cash during the nine months ended December 31, 1997 were the funding of the Company's operations and the acquisition of capital equipment, primarily for research and development and manufacturing. In addition, approximately $4,400,000 was used to pay the investment banking and legal fees associated with the Company's April 8, 1997 acquisition of SI and the retirement of various SI liabilities. This decrease in cash was partially offset by a $10,000,000 equity investment in the Company on April 7, 1997 by a subsidiary of Electricite de France.

The Company believes that several years of further development will be necessary before HTS wires and related products are available in significant quantities for commercial power applications. Management believes that revenues from funded development contracts and the sale of prototypes and its cash, cash equivalents and long-term marketable securities and interest thereon should provide a significant portion of the funding to meet the Company's cash requirements for its planned operations for the next year, including the needs of the Company's recently-acquired businesses (SI and AET). The Company is currently considering various alternatives for funding future working capital needs.

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

AMERICAN SUPERCONDUCTOR CORPORATION

PART II

OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

None

Item 2. CHANGES IN SECURITIES

None

Item 3. DEFAULTS UPON SENIOR SECURITIES

None

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibit 27.1 Financial Data Schedule

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN SUPERCONDUCTOR CORPORATION

February 13, 1997	/s/ Gregory J. Yurek
Date	Gregory J. Yurek Chairman of the Board, President and Chief Executive Officer
February 13, 1997	/s/ Thomas M. Rosa
Date	Thomas M. Rosa Corporate Controller (chief accounting officer)

5
1,000
U.S. DOLLARS

3-MOS
MAR-31-1998
OCT-01-1997
DEC-31-1997
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