SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For The Quarter Ended: June 30, 1998   Commission File Number 0-19672

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

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

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

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

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

YES [X]   NO [ ]

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

Common Stock, par value $.01 per share	15,314,475
Class	Outstanding as of August 14, 1998

AMERICAN SUPERCONDUCTOR CORPORATION

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AMERICAN SUPERCONDUCTOR CORPORATION
CONSOLIDATED BALANCE SHEETS

	June 30, 1998 (unaudited)	March 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 37,500,639	$ 1,842,142
Accounts receivable	4,688,076	2,991,635
Inventory	3,982,245	3,229,973
Prepaid expenses and other current assets	667,779	545,428
Total current assets	46,838,739	8,609,178
Property and equipment:		
Equipment	12,958,694	12,502,756
Furniture and fixtures	994,969	946,630
Leasehold improvements	1,982,585	1,980,090
	15,936,248	15,429,476
Less: accumulated depreciation	(11,486,974)	(11,006,576)
Property and equipment, net	4,449,274	4,422,900
Long-term marketable securities	6,197,386	6,167,030
Net investment in sales-type lease	324,940	345,940
Other assets	108,787	6,167
Total assets	$ 57,919,126	$ 19,551,215
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 2,884,922	$ 3,333,462
Deferred revenue	87,645	187,285
Current portion of long-term debt	--	29,609
Total current liabilities	2,972,567	3,550,356
Long-term debt (less current portion)	--	3,141,793
Commitments		
Stockholders' equity:		
Common stock, $.01 par value Authorized shares-20,000,000; issued and outstanding shares-15,314,043 and 11,756,793 at June 30, 1998 and March 31, 1998, respectively	153,140	117,568
Additional paid-in capital	133,894,823	87,961,911
Deferred contract costs - warrants	(1,252,543)	(1,328,446)
Unrealized gain (loss) on investments	31,848	32,706
Cumulative translation adjustment	(26,714)	(32,798)
Accumulated deficit	(77,853,995)	(73,891,875)
Total stockholders' equity	54,946,559	12,859,066
Total liabilities and stockholders' equity	$ 57,919,126	$ 19,551,215

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

AMERICAN SUPERCONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997
Revenues:		
Contract revenue	$ 2,228,386	$ 1,103,444
Product sales and prototype development contracts	131,536	2,165,281
Rental/other revenue	22,569	296,874
Total revenues	2,382,491	3,565,599
Costs and expenses:		
Costs of revenue	2,700,610	2,938,709
Research and development	2,629,632	1,966,554
Selling, general and administrative	1,503,861	1,507,322
Total costs and expenses	6,834,103	6,412,585
Transaction fees	--	(29,817)
Interest income	496,074	271,963
Interest expense	(9,827)	(75,992)
Other income (expense), net	3,245	(32,161)
Net loss	$(3,962,120)	$(2,712,993)
Net loss per common share		
Basic	$ (0.27)	$ (0.23)
Diluted	$ (0.27)	$ (0.23)
Weighted average number of common shares outstanding		
Basic	14,450,488	11,570,723
Diluted	14,450,488	11,570,723

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

AMERICAN SUPERCONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997
Cash flows from operating activities:		
Net loss	$(3,962,120)	$(2,712,993)
Adjustments to reconcile net loss to net cash used by operations:		
Depreciation and amortization	480,398	438,566
Loss (gain) on disposals of property and equipment	--	24,569
Deferred contract costs-warrant	80,455	39,806
Stock compensation expense	130,625	
Changes in operating asset and liability accounts :		
Accounts receivable	(1,696,441)	(625,729)
Inventory	(752,272)	154,435
Prepaid expenses and other current assets	(122,351)	37,409
Accounts payable and accrued expenses	(448,540)	(3,182,661)
Notes payable-line of credit	--	(875,000)
Deferred revenue	(99,640)	(1,327,822)
Total adjustments	(2,427,766)	(5,316,427)
Net cash used by operating activities	(6,389,886)	(8,029,420)
Cash flows from investing activities:		
Notes receivable	--	(4,830)
Repayment of notes receivable	--	53,190
Purchase of property and equipment (net)	(500,688)	(352,538)
Purchase of long-term marketable securities	(31,214)	(3,000,000)
Sale of long-term marketable securities	--	5,768,702
Net investment in sales-type lease	21,000	--
Decrease (increase) in other assets	(102,620)	36,374
Net cash provided (used) by investing activities	(613,522)	2,500,898
Cash flows from financing activities:		
Net repayments on line of credit	--	(357,649)
Principal payments-note payable	(3,171,402)	63,438
Net proceeds from issuance of common stock and warrants	45,833,307	10,035,884
Net cash provided by financing activities	42,661,905	9,741,673
Net increase (decrease) in cash and cash equivalents	35,658,497	4,213,151
Cash and cash equivalents at beginning of period	1,842,142	584,804
Effect of SI's excluded results	--	(7,844)
Cash and cash equivalents at end of year	$37,500,639	$ 4,790,111
Supplemental schedule of cash flow information:		
Cash paid for interest	$ 119,789	$ 14,163
Noncash issuance of common stock	$ 130,625	$ 278

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, 1998, 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 June 30, 1998 and 1997 and the financial position at June 30, 1998.

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, 1998 which are contained in the Company's Current Report on Form 10-K covering the year ended March 31, 1998.

Included in "Costs of Revenue" are research and development expenses related to externally funded development contracts of approximately $1,624,000 and $918,000 for the three months ended June 30, 1998 and 1997, respectively.

AMERICAN SUPERCONDUCTOR CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

3. NET LOSS PER COMMON SHARE:

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share" effective December 28, 1997. SFAS No. 128 requires presentation of basic earnings per share ("EPS") and, for companies with complex capital structures, diluted EPS. Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS includes dilution and is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. Common equivalent shares include the effect of the exercise of stock options. For the three months ended June 30, 1998 and 1997, common equivalent shares of 449,129 and 174,663 were not included for the calculation of diluted EPS as they were considered antidilutive. The Company has restated net loss per share for all periods presented in the accompanying consolidated financial statements to reflect net loss per share on both a basic and a diluted basis.

4. COST-SHARING AGREEMENTS:

For the three months ended June 30, 1998 and 1997, the Company received funding of $538,000 and $450,000, respectively, 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.

5. THE OFFERING:

On April 22, 1998 the Company completed a public offering of 3,504,121 shares of its common stock and received net proceeds (before deducting offering expenses) of $46,114,000, of which approximately $3,142,000 was used to retire the Company's subordinated notes.

6. COMPREHENSIVE LOSS:

The Company has adopted Statement of Financial Accounting Standard No. 130, "Reporting Comprehensive Income" which requires that an entity include in total comprehensive income certain amounts which were previously recorded directly to stockholders' equity.

The Company's comprehensive loss was as follows:

	Three Months Ended June 30	
	1998	1997
Net Loss	$(3,962,120)	$(2,712,993)
Other comprehensive income	5,226	95,315
Total comprehensive loss	$(3,956,894)	$(2,617,678)

Other comprehensive income represents changes in foreign currency translation and unrealized gains and losses on investments.

AMERICAN SUPERCONDUCTOR CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

7. ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES:

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

Statement 133 is effective for fiscal years beginning after June 15, 1999. A company may also implement the Statement as of the beginning of any fiscal quarter after issuance. Statement 133 cannot be applied retroactively. Statement 133 must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts that were issued, acquired or substantively modified after December 31, 1997 (and, at the company's election, before January 1, 1998).

The Company's management believes the impact of adopting Statement 133 on the financial statements will be immaterial.

AMERICAN SUPERCONDUCTOR CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 1998

RESULTS OF OPERATIONS

American Superconductor Corporation's revenues during the three months ended June 30, 1998 were $2,382,000 compared to $3,566,000 for the same period a year earlier. Revenues from the Company's Power Quality ("PQ") Solutions business unit declined $2,246,000 in the quarter ended June 30, 1998 from the same period last year, which included the shipment of a large PQ DC(TM) SMES system. There were no SMES system shipments in the first quarter of fiscal 1999. This decrease in product sales was partially offset by a $1,125,000 increase in contract revenue associated mainly with the Company's joint development program with Electricite de France ("EDF") and ABB Power Transmission and Distribution Company ("ABB") to develop high temperature superconductor ("HTS") wire for power transformers. Contract revenue in the first quarter just ended was also positively affected by the continuation of work on a coated conductor research contract with the Electric Power Research Institute ("EPRI") and by increased work on 10 Phase II Small Business Innovation Research ("SBIR") grants.

For the three months ended June 30, 1998, the Company also recorded funding of $538,000 under a government cost-sharing agreement with the Department of Energy ("DOE"). Funding under this cost-sharing agreement for the three months ended June 30, 1997 was $450,000. 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 costs and expenses for the three months ended June 30, 1998 were $6,834,000, compared to $6,413,000 for the same period last year with the decline in cost of revenue from lack of SMES product shipments offset primarily by higher research and development expenses and unfavorable manufacturing overhead variances resulting from excess capacity.

Adjusted research and development ("R&D") expenses, which include amounts classified as costs of revenue and amounts offset by cost sharing funding, increased to $4,531,000 in the first quarter from $3,117,000 a year earlier. 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 the purchases of materials and equipment. A portion of the R&D expenditures related to externally funded development contracts has been classified as costs of revenue (rather than as R&D expenses). These R&D expenditures that were included as costs of revenue during the first quarter of fiscal years 1999 and 1998 were $1,624,000 and $918,000, respectively. Additionally, R&D expenses that were offset by cost sharing funding were $277,000 and $232,000 in the first quarter of fiscal years 1999 and 1998, respectively. Net R&D expenses

AMERICAN SUPERCONDUCTOR CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 1998

(exclusive of amounts classified as costs of revenue and amounts offset by cost sharing funding) increased to $2,630,000 in the three months ending June 30, 1998 from $1,967,000 for the same period last year.

Selling, general and administrative ("SG&A") expenses for the quarter ended June 30, 1998 were $1,504,000 compared to $1,507,000 for the same period the prior year. The SG&A amounts offset by cost-sharing funding were $261,000 and $218,000 in the first quarter of fiscal years 1999 and 1998, respectively. 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-month period ended June 30, 1998 were $717,000 compared to $407,000 for the same period last year. This increase is primarily due to the increased contract revenue in the quarter ended June 30, 1998, resulting in more SG&A expenses being classified as costs of revenue.

Interest income was $496,000 in the quarter ended June 30, 1997 compared to $272,000 for the same period in the previous year. This increase primarily reflects the additional cash balances available for investment as a result of completion by the Company of a public offering of 3,504,121 shares of common stock on April 22, 1998. The Company received net proceeds (after the underwriters discount but before deducting offering expenses) of $46,114,000 as a result of this offering.

Interest expense was $10,000 in the quarter ended June 30, 1998 compared to $76,000 for the same period in the previous year. This decrease primarily reflects the Company's retirement of all long-term debt following the completion of the public offering.

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 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 Annual Report on Form 10-K for the fiscal year ended March 31, 1998 for a discussion of certain factors that may affect the Company's future results of operation and financial condition.

AMERICAN SUPERCONDUCTOR CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 1998

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 1998, the Company had cash, cash equivalents and long-term marketable securities of $43,698,000 compared to $8,009,000 at March 31, 1998. This increase was primarily due to the public offering of 3,504,121 shares of common stock on April 22, 1998. The Company received net proceeds (after the underwriters discount but before deducting offering expenses) of $46,114,000 as a result of this offering. The principal uses of cash during the quarter ended June 30, 1998 were the funding of the Company's operations, the acquisition of capital equipment, primarily for research and development and manufacturing, and the retirement of long-term debt.

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. The Company believes, based on its current business plan, that its current cash and marketable securities should be sufficient to fund the Company's operations for at least the next three years. However, the Company may need additional funds sooner than anticipated if the Company's performance deviates significantly from its current business plan or 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, or available under terms acceptable to the Company.

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

August 14, 1998	/s/ Gregory J. Yurek
- ---------------	--------------------------------------
Date	Gregory J. Yurek Chairman of the Board, President and Chief Executive Officer
August 14, 1998	/s/ Thomas M. Rosa
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Date	Thomas M. Rosa Chief Accounting Officer, Corporate Controller and Assistant Secretary

5
1,000
U.S. DOLLARS

3-MOS
MAR-31-1999
APR-01-1998
JUN-30-1998
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