

**AMSC, HOMELAND SECURITY DEPARTMENT AND
CONSOLIDATED EDISON COMMENCE PROJECT TO
PROTECT NEW YORK CITY'S POWER GRID**

*'Project HYDRA' to Employ Surge-Suppressing Superconductor Power Grid Technology
to Enable 'Secure Super Grids'™*

WESTBOROUGH, Mass. – May 21, 2007 – American Superconductor Corporation (NASDAQ: AMSC), a leading energy technologies company, announced today that it has signed a contract with Consolidated Edison, Inc. (NYSE: ED), one of the nation's largest investor-owned energy companies, to develop and deploy a new high temperature superconductor (HTS) power grid technology in Con Edison's power delivery network in New York City. The Department of Homeland Security is expected to invest up to \$25 million in the development of this technology to enable "Secure Super Grids" in the United States. Secure Super Grids utilize customized HTS wires, HTS power cables and ancillary controls to deliver more power through the grid while also being able to suppress power surges that can disrupt service.

"The Department of Homeland Security is charged with protecting the infrastructure and systems that keep our nation and our economy running smoothly," said Jay M. Cohen, the Department of Homeland Security's (DHS) Under Secretary for Science and Technology. "The U.S. power grid is one of our most valuable assets, and we are taking the steps necessary – through the use of our most advanced technologies – to ensure its safety. As we saw with the August 2003 blackout and in incidents since, disruptions to the power grid have far-reaching effects and a tremendous economic impact. We have asked AMSC and Consolidated Edison to demonstrate superconductor solutions in New York City that will serve to keep our centers of commerce on line under all conditions – including grid events related to severe weather, accidents or terrorist attacks."

This endeavor has been code named "Project Hydra" by DHS. Much like the mythical Greek monster that grew back multiple heads when one was severed, multiple paths for electricity flow will be created in power grids to ensure system reliability if circuits were to be disrupted. To view an animation of Secure Super Grids in action, please visit <http://www.amsc.com/products/hydra.cfm>.

AMSC is the prime contractor for Project Hydra. The company signed a letter contract worth \$1.7 million with DHS on May 18, 2007, and work on the project has commenced. Of the \$1.7 million, DHS will fund approximately \$1.1 million. AMSC and Con Edison signed a separate agreement whereby Con Edison will be a subcontractor to AMSC. Final contract terms and conditions are expected to be completed within 90 days. The total project cost is estimated to be \$39.3 million. It is anticipated that DHS would fund up to \$25 million of this total.

The deployment of a commercial high-capacity, surge-suppressing HTS cable system in New York City is projected for completion in three years, concurrent with Con Edison's "System of the Future" grid enhancement plans. The project will occur in two phases. The project's first phase, which is now underway, focuses on the development and operation of a prototype system. AMSC has applied for a series of patents related to its Secure Super Grids technology and issued a separate press release on the topic this morning. Testing of the first Secure Super Grid system is targeted for completion by the end of 2008.

Greg Yurek, founder and CEO of AMSC, said, "Project Hydra represents a powerful convergence of the visions of our three organizations: Con Edison's vision for the adoption of superconductor technology to help create its System of the Future for New York City; DHS's vision to tap into advanced energy technologies to enhance grid security; and AMSC's vision to commercialize superconductor technology for the power grid. Not only will this project kick off the deployment of superconductor technology to the benefit of the people and businesses of New York City, it will also demonstrate a new power grid solution that will have broad appeal around the globe."

The second phase of the project will focus on the deployment of the first Secure Super Grid system in Con Edison's power grid in New York City at an undisclosed location. AMSC will produce the HTS wire, known as 344 superconductors, for the project and will contract with Southwire Company to perform the detailed cable and termination design as well as the manufacture of the superconductor cable. Commissioning of the 13 kilovolt (kV) HTS cable system is expected in early 2010, meeting Con Edison's construction schedule.

This project will build on the foundation in HTS technology developed over the past 20 years by U.S. private industry and by the Department of Energy (DOE), which today is funding the demonstration of HTS power cables in three U.S. power grids. The DOE also funded the demonstration of a HTS Triax™ cable system developed jointly by Southwire Company and Oak Ridge National Laboratory.

"The Department of Energy believes HTS technology is vitally important to the modernization of the nation's power grid," said Kevin Kolevar, Director of the Office of Electricity Delivery and Energy Reliability. "We are pleased to see the Secure Super Grid project in New York City building on the platform DOE helped to create over the past 20 years in partnership with U.S. industry. The Secure Super Grid project is the next logical step for short-length HTS applications as the Department continues to improve wire performance and materials challenges required for longer length projects and higher voltages. Together, these activities will help propel HTS technology toward commercialization."

About AMSC

AMSC (American Superconductor Corporation - NASDAQ: AMSC) is a leading energy technologies company. The company develops and sells a wide range of products and solutions based on power electronic systems and high temperature superconductor (HTS)

wires that dramatically improve the efficiency, reliability and quality of electricity during its generation, transmission, distribution and use. The company is a dominant force in alternative energy, offering grid interconnection solutions as well as licensed wind energy designs and electrical systems. As the world's principal supplier of HTS wire, AMSC is enabling a new generation of compact, high-power electrical products, including motors, generators, power cables, grid-level surge protectors, and advanced transportation and defense systems. AMSC also provides utility and industrial customers worldwide with voltage regulation systems that dramatically enhance power grid capacity, reliability and security, as well as industrial productivity. The company's technologies are protected by a broad and deep intellectual property portfolio consisting of hundreds of patents and licenses worldwide. More information is available at www.amsuper.com.

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Any statements in this release about future expectations, plans and prospects for the company, including statements containing the words "believes," "anticipates," "plans," "expects," "will" and similar expressions, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. There are a number of important factors that could cause actual results to differ materially from those indicated by such forward-looking statements. Such factors include: uncertainties regarding the company's ability to obtain anticipated funding from corporate and government contracts, to successfully develop, manufacture and market commercial products, and to secure anticipated orders; the risk that a robust market may not develop for the company's products; the risk that strategic alliances and other contracts may be terminated; the risk that certain technologies utilized by the company will infringe intellectual property rights of others; the competition encountered by the company, including several large Japanese companies. Reference is made to these and other factors discussed in the "Management's Discussion and Analysis of Financial Condition and Results of Operation" section of the company's most recent quarterly or annual report filed with the Securities and Exchange Commission. In addition, the forward-looking statements included in this press release represent the company's views as of the date of this release. While the company anticipates that subsequent events and developments may cause the company's views to change, the company specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the company's views as of any date subsequent to the date this press release is issued.

Contact Information:

Jason Fredette

Director of Investor & Media Relations

American Superconductor Corporation (NASDAQ: AMSC)

508-621-4177

jfredette@amsuper.com