

AMERICAN SUPERCONDUCTOR CORP /DE/
Form DEF 14A
June 23, 2008
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

American Superconductor Corporation

(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

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1. Amount previously paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

Table of Contents

AMERICAN SUPERCONDUCTOR CORPORATION

64 Jackson Road

Devens, Massachusetts 01434

Notice of Annual Meeting of Stockholders to

be Held on Thursday, August 7, 2008

The Annual Meeting of Stockholders of American Superconductor Corporation will be held at American Superconductor's corporate headquarters, located at 64 Jackson Road, Devens, Massachusetts 01434, on Thursday, August 7, 2008 at 8:30 a.m., local time, to consider and act upon the following matters:

1. To elect seven directors for the ensuing year.
2. To ratify the selection by the Audit Committee of the Board of Directors of PricewaterhouseCoopers LLP as American Superconductor's independent registered public accounting firm for the current fiscal year.
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

Stockholders of record at the close of business on June 9, 2008 will be entitled to notice of and to vote at the annual meeting or any adjournment thereof. The stock transfer books of American Superconductor will remain open.

By Order of the Board of Directors,

David A. Henry, *Secretary*

Devens, Massachusetts

June 23, 2008

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE ANNUAL MEETING. THEREFORE, WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE SUBMIT YOUR PROXY (1) OVER THE INTERNET, (2) BY TELEPHONE, OR (3) BY MAIL. FOR SPECIFIC INSTRUCTIONS, PLEASE REFER TO THE QUESTIONS AND ANSWERS BEGINNING ON THE FIRST PAGE OF THE PROXY STATEMENT AND THE INSTRUCTIONS ON THE PROXY CARD RELATING TO THE ANNUAL MEETING.

Table of Contents

Table of Contents

	Page
<u>INFORMATION ABOUT THE ANNUAL MEETING AND VOTING</u>	1
<u>STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	5
<u>CORPORATE GOVERNANCE</u>	8
<u>Members of the Board</u>	8
<u>Corporate Governance Guidelines</u>	9
<u>Board Determination of Independence</u>	9
<u>Director Nomination Process</u>	10
<u>Board Meetings and Attendance</u>	10
<u>Director Attendance at Annual Meeting of Stockholders</u>	10
<u>Board Committees</u>	10
<u>Executive Compensation Process</u>	12
<u>Communicating with the Independent Directors</u>	12
<u>Code of Business Conduct and Ethics</u>	13
<u>Audit Committee Report</u>	13
<u>INFORMATION ABOUT EXECUTIVE AND DIRECTOR COMPENSATION</u>	15
<u>Compensation Discussion and Analysis</u>	15
<u>Summary Compensation Table</u>	22
<u>Grants of Plan-Based Awards Table</u>	24
<u>Outstanding Equity Awards at Fiscal Year-End Table</u>	25
<u>Option Exercises and Stock Vested Table</u>	27
<u>Employment Agreements and Severance Agreements with Executive Officers</u>	27
<u>Director Compensation</u>	28
<u>Securities Authorized for Issuance Under Our Equity Compensation Plans</u>	30
<u>Compensation Committee Interlocks and Insider Participation</u>	30
<u>Compensation Committee Report</u>	31
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	32
<u>ELECTION OF DIRECTORS (PROPOSAL 1)</u>	33
<u>RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (PROPOSAL 2)</u>	34
<u>Independent Registered Public Accounting Firm's Fees</u>	34
<u>Pre-Approval Policies and Procedures</u>	34
<u>OTHER MATTERS</u>	35
<u>Solicitation of Proxies</u>	35
<u>Stockholder Proposals for 2009 Annual Meeting</u>	35
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	36
<u>Important Notice Regarding Delivery of Security Holder Documents</u>	36
<u>Electronic Delivery of Stockholder Communications</u>	36

Table of Contents

AMERICAN SUPERCONDUCTOR CORPORATION

64 Jackson Road

Devens, Massachusetts 01434

PROXY STATEMENT

For the Annual Meeting of Stockholders to be Held on Thursday, August 7, 2008

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors, or Board, of American Superconductor Corporation for use at the Annual Meeting of Stockholders, or Annual Meeting, to be held on Thursday, August 7, 2008 beginning at 8:30 a.m., local time, at American Superconductor Corporation's corporate headquarters, located at 64 Jackson Road, Devens, Massachusetts 01434 and at any adjournment of the Annual Meeting. On or about June 26, 2008, we are either mailing or providing notice and electronic delivery of these proxy materials together with an annual report, consisting of our Annual Report on Form 10-K for the fiscal year ended March 31, 2008 and other information required by the rules of the Securities and Exchange Commission. Our Annual Report on Form 10-K is included without exhibits with this proxy statement. Exhibits will be provided, at no charge, upon written request addressed to American Superconductor Corporation, 64 Jackson Road, Devens, MA 01434, Attention: Investor Relations.

Our fiscal year ends on March 31. When we refer to a particular fiscal year, we are referring to the fiscal year ended on March 31 of the following year. For example, fiscal 2007 refers to the fiscal year ended March 31, 2008.

Important Notice Regarding the Availability of Proxy Materials

for the Annual Meeting of Stockholders to Be Held on August 7, 2008:

This proxy statement and our fiscal 2007 annual report are available for viewing, printing and downloading at www.proxyvote.com.

You may request a copy of the materials relating to our Annual Meeting, including the proxy statement and form of proxy for our Annual Meeting and the fiscal 2007 annual report, at www.proxyvote.com or by sending an email to sendmaterial@proxyvote.com or by calling (800) 579-1639.

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

What is the purpose of the Annual Meeting?

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At our Annual Meeting, stockholders will act upon the matters outlined in the accompanying notice of meeting: the election of directors, ratification of our independent registered public accounting firm and consideration of such other business as may properly come before the meeting.

Who is entitled to vote?

Only stockholders of record at the close of business on the record date, June 9, 2008, are entitled to receive notice of the Annual Meeting and to vote their shares of our common stock at the Annual Meeting or any adjournment of the Annual Meeting. Holders of shares of our common stock are entitled to one vote per share.

Table of Contents

Who can attend the meeting?

All stockholders as of the record date, or their duly appointed proxies, may attend the Annual Meeting. Please note that if you hold your shares in street name (through a bank, broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership in American Superconductor as of the record date to be admitted to the Annual Meeting. You may obtain directions to the location of our Annual Meeting by writing our Investor Relations department at 64 Jackson Road, Devens, Massachusetts 01434 or by calling (978) 842-3177.

What constitutes a quorum?

The holders of a majority of the shares of common stock outstanding and entitled to vote at the Annual Meeting shall constitute a quorum for the transaction of business at the Annual Meeting. Shares of common stock represented in person or by proxy (including shares which abstain or do not vote with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum is present at the Annual Meeting. As of the record date, or June 9, 2008, 42,253,881 shares of our common stock were outstanding and entitled to vote.

How do I vote?

If you are a record holder, meaning your shares are registered in your name, you may vote:

(1) **Over the Internet:** Go to the website of our tabulator, Broadridge, at www.proxyvote.com. Use the vote control number printed on your enclosed proxy card to access your account and vote your shares. You must specify how you want your shares voted or your Internet vote cannot be completed and you will receive an error message. Your shares will be voted according to your instructions.

(2) **By Telephone:** Call 1-800-690-6903, toll free from the U.S. and Canada, and follow the instructions on your enclosed proxy card. You must specify how you want your shares voted and confirm your vote at the end of the call or your telephone vote cannot be completed. Your shares will be voted according to your instructions.

(3) **By Mail:** Complete and sign your enclosed proxy card and mail it in the enclosed postage prepaid envelope to Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Your shares will be voted according to your instructions. If you do not specify how you want your shares voted, they will be voted as recommended by our Board of Directors.

(4) **In Person at the Annual Meeting:** If you attend the Annual Meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which we will provide to you at the Annual Meeting.

If your shares are held in street name, meaning they are held for your account by a broker or other nominee, you may vote:

(1) **Over the Internet or by Telephone:** You will receive instructions from your broker or other nominee if they permit Internet or telephone voting. You should follow those instructions.

(2) **By Mail:** You will receive instructions from your broker or other nominee explaining how you can vote your shares by mail. You should follow those instructions.

(3) **In Person at the Annual Meeting:** To be able to vote your shares held in street name in person at the Annual Meeting, you will need to obtain a proxy card (separate from the proxy card supplied by us) that is prepared and supplied by your bank, broker or other nominee. **You will not be able to vote in person at the Annual Meeting unless you have a proxy from your bank, broker or other nominee issued in your name**

Table of Contents

giving you the right to vote your shares. If you received a paper copy of these proxy materials, included with such copy is a proxy card or a voting instruction card for the Annual Meeting. If you received a notice of Internet availability of proxy materials, the notice will contain instructions on how to obtain a paper copy of a proxy card, as well as how to vote over the Internet or by telephone.

Can I change my proxy after I return my proxy card?

Yes. You may revoke your proxy and change your vote at any time before the Annual Meeting. To do so, you must do one of the following:

- (1) Vote over the Internet or by telephone as instructed above. Only your latest Internet or telephone vote is counted.
- (2) Sign a new proxy and submit it as instructed above. Only your latest dated proxy will be counted.
- (3) Attend the Annual Meeting, request that your proxy be revoked and vote in person as instructed above. Attending the Annual Meeting will not revoke your proxy unless you specifically request it.

Will my shares be voted if I don't return my proxy?

If your shares are registered directly in your name, your shares will not be voted if you do not vote over the Internet, by telephone, by returning your proxy or voting by ballot at the Annual Meeting. If your shares are held in street name, your brokerage firm may under certain circumstances vote your shares if you do not return your proxy. Brokerage firms can vote customers' unvoted shares on routine matters. If you do not return a proxy to your brokerage firm to vote your shares, your brokerage firm may, on routine matters, either vote your shares or leave your shares unvoted. Your brokerage firm cannot vote your shares on any matter that is not considered routine.

Proposal 1, election of directors, and Proposal 2, ratification of the selection of our independent registered public accounting firm, are routine matters, and your bank, broker or other nominee may vote your shares on these matters as they so choose in the absence of instruction from you.

What is the vote required to approve each matter?

- (1) **Election of Directors.** The seven nominees receiving the most affirmative votes will be elected as directors at the Annual Meeting.
- (2) **Independent Registered Public Accounting Firm.** The affirmative vote of the holders of a majority of the shares of common stock voting on the matter is required for the ratification of the selection by the Audit Committee of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year.

Shares that abstain from voting as to a particular matter, and shares held in street name by a bank, broker or other nominee which indicates on the proxy that it does not have discretionary authority to vote such shares on a particular matter, will not be counted as votes in favor of such matter, and will not be counted as shares voting on such matter. Accordingly, abstentions and broker non-votes will have no effect on the outcome of voting with respect to the election of directors or the ratification of PricewaterhouseCoopers as our independent registered public accounting firm.

Table of Contents

Are there other matters to be voted on at the meeting?

As of the date of this proxy statement, our Board of Directors does not know of any other matters which may come before the meeting, other than the matters described in this proxy statement. Should any other matter requiring a vote of our stockholders arise and be properly presented at the Annual Meeting, the proxy for the Annual Meeting confers upon the persons named in the proxy and designated to vote the shares discretionary authority to vote, or otherwise act, with respect to any such matter in accordance with their best judgment.

Our Board of Directors encourages stockholders to attend the Annual Meeting. Whether or not you plan to attend, you are urged to submit your proxy. Prompt response will greatly facilitate arrangements for the meeting and your cooperation will be appreciated. Stockholders who attend the Annual Meeting may vote their stock personally even though they have sent in their proxies.

Table of Contents**STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the beneficial ownership of our common stock as of April 30, 2008, or such earlier date as indicated below, by:

each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of the outstanding shares of our common stock;

each of our directors;

our named executive officers (as defined under Information About Executive and Director Compensation Summary Compensation Table below); and

all current directors and executive officers as a group.

Name of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percentage of Common Stock Outstanding (2)
<i>Five Percent Stockholders</i>		
BlackRock, Inc. and its affiliates (3)	6,206,276	14.9%
40 East 52nd Street		
New York, NY 10022		
FMR LLC and its affiliates (4)	5,375,283	12.9%
82 Devonshire Street		
Boston, MA 02109		
Kevin Douglas and related group (5)	3,242,800	7.8%
c/o 125 East Sir Francis Drake Blvd.		
Suite 400		
Larkspur, CA 94903		
Invesco Ltd. and its affiliates (6)	2,143,730	5.2%
1360 Peachtree Street NE		
Atlanta, GA 30309		
<i>Directors</i>		
Gregory J. Yurek (7)	1,583,099	3.7%
Vikram S. Budhraj (8)	41,000	*
Peter O. Crisp (9)	146,603	*
Richard Drouin (10)	99,000	*

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David R. Oliver, Jr. (11)	16,400	*
John B. Vander Sande (12)	50,000	*
John W. Wood, Jr. (13)	15,000	*
<i>Other Named Executive Officers</i>		
David A. Henry (14)	58,114	*
Thomas M. Rosa (15)		*
Charles W. Stankiewicz (16)	129,866	*
Terry M. Winter (17)	30,618	*
Angelo R. Santamaria (18)	79,401	*
Alexis P. Malozemoff (19)	201,119	*
All directors and executive officers as a group (12 persons) (20)	2,445,995	5.6%

* Less than 1%.

Table of Contents

- (1) The inclusion of any shares of common stock deemed beneficially owned does not constitute an admission of beneficial ownership of those shares. In accordance with the rules of the SEC, each stockholder is deemed to beneficially own any shares subject to stock options that are currently exercisable or exercisable within 60 days after April 30, 2008, and any reference below to shares subject to outstanding stock options held by the person in question refers only to such stock options.
- (2) To calculate the percentage of outstanding shares of common stock held by each stockholder, the number of shares deemed outstanding includes 41,570,369 shares outstanding as of April 30, 2008, plus any shares subject to outstanding stock options currently exercisable or exercisable within 60 days after April 30, 2008 held by the stockholder in question.
- (3) Information is derived from the Schedule 13G filed on February 8, 2008 by BlackRock, Inc. and its affiliates and is as of December 31, 2007.
- (4) Information is derived from the Schedule 13G filed on February 14, 2008 by FMR LLC and its affiliates and is as of December 31, 2007.
- (5) Information is derived from responses to a questionnaire submitted to the company by Kevin Douglas, Michelle Douglas, James E. Douglas, III, Douglas Family Trust, James Douglas and Jean Douglas Irrevocable Descendants Trust on May 23, 2008.
- (6) Information is derived from the Schedule 13G filed on February 13, 2008 by Invesco Ltd. and its affiliates PowerShares Capital Management LLC and PowerShares Capital Management Ireland LTD and is as of December 31, 2007. PowerShares Capital Management LLC reports sole voting power and sole dispositive power with respect to 2,141,145 shares. PowerShares Capital Management Ireland LTD reports sole voting power and sole dispositive power with respect to 2,585 shares.
- (7) Includes 120,085 shares held jointly with Dr. Yurek's wife (of which 73,000 shares are subject to certain restrictions on transfer and a repurchase right in favor of American Superconductor), 1,462,262 shares subject to outstanding stock options, and 752 shares held indirectly through American Superconductor's 401(k) plan.
- (8) Includes 30,000 shares subject to outstanding stock options.
- (9) Includes 3,000 shares held by Mr. Crisp's wife and 80,000 shares subject to outstanding stock options. Mr. Crisp disclaims beneficial ownership of the shares held by his wife.
- (10) Includes 80,000 shares subject to outstanding stock options.
- (11) Includes 10,000 shares subject to outstanding stock options.
- (12) Includes 40,000 shares subject to outstanding stock options.
- (13) Includes 10,000 shares subject to outstanding stock options.

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- (14) Includes 55,000 shares subject to certain restrictions on transfer and risk of forfeiture in favor of American Superconductor and 114 shares held indirectly through American Superconductor's 401(k) plan.
- (15) Mr. Rosa, our former principal financial officer, resigned from American Superconductor effective July 9, 2007.
- (16) Includes 76,982 shares subject to outstanding stock options, 8,000 shares subject to certain restrictions on transfer and a repurchase right in favor of American Superconductor and 3,533 shares held indirectly through American Superconductor's 401(k) plan.
- (17) Includes 18,500 shares subject to certain restrictions on transfer and a repurchase right in favor of American Superconductor and 1,410 shares held indirectly through American Superconductor's 401(k) plan. Mr. Winter is no longer an executive officer of American Superconductor, but this information is required to be disclosed because Mr. Winter is a named executive officer.

Table of Contents

- (18) Includes 60,000 shares subject to outstanding stock options, 12,000 shares subject to certain restrictions on transfer and a repurchase right in favor of American Superconductor and 1,401 shares held indirectly through American Superconductor's 401(k) plan.

- (19) Includes 107,000 shares subject to outstanding stock options, 22,500 shares subject to certain restrictions on transfer and a repurchase right in favor of American Superconductor and 3,619 shares held indirectly through American Superconductor's 401(k) plan.

- (20) Includes 1,966,244 shares subject to outstanding stock options, 157,500 shares subject to certain restrictions on transfer and a repurchase right in favor of American Superconductor and 9,812 shares held indirectly through American Superconductor's 401(k) plan.

Table of Contents

CORPORATE GOVERNANCE

Our Board has long believed that good corporate governance is important to ensure that American Superconductor is managed for the long-term benefit of our stockholders. This section describes key corporate governance guidelines and practices that we have adopted. Complete copies of our committee charters, corporate governance guidelines and code of conduct described below have been posted to our website at www.amsc.com. Alternatively, you can request a copy of any of these documents by writing our Investor Relations department at 64 Jackson Road, Devens, Massachusetts 01434 or by calling (978) 842-3177.

Members of the Board

Set forth below, for each director, are his name and age, his positions (if any) with us, his principal occupation and business experience during the past five years, the names of other public companies of which he serves as a director and the year of the commencement of his term as a director of American Superconductor. Each of Messrs. Yurek, Budhraj, Crisp, Drouin, Oliver, Vander Sande and Wood is a nominee for election to the Board at the Annual Meeting.

Gregory J. Yurek, age 61, co-founded American Superconductor in 1987 and has been chief executive officer since December 1989, president since June 2005 and chairman of the Board since October 1991. Dr. Yurek also served as president from March 1989 to February 2004, as vice president and chief technical officer from August 1988 until March 1989 and as chief operating officer from March 1989 until December 1989. Prior to joining American Superconductor, Dr. Yurek was a professor of Materials Science and Engineering at MIT for 12 years. He is a director of Nanosys, Inc. Dr. Yurek has been a director of American Superconductor since 1987.

Vikram S. Budhraj, age 60, has been president of Electric Power Group, LLC, a Pasadena, California-based consulting firm that provides management and strategic consulting services to the electric power industry, since January 2000. From 1977 to January 2000, Mr. Budhraj served in several key senior management positions at Edison International, the parent company of Southern California Edison, including: president of Edison Technology Solutions; senior vice president and head of the Power Grid Business Unit of Southern California Edison; and vice president of System Planning, Fuels and Operations of Southern California Edison. He chairs the Consortium for Electric Reliability Technology Solutions (CERTS) and worked with the U.S.-Canadian Power Systems Outage Task Force that was formed to investigate the root causes of the August 14, 2003 power blackout in the Northeast. Mr. Budhraj has previously served as a director of several organizations, including the California Independent System Operator Corporation and SoftSwitching Technologies. Mr. Budhraj has been a director of American Superconductor since March 2004.

Peter O. Crisp, age 75, served as vice chairman of Rockefeller Financial Services, Inc. from December 1997 until September 2004. From 1969 to 1997, he was a general partner of Venrock Associates, a venture capital firm based in New York. Mr. Crisp served as a director of United States Trust Corporation until August 2004. He is currently a director of several private companies. Mr. Crisp has been a director of American Superconductor since 1987.

Richard Drouin, age 76, is counsel at McCarthy Tétrault, a Canadian law firm. Until December 2006, he was chairman of Abitibi Consolidated, the world's largest newsprint manufacturer. Mr. Drouin was the chairman and chief executive officer of Hydro-Quebec, a public electric utility based in Canada, from April 1988 to September 1995. He is a director of Gesca and President's Choice Bank, chairman of the board of Stonebridge Financial and chairman of the Board of Trustees of the North American Electric Reliability Corporation. Mr. Drouin has been a director of American Superconductor since 1996.

David R. Oliver, Jr., age 66, has been executive vice president of European Aeronautic Defense and Space Company North America (EADS NA) since January 2008. Mr. Oliver served as chief operating officer of the

Table of Contents

defense division of EADS NA for most of the four years preceding January 2008 except when he was running the EADS portion of the capture effort for the Air Force Tanker program (one of the largest Defense programs ever completed). Before joining EADS NA, Mr. Oliver was stationed in Baghdad as Director of Management and Budget for the Coalition Forces. Prior to that, he served as the United States Principal Deputy Under Secretary of Defense for Acquisition and Technology. Mr. Oliver also previously held management positions at both Westinghouse Electric and Northrop Grumman. In the Navy, he commanded both diesel and nuclear submarines as well as two submarine groups in the Cold War. His last Navy appointment was as Principal Deputy to the Assistant Secretary of the Navy for Research, Development and Acquisition. Rear Admiral (retired) Oliver's military decorations include the Defense and Navy Distinguished Service Medals as well as six awards of the Legion of Merit. Mr. Oliver has been a director of American Superconductor since September 2006.

John B. Vander Sande, age 64, co-founded American Superconductor. He is the Cecil and Ida Green Distinguished Professor of Material Science, emeritus, at MIT specializing in the microstructure of materials and was associate dean and acting dean of engineering at MIT from 1992 to 1999. He was founding executive director of the Cambridge-MIT Institute from 1999 to January 2003. Dr. Vander Sande has been a director of American Superconductor since 1990.

John W. Wood, Jr., age 64, served as chief executive officer of Analogic Corporation, a leading designer and manufacturer of medical imaging and security systems, from 2003 through 2006, and is currently a consultant. Prior to joining Analogic, he held senior executive positions over a 22-year career at Thermo Electron Corporation. Most recently, Mr. Wood served as president of Peek Ltd., a division of Thermo Electron Corporation, and as a senior vice president of the parent company. He previously served as president and chief executive officer of Thermedics, a subsidiary of Thermo Electron. Mr. Wood is a director of ESCO Corporation. Mr. Wood has been a director of American Superconductor since December 2006.

Corporate Governance Guidelines

Our Board has adopted corporate governance guidelines to assist in the exercise of its duties and responsibilities and to serve the best interests of American Superconductor and our stockholders. These guidelines, which provide a framework for the conduct of the Board's business, provide that:

the principal responsibility of our directors is to oversee the management of our company;

a majority of the members of the Board shall be independent directors;

the independent directors meet regularly in executive session;

the Board, in conjunction with the Compensation Committee, shall be responsible for reviewing and approving a management succession plan, including succession planning for our chief executive officer;

directors have full and free access to management and, as necessary and appropriate, independent advisors;

new directors participate in an orientation program and all directors are expected to participate in continuing director education on an ongoing basis; and

at least annually, the Board and its committees will conduct a self-evaluation to determine whether they are functioning effectively.

Board Determination of Independence

Under applicable NASDAQ rules, a director will only qualify as an independent director if, in the opinion of the Board, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board

has determined that Mr. Budhreja, Mr. Crisp, Mr. Drouin, Mr. Oliver, Dr. Vander Sande and Mr. Wood do not have relationships that would

Table of Contents

interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an independent director as defined under Rule 4200(a)(15) of the NASDAQ Stock Market, Inc. Marketplace Rules.

Director Nomination Process

The process followed by our Nominating and Corporate Governance Committee to identify and evaluate director candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates, and interviews of selected candidates by members of the Nominating and Corporate Governance Committee and the Board.

In considering whether to recommend any particular candidate for inclusion in the Board's slate of recommended director nominees, the Nominating and Corporate Governance Committee applies criteria set forth in our corporate governance guidelines, such as the candidate's integrity, business acumen, knowledge of our business and industry, experience, diligence, interest and ability to understand conflicts of interest and ability to act in the interests of all stockholders. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

Stockholders may recommend director candidates for consideration by the Nominating and Corporate Governance Committee of our Board by submitting the stockholder's name, address and number of shares of our stock held, as well as any other information required by our bylaws, and the candidate's name, age, address and resume to our Corporate Secretary at American Superconductor Corporation, 64 Jackson Road, Devens, Massachusetts 01434. If our Board decides to nominate a stockholder-recommended candidate, then we will include his or her name in the proxy statement and proxy card for the next annual meeting.

Stockholders also have the right under our bylaws to directly nominate director candidates, without any action or recommendation on the part of the Nominating and Corporate Governance Committee or the Board, by following the procedures set forth under Stockholder Proposals for 2009 Annual Meeting. Candidates nominated by stockholders in accordance with the procedures set forth in our bylaws will not be included in our proxy statement or proxy card for the next annual meeting.

Board Meetings and Attendance

Our Board met nine times during fiscal 2007, either in person or by teleconference. During fiscal 2007, each director attended at least 92% of the aggregate of the number of Board meetings and the number of meetings held by all committees on which he then served.

Director Attendance at Annual Meeting of Stockholders

All of our directors attended the 2007 Annual Meeting of Stockholders. Our corporate governance guidelines provide that directors are expected to attend the Annual Meeting of Stockholders.

Board Committees

Our Board has established three standing committees—Audit, Compensation, and Nominating and Corporate Governance—each of which operates under a charter that has been approved by the Board. Current copies of each committee's charter are posted on the Corporate Governance section of our website, www.amsc.com. The Board has determined that all of the members of each of the Board's three standing committees are independent as defined under the rules of the NASDAQ Stock Market, including, in the case of

Table of Contents

all members of the Audit Committee, the independence requirements contemplated by Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Audit Committee

The Audit Committee's responsibilities include:

sole and direct responsibility for appointing, compensating, evaluating, retaining and, when necessary, terminating the engagement of our independent registered public accounting firm;

taking, or recommending that the full Board take, appropriate action to oversee the independence of our independent registered public accounting firm;

sole and direct responsibility for overseeing the work of our independent registered public accounting firm, including resolution of disagreements between our management and independent registered public accounting firm regarding financial reporting;

reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;

monitoring our internal control over financial reporting, disclosure controls and procedures, and code of business conduct and ethics;

overseeing our internal audit function;

establishing procedures for the receipt, retention and treatment of accounting-related complaints and concerns;

meeting independently with our internal auditing staff, independent registered public accounting firm and management;

reviewing and approving or ratifying related person transactions; and

preparing the Audit Committee Report required by SEC rules (which is included on page 13 of this proxy statement).

The current members of the Audit Committee are Mr. Wood (chairman), Dr. Vander Sande and Mr. Oliver. The Audit Committee met nine times during fiscal 2007. The Board has determined that Mr. Wood is an audit committee financial expert as defined in applicable SEC rules.

Compensation Committee

The Compensation Committee's responsibilities include:

reviewing and making a recommendation to the Board with respect to the chief executive officer's compensation;

reviewing and approving the compensation of our other executive officers;

overseeing an evaluation of our senior executives;

overseeing and administering our incentive compensation and equity-based plans;

retaining, if desired, any compensation consultant to be used to assist in the evaluation of executive officer compensation;

reviewing and making recommendations to the Board with respect to director compensation;

reviewing and making recommendations, upon the Board's request, to the Board relating to management succession planning;

Table of Contents

reviewing and discussing annually with management our Compensation Discussion and Analysis, which is included beginning on page 15 of this proxy statement; and

preparing the Compensation Committee Report required by SEC rules, which is included on page 31 of this proxy statement. The current members of the Compensation Committee are Mr. Crisp (chairman), Mr. Drouin, Dr. Vander Sande and Mr. Budhraj. The Compensation Committee met five times during fiscal 2007.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's responsibilities include:

recommending to the Board the persons to be nominated for election as directors at any meeting of stockholders and the persons to be elected by the Board to fill any vacancies on the Board;

recommending to the Board the persons to be elected to each of the Board's committees;

developing and recommending to the Board a set of corporate governance guidelines applicable to us; and

overseeing the evaluation of the Board.

The current members of the Nominating and Corporate Governance Committee are Mr. Drouin (chairman), Mr. Crisp and Mr. Wood. The Nominating and Corporate Governance Committee met four times during fiscal 2007.

Executive Compensation Process

The Compensation Committee has implemented an annual performance review program for our executives, under which annual performance objectives are determined and set forth in writing at the beginning of each fiscal year for American Superconductor as a whole and for each executive individually. Annual corporate objectives are proposed by management, reviewed by the Compensation Committee and approved by the Board. These corporate objectives target the achievement of specific operational milestones. Annual individual objectives focus on contributions that facilitate the achievement of the corporate objectives and are set during the first quarter of each fiscal year. Individual measurable objectives are proposed by each executive, reviewed by the chief executive officer, and formed on the basis of recommendations to the Compensation Committee and the Board with regard to executive compensation. Annual salary increases, annual bonuses, and annual stock option grants and restricted stock grants to our executives are tied to the achievement of these corporate and individual performance objectives.

The Compensation Committee has delegated to Mr. Yurek, our chief executive officer, the authority to make stock option grants and grants of restricted stock awards under our stock incentive plans other than the 2007 Director Stock Plan, subject to limitations set by the Compensation Committee, to our employees other than executive officers.

The Compensation Committee has the authority to retain compensation consultants and other outside advisors to assist in the evaluation of executive officer compensation.

Communicating with the Independent Directors

Our Board will give appropriate attention to written communications that are submitted by stockholders, and will respond if and as appropriate. Our chief financial officer is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors as he considers appropriate.

Table of Contents

Under procedures approved by a majority of the independent directors, communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that our chief financial officer considers to be important for the directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which we tend to receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to the Board should address such communications to the Board c/o Chief Financial Officer, American Superconductor Corporation, 64 Jackson Road, Devens, Massachusetts 01434.

Code of Business Conduct and Ethics

We have adopted a written Code of Business Conduct and Ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial and accounting officer, or persons performing similar functions. We have posted a current copy of the code on our website, which is located at www.amsco.com. In addition, we intend to post on our website all disclosures that are required by law or NASDAQ Stock Market listing standards concerning any amendments to, or waivers from, any provision of our code.

Audit Committee Report

The Audit Committee has reviewed American Superconductor's audited financial statements for the fiscal year ended March 31, 2008 and has discussed these financial statements with management and American Superconductor's independent registered public accounting firm.

Management is responsible for American Superconductor's internal controls and the financial reporting process, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles, or GAAP. American Superconductor's independent registered public accounting firm is responsible for performing an independent audit of American Superconductor's financial statements in accordance with GAAP and issuing a report on those financial statements. As appropriate, the Audit Committee reviews and evaluates, and discusses with American Superconductor's management, internal accounting, financial and auditing personnel, and the independent registered public accounting firm, the following:

the plan for, and the independent registered public accounting firm's report on, each audit of American Superconductor's financial statements;

American Superconductor's financial disclosure documents, including all financial statements and reports filed with the SEC or sent to shareholders;

changes in American Superconductor's accounting practices, principles, controls or methodologies;

significant developments or changes in accounting rules applicable to us; and

the adequacy of American Superconductor's internal controls and accounting, financial and auditing personnel.

Management represented to the Audit Committee that American Superconductor's financial statements had been prepared in accordance with GAAP.

The Audit Committee also discussed with PricewaterhouseCoopers LLP, American Superconductor's independent registered public accounting firm, American Superconductor's audited financial statements and the matters required to be discussed by applicable accounting standards and Audit Committee rules, including the matters required by Statement on Auditing Standards 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

Table of Contents

American Superconductor's independent registered public accounting firm also provided the Audit Committee with the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*), as adopted by the Public Company Accounting Oversight Board in Rule 3600T, and has discussed with American Superconductor's independent registered public accounting firm their independence.

Based on its discussions with management and the independent registered public accounting firm, and its review of the representations and information provided by management and the independent registered public accounting firm, the Audit Committee recommended to the Board of Directors of American Superconductor that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2008.

By the Audit Committee of the Board.

John W. Wood, Jr., *Chairman*

John B. Vander Sande

David R. Oliver, Jr.

Table of Contents

INFORMATION ABOUT EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis