



September 16, 2014

## **AMSC Provides Update on Litigation With Sinovel Wind Group, Ltd**

DEVENS, Mass., Sept. 16, 2014 (GLOBE NEWSWIRE) -- AMSC (Nasdaq:AMSC), a global solutions provider serving wind and power grid industry leaders, today issued several updates regarding its litigation with Sinovel Wind Group, Ltd (Sinovel). In the trade secret infringement case, the Beijing Higher People's Court upheld AMSC's position by rejecting Sinovel's appeal to transfer the case to the Beijing Arbitration Commission. Additionally, the first substantive hearing in the Beijing copyright infringement case took place at the Beijing No. 1 Intermediate People's Court. Finally, in the U.S. Department of Justice's case against Sinovel, members of its senior management team, and AMSC's former employee, the United States District Court for the Western District of Wisconsin upheld an earlier ruling that the service of summons of the criminal complaint was valid.

### **Trade Secret Infringement Case**

The trade secret infringement case, filed in September 2011, alleges Sinovel's and certain of its employees' unauthorized use of portions of the Company's wind turbine control software source code developed for Sinovel's 1.5 MW wind turbines. In July 2012, Sinovel filed a jurisdiction opposition motion to remove this case from the Beijing No. 1 Intermediate People's Court and to transfer the matter to the Beijing Arbitration Commission. In February 2014, the Beijing No.1 Intermediate People's Court rejected Sinovel's motion in light of China Supreme People's Court January 2014 rulings in favor of AMSC on similar jurisdictional issues in the two civil copyright infringement cases discussed below. Sinovel appealed the Beijing No. 1 Intermediate People's Court decision to the Beijing Higher People's Court in March 2014. The Beijing Higher People's Court upheld the Beijing No. 1 Intermediate People's Court's ruling that the dispute will be heard by the Beijing Courts separate from the commercial arbitration claims. AMSC is seeking approximately US\$450 million in monetary damages in the trade secret infringement case.

### **Copyright Infringement Cases**

AMSC's two software copyright infringement cases, one in Beijing and one in Hainan, went through comparable appeals on similar jurisdictional grounds as the trade secret infringement case. AMSC's case in Beijing is against Sinovel; its case in Hainan is against Sinovel and Guotong Electric Co Ltd (Guotong). In February 2014, China's Supreme People's Court decided in favor of AMSC on the jurisdiction of both software copyright infringement cases. Similar to the trade secret infringement case, Sinovel filed motions to remove the cases from the Beijing and Hainan courts and transfer the cases to the Beijing Arbitration Commission. In those cases, the Supreme People's Court ruled that the cases will be heard as copyright infringement cases separate from the commercial arbitration claims. On September 15, 2014, the Beijing No. 1 Intermediate People's Court held its first substantive hearing in the Beijing case. At the hearing, the parties presented evidence, reviewed claims, and answered questions from the court. The Hainan case is expected to be heard in the Hainan court system. AMSC is seeking approximately US\$6 million in monetary damages in the Beijing copyright infringement case and US\$200,000 in monetary damages in the Hainan copyright infringement case.

### **U.S. Department of Justice Case**

In June 2013, Sinovel, members of its senior management team, and AMSC's former employee were indicted by a Grand Jury for the theft of AMSC's trade secrets. Sinovel challenged the jurisdiction of the service of summons, contending that the government's service attempt was inadequate, and as a result, that the U.S. government lacks jurisdiction to proceed. In May of 2014, a magistrate judge rejected Sinovel's challenge. Sinovel appealed the decision and in September 2014, the District Judge upheld the decision of the magistrate judge. Sinovel immediately appealed this ruling to the United States Court of Appeals for the Seventh Circuit.

### **[About AMSC \(NASDAQ: AMSC\)](#)**

AMSC generates the ideas, technologies and solutions that meet the world's demand for smarter, cleaner ... better energy. Through its Windtec™ Solutions, AMSC provides wind turbine electronic controls and systems, designs and engineering services that reduce the cost of wind energy. Through its Gridtec™ Solutions, AMSC provides the engineering planning services and advanced grid systems that optimize network reliability, efficiency, and performance. The company's solutions are now powering gigawatts of renewable energy globally and enhancing the performance and reliability of power networks in more than a dozen countries. Founded in 1987, AMSC is headquartered near Boston, Massachusetts with operations in Asia, Australia, Europe and North America. For more information, please visit <http://www.amsc.com>.

AMSC, Windtec and Gridtec are trademarks or registered trademarks of American Superconductor Corporation. All other brand names, product names, trademarks or service marks belong to their respective holders.

*This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The statements in this release regarding where the Hainan software copyright infringement case is expected to be heard, and other 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. Such forward-looking statements represent management's current expectations and are inherently uncertain. There are a number of important factors that could materially impact the value of our common stock or cause actual results to differ materially from those indicated by such forward-looking statements. Such factors include: We have a history of operating losses, which may continue in the future. Our operating results may fluctuate significantly from quarter to quarter and may fall below expectations in any particular fiscal quarter; we have a history of negative operating cash flows, and we may require additional financing in the future, which may not be available to us; Our Term Loans include certain covenants and other events of default. Should we not comply with these covenants or incur an event of default, we may be required to repay our obligation in cash, which could have an adverse effect on our liquidity; We may be required to issue performance bonds or provide letters of credit, which restricts our ability to access any cash used as collateral for the bonds or letters of credit; Changes in exchange rates could adversely affect our results from operations; If we fail to maintain proper and effective internal controls over financial reporting, our ability to produce accurate and timely financial statements could be impaired and may lead investors and other users to lose confidence in our financial data; Our success in addressing the wind energy market is dependent on the manufacturers that license our designs; Our success is dependent upon attracting and retaining qualified personnel and our inability to do so could significantly damage our business and prospects; We may not realize all of the sales expected from our backlog of orders and contracts; Our financial condition may have an adverse effect on our customer and supplier relationships; Failure to successfully execute the consolidation of our Grid manufacturing operations or achieve expected savings could adversely impact our financial performance; Our business and operations would be adversely impacted in the event of a failure or security breach of our information technology infrastructure; We may not be able to launch operations at our newly leased manufacturing facility in Romania, and, if we are able to do so, we may have manufacturing quality issues, which would negatively affect our revenues and financial position; We rely upon third-party suppliers for the components and subassemblies of many of our Wind and Grid products, making us vulnerable to supply shortages and price fluctuations, which could harm our business; Many of our revenue opportunities are dependent upon subcontractors and other business collaborators; If we fail to implement our business strategy successfully, our financial performance could be harmed; Problems with product quality or product performance may cause us to incur warranty expenses and may damage our market reputation and prevent us from achieving increased sales and market share; New regulations related to conflict-free minerals may force us to incur significant additional expenses; Our contracts with the U.S. government are subject to audit, modification or termination by the U.S. government and include certain other provisions in favor of the government. The continued funding of such contracts remains subject to annual congressional appropriation which, if not approved, could reduce our revenue and lower or eliminate our profit; Many of our customers outside of the United States are, either directly or indirectly, related to governmental entities, and we could be adversely affected by violations of the United States Foreign Corrupt Practices Act and similar worldwide anti-bribery laws outside the United States; We have limited experience in marketing and selling our superconductor products and system-level solutions, and our failure to effectively market and sell our products and solutions could lower our revenue and cash flow; We may acquire additional complementary businesses or technologies, which may require us to incur substantial costs for which we may never realize the anticipated benefits; Our success depends upon the commercial use of high temperature superconductor (HTS) products, which is currently limited, and a widespread commercial market for our products may not develop; Growth of the wind energy market depends largely on the availability and size of government subsidies and economic incentives; We have operations in and depend on sales in emerging markets, including China and India, and global conditions could negatively affect our operating results or limit our ability to expand our operations outside of these countries. Changes in China's or India's political, social, regulatory and economic environment may affect our financial performance; Our products face intense competition, which could limit our ability to acquire or retain customers; Our international operations are subject to risks that we do not face in the United States, which could have an adverse effect on our operating results; Adverse changes in domestic and global economic conditions could adversely affect our operating results; We may be unable to adequately prevent disclosure of trade secrets and other proprietary information; Our patents may not provide meaningful protection for our technology, which could result in us losing some or all of our market position; There are a number of technological challenges that must be successfully addressed before our superconductor products can gain widespread commercial acceptance, and our inability to address such technological challenges could adversely affect our ability to acquire customers for our products; We have not manufactured our Amperium wire in commercial quantities, and a failure to manufacture our Amperium wire in commercial quantities at acceptable cost and quality levels would substantially limit our future revenue and profit potential; Third parties have or may acquire patents that cover the materials, processes and technologies we use or may use in the future to manufacture our Amperium products, and our success depends on our ability to license such patents or other proprietary rights; Our technology and products could infringe intellectual property rights of others, which may require costly litigation and, if we are not successful, could cause us to pay substantial damages and disrupt our business; We have filed a demand for arbitration and other lawsuits against our former largest customer, Sinovel, regarding amounts we contend are overdue. We cannot be certain as to the outcome of these proceedings; We have been named as a party in various legal proceedings, and we may be named in additional litigation, all of which will require significant management time and attention, result in significant legal expenses and may result in an unfavorable outcome, which could have a material adverse effect on our business, operating results and financial condition; Our common stock has experienced, and may continue to experience, significant market price and volume fluctuations, which may prevent our stockholders from selling our common stock at a profit and could lead to costly litigation against us that could divert our management's attention.*

*These and the important factors discussed under the caption "Risk Factors" in Part 1. Item 1A of our Form 10-K for the fiscal year ended March 31, 2014, and our other reports filed with the SEC, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. Any such forward-looking statements represent management's estimates as of the date of this press release. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.*

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