March 19, 2014

AMSC Announces Strategic Operational Initiatives and Guidance Update

Consolidating U.S. Grid Manufacturing and Product Development

Opening New Production Center in Romania for Global Wind Market; Manufacturing Operations in China to be Dedicated to Chinese OEMs

DEVENS, Mass., March 19, 2014 (GLOBE NEWSWIRE) -- AMSC (Nasdaq:AMSC) today announced a series of strategic operational initiatives designed to better capitalize on emerging opportunities in the wind and grid businesses. These measures include consolidation of the Company's U.S. grid manufacturing and product development program and diversification of its international wind power manufacturing operations. Separate from these steps, AMSC expects that, exclusive of proceeds, if any, from sales of stock under the Company's At-the-Market facility, it will be net cash flow positive for the fourth quarter of fiscal 2013 ending March 31, 2014, driven primarily by cash generated from working capital. AMSC believes that it must grow revenue beyond current levels to achieve sustainable positive cash flows.

As part of its Gridtec Solutions consolidation, AMSC expects to close its facility in Middleton, Wisconsin by December 31, 2014 and transition that unit to its headquarters in Devens, Massachusetts. The Company's New Berlin facility remains unaffected. All of AMSC's employees in Middleton are expected to be offered the opportunity to relocate to Massachusetts. AMSC believes that it can most effectively leverage its Gridtec Solutions team, and realize important synergies in new product development, by having those employees in one location. Separately, AMSC also undertook a reduction in force in its Massachusetts facility.

As part of the diversification of its wind power manufacturing operation, AMSC is establishing a wind turbine electrical control systems manufacturing center in Timisoara, Romania. Expected to be operational in fiscal 2014, the Timisoara plant will make electrical control systems for AMSC's wind customers located outside of China. AMSC's China facility will continue to support the Chinese wind market and headcount is being adjusted accordingly. Customers outside of China will continue to have their systems manufactured in China until the new facility is operational. These actions are not expected to increase overall wind manufacturing costs. The Company's Windtec Solutions product development and support efforts remain unaffected.

By expanding its manufacturing footprint into Eastern Europe, AMSC is enhancing its distribution capabilities and its global reach in a region that is a target market for its wind and grid products. Romania is a European Union member state and cost-efficient manufacturing location with a highly skilled workforce.

As a result of these actions, AMSC expects to reduce its net headcount between 5% and 10% by December 31, 2014. During this same period of time, AMSC expects to record restructuring and other charges associated with these actions for severance, facility closure, relocation, operating inefficiencies, and other costs of between $4 million and $6 million, excluding any non-cash impairment charges which have yet to be determined. Of these charges, AMSC expects to record approximately $1 million in restructuring charges in the fourth quarter of fiscal 2013. Once these actions are completed, AMSC expects to fully realize approximately $3 million of annualized cost savings starting in the fourth quarter of fiscal 2014.

Company Updates Financial Guidance

AMSC also announced that for the fourth quarter of fiscal 2013 ending March 31, 2014, it expects its revenues to be in the range of $14 to $16 million. Including the restructuring charge referred to above and a non-cash charge of approximately $5 million for a loss on the extinguishment of the Company's convertible note, the Company expects its net loss for the fourth quarter of fiscal 2013 to be in the range of $20 million to $22 million, or $0.27 to $0.30 per share. Excluding these and other unusual charges, AMSC expects that its non-GAAP net loss in the fourth quarter of fiscal 2013 to be in a range of $10 million to $12 million or $0.14 to $0.16 per share. AMSC expects that, exclusive of proceeds, if any, from sales of stock under the Company's At-the-Market facility, it will be net cash flow positive for the fourth quarter of fiscal 2013 ending March 31, 2014, driven primarily by cash generated from working capital. The Company is not providing specific guidance with respect to cash flows in any future periods beyond the fourth quarter of fiscal 2013. Refer to the table below for a reconciliation of forecast GAAP net loss to non-GAAP net loss.

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 are 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 www.amsc.com.

AMSC, Windtec, Gridtec, and Smarter, Cleaner … Better Energy 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"). Any statements in this release about future expectations, plans, prospects, and additional financing arrangements for the Company, including without limitation our beliefs regarding our expectations regarding the Company's restructuring actions, including the costs and timing of the actions, expectations regarding synergies as a result of the Company's consolidation, product and market plans, beliefs regarding our expected financial results and liquidity, expectations that the Company will be net cash flow positive in the fourth quarter of fiscal 2013 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 experienced recurring operating losses and recurring negative cash flows from operations which raise substantial doubt about our ability to continue as a going concern. This substantial doubt has resulted in a qualified opinion from our auditors with an explanatory paragraph regarding our ability to continue as a going concern. We believe this opinion may have an adverse effect on our customer and supplier relationships; our success in addressing the wind energy market is dependent on the manufacturers that license our designs; we may not realize all of the sales expected from our backlog of orders and contracts; our business and operations would be adversely impacted in the event of a failure or security breach of our information technology infrastructure; our success is dependent upon attracting and retaining qualified personnel and our inability to do so could significantly damage our business and prospects; 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; 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; 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 have experienced recurring losses from operations and negative operating cash flow; these factors raise substantial doubt regarding our ability to continue as a going concern; we have a history of operating losses, and we may incur additional losses in the future; our operating results may fluctuate significantly from quarter to quarter and may fall below expectations in any particular fiscal quarter; we may require additional funding in the future and may be unable to raise capital when needed; our debt obligations include certain covenants and other events of default. Should we not comply with the covenants or incur an event of default, we may be required to repay our debt obligations in cash, which could have an adverse effect on our liquidity; 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; 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; growth of the wind energy market depends largely on the availability and size of government subsidies and economic incentives; we depend on sales to customers in China, and global conditions could negatively affect our operating results or limit our ability to expand our operations outside of China; changes in China'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; the commercial uses of superconductor products are limited today, and a widespread commercial market for our products may not develop; 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 to purported stockholder class actions and stockholder derivative complaints, 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 7% convertible note contains warrants and provisions that could limit our ability to repay the note in shares of common stock and should the note be repaid in stock, shareholders could experience significant dilution; 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, 2013, 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.*

RECONCILIATION OF FORECAST GAAP NET LOSS TO NON-GAAP NET LOSS

(In millions, except per share data)

	Three months ending March 31, 2014	
	High	**Low**
Net loss	($22.0)	($20.0)
Restructuring and impairment charges	$1.0	$1.0
Amortization of acquisition-related intangibles	$0.1	$0.1
Stock-based compensation	$3.5	$3.5
Non-cash interest expense	$1.5	$1.5
Loss on extinguishment of debt	$5.0	$5.0
Consumption of zero-cost inventory	($1.1)	($1.1)
Non-GAAP net loss	($12.0)	($10.0)
Non-GAAP net loss per share	($0.16)	($0.14)
Weighted average shares outstanding	73.0	73.0

Note: Non-GAAP net loss is defined by the company as net loss before restructuring and impairment charges; amortization of acquisition-related intangibles; stock-based compensation; non-cash interest expense; loss on extinguishment of debt; and consumption of zero cost-basis inventory; change in fair value of derivatives and warrants and other unusual charges; net of any tax effects related to these items. The company believes non-GAAP net loss assists management and investors in comparing the company's performance across reporting periods on a consistent basis by excluding these non-cash or other non-recurring charges that it does not believe are indicative of its core operating performance. The company also regards non-GAAP net loss as a useful measure of operating performance and cash flow to complement operating loss, net loss and other GAAP financial performance measures. In addition, the company uses non-GAAP net loss as a factor in evaluating management's performance when determining incentive compensation and to evaluate the effectiveness of its business strategies.

Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP measures included in this release, however, should be considered in addition to, and not as a substitute for or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP. A reconciliation of non-GAAP to GAAP net loss is set forth in the table above.

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