

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: **December 31, 2015**

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____.

Commission File Number: **0-19672**

American Superconductor Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

64 Jackson Road, Devens, Massachusetts
(Address of principal executive offices)

04-2959321
(I.R.S. Employer
Identification No.)

01434
(Zip Code)

(978) 842-3000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Shares outstanding of the Registrant's common stock:

Common Stock, par value \$0.01 per share
Class

14,042,359

Outstanding as of February 4, 2016

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AMERICAN SUPERCONDUCTOR CORPORATION
PART I — FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31, 2015	March 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 36,437	\$ 20,490
Accounts receivable, net	17,052	9,879
Inventory	15,238	20,596
Prepaid expenses and other current assets	5,611	10,764
Restricted cash	433	2,822
Total current assets	74,771	64,551
Property, plant and equipment, net	51,204	56,097
Intangibles, net	996	1,422
Restricted cash	795	1,236
Deferred tax assets	7,766	7,766
Other assets	303	2,753
Total assets	\$ 135,835	\$ 133,825
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 20,723	\$ 21,615
Note payable, current portion, net of discount of \$83 as of December 31, 2015 and \$244 as of March 31, 2015	3,584	3,756
Derivative liabilities	2,590	2,999
Deferred revenue	10,676	11,019
Deferred tax liabilities	7,843	7,843
Total current liabilities	45,416	47,232
Note payable, net of discount of \$161 as of December 31, 2015 and \$290 as of March 31, 2015	1,339	3,877
Deferred revenue	3,261	2,756
Other liabilities	790	67
Total liabilities	50,806	53,932
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock	141	96
Additional paid-in capital	1,011,016	985,921
Treasury stock, at cost	(881)	(771)
Accumulated other comprehensive loss	(425)	(308)
Accumulated deficit	(924,822)	(905,045)
Total stockholders' equity	85,029	79,893
Total liabilities and stockholders' equity	\$ 135,835	\$ 133,825

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

AMERICAN SUPERCONDUCTOR CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	<u>Three months ended December 31,</u>		<u>Nine months ended December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues	\$ 25,772	\$ 21,250	\$ 68,499	\$ 45,401
Cost of revenues	19,263	18,094	55,758	43,953
Gross Profit	6,509	3,156	12,741	1,448
Operating expenses:				
Research and development	2,759	2,795	8,924	8,993
Selling, general and administrative	7,023	7,550	21,331	23,534
Arbitration award expense	-	-	-	10,188
Restructuring and impairments	-	507	779	5,416
Amortization of acquisition related intangibles	39	39	118	118
Total operating expenses	9,821	10,891	31,152	48,249
Operating loss	(3,312)	(7,735)	(18,411)	(46,801)
Change in fair value of derivatives and warrants	(1,092)	2,288	409	3,048
Gain on sale of minority interest	2,511	-	2,511	-
Interest expense, net	(238)	(525)	(841)	(1,555)
Other (expense) income, net	(20)	(209)	(1,189)	379
Loss before income tax expense	(2,151)	(6,181)	(17,521)	(44,929)
Income tax expense	806	172	2,256	363
Net loss	<u>\$ (2,957)</u>	<u>\$ (6,353)</u>	<u>\$ (19,777)</u>	<u>\$ (45,292)</u>
Net loss per common share				
Basic	<u>\$ (0.22)</u>	<u>\$ (0.72)</u>	<u>\$ (1.52)</u>	<u>\$ (5.50)</u>
Diluted	<u>\$ (0.22)</u>	<u>\$ (0.72)</u>	<u>\$ (1.52)</u>	<u>\$ (5.50)</u>
Weighted average number of common shares outstanding				
Basic	<u>13,539</u>	<u>8,764</u>	<u>13,052</u>	<u>8,228</u>
Diluted	<u>13,539</u>	<u>8,764</u>	<u>13,052</u>	<u>8,228</u>

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

AMERICAN SUPERCONDUCTOR CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(In thousands)

	Three months ended December 31,		Nine months ended December 31,	
	2015	2014	2015	2014
Net loss	\$ (2,957)	\$ (6,353)	\$ (19,777)	\$ (45,292)
Other comprehensive loss, net of tax:				
Foreign currency translation losses	(436)	(188)	(117)	(1,279)
Total other comprehensive loss, net of tax	(436)	(188)	(117)	(1,279)
Comprehensive loss	<u>\$ (3,393)</u>	<u>\$ (6,541)</u>	<u>\$ (19,894)</u>	<u>\$ (46,571)</u>

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

AMERICAN SUPERCONDUCTOR CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Nine months ended December 31,	
	2015	2014
Cash flows from operating activities:		
Net loss	\$ (19,777)	\$ (45,292)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	6,050	7,298
Stock-based compensation expense	2,542	4,620
Impairment of minority interest investment	746	3,464
Provision for excess and obsolete inventory	1,835	1,401
Write-off prepaid taxes	289	-
(Gain on sale)/loss from minority interest investment	(2,155)	644
Change in fair value of derivatives and warrants	(409)	(3,048)
Non-cash interest expense	290	490
Other non-cash items	694	(838)
Changes in operating asset and liability accounts:		
Accounts receivable	(7,156)	(3,434)
Inventory	3,288	(7,598)
Prepaid expenses and other current assets	5,800	(3,072)
Accounts payable and accrued expenses	(34)	5,694
Accrued arbitration liability	-	10,328
Deferred revenue	198	8,409
Net cash used in operating activities	<u>(7,799)</u>	<u>(20,934)</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(788)	(681)
Proceeds from the sale of property, plant and equipment	30	20
Change in restricted cash	2,832	4,700
Proceeds from sale of minority-interest	2,511	-
Change in other assets	271	316
Net cash provided by investing activities	<u>4,856</u>	<u>4,355</u>
Cash flows from financing activities:		
Employee taxes paid related to net settlement of equity awards	(110)	(400)
Proceeds from the issuance of debt, net of expenses	-	1,429
Repayment of debt	(3,000)	(6,295)
Proceeds from ATM sales, net	-	5,839
Proceeds from public equity offering, net	22,282	9,114
Proceeds from exercise of employee stock options and ESPP	30	60
Net cash provided by financing activities	<u>19,202</u>	<u>9,747</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(312)</u>	<u>(299)</u>
Net increase/(decrease) in cash and cash equivalents	15,947	(7,131)
Cash and cash equivalents at beginning of year	20,490	43,114
Cash and cash equivalents at end of year	<u>\$ 36,437</u>	<u>\$ 35,983</u>
Supplemental schedule of cash flow information:		
Cash paid for income taxes, net of refunds	\$ 1,120	\$ 362
Issuance of common stock to settle liabilities	286	1,623
Cash paid for interest	574	937

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

1. Nature of the Business and Operations and Liquidity

Nature of the Business and Operations

American Superconductor Corporation (“AMSC” or the “Company”) was founded on April 9, 1987. The Company is a leading provider of megawatt-scale solutions that lower the cost of wind power and enhance the performance of the power grid. In the wind power market, the Company enables manufacturers to field wind turbines through its advanced engineering, support services and power electronics products. In the power grid market, the Company enables electric utilities and renewable energy project developers to connect, transmit and distribute power through its transmission planning services and power electronics and superconductor-based products. The Company’s wind and power grid products and services provide exceptional reliability, security, efficiency and affordability to its customers.

These unaudited condensed consolidated financial statements of the Company have been prepared on a going concern basis in accordance with United States generally accepted accounting principles (“GAAP”) and the Securities and Exchange Commission’s (“SEC”) instructions to Form 10-Q. The going concern basis of presentation assumes that the Company will continue operations and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those instructions. The year-end condensed balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP. The unaudited condensed consolidated financial statements, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the results for the interim periods ended December 31, 2015 and 2014 and the financial position at December 31, 2015.

On March 24, 2015, the Company effected a 1-for-10 reverse stock split of its common stock. Trading of the Company’s common stock reflected the reverse stock split beginning on March 25, 2015. Unless otherwise indicated, all historical references to shares of common stock, shares of restricted stock, restricted stock units, shares underlying options, warrants or calculations that use common stock for per share financial reporting have been adjusted for comparative purposes to reflect the impact of the 1-for-10 reverse stock split as if it had occurred at the beginning of the earliest period presented.

Liquidity

The Company has experienced recurring operating losses and as of December 31, 2015, the Company had an accumulated deficit of \$924.8 million. In addition, the Company has experienced recurring negative operating cash flows. At December 31, 2015, the Company had cash and cash equivalents of \$36.4 million. Cash used in operations for the nine months ended December 31, 2015 was \$7.8 million.

From April 1, 2011 through the date of this filing, the Company has reduced its global workforce substantially. The Company has taken actions to consolidate certain business operations to reduce facility costs. As of December 31, 2015, the Company had a global workforce of 339 persons. The Company plans to closely monitor its expenses and, if required, expects to further reduce operating costs and capital spending to enhance liquidity.

Over the last several years, the Company has entered into several debt and equity financing arrangements in order to enhance liquidity. Since April 1, 2012, the Company has generated aggregate cash flows from financing activities of \$72.0 million. This amount includes proceeds from an April 2015 equity offering, which generated net proceeds of approximately \$22.3 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. See Note 10, “Debt”, and Note 12 “Stockholders Equity” for further discussion of these financing arrangements. The Company believes that it is in compliance with the covenants and restrictions included in the agreements governing its debt arrangements as of December 31, 2015.

The Company believes it has sufficient liquidity to fund its operations, capital expenditures and scheduled cash payments under its debt obligations for the next twelve months. The Company’s liquidity is highly dependent on its ability to increase revenues, its ability to control its operating costs, its ability to maintain compliance with the covenants and restrictions on its debt obligations (or obtain waivers from its lender in the event of non-compliance), and its ability to raise additional capital, if necessary. There can be no assurance that the Company will be able to continue to raise additional capital from other sources or execute on any other means of improving liquidity described above.

On October 6, 2015, 100% of the outstanding common stock of Blade Dynamics Limited (“Blade Dynamics”) was acquired by a subsidiary of General Electric Company. After deducting transaction expenses, the Company received net proceeds of \$2.5 million from the sale, which was recorded as a gain in the third fiscal quarter ended December 31, 2015. Additionally, under the terms of the purchase agreement, the Company may be entitled to receive up to an additional \$1.6 million in proceeds, upon the successful achievement of certain milestones by Blade Dynamics over the next three years. The Company had recorded a charge of \$3.5 million during the nine months ended December 31, 2014 to fully impair its investment in Blade Dynamics.

The Company no longer believes its investment in Tres Amigas, LLC, a Delaware limited liability company (“Tres Amigas”) is recoverable. The Company fully impaired its remaining investment, recording a charge of \$0.7 million during the nine months ended December 31, 2015. (See Note 14, “Minority Investments”, for further information about such investment).

2. Stock-Based Compensation

The Company accounts for its stock-based compensation at fair value. The following table summarizes stock-based compensation expense by financial statement line item for the three and nine months ended December 31, 2015 and 2014 (in thousands):

	Three months ended December 31,		Nine months ended December 31,	
	2015	2014	2015	2014
Cost of revenues	\$ 55	\$ 186	\$ 213	\$ 533
Research and development	89	419	373	1,418
Selling, general and administrative	564	916	1,956	2,669
Total	\$ 708	\$ 1,521	\$ 2,542	\$ 4,620

During the nine months ended December 31, 2015, the Company granted 420,189 restricted stock awards. These awards generally vest over 3 years. During the nine months ended December 31, 2014, the Company granted 100,000 stock options and 324,300 restricted stock awards. The stock options vest over 5 years, and the restricted stock awards generally vest over three years. Awards for restricted stock include both time-based and performance-based awards. For options and awards that vest upon the passage of time, expense is being recorded over the vesting period. Performance-based awards are expensed over the requisite service period based on probability of achievement.

The estimated fair value of the Company’s stock-based awards, less expected annual forfeitures, is amortized over the awards’ service period. The total unrecognized compensation cost for unvested outstanding stock options was \$0.8 million at December 31, 2015. This expense will be recognized over a weighted average expense period of approximately 2.6 years. The total unrecognized compensation cost for unvested outstanding restricted stock was \$3.1 million at December 31, 2015. This expense will be recognized over a weighted-average expense period of approximately 2.0 years.

The weighted average assumptions used in the Black-Scholes valuation model for stock options granted during the three and nine months ended December 31, 2015 and 2014 are as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2015	2014	2015	2014
Expected volatility	N/A	N/A	N/A	85.5%
Risk-free interest rate	N/A	N/A	N/A	1.9%
Expected life (years)	N/A	N/A	N/A	5.8
Dividend yield	None	None	None	None

3. Computation of Net Loss per Common Share

Basic net loss per share (“EPS”) is computed by dividing net loss by the weighted-average number of common shares outstanding for the period. Where applicable, diluted EPS is computed by dividing the net loss by the weighted-average number of common shares and dilutive common equivalent shares outstanding during the period, calculated using the treasury stock method. Common equivalent shares include the effect of restricted stock, exercise of stock options and warrants and contingently issuable shares. For each of the three and nine months ended December 31, 2015 and 2014, 1.6 million shares were not included in the calculation of diluted EPS as they were considered anti-dilutive, of which 0.4 million relate to outstanding stock options, and 1.2 million relate to outstanding warrants, respectively.

The following table reconciles the numerators and denominators of the earnings per share calculation for the three and nine months ended December 31, 2015 and 2014 (in thousands, except per share data):

	Three months ended December 31,		Nine months ended December 31,	
	2015	2014	2015	2014
Numerator:				
Net loss	\$ (2,957)	\$ (6,353)	\$ (19,777)	\$ (45,292)
Denominator:				
Weighted-average shares of common stock outstanding	14,010	9,105	13,181	8,326
Weighted-average shares subject to repurchase	(471)	(341)	(129)	(98)
Shares used in per-share calculation — basic	13,539	8,764	13,052	8,228
Shares used in per-share calculation — diluted	13,539	8,764	13,052	8,228
Net loss per share — basic	\$ (0.22)	\$ (0.72)	\$ (1.52)	\$ (5.50)
Net loss per share — diluted	\$ (0.22)	\$ (0.72)	\$ (1.52)	\$ (5.50)

4. Fair Value Measurements

A valuation hierarchy for disclosure of the inputs to valuation used to measure fair value has been established. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1** - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2** - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3** - Unobservable inputs that reflect the Company's assumptions that market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available, including its own data.

The Company provides a gross presentation of activity within Level 3 measurement roll-forward and details of transfers in and out of Level 1 and 2 measurements. A change in the hierarchy of an investment from its current level is reflected in the period during which the pricing methodology of such investment changes. Disclosure of the transfer of securities from Level 1 to Level 2 or Level 3 is made in the event that the related security is significant to total cash and investments. The Company did not have any transfers of assets and liabilities from Level 1 and Level 2 to Level 3 of the fair value measurement hierarchy during the three and nine months ended December 31, 2015.

A financial asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table provides the assets and liabilities carried at fair value on a recurring basis, measured as of December 31, 2015 and March 31, 2015 (in thousands):

	Total Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015:				
Assets:				
Cash equivalents	\$ 16,023	\$ 16,023	\$ -	\$ -
Derivative liabilities:				
Warrants	\$ 2,590	\$ -	\$ -	\$ 2,590
March 31, 2015:				
Assets:				
Cash equivalents	\$ 12,519	\$ 12,519	\$ -	\$ -
Derivative liabilities:				
Warrants	\$ 2,999	\$ -	\$ -	\$ 2,999

The table below reflects the activity for the Company's major classes of liabilities measured at fair value on a recurring basis (in thousands):

	Warrants
April 1, 2015	\$ 2,999
Mark to market adjustment	(409)
Balance at December 31, 2015	<u>\$ 2,590</u>
	Warrants
April 1, 2014	\$ 2,601
Warrant issuance with equity offering	4,255
Warrant issuance with senior secured term loan	106
Mark to market adjustment	(3,963)
Balance at March 31, 2015	<u>\$ 2,999</u>

Valuation Techniques

Cash Equivalents

Cash equivalents consist of highly liquid instruments with maturities of three months or less that are regarded as high quality, low risk investments and are measured using such inputs as quoted prices, and are classified within Level 1 of the valuation hierarchy. Cash equivalents consist principally of certificates of deposits and money market accounts.

Warrants

Warrants were issued in conjunction with a Securities Purchase Agreement (the "Purchase Agreement") with Capital Ventures International ("CVI"), an equity offering to Hudson Bay Capital in November 2014, and a Loan and Security Agreement with Hercules Technology Growth Capital, Inc. ("Hercules"). (See Note 10, "Debt," and Note 11 "Warrants and Derivative Liabilities," for additional information.) These warrants are subject to revaluation at each balance sheet date, and any change in fair value will be recorded as a change in fair value in derivatives and warrants until the earlier of their exercise or expiration.

The Company relies on various assumptions in a lattice model to determine the fair value of warrants. The Company has valued the warrants within Level 3 of the valuation hierarchy. (See Note 11, "Warrants and Derivative Liabilities," for a discussion of the warrants and the valuation assumptions used.)

Minority Investment

The Company accounts for the minority investment in Tres Amigas on the equity basis (See Note 14, "Minority Investments"). During the three months ended June 30, 2015, the Company determined that as a result of delays in Tres Amigas securing financing for the project as well as the Company's projected recovery of its investment based on recent adverse market indicators for potential sales of the Company's share of the investment, that its investment in Tres Amigas was no longer recoverable and therefore recorded an impairment charge of \$0.7 million.

5. Accounts Receivable

Accounts receivable at December 31, 2015 and March 31, 2015 consisted of the following (in thousands):

	December 31, 2015	March 31, 2015
Accounts receivable (billed)	\$ 15,801	\$ 8,946
Accounts receivable (unbilled)	1,305	987
Less: Allowance for doubtful accounts	(54)	(54)
Accounts receivable, net	<u>\$ 17,052</u>	<u>\$ 9,879</u>

6. Inventory

Inventory at December 31, 2015 and March 31, 2015 consisted of the following (in thousands):

	December 31, 2015	March 31, 2015
Raw materials	\$ 10,025	\$ 9,411
Work-in-process	1,318	2,117
Finished goods	2,293	7,487
Deferred program costs	1,602	1,581
Net inventory	<u>\$ 15,238</u>	<u>\$ 20,596</u>

The Company recorded inventory write-downs of \$1.0 million and \$0.1 million for each of the three months ended December 31, 2015 and 2014, respectively. The Company recorded inventory write-downs of \$1.8 million and \$1.4 million for each of the nine months ended December 31, 2015 and 2014, respectively. These write downs were based on evaluating its inventory on hand for excess quantities and obsolescence.

Deferred program costs as of December 31, 2015 and March 31, 2015 primarily represent costs incurred on programs accounted for under contract accounting where the Company needs to complete development milestones before revenue and costs will be recognized.

7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2015 and March 31, 2015 consisted of the following (in thousands):

	December 31, 2015	March 31, 2015
Accounts payable	\$ 6,942	\$ 7,062
Accrued inventories in-transit	1,241	1,127
Accrued other miscellaneous expenses	3,413	3,254
Accrued compensation	5,166	5,960
Income taxes payable	851	278
Accrued warranty	3,110	3,934
Total	<u>\$ 20,723</u>	<u>\$ 21,615</u>

The Company generally provides a one to three year warranty on its products, commencing upon installation. A provision is recorded upon revenue recognition to cost of revenues for estimated warranty expense based on historical experience.

Product warranty activity was as follows (in thousands):

	Three months ended December 31,		Nine months ended December 31,	
	2015	2014	2015	2014
Balance at beginning of period	\$ 3,273	\$ 3,367	\$ 3,934	\$ 3,207
Change in accruals for warranties during the period	595	1,309	1,018	2,212
Settlements during the period	(758)	(561)	(1,842)	(1,304)
Balance at end of period	\$ 3,110	\$ 4,115	\$ 3,110	\$ 4,115

8. Income Taxes

The Company recorded income tax expense of \$0.8 million and \$2.3 million for the three and nine months ended December 31, 2015, respectively. The Company recorded income tax expense of \$0.2 million and \$0.4 million for the three and nine months ended December 31, 2014, respectively. Income tax expense was primarily due to dividend withholding taxes and income taxes in the Company's foreign jurisdictions.

Accounting for income taxes requires a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if, based on the technical merits, it is more likely than not the position will be sustained upon audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. The Company re-evaluates these uncertain tax positions on a quarterly basis. The evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Any changes in these factors could result in the recognition of a tax benefit or an additional charge to the tax provision. The Company identified an uncertain tax position in the nine months ended December 31, 2015 and had an unrecognized tax benefit in the amount of \$0.7 million. This amount, if recognized, would result in a reduction of the Company's effective tax rate.

Section 382 of the U.S. Internal Revenue Code of 1986, as amended (the "IRC"), provides limits on the extent to which a corporation that has undergone an ownership change (as defined) can utilize any net operating loss ("NOL") and general business tax credit carryforwards it may have. The Company conducted a study as a result of the April 2015 equity offering to determine whether Section 382 could limit the use of its carryforwards in this manner. After completing this study, the Company has concluded that the limitation will not have a material impact on its ability to utilize its net operating loss carryforwards. If there were material ownership changes subsequent to the study, the Company's ability to utilize its net operating loss carryforwards could be limited.

9. Restructuring

The Company accounts for charges resulting from operational restructuring actions in accordance with ASC Topic 420, *Exit or Disposal Cost Obligations* ("ASC 420") and ASC Topic 712, *Compensation—Nonretirement Postemployment Benefits* ("ASC 712"). In accounting for these obligations, the Company is required to make assumptions related to the amounts of employee severance, benefits, and related costs and the time period over which leased facilities will remain vacant, sublease terms, sublease rates and discount rates. Estimates and assumptions are based on the best information available at the time the obligation arises. These estimates are reviewed and revised as facts and circumstances dictate; changes in these estimates could have a material effect on the amount accrued on the consolidated balance sheet.

During the years ended March 31, 2015 and 2014, the Company undertook restructuring activities, approved by the Board of Directors, in order to reorganize its global operations, streamline various functions of the business, and reduce its global workforce to better reflect the demand for its products. During the year ended March 31, 2014, the Company undertook a plan to consolidate its Grid manufacturing activities into its Devens, Massachusetts facility and close its facility in Middleton, Wisconsin which was completed during the year ended March 31, 2015. In addition, the Company established a new Wind manufacturing facility in Romania and as a result, reduced the headcount in its operation in China. The Company is maintaining its headcount in China at a level necessary to support demand from its Chinese customers. The Company recorded restructuring charges for severance and other costs of approximately \$0.5 million and \$1.9 million during the three and nine months ended December 31, 2014, respectively, primarily associated with the consolidation of the Company's Grid manufacturing activities in the United States. From April 1, 2011 through December 31, 2015, the Company's various restructuring activities resulted in a substantial reduction of its global workforce. All amounts related to these restructuring activities have been paid as of December 31, 2015.

The following table presents restructuring charges and cash payments (in thousands):

	Severance pay and benefits	Facility exit and Relocation costs	Total
Nine months ended December 31, 2015			
Accrued restructuring balance at April 1, 2015	\$ 180	\$ -	\$ 180
Charges to operations	(5)	38	33
Cash payments	(175)	(38)	(213)
Accrued restructuring balance at December 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Nine months ended December 31, 2014			
Accrued restructuring balance at April 1, 2014	\$ 844	\$ -	\$ 844
Charges to operations	674	1,278	1,952
Cash payments	(987)	(1,028)	(2,015)
Accrued restructuring balance at December 31, 2014	<u>\$ 531</u>	<u>\$ 250</u>	<u>\$ 781</u>

All restructuring charges discussed above are included within restructuring and impairments in the Company's unaudited condensed consolidated statements of operations. The Company includes accrued restructuring within accounts payable and accrued expenses in the unaudited condensed consolidated balance sheets.

10. Debt

On June 5, 2012, the Company entered into the Loan and Security Agreement with Hercules (the "Term Loan"), under which the Company borrowed \$10.0 million. After closing fees and expenses, the net proceeds to the Company were \$9.7 million. The Term Loan bears an interest rate equal to 11% plus the percentage, if any, by which the prime rate as reported by The Wall Street Journal exceeds 3.75%. The Company made interest-only payments from July 1, 2012 through October 31, 2012, after which the Company began repaying the Term Loan in equal monthly installments ending on December 1, 2014, when the loan was repaid in full. In addition, Hercules received a warrant (the "First Warrant") to purchase 13,927 shares of common stock, exercisable at an initial strike price of \$35.90 per share, subject to adjustment, until December 5, 2017. Due to certain adjustment provisions within the warrant, it qualified for liability accounting and the fair value of \$0.4 million was recorded upon issuance, which the Company recorded as a debt discount and a warrant liability. The total debt discount including the First Warrant, end of term fee and legal and origination costs of \$1.2 million was amortized into interest expense over the term of the Term Loan using the effective interest method. Under this method, interest expense was recognized each period until the debt instrument reached maturity. During the three and nine months ended December 31, 2014, the Company recorded non-cash interest expense for amortization of the debt discount related to the Term Loan of less than \$0.1 million and \$0.1 million, respectively.

On November 15, 2013, the Company amended the Term Loan with Hercules and entered into a new term loan (the "New Term Loan B"), borrowing an additional \$10.0 million. After closing fees and expenses, the net proceeds to the Company for the New Term Loan B were \$9.8 million. The New Term Loan B bears the same interest rate as the Term Loan. The Company is repaying the New Term Loan B in equal monthly installments ending on November 1, 2016. The principal balance of the New Term Loan B is approximately \$3.7 million as of December 31, 2015. Hercules received a warrant (the "Second Warrant") to purchase 25,641 shares of common stock, exercisable at an initial strike price of \$19.50 per share, subject to adjustment, until May 15, 2019. In addition, the exercise price of the First Warrant was reduced to \$19.50 per share. (See Note 11, "Warrants and Derivative Liabilities," for a discussion on both warrants and the valuation assumptions used.) The Company will pay an end of term fee of \$0.5 million upon the earlier of maturity or prepayment of the New Term Loan B. The Company has accrued the end of term fee and recorded a corresponding amount into the debt discount. The New Term Loan B includes a mandatory prepayment feature which allows Hercules the right to use any of the Company's net proceeds from specified asset dispositions greater than \$1.0 million in a calendar year to pay off any outstanding accrued interest and principal balance on the New Term Loan B. The Company determined the fair value to be de-minimis for this feature. In addition, the Company incurred \$0.2 million of legal and origination costs in the three months ended December 31, 2013, which have been recorded as a debt discount. The total debt discount including the Second Warrant, end of term fee and legal and origination costs of \$1.0 million is being amortized into interest expense over the term of the New Term Loan B using the effective interest method. During the three and nine months ended December 31, 2015, the Company recorded non-cash interest expense for amortization of the debt discount related to the New Term Loan B of \$0.1 million and \$0.2 million, respectively. During the three and nine months ended December 31, 2014, the Company recorded non-cash interest expense for amortization of the debt discount related to the New Term Loan B of \$0.1 million and \$0.4 million, respectively.

On December 19, 2014, the Company entered into an amendment with Hercules (the “Hercules Second Amendment”) and entered into a new term loan (the “New Term Loan C”), borrowing an additional \$1.5 million. After closing fees and expenses, the net proceeds to the Company for the New Term Loan C were \$1.4 million. The Term Loan, New Term Loan B and New Term Loan C are collectively referred to as the “Term Loans”. The New Term Loan C also bears the same interest rate as the other Term Loans. The Company will make interest only payments until maturity on June 1, 2017, when the loan is scheduled to be repaid in its entirety. The maturity date of the New Term Loan C was extended from March 1, 2017 to June 1, 2017 due to the Company’s April 2015 equity offering which raised more than \$10 million in new capital before December 31, 2015. In conjunction with the Hercules Second Amendment, the First Warrant and Second Warrant were cancelled and replaced with the issuance of a new warrant (the “Warrant”) to purchase 58,823 shares of common stock at an exercise price of \$11.00 per share, subject to adjustment. The Warrant expires on June 30, 2020. (See Note 11, “Warrants and Derivative Liabilities”, for a discussion on the Warrant and the valuation assumptions used.) The Company will pay an end of term fee of approximately \$0.1 million upon earlier of maturity or prepayment of the New Term Loan C. The Company has accrued the end of term fee and recorded a corresponding amount in the debt discount. The New Term Loan C includes the same mandatory prepayment feature as the New Term Loan B. The Company determined the fair value to be de-minimus for this feature. In addition, the Company incurred approximately \$0.1 million of legal and origination costs in the three months ended December 31, 2014, which have been recorded as a debt discount. The total debt discount, including the Warrant, end of term fee and legal and origination costs of \$0.3 million is being amortized into interest expense over the term of the New Term Loan C using the effective interest method. During the three and nine months ended December 31, 2015, the Company recorded non-cash interest expense for amortization of the debt discount related to the New Term Loan C of less than \$0.1 million and \$0.1 million, respectively. During each of the three and nine months ended December 31, 2014, the Company recorded non-cash interest expense for amortization of the debt discount related to the New Term Loan C of less than \$0.1 million. If the maturity of any of the Term Loans is accelerated because of prepayment, then the amortization will be accelerated.

The Term Loans are secured by substantially all of the Company’s existing and future assets, including a mortgage on real property owned by the Company’s wholly-owned subsidiary, ASC Devens LLC, and located at 64 Jackson Road, Devens, Massachusetts. The Term Loans contain certain covenants that restrict the Company’s ability to, among other things, incur or assume certain debt, merge or consolidate, materially change the nature of the Company’s business, make certain investments, acquire or dispose of certain assets, make guarantees or grant liens on its assets, make certain loans, advances or investments, declare dividends or make distributions or enter into transactions with affiliates. In addition, there is a covenant that requires the Company to maintain a minimum unrestricted cash balance (the “Minimum Threshold”) in the United States. As part of the Hercules Second Amendment, this Minimum Threshold was amended to be the lower of \$5.0 million or the aggregate outstanding principal balance of the Term Loans. As a result of the Company’s April 2015 equity offering, the Minimum Threshold was reduced to the lesser of \$2.0 million or the aggregate outstanding principal balance of the Term Loans. As of December 31, 2015, the Minimum Threshold was \$2.0 million. The events of default under the Term Loans include, but are not limited to, failure to pay amounts due, breaches of covenants, bankruptcy events, cross defaults under other material indebtedness and the occurrence of a material adverse effect and/or change in control. In the case of a continuing event of default, Hercules may, among other remedies, declare due all unpaid principal amounts outstanding and any accrued but unpaid interest and foreclose on all collateral granted to Hercules as security under the Term Loans.

Although the Company believes that it is in compliance with the covenants and restrictions under the Term Loans as of December 31, 2015, there can be no assurance that the Company will continue to be in compliance.

Interest expense on the Term Loans for the three and nine months ended December 31, 2015 was \$0.2 million, and \$0.8 million, respectively, which included \$0.1 million and \$0.3 million, respectively, of non-cash interest expense related to the amortization of the debt discount on the Term Loans. Interest expense on the Term Loans for the three and nine months ended December 31, 2014, was \$0.4 million, and \$1.4 million, respectively, which included \$0.1 million and \$0.5 million, respectively, of non-cash interest expense related to the amortization of the debt discount on the Term Loans.

11. Warrants and Derivative Liabilities

Senior Convertible Note Warrant

On April 4, 2012, the Company entered into the Purchase Agreement with CVI. The Purchase Agreement included a warrant (the “Original Warrant”) to purchase 309,406 shares of the Company’s common stock. The Original Warrant is exercisable at any time on or after the date that is six months after the issuance of the Original Warrant and entitles CVI to purchase shares of the Company’s common stock for a period of five years from the initial date the original warrant becomes exercisable at an initial exercise price equal to \$54.50 per share, subject to certain price-based and other anti-dilution adjustments. On October 9, 2013, the Company amended the Purchase Agreement with CVI (the “Amendment”). Pursuant to the Amendment, the Company exchanged the Original Warrant for a new warrant (the “Exchanged Warrant”), with a reduced exercise price of \$26.10 per share of common stock. Other than the reduced exercise price, the Exchanged Warrant has the same terms and conditions as the Original Warrant. As a result of the sales of common stock under an At Market Sales Arrangement (“ATM”) and the 909,090 units, each consisting of one share of common stock and 0.90 of a warrant to purchase one share of common stock, sold to Hudson Bay Capital during the three months ended December 31, 2014, the exercise price of the Exchanged Warrant was further reduced to \$22.10 per share. As a result of the April 2015 equity offering (See Note 12, “Stockholders Equity”), the exercise price of the Exchanged Warrant was further reduced to \$15.94 per share. The Exchanged Warrant may not be exercised if, after giving effect to the conversion, CVI together with its affiliates, would beneficially own in excess of 4.99% of the Company’s common stock. This percentage may be raised to any other percentage not in excess of 9.99% at the option of CVI, upon at least 61-days prior notice to the Company, or lowered to any other percentage, at the option of CVI, at any time.

The Company calculated the fair value of the Exchanged Warrant, (See Note 4, “Fair Value Measurements” for further discussion), utilizing an integrated lattice model. The lattice model is an option pricing model that involves the construction of a binomial tree to show the different paths that the underlying asset may take over the option’s life. A lattice model can take into account expected changes in various parameters such as volatility over the life of the options, providing more accurate estimates of option prices than the Black-Scholes model.

The Company accounts for the Exchanged Warrant as a liability due to certain adjustment provisions within the warrant, which requires that it be recorded at fair value. The Exchanged Warrant is subject to revaluation at each balance sheet date and any change in fair value is recorded as a change in fair value of derivatives and warrants until the earlier of its expiration or its exercise at which time the warrant liability will be reclassified to equity.

Following is a summary of the key assumptions used to calculate the fair value of the Exchanged Warrant:

Fiscal Year 15	December 31, 2015	September 30, 2015	June 30, 2015
Risk-free interest rate	0.96%	0.64%	0.74%
Expected annual dividend yield	—%	—%	—%
Expected volatility	76.68%	73.39%	71.61%
Term (years)	1.76	2.01	2.26
Fair value	\$0.3 million	\$0.1 million	\$0.2 million

Fiscal Year 14	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Risk-free interest rate	0.73%	1.00%	1.07%	0.98%	1.11%
Expected annual dividend yield	—%	—%	—%	—%	—%
Expected volatility	70.42%	72.38%	76.20%	83.50%	80.99%
Term (years)	2.51	2.76	3.01	3.26	3.51
Fair value	\$0.3 million	\$0.5 million	\$1.5 million	\$2.3 million	\$2.2 million

The Company recorded a net loss, resulting from an increase in the fair value of the Exchanged Warrant, of \$0.2 million during the three months ended December 31, 2015, and a net gain, resulting from a decrease in the fair value of the Exchanged Warrant, of less than \$0.1 million to change in fair value of derivatives and warrants during the nine months ended December 31, 2015. The Company recorded net gains resulting from decreases in the fair value of the Exchanged Warrant of \$1.0 million and \$1.7 million to the change in fair value of derivatives and warrants during the three and nine months ended December 31, 2014, respectively.

Senior Secured Term Loan - New Warrant

On December 19, 2014, the Company entered into the Hercules Second Amendment and entered into the New Term Loan C. (See Note 10, “Debt” for additional information regarding the New Term Loan C). In conjunction with the agreement, the Company issued the Warrant to purchase 58,823 shares of the Company’s common stock. The Warrant is exercisable at any time after its issuance at an initial exercise price of \$11.00 per share, subject to certain price-based and other anti-dilution adjustments, and expires on June 30, 2020. As a result of the equity offering on April 29, 2015, (See Note 12, “Stockholders Equity”) the exercise price of the Warrant was reduced to \$9.41 per share.

The Company accounts for the Warrant as a liability due to certain provisions within the Warrant. The Warrant is subject to revaluation at each balance sheet date and any change in fair value is recorded as a change in fair value of derivatives and warrants until the earlier of its expiration or its exercise, at which time the warrant liability will be reclassified to equity.

Following is a summary of the key assumptions used to calculate the fair value of the Warrant:

Fiscal Year 15	<u>December 31, 2015</u>	<u>September 30, 2015</u>	<u>June 30, 2015</u>
Risk-free interest rate	1.65%	1.31%	1.63%
Expected annual dividend yield	—%	—%	—%
Expected volatility	73.57%	75.32%	72.57%
Term (years)	4.50	4.75	5.00
Fair value	\$0.2 million	\$0.1 million	\$0.2 million

Fiscal Year 14	<u>March 31, 2015</u>	<u>December 31, 2014</u>	<u>New Issuance December 19, 2014</u>
Risk-free interest rate	1.41%	1.73%	1.74%
Expected annual dividend yield	—%	—%	—%
Expected volatility	74.60%	77.43%	70.26%
Term (years)	5.25	5.50	5.53
Fair value	\$0.2 million	\$0.2 million	\$0.2 million

The Company recorded a net loss, resulting from an increase in the fair value of the Warrant, of \$0.1 million during the three months ended December 31, 2015 and a net gain, resulting from a decrease in the fair value of the Warrant of less than \$0.1 million during the nine months ended December 31, 2015 to change in fair value of derivatives and warrants. The Company recorded no change in the fair value of the Warrant in the three and nine months ended December 31, 2014.

November 2014 Warrant

On November 13, 2014, the Company completed an offering of approximately 909,090 units of the Company’s common stock with Hudson Bay Capital. (See Note 12, “Stockholder’s Equity”, for further information). Each unit consisted of one share of the Company’s common stock and 0.9 of a warrant to purchase one share of common stock, or a warrant to purchase in the aggregate 818,181 shares (the “November 2014 Warrant”). The November 2014 Warrant is exercisable at any time, at an initial exercise price equal to \$11.00 per share, subject to certain price-based and other anti-dilution adjustments, and expires on November 13, 2019. As a result of the April 2015 equity offering, the exercise price of the November 2014 Warrant was reduced to \$9.41 per share.

The Company accounts for the November 2014 Warrant as a liability due to certain provisions within the warrant. The November 2014 Warrant is subject to revaluation at each balance sheet date and any change in fair value is recorded as a change in fair value of derivatives and warrants until the earlier of its expiration or its exercise, at which time the warrant liability will be reclassified to equity.

Following is a summary of the key assumptions used to calculate the fair value of the November 2014 Warrant:

Fiscal Year 15	December 31, 2015	September 30, 2015	June 30, 2015
Risk-free interest rate	1.51%	1.17%	1.44%
Expected annual dividend yield	—%	—%	—%
Expected volatility	70.02%	73.02%	74.18%
Term (years)	3.87	4.12	4.37
Fair value	\$2.1 million	\$1.3 million	\$1.8 million

Fiscal Year 14	March 31, 2015	December 31, 2014	New Issuance November 13, 2014
Risk-free interest rate	1.28%	1.61%	1.64%
Expected annual dividend yield	—%	—%	—%
Expected volatility	75.96%	78.00%	72.86%
Term (years)	4.62	4.87	5.00
Fair value	\$2.5 million	\$3.2 million	\$4.3 million

The Company recorded a net loss, resulting from an increase in the fair value of the November 2014 Warrant, of \$0.8 million in the three months ended December 31, 2015, and a net gain, resulting from a decrease in the fair value of the November 2014 Warrant, of \$0.4 million to change in fair value of derivatives and warrants during the nine months ended December 31, 2015. The Company recorded a gain, resulting from the decrease in the fair value of the November 2014 Warrant, of \$1.1 million in each of the three and nine months ended December 31, 2014.

The Company prepared its estimates for the assumptions used to determine the fair value of the warrants issued in conjunction with both the Exchanged Note and the Term Loans, as well as the November 2014 Warrant utilizing the respective terms of the warrants with similar inputs, as described above.

12. Stockholders' Equity

On April 29, 2015, the Company completed an equity offering with Cowen and Company, LLC, under which the Company sold 4.0 million shares of its common stock at an offering price of \$6.00 per share. After underwriting, commissions and expenses, the Company received net proceeds from the offering of approximately \$22.3 million.

13. Commitments and Contingencies

Legal Contingencies

From time to time, the Company is involved in legal and administrative proceedings and claims of various types. The Company records a liability in its consolidated financial statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. The Company reviews these estimates each accounting period as additional information is known and adjusts the loss provision when appropriate. If a matter is both probable to result in a liability and the amounts of loss can be reasonably estimated, the Company estimates and discloses the possible loss or range of loss to the extent necessary to make the consolidated financial statements not misleading. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in its consolidated financial statements.

Ghodawat Energy Pvt Ltd (“Ghodawat”), a company registered in India carrying on the business of wind power development, lodged a Request for Arbitration with the ICC Court on May 12, 2011 and named the Company’s wholly-owned Austrian subsidiary, AMSC Austria GmbH (“AMSC Austria”) as the Respondent. Under the Request for Arbitration, Ghodawat alleged that AMSC Austria breached an agreement dated March 19, 2008 pursuant to which AMSC Austria granted a license to Ghodawat to manufacture, use, sell, market, erect, commission and maintain certain wind turbines using its technical information and wind turbine design (the “License Agreement”). Under the Request for Arbitration, Ghodawat’s claims in this arbitration amounted to approximately €18 million (\$24 million). AMSC Austria submitted counterclaims under the License Agreement against Ghodawat in the amount of approximately €6 million (\$8 million). On August 29, 2014, the ICC Court ruled that AMSC Austria was liable for damages and awarded Ghodawat approximately €8.3 million, which includes reimbursement of legal costs and associated expenses. Interest on this amount accrued at a rate of 5.33% from the date of award until settlement. The Company had recorded a loss contingency of \$0.5 million based on its assessment of probable losses on this claim in a prior period. As a result of the arbitration award liability, the Company recorded a charge of \$10.2 million during the three months ended September 30, 2014.

On February 4, 2015, AMSC Austria entered into a Settlement Agreement with Ghodawat, which provided for, among other things, (i) a payment by AMSC Austria to Ghodawat of €7.45 million, and (ii) upon payment by AMSC Austria to Ghodawat, the full settlement of any and all disputes and claims between the parties (including their respective parent and affiliated companies), in particular relating to or arising out of the award. The Company paid the settlement amount during the fourth quarter of fiscal 2014. As a result of this agreement, the Company reversed a portion of the accrued arbitration liability and recorded a gain of approximately \$1.2 million in the fourth quarter of fiscal 2014. The Company’s insurer, Catlin Specialty Insurance Company (“Catlin”) sought and received a ruling from the Massachusetts Superior Court that coverage does not apply to the arbitration award liability. On January 14, 2015, the Company and AMSC Austria entered into a Settlement Agreement and Release with Catlin, which provided for, among other things, (i) the Company’s and AMSC Austria’s release of all claims against Catlin relating to the arbitration award liability and (ii) Catlin’s release of all claims against the Company and AMSC Austria relating to approximately \$2.3 million reimbursed to date under the insurance policy for expenses incurred in connection with the arbitration proceedings. As a result of the settlement with Catlin, in the fourth quarter of fiscal 2014, the Company reversed an accrual of approximately \$2.2 million for expenses previously reimbursed by Catlin under the policy.

On September 13, 2011, the Company commenced a series of legal actions in China against Sinovel Wind Group Co. Ltd. (“Sinovel”). The Company’s Chinese subsidiary, Suzhou AMSC Superconductor Co. Ltd., filed a claim for arbitration with the Beijing Arbitration Commission in accordance with the terms of the Company’s supply contracts with Sinovel. The case is captioned (2011) *Jing Zhong An Zi No. 0963*. On March 31, 2011, Sinovel refused to accept contracted shipments of 1.5 megawatt, (“MW”) and 3 MW wind turbine core electrical components and spare parts that the Company was prepared to deliver. The Company alleges that these actions constitute material breaches of its contracts because Sinovel did not give it notice that it intended to delay deliveries as required under the contracts. Moreover, the Company alleges that Sinovel has refused to pay past due amounts for prior shipments of core electrical components and spare parts. The Company is seeking compensation for past product shipments and retention (including interest) in the amount of approximately RMB 485 million (\$76 million) due to Sinovel’s breaches of its contracts. The Company is also seeking specific performance of its existing contracts as well as reimbursement of all costs and reasonable expenses with respect to the arbitration. The value of the undelivered components under the existing contracts, including the deliveries refused by Sinovel in March 2011, amounts to approximately RMB 4.6 billion (\$720 million).

On October 8, 2011, Sinovel filed with the Beijing Arbitration Commission an application under the caption (2011) *Jing Zhong An Zi No. 0963*, for a counterclaim against the Company for breach of the same contracts under which the Company filed its original arbitration claim. Sinovel claimed, among other things, that the goods supplied by the Company do not conform to the standards specified in the contracts and claimed damages in the amount of approximately RMB 370 million (\$58 million). On October 17, 2011, Sinovel filed with the Beijing Arbitration Commission a request for change of counterclaim to increase its damage claim to approximately RMB 1 billion (\$157 million). On December 22, 2011, Sinovel filed with the Beijing Arbitration Commission an additional request for change of counterclaim to increase its damages claim to approximately RMB 1.2 billion (\$190 million). On February 27, 2012, Sinovel filed with the Beijing Arbitration Commission an application under the caption (2012) *Jing Zhong An Zi No. 0157*, against the Company for breach of the same contracts under which the Company filed its original arbitration claim. Sinovel claimed, among other things, that the goods supplied by the Company do not conform to the standards specified in the contracts and claimed damages in the amount of approximately RMB 105 million (\$17 million). The Company believes that Sinovel’s claims are without merit and it intends to defend these actions vigorously. Since the proceedings in this matter are still in the early technical review phase, the Company cannot reasonably estimate possible losses or range of losses at this time.

The Company also submitted a civil action application to the Beijing No. 1 Intermediate People's Court under the caption *(2011) Yi Zhong Min Chu Zi No. 15524*, against Sinovel for software copyright infringement on September 13, 2011. The application alleges Sinovel's unauthorized use of portions of the Company's wind turbine control software source code developed for Sinovel's 1.5MW wind turbines and the binary code, or upper layer, of the Company's software for the PM3000 power converters in 1.5MW wind turbines. In July 2011, a former employee of the Company's Austrian subsidiary was arrested in Austria on charges of economic espionage and fraudulent manipulation of data. In September 2011, the former employee pled guilty to the charges, and was imprisoned. As a result of the Company's internal investigation and a criminal investigation conducted by Austrian authorities, the Company believes that this former employee was contracted by Sinovel through an intermediary while employed by the Company and improperly obtained and transferred to Sinovel portions of its wind turbine control software source code developed for Sinovel's 1.5MW wind turbines. Moreover, the Company believes the former employee illegally used source code to develop for Sinovel a software modification to circumvent the encryption and remove technical protection measures on the Company's PM3000 power converters in 1.5MW wind turbines in the field. The Company is seeking a cease and desist order with respect to the unauthorized copying, installation and use of its software, monetary damages of approximately RMB 38 million (\$6 million) for its economic losses and reimbursement of all costs and reasonable expenses. The Beijing No. 1 Intermediate People's Court accepted the case, which was necessary in order for the case to proceed. In November 2011, Sinovel filed a motion to remove this case from the Beijing No. 1 Intermediate People's Court and transfer the matter to the Beijing Arbitration Commission. On February 14, 2012, the court denied Sinovel's motion to remove the case. On February 21, 2012, Sinovel filed an appeal of the Beijing No. 1 Intermediate People's Court decision to the Beijing Higher People's Court. On April 25, 2012, the Beijing Higher People's Court issued a final Civil Ruling which supports the Beijing No.1 Intermediate People's Court's civil ruling and rejected Sinovel's appeal. Sinovel filed an appeal of the Beijing Higher People's Court's decision with China's Supreme People's Court. A hearing regarding this appeal was held at the Chinese Supreme People's Court on October 26, 2012. On November 23, 2012, China's Supreme People's Court issued a Civil Ruling, holding that (1) it will conduct a re-trial of Sinovel's appeal, and (2) the lower court's decision will be stayed pending the re-trial. China's Supreme People's Court conducted a re-trial of Sinovel's appeal on May 29, 2013. On January 26, 2014, the Supreme People's Court ruled to uphold the Beijing Higher People's Court ruling that the dispute shall be heard by the court. 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. On April 24, 2015, the Company received notification from the Beijing No. 1 Intermediate People's Court that it dismissed the case for what it cited was a lack of evidence. On May 6, 2015, the Company filed an appeal of the Beijing No. 1 Intermediate People's Court decision to dismiss the case with the Beijing Higher People's Court. On September 8, 2015, the Beijing Higher People's Court held its first substantive hearing on the Company's appeal of the Beijing No. 1 Intermediate People's Court's dismissal of the case. At the hearing, the parties presented evidence and answered questions from the court. The Company is awaiting a decision from the Beijing Higher People's Court.

The Company submitted a civil action application to the Beijing Higher People's Court against Sinovel and certain of its employees for trade secret infringement on September 13, 2011 under the caption *(2011) Gao Min Chu Zi No. 4193*. The application alleges the defendants' unauthorized use of portions of the Company's wind turbine control software source code developed for Sinovel's 1.5MW wind turbines as described above with respect to the Copyright Action. The Company is seeking monetary damages of RMB 2.9 billion (\$453 million) for the trade secret infringement as well as reimbursement of all costs and reasonable expenses. The Beijing Higher People's Court accepted the case, which was necessary in order for the case to proceed. On December 22, 2011, the Beijing Higher People's Court transferred this case to the Beijing No. 1 Intermediate People's Court under the caption *(2011) Gao Min Chu Zi No. 4193*. On June 7, 2012, the Company received an Acceptance Notice from the Beijing No.1 Intermediate People's Court under the caption *(2012) Yi Zhong Min Chu Zi No.6833*. In August 2012, Sinovel filed a motion to remove this case from the Beijing No. 1 Intermediate People's Court and transfer the matter to the Beijing Arbitration Commission. On February 24, 2014, the Beijing No. 1 Intermediate People's Court denied Sinovel's motion to remove and transfer the case. On March 13, 2014, Sinovel filed an appeal of the Beijing No. 1 Intermediate People's Court decision to the Beijing Higher People's Court. On August 7, 2014, the Beijing Higher People's Court upheld the Beijing No.1 Intermediate Court's decision and rejected Sinovel's appeal regarding the jurisdiction opposition. The Beijing No. 1 Intermediate Court held its first substantive hearing on May 11, 2015. On June 15, 2015, the Company submitted a request for the withdrawal of its complaint to the Beijing No. 1 Intermediate Court. On June 16, 2015, the Beijing No. 1 Intermediate Court granted its request. The Company immediately filed a civil action application to the Beijing Intellectual Property Court against the same parties and seeking the same amount of monetary damages for trade secret infringement on June 16, 2015 under the caption *(2015) Jin Zhi Min Chu Zi No. 1135*. On January 18, 2016, the Beijing Intellectual Property Court held its first substantive hearing on the Company's trade secret infringement case. At the hearing, the parties presented evidence, reviewed claims and answered questions from the court. The Company is awaiting a decision from the Beijing Intellectual Property Court.

On September 16, 2011, the Company filed a civil copyright infringement complaint in the Hainan Province No. 1 Intermediate People's Court against Dalian Guotong Electric Co. Ltd. ("Guotong"), a supplier of power converter products to Sinovel, and Huaneng Hainan Power, Inc. ("Huaneng"), a wind farm operator that has purchased Sinovel wind turbines containing Guotong power converter products. The case is captioned (2011) Hainan Yi Zhong Min Chu Zi No. 62. The application alleges that the Company's PM1000 converters in certain Sinovel wind turbines have been replaced by converters produced by Guotong. Because the Guotong converters are being used in wind turbines containing the Company's wind turbine control software, the Company believes that its copyrighted software is being infringed. The Company is seeking a cease and desist order with respect to the unauthorized use of its software, monetary damages of RMB 1.2 million (\$0.2 million) for its economic losses (with respect to Guotong only) and reimbursement of all costs and reasonable expenses. The court has accepted the case, which was necessary in order for the case to proceed. In addition, upon the request of the defendant Huaneng, Sinovel has been added by the court to this case as a defendant and Huaneng has been released from this case. In December 2011, Sinovel filed a jurisdiction opposition motion requesting dismissal by the Hainan Province No. 1 Intermediate People's Court, saying the case should be governed by the Beijing Arbitration Commission. On February 3, 2012, the Company received the Civil Ruling from the court, which granted Sinovel's motion, and dismissed the entire case. The Company appealed the court's ruling to the Hainan Higher Court, which on April 5, 2012 upheld the decision of the Hainan Province No. 1 Intermediate People's Court. On April 9, 2012, the Company filed an appeal of the Hainan Higher Court's decision with China's Supreme People's Court. China's Supreme People's Court accepted the appeal on May 23, 2012. The case is captioned, (2012) Min Shen Zi No. 630. On December 20, 2012, China's Supreme People's Court issued a Civil ruling, holding that (1) it will conduct a re-trial of the Company's appeal and (2) the lower court's decision will be stayed pending the re-trial. China's Supreme People's Court conducted a re-trial of Sinovel's appeal on May 29, 2013. On January 26, 2014, the Supreme People's Court revoked Hainan No. 1 Intermediate People's Court and Hainan Higher People's Court rulings and ruled that the case shall be heard by the Hainan No. 1 Intermediate People's Court. The Hainan No. 1 Intermediate People's Court accepted the case under the caption (2014) Hainan Yi Zhong Min San Chu Zi No. 1. On October 21, 2014, the Hainan No. 1 Intermediate People's Court changed the caption of this case to (2014) Hainan Yi Zhong Zhi Min Chu Zi No. 2. On November 18, 2014, the Hainan No. 1 Intermediate People's Court held its first substantive hearing in the Hainan case. At the hearing, the parties presented evidence, reviewed claims, and answered questions from the court. On June 3, 2015, the Company received notification from the Hainan No. 1 Intermediate People's Court that it dismissed the case for what it cited was a lack of evidence. On June 18, 2015, the Company filed an appeal of the Hainan No. 1 Intermediate People's Court decision to dismiss the case with the Hainan Higher People's Court. On August 20, 2015, the Hainan Higher People's Court accepted the appeal under the caption (2015) QiongZhi Min Zhong Zi No. 6. On November 26, 2015, the Hainan Higher People's Court held its first substantive hearing on the Company's appeal of the Hainan No. 1 Intermediate People's Court dismissal of the case. At the hearing, the parties presented evidence and answered questions from the court. The Company is awaiting a decision from the Hainan Higher People's Court.

Other

The Company enters into long-term construction contracts with customers that require the Company to obtain performance bonds. The Company is required to deposit an amount equivalent to some or all the face amount of the performance bonds into an escrow account until the termination of the bond. When the performance conditions are met, amounts deposited as collateral for the performance bonds are returned to the Company. In addition, the Company has various contractual arrangements in which minimum quantities of goods or services have been committed to be purchased on an annual basis.

As of December 31, 2015, the Company had \$0.4 million of restricted cash included in current assets and \$0.8 million of restricted cash included in long-term assets. These amounts included in restricted cash primarily represent deposits to secure letters of credit for various supply contracts. These deposits are held in interest bearing accounts.

14. Minority Investments

Investment in Tres Amigas LLC

The Company made an investment in Tres Amigas, focused on providing the first common interconnection of America's three power grids to help the country achieve its renewable energy goals and facilitate the smooth, reliable and efficient transfer of green power from region to region. The Company's original investment in Tres Amigas was \$5.4 million. As of December 31, 2015, the Company holds a 26% ownership interest in Tres Amigas.

The Company has determined that Tres Amigas is a variable interest entity (“VIE”) and that the Company is not the primary beneficiary of the VIE. Therefore, the Company has not consolidated Tres Amigas as of December 31, 2015. The investment was carried at acquisition cost, plus the Company’s equity in undistributed earnings or losses. The Company’s maximum exposure to loss was limited to the Company’s recorded investment in this VIE. The Company’s investment in Tres Amigas was included in other assets on the consolidated balance sheet and the equity in undistributed losses of Tres Amigas is included in other expense, net, on the unaudited condensed consolidated statements of operations. During the three months ended June 30, 2015, the Company determined that as a result of delays in Tres Amigas securing financing for the project, as well as the Company’s expectation that its investment would not be recoverable based on recent adverse market indicators for potential sales of the Company’s share of the investment, that its investment in Tres Amigas required further analysis for other-than-temporary impairment. The Company recorded an impairment charge of \$0.7 million to fully impair this investment in the three months ended June 30, 2015.

The net investment activity for the nine months ended December 31, 2015 is as follows (in thousands):

Balance at April 1, 2015	\$	1,102
Minority interest in net losses		(356)
Impairment		(746)
Balance at December 31, 2015	\$	<u><u>-</u></u>

Investment in Blade Dynamics Ltd.

The Company acquired (through its Austrian subsidiary), a minority ownership position in Blade Dynamics, a designer and manufacturer of advanced wind turbine blades based on proprietary materials and structural technologies. The Company’s original investment was for \$8.0 million in cash.

The investment was carried at the acquisition cost, plus the Company’s equity in undistributed earnings or losses, through December 1, 2012, the date which the company no longer reported undistributed earnings or losses. The Company’s investment in Blade Dynamics was included in other assets on the unaudited condensed consolidated balance sheet and the equity in undistributed losses of Blade Dynamics was included in other expense, net, on the unaudited condensed consolidated statements of operations. During the nine months ended December 31, 2014, the Company impaired its remaining investment in Blade Dynamics and recorded an impairment charge of \$3.5 million.

On October 6, 2015, 100% of the outstanding common stock of Blade Dynamics was acquired by a subsidiary of General Electric Company. After deducting transaction expenses, AMSC received net proceeds of \$2.5 million from the sale, which was recorded as a gain during the three months ended December 31, 2015. Additionally, under the terms of the purchase agreement, AMSC may be entitled to receive up to an additional \$1.6 million in proceeds upon the successful achievement of certain milestones by Blade Dynamics over the next three years.

15. Business Segments

The Company reports its financial results in two reportable business segments: Wind and Grid.

Through the Company’s Windtec Solutions, the Wind business segment enables manufacturers to field wind turbines with exceptional power output, reliability and affordability. The Company supplies advanced power electronics and control systems, licenses its highly engineered wind turbine designs, and provides extensive customer support services to wind turbine manufacturers. The Company’s design portfolio includes a broad range of drive trains and power ratings of 2 MWs and higher. The Company provides a broad range of power electronics and software-based control systems that are highly integrated and designed for optimized performance, efficiency, and grid compatibility.

Through the Company’s Gridtec Solutions, the Grid business segment enables electric utilities and renewable energy project developers to connect, transmit and distribute power with exceptional efficiency, reliability and affordability. The sales process is enabled by transmission planning services that allow it to identify power grid congestion, poor power quality and other risks, which helps the Company determine how its solutions can improve network performance. These services often lead to sales of grid interconnection solutions for wind farms and solar power plants, power quality systems, and transmission and distribution cable systems. The Company also sells ship protection products to the U.S. Navy through its Grid business segment.

The operating results for the two business segments are as follows (in thousands):

	Three months ended December 31,		Nine months ended December 31,	
	2015	2014	2015	2014
Revenues:				
Wind	\$ 17,229	\$ 15,131	\$ 48,976	\$ 30,244
Grid	8,543	6,119	19,523	15,157
Total	<u>\$ 25,772</u>	<u>\$ 21,250</u>	<u>\$ 68,499</u>	<u>\$ 45,401</u>
Operating (loss) profit:				
Wind	\$ (263)	\$ 1,301	\$ (2,127)	\$ (16,790)
Grid	(2,342)	(7,050)	(12,963)	(20,016)
Unallocated corporate expenses	(707)	(1,986)	(3,321)	(9,995)
Total	<u>\$ (3,312)</u>	<u>\$ (7,735)</u>	<u>\$ (18,411)</u>	<u>\$ (46,801)</u>

The accounting policies of the business segments are the same as those for the consolidated Company. The Company's business segments have been determined in accordance with the Company's internal management structure, which is organized based on operating activities. The Company evaluates performance based upon several factors, of which the primary financial measures are segment revenues and segment operating loss. The disaggregated financial results of the segments reflect allocation of certain functional expense categories consistent with the basis and manner in which Company management internally disaggregates financial information for the purpose of assisting in making internal operating decisions. In addition, certain corporate expenses which the Company does not believe are specifically attributable or allocable to either of the two business segments have been excluded from the segment operating loss.

Unallocated corporate expenses primarily consist of stock-based compensation expense of \$0.7 million and \$2.5 million in the three and nine months ended December 31, 2015, respectively, and an impairment charge of \$0.7 million for the nine months ended December 31, 2015. Unallocated corporate expenses primarily consist of stock-based compensation expense of \$1.5 million and \$4.6 million, and restructuring and impairment charges of \$0.5 million and \$5.4 million, for the three and nine months ended December 31, 2014, respectively.

Total assets for the two business segments as of December 31, 2015 and March 31, 2015 are as follows (in thousands):

	December 31, 2015	March 31, 2015
Wind	\$ 35,833	\$ 41,947
Grid	38,160	42,482
Corporate assets	61,842	49,396
Total	<u>\$ 135,835</u>	<u>\$ 133,825</u>

The following table sets forth customers who represented 10% or more of the Company's total revenues for the three and nine months ended December 31, 2015 and 2014:

	Three months ended December 31,		Nine months ended December 31,	
	2015	2014	2015	2014
INOX Wind Limited	64%	61%	58%	54%
Fuji Bridex Pte Ltd	18%	—%	<10%	—%

16. Recent Accounting Pronouncements

In May 2014, the FASB and the International Accounting Standards Board (IASB) issued ASU 2014-09, *ASU Revenue from Contracts with Customers (Topic 606)*. The guidance substantially converges final standards on revenue recognition between the FASB and IASB providing a framework on addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. generally accepted accounting principles. The ASU is effective for annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact, if any, the adoption of ASU 2014-09 may have on its current practices.

In July 2014, the FASB issued ASU 2014-12, *Compensation – Stock Compensation (Topic 718): Accounting for Share Based Payments When the Terms of an Award Provide that a Performance Target could be Achieved after the Requisite Service Period*. To account for such awards, a reporting entity should apply existing guidance in FASB Accounting Standards Codification *Topic 718, Compensation – Stock Compensation*, as it relates to awards with performance conditions that affect vesting. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. This ASU is effective for annual reporting periods and interim periods, within those annual periods beginning after December 15, 2015. The Company is currently evaluating the impact, if any, the adoption of ASU 2014-12 may have on its current practices.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*. The new standard explicitly requires the assessment at interim and annual periods, and provides management with its own disclosure guidance. This ASU is effective for annual reporting periods and interim periods, within those annual periods ending after December 15, 2016. The Company is currently evaluating the impact, if any, the adoption of ASU 2014-15 may have on its current practices.

In April 2015, the FASB issued ASU 2015-03 *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The amendments in ASU 2015-03 require an entity to present debt issuance costs on the balance sheet as a direct deduction from the related debt liability as opposed to an asset. Amortization of the costs will continue to be reported as interest expense. This ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, the adoption of ASU 2015-03 may have on its current practices, and currently does not believe there will be an impact on its consolidated results of operations, financial condition, or cash flow.

In June 2015, the FASB issued ASU 2015-10 *Technical Corrections and Improvements*. The amendments in ASU 2015-10 clarify and correct some of the differences that arose between original guidance from FASB, EITF and other sources, and the translation into the new Codification. This ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, the adoption of ASU 2015-10 may have on its current practices, and currently does not believe there will be an impact on its consolidated results of operations, financial condition, or cash flow.

In July 2015, the FASB issued ASU 2015-11 *Inventory (Topic 330): Simplifying the Measurement of Inventory*. The amendments in ASU 2015-11 clarify the proper way to identify market value in the use of lower of cost or market value valuation method. As market value could be determined multiple ways under prior standards, it will now be considered as net realizable value. This ASU is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, the adoption of ASU 2015-11 may have on its current practices.

In September 2015, the FASB issued ASU 2015-16 *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*. The amendments in ASU 2015-16 require that an acquirer recognize adjustments to provisional amounts identified during the measurement period in the reporting period in which the adjustment amounts are determined. This ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, the adoption of ASU 2015-16 may have on its current practices, and currently does not believe there will be an impact on its consolidated results of operations, financial condition, or cash flow.

In November 2015, the FASB issued ASU 2015-17 *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The amendments in ASU 2015-17 require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. This ASU is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, the adoption of ASU 2015-17 may have on its current practices.

In January 2016, the FASB issued ASU 2016-01 *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The amendments in ASU 2016-01 will enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. This ASU is effective for annual reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, the adoption of ASU 2016-01 may have on its current practices.

17. Subsequent Events

The Company has performed an evaluation of subsequent events through the time of filing this Quarterly Report on Form 10-Q with the SEC, and has determined that there are no such events to report.

**AMERICAN SUPERCONDUCTOR CORPORATION
MANAGEMENT’S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). For this purpose, any statements contained herein that relate to future events or conditions, including without limitation, the statements in Part II, “Item 1A. Risk Factors” and in Part I under “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and located elsewhere herein regarding industry prospects or our prospective results of operations or financial position, may be deemed to be forward-looking statements. Without limiting the foregoing, the words “believes,” “anticipates,” “plans,” “expects,” and similar expressions are intended to identify forward-looking statements. 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 financial condition 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; A significant portion of our revenues are derived from a single customer; 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 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 ramp up production 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; 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, particularly in China, 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 had 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 India and China, and global conditions could negatively affect our operating results or limit our ability to expand our operations outside of these countries. Changes in India’s or 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; 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; 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; and 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, 2015, 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q.

American Superconductor[®], Amperium[®], AMSC[®], D-VAR[®], PowerModule[™], PQ-IVR[®], SeaTitan[™], Gridtec Solutions[™], Windtec Solutions[™] and Smarter, Cleaner... Better Energy[™] are trademarks or registered trademarks of American Superconductor Corporation or our subsidiaries. We reserve all of our rights with respect to our trademarks or registered trademarks regardless of whether they are so designated in this Quarterly Report on Form 10-Q by an [®] or [™] symbol. All other brand names, product names, trademarks or service marks appearing in this Quarterly Report on Form 10-Q are the property of their respective holders.

Executive Overview

American Superconductor Corporation was founded on April 9, 1987. We are a leading provider of megawatt-scale solutions that lower the cost of wind power and enhance the performance of the power grid. In the wind power market, we enable manufacturers to field highly competitive wind turbines through our advanced power electronics products, engineering, and support services. In the power grid market, we enable electric utilities and renewable energy project developers to connect, transmit and distribute power through our transmission planning services and power electronics and superconductor-based products. Our wind and power grid products and services provide exceptional reliability, security, efficiency and affordability to our customers.

Our wind and power grid solutions help to improve energy efficiency, alleviate power grid capacity constraints and increase the adoption of renewable energy generation. Demand for our solutions is driven by the growing needs for renewable sources of electricity, such as wind and solar energy, and for modernized smart grids that improve power reliability, security and quality. Concerns about these factors have led to increased spending by corporations as well as supportive government regulations and initiatives on local, state, national and global levels, including renewable portfolio standards, tax incentives and international treaties.

We manufacture products using two proprietary core technologies: PowerModule programmable power electronic converters and our Amperium high temperature superconductor ("HTS") wires. These technologies and our system-level solutions are protected by a broad and deep intellectual property portfolio consisting of hundreds of patents and licenses worldwide.

We operate our business under two market-facing business units: Wind and Grid. We believe this market-centric structure enables us to more effectively anticipate and meet the needs of wind turbine manufacturers, power generation project developers and electric utilities.

- **Wind.** Through our Windtec Solutions[™], our Wind business segment enables manufacturers to field wind turbines with exceptional power output, reliability and affordability. We supply advanced power electronics and control systems, license our highly engineered wind turbine designs, and provide extensive customer support services to wind turbine manufacturers. Our design portfolio includes a broad range of drive trains and power ratings of 2 megawatts ("MW") and higher. We provide a broad range of power electronics and software-based control systems that are highly integrated and designed for optimized performance, efficiency, and grid compatibility.
- **Grid.** Through our Gridtec Solutions[™], our Grid business segment enables electric utilities and renewable energy project developers to connect, transmit and distribute power with exceptional efficiency, reliability, security and affordability. We provide transmission planning services that allow us to identify power grid congestion, poor power quality, and other risks, which help us determine how our solutions can improve network performance. These services often lead to sales of our grid interconnection solutions for wind farms and solar power plants, power quality systems and transmission and distribution cable systems. We also sell ship protection products to the U.S. Navy through our Grid business segment.

Our fiscal year begins on April 1 and ends on March 31. When we refer to a particular fiscal year, we are referring to the fiscal year beginning on April 1 of that same year. For example, fiscal 2015 refers to the fiscal year beginning on April 1, 2015. Other fiscal years follow similarly.

On March 24, 2015, we effected a 1-for-10 reverse stock split on our common stock. Trading of our common stock reflected the reverse stock split beginning March 25, 2015. Unless otherwise indicated, all historical references to shares of common stock, shares of restricted stock, restricted units, shares underlying stock options, warrants or calculations that use common stock for per share financial reporting have been adjusted for comparative purposes to reflect the impact of the 1-for-10 reverse stock split as if it had occurred at the beginning of the earliest period presented.

We have experienced recurring operating losses and as of December 31, 2015, had an accumulated deficit of \$924.8 million. In addition, we have experienced recurring negative operating cash flows. At December 31, 2015, we had cash and cash equivalents of \$36.4 million. Cash used in operations for the nine months ended December 31, 2015 was \$7.8 million.

Over the last several years, we have entered into several debt and equity financing arrangements in order to enhance liquidity. Since April 1, 2012, we generated aggregate cash flows from financing activities of \$72.0 million. This amount includes proceeds from our April 2015 equity offering, which generated net proceeds of approximately \$22.3 million, after deducting underwriting discounts and commissions and estimated offering expenses. See Note 10, "Debt", and Note 12 "Stockholders Equity" for further discussion of these financing arrangements. We believe that we are in compliance with the covenants and restrictions included in the agreements governing our debt arrangements as of December 31, 2015.

On March 31, 2011, Sinovel Wind Group Co., Ltd. ("Sinovel") refused to accept contracted scheduled shipments with a revenue value of approximately \$65.2 million. In addition, as of March 31, 2011, we had approximately \$62.0 million of receivables (excluding value-added tax) outstanding from Sinovel. As of the date of this filing, we have not received payment from Sinovel for these outstanding receivables that are now past due, nor have we been notified as to when, if ever, they will accept contracted shipments that were scheduled for delivery after March 31, 2011. No payment has been received from Sinovel since early March 2011. Because Sinovel did not give us notice that it intended to delay deliveries as required under the contracts, we believe that these actions constitute material breaches of our contracts. Additionally, we believe that Sinovel illegally obtained and used our intellectual property in violation of civil and criminal intellectual property laws.

On September 13, 2011, we commenced a series of legal actions in China against Sinovel. We filed a claim for arbitration in Beijing, China to compel Sinovel to pay us for past product shipments and to accept all contracted but not yet delivered core electrical components and spare parts under all existing contracts with us. The arbitration claim was filed with the Beijing Arbitration Commission in accordance with the terms of our supply contracts with Sinovel. We also filed civil and criminal complaints against Sinovel.

We cannot provide any assurance as to the outcome of these legal actions. For more information about these legal proceedings, see Part II, Item 1, "Legal Proceedings."

Our cash requirements depend on numerous factors, including the successful completion of our product development activities, our ability to commercialize our Resilient Electric Grid ("REG") and ship protection system solutions, rate of customer and market adoption of our products, collecting receivables according to established terms, and the continued availability of U.S. government funding during the product development phase of our Superconductors based products. In addition we are focused on achieving certain operational objectives. During the first half of fiscal 2015, we achieved our near term objectives, including announcing that Washington D.C.'s Pepco is conducting a deployment study of our REG system; receiving a large wind order from Inox Wind Ltd ("Inox"); announcing new D-VAR orders; and announcing new authorized funding for Project REG. In the longer term, we expect to have a decision on moving to the manufacturing and construction phase of Project REG and we expect to receive additional business from the U.S. Navy. In addition, in December 2015, we entered into a set of strategic agreements valued at approximately \$210.0 million with Inox, which includes a multi-year supply contract pursuant to which the Company will supply electric control systems to Inox and a license agreement allowing Inox to manufacture a limited number of electrical control systems over the next three to four years. After this initial three to four year period, the Company will continue as Inox's preferred supplier and Inox will be required to purchase from the Company a majority of its electric control systems requirements for an additional three-year period. These agreements are expected to provide a foundation for the business as we pursue our longer-term objectives. Significant deviations to our business plan with regard to these factors and events, which are important drivers to our business, could have a material adverse effect on our operating performance, financial condition, and future business prospects. We expect to pursue the expansion of our operations through internal growth, diversification of our customer base, and potential strategic alliances. See below for a discussion of liquidity and capital resources.

On October 6, 2015, 100% of the outstanding common stock of Blade Dynamics Limited ("Blade Dynamics") was acquired by a subsidiary of General Electric Company. After deducting transaction expenses, we received net proceeds of \$2.5 million from the sale, which was recorded as a gain during the three months ended December 31, 2015. Additionally, under the terms of the purchase agreement, we may be entitled to receive up to an additional \$1.6 million in proceeds, upon the successful achievement of certain milestones by Blade Dynamics over the next three years. We no longer believe our investment in Tres Amigas, LLC, a Delaware limited liability Company ("Tres Amigas") is recoverable. We fully impaired our remaining investment in Tres Amigas during the three months ended June 30, 2015. (See Note 14, "Minority Investments", for further information about such investment).

Critical Accounting Policies and Estimates

The preparation of the unaudited condensed consolidated financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ under different assumptions or conditions. There were no significant changes in the critical accounting policies during the nine months ended December 31, 2015 that were disclosed in our Form 10-K for fiscal 2014, which ended on March 31, 2015.

Results of Operations

Three and nine months ended December 31, 2015 compared to the three and nine months ended December 31, 2014

Revenues

Total revenues increased 21% and 51% to \$25.8 million and \$68.5 million for the three and nine months ended December 31, 2015, respectively, compared to \$21.3 million and \$45.4 million for the three and nine months ended December 31, 2014, respectively. Our revenues are summarized as follows (in thousands):

	Three months ended December 31,		Nine months ended December 31,	
	2015	2014	2015	2014
Revenues:				
Wind	\$ 17,229	\$ 15,131	\$ 48,976	\$ 30,244
Grid	8,543	6,119	19,523	15,157
Total	\$ 25,772	\$ 21,250	\$ 68,499	\$ 45,401

Our Wind business unit accounted for 67% and 71% of total revenues for the three and nine months ended December 31, 2015, respectively, compared to 71% and 67% for the three and nine months ended December 31, 2014, respectively. Revenues in the Wind business unit increased 14% and 62% to \$17.2 million and \$49.0 million in the three and nine months ended December 31, 2015, respectively, from \$15.1 million and \$30.2 million in the three and nine months ended December 31, 2014, respectively. Wind business unit revenues during the three months ended December 31, 2015 increased primarily due to higher volume of sales to Inox in India. Wind business unit revenues in the nine months ended December 31, 2015, increased primarily due to higher volume of sales to Inox in India and Beijing JINGCHENG New Energy ("JCNE") in China.

Our Grid business unit accounted for 33% and 29% of total revenues for the three and nine months ended December 31, 2015, respectively, compared to 29% and 33% for the three and nine months ended December 31, 2014, respectively. Our Grid business unit revenues increased 40% and 29% to \$8.5 million and \$19.5 million in the three and nine months ended December 31, 2015, respectively, from \$6.1 million and \$15.2 million in the three and nine months ended December 31, 2014, respectively. Grid business unit revenues increased in the three and nine months ended December 31, 2015 primarily due to higher D-VAR system revenues, partially offset by lower HTS wire sales, particularly in the nine months ended December 31, 2015.

Revenues from Project HYDRA and Project REG represented 6% and 7% of our Grid business unit's revenue for the three and nine months ended December 31, 2015, respectively, compared to 10% and 9% for the three and nine months ended December 31, 2014, respectively. Our revenues for these projects are derived by funding from the Department of Homeland Security ("DHS"). Project HYDRA is a project with Consolidated Edison, Inc. ("ConEd") to demonstrate our REG product in ConEd's electric grid. Project REG is a project with Commonwealth Edison, Inc. ("ComEd") to permanently install our REG product in ComEd's electric grid. This fault current limiting cable system is designed to utilize customized Amperium® HTS wire, and ancillary controls to deliver more power through the grid while also being able to suppress power surges that can disrupt service. DHS has committed 100% of the total expected funding of \$29.0 million for Project HYDRA. Under Project REG, DHS is expected to invest up to \$60.0 million to enable the deployment of the REG system in Chicago's electric grid. We are nearing completion on the first phase of the project which among other things, will result in the creation of a detailed deployment plan. In the fiscal year ended March 31, 2015, DHS committed funding of \$1.5 million for the first phase of the project. During the three months ended September 30, 2015, DHS committed funding of an additional \$3.7 million, for a total of \$5.2 million. This additional funding serves as a bridge between the detailed deployment plan and construction phases of the project. The period of performance to complete the engineering work extends through May 31, 2017. The final phase of the project involves the delivery of the REG system and the associated construction and deployment of the system in ComEd's grid. We will not begin this phase of the project until all parties agree to proceed. There can be no assurance that all parties will agree to proceed with the project.

The following table sets forth customers who represented 10% or more of our total revenues for the three and nine months ended December 31, 2015 and 2014:

	Three months ended December 31,		Nine months ended December 31,	
	2015	2014	2015	2014
INOX Wind Limited	64%	61%	58%	54%
Fuji Bridex Pte Ltd	18%	—%	<10%	—%

Cost of Revenues and Gross Margin

Cost of revenues increased by 6% and 27% to \$19.3 million and \$55.8 million for the three and nine months ended December 31, 2015, respectively, compared to \$18.1 million and \$44.0 million for the three and nine months ended December 31, 2014, respectively. Gross margin was 25.3% and 18.6% for the three and nine months ended December 31, 2015, respectively, compared to 14.9% and 3.2% for the three and nine months ended December 31, 2014, respectively. The increases in gross margin for the three and nine months ended December 31, 2015 as compared to the same periods in fiscal 2014, were primarily due to higher revenues and a more favorable product mix for our D-VAR product as well as from higher Wind royalty revenues in the nine months ended December 31, 2015.

Operating Expenses

Research and development

R&D expenses decreased by 1% each to \$2.8 million and \$8.9 million for both the three and nine months ended December 31, 2015, respectively, from \$2.8 million and \$9.0 million for the three and nine months ended December 31, 2014, respectively. The slight decreases in both periods are primarily the result of lower stock compensation expense partially offset by new product development expenses in our Grid segment.

Selling, general, and administrative

SG&A expenses decreased by 7% and 9% to \$7.0 million and \$21.3 million in the three and nine months ended December 31, 2015, respectively, from \$7.5 million and \$23.5 million in the three and nine months ended December 31, 2014, respectively. The decreases in SG&A expenses were due primarily to the realization of savings from cost reduction actions that were implemented in prior periods as well as reductions in stock compensation and legal costs.

Arbitration award expense

We recorded an arbitration award expense of \$10.2 million in the nine months ended December 31, 2014 following a decision by the Arbitration Tribunal for the ICC International Court of Arbitration on August 29, 2014 finding us liable for damages under a breach of contract proceeding against Ghodawat Energy Pvt Ltd (“Ghodawat”).

Amortization of acquisition related intangibles

We recorded amortization expense related to our core technology and know-how, trade names and trademark intangible assets of less than \$0.1 million and \$0.1 million in the three and nine months ended December 31, 2015 and 2014, respectively.

Restructuring and Impairments

We recorded restructuring and impairment charges of \$0.8 million in the nine months ended December 31, 2015, which included an impairment charge of \$0.7 million to fully impair our investment in Tres Amigas as our investment is no longer deemed recoverable. We recorded \$0.5 million and \$5.4 million of restructuring and impairment charges in the three and nine months ended December 31, 2014, respectively. These amounts include restructuring charges of \$0.5 million and \$1.9 million which were recorded during the three and nine months ended December 31, 2014. These amounts include severance, relocation, lease termination and other costs associated with the consolidation of our facility in Middleton, WI into our facility in Devens, MA, as well as headcount reductions in our China operation, primarily during the nine months ended December 31, 2014. In addition, the \$5.4 million recorded in the nine months ended December 31, 2014 includes an impairment charge of \$3.5 million on our minority investment in Blade Dynamics. The impairment charge followed an analysis in which we determined that this investment was not recoverable due to a dilutive financing which resulted in the loss of certain of our shareholder rights, as well as certain operational issues in the company.

Operating loss

Our operating loss is summarized as follows (in thousands):

	Three months ended December 31,		Nine months ended December 31,	
	2015	2014	2015	2014
Operating (loss) profit:				
Wind	\$ (263)	\$ 1,301	\$ (2,127)	\$ (16,790)
Grid	(2,342)	(7,050)	(12,963)	(20,016)
Unallocated corporate expenses	(707)	(1,986)	(3,321)	(9,995)
Total	<u>\$ (3,312)</u>	<u>\$ (7,735)</u>	<u>\$ (18,411)</u>	<u>\$ (46,801)</u>

Our Wind segment generated operating losses of \$0.3 million and \$2.1 million in the three and nine months ended December 31, 2015, respectively, compared to profit of \$1.3 million and a loss of \$16.8 million in the three and nine months ended December 31, 2014, respectively. The increase in the Wind business unit operating loss during the three months ended December 31, 2015 was due primarily to the decreased consumption of zero-cost inventory and lower royalty revenues, partially offset by higher ECS product revenues. The decrease in the Wind business unit operating loss during the nine months ended December 31, 2015 was due primarily to increased revenues for shipments to Inox in India and JCNE in China, a favorable revenue mix as a result of higher royalty revenues in the nine months ended December 31, 2015, and a charge of \$10.2 million in the nine months ended December 31, 2014 relating to the arbitration award to Ghodawat.

The operating losses in our Grid segment decreased to \$2.3 million and \$13.0 million in the three and nine months ended December 31, 2015, respectively, compared to \$7.0 million and \$20.0 million in the three and nine months ended December 31, 2014, respectively. The decrease in the Grid business unit operating loss during the three months ended December 31, 2015 was driven primarily by increased D-VAR revenues in the current year period. The decrease in the Grid business unit operating loss during the nine months ended December 31, 2015 was driven primarily by higher D-VAR revenues, increased production which resulted in better factory absorption, and the favorable impact of consolidating our Wisconsin facility into our Massachusetts facility during fiscal year 2014 which improved gross margin.

Unallocated corporate expenses primarily include stock-based compensation expense of \$0.7 million and \$2.5 million for the three and nine months ended December 31, 2015, respectively, and an impairment charge of \$0.7 million, for the nine months ended December 31, 2015. Unallocated corporate expenses primarily consist of stock-based compensation expense of \$1.5 million and \$4.6 million, and restructuring charges of \$0.5 million and \$5.4 million for the three and nine months ended December 31, 2014, respectively.

Change in fair value of derivatives and warrants

The change in fair value of derivatives and warrants resulted in a loss of \$1.1 million and a gain of \$0.4 million in the three and nine months ended December 31, 2015, respectively, compared to gains of \$2.3 million and \$3.0 million in the three and nine months ended December 31, 2014, respectively. The changes in the fair value were primarily driven by changes in stock price, which is a key valuation metric.

Gain on sale of minority interest

We recorded a gain on sale of minority interest of \$2.5 million in the three months ended December 31, 2015, related to the sale of our investment in Blade Dynamics in that period.

Interest expense, net

Interest expense, net, was \$0.2 million and \$0.8 million in the three and nine months ended December 31, 2015, respectively, compared to \$0.5 million and \$1.6 million in the three and nine months ended December 31, 2014, respectively. The decreases in interest expense were due primarily to the maturity of one of our term loans with Hercules Technology Growth Capital, Inc. ("Hercules") in December 2014.

Other (expense) income, net

Other (expense) income, net, was an expense of less than \$0.1 million and \$1.2 million in the three and nine months ended December 31, 2015, respectively, compared to other expense, net of \$0.2 million and other income, net of \$0.4 million in the three and nine months ended December 31, 2014, respectively. The decrease in other expense, net during the three months ended December 31, 2015, was primarily driven by lower foreign currency losses. The increase in other expense during the nine months ended December 31, 2015 was driven primarily by higher foreign currency losses in the current year as opposed to foreign currency gains in the prior year period, partially offset by lower minority interest charges resulting from the impairment of our minority interest in Tres Amigas during the three months ended June 30, 2015.

Income Taxes

Income tax expense was \$0.8 million and \$2.3 million in the three and nine months ended December 31, 2015, respectively, compared to \$0.2 million and \$0.4 million in the three and nine months ended December 31, 2014, respectively. The increases in income tax expense in both periods were primarily due to taxes related to dividend withholding taxes and increases in income taxes, including tax reserves, in foreign jurisdictions.

Non-GAAP Measures

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 Form 10-Q, however, should be considered in addition to, and not as a substitute for or superior to the comparable measure prepared in accordance with GAAP.

We define non-GAAP net loss as net loss before gain on sale of investment in Blade Dynamics, stock-based compensation, arbitration award expense, amortization of acquisition-related intangibles, restructuring and impairment charges, consumption of zero cost-basis inventory, changes in fair value of derivatives and warrants, non-cash interest expense, and the other non-cash or unusual charges, net of any tax effects related to these items, indicated in the table below. We believe non-GAAP net loss assists management and investors in comparing our performance across reporting periods on a consistent basis by excluding these non-cash or non-recurring charges that we do not believe are indicative of our core operating performance. We also regard non-GAAP net loss as a useful measure of operating performance which more closely aligns net loss with cash used in/provided by continuing operations. In addition, we use non-GAAP net loss as a factor in evaluating management's performance when determining incentive compensation and to evaluate the effectiveness of our business strategies. A reconciliation of non-GAAP to GAAP net loss is set forth in the table below (in thousands, except per share data):

	Three months ended December 31,		Nine months ended December 31,	
	2015	2014	2015	2014
Net loss	\$ (2,957)	\$ (6,353)	\$ (19,777)	\$ (45,292)
Gain on sale of interest in Blade Dynamics, net of tax effect	(2,354)	-	(2,354)	-
Stock-based compensation	708	1,521	2,542	4,620
Arbitration award expense	-	-	-	10,188
Amortization of acquisition-related intangibles	39	39	118	118
Restructuring and impairment charges	-	507	779	5,416
Consumption of zero cost-basis inventory	(1,543)	(3,143)	(3,612)	(5,710)
Change in fair value of derivatives and warrants	1,092	(2,288)	(409)	(3,048)
Non-cash interest expense	83	147	290	490
Non-GAAP net loss	<u>\$ (4,932)</u>	<u>\$ (9,570)</u>	<u>\$ (22,423)</u>	<u>\$ (33,218)</u>
Non-GAAP loss per share	<u>\$ (0.36)</u>	<u>\$ (1.09)</u>	<u>\$ (1.72)</u>	<u>\$ (4.04)</u>
Weighted average shares outstanding - basic and diluted	<u>13,539</u>	<u>8,764</u>	<u>13,052</u>	<u>8,228</u>

We incurred non-GAAP net losses of \$4.9 million and \$22.4 million or \$0.36 and \$1.72 per share, for the three and nine months ended December 31, 2015, respectively, compared to non-GAAP net losses of \$9.6 million and \$33.2 million or \$1.09 and \$4.04 per share, for the three and nine months ended December 31, 2014, respectively. The decreases in non-GAAP net loss were driven primarily by higher revenues in both of our business units, including higher royalty revenues in our Wind segment, particularly in the nine months ended December 31, 2015, as previously discussed, as well as higher gross margin and lower operating expenses.

Liquidity and Capital Resources

At December 31, 2015, we had cash, cash equivalents, and restricted cash of \$37.7 million, compared to \$24.5 million at March 31, 2015, an increase of \$13.2 million. Our cash and cash equivalents, and restricted cash are summarized as follows (in thousands):

	December 31, 2015	March 31, 2015
Cash and cash equivalents	\$ 36,437	\$ 20,490
Restricted cash	1,228	4,059
Total cash, cash equivalents, and restricted cash	<u>\$ 37,665</u>	<u>\$ 24,549</u>

For the nine months ended December 31, 2015, net cash used in operating activities was \$7.8 million compared to \$20.9 million for the nine months ended December 31, 2014. The decrease in net cash used in operations was due primarily to lower net loss for the reasons discussed above offset by an increase in cash used from changes in operating asset and liability accounts during the nine months ended December 31, 2015 compared to the nine months ended December 31, 2014.

For the nine months ended December 31, 2015, net cash provided by investing activities was \$4.9 million, compared to \$4.4 million for the nine months ended December 31, 2014. The increase in net cash provided by investing activities was due primarily to the proceeds from the sale of our minority interest in Blade Dynamics, partially offset by a net decrease in the change in restricted cash of \$1.9 million compared to the nine months ended December 31, 2014.

For the nine months ended December 31, 2015, net cash provided by financing activities was \$19.2 million compared to \$9.7 million in the nine months ended December 31, 2014. The increase in net cash provided by financing activities was primarily due to net proceeds of \$22.3 million from the issuance of 4.0 million shares of common stock on April 29, 2015, which was an increase of \$7.3 million over the prior year period net offering proceeds from the sale of shares under our At-Market Sales Arrangement and an equity offering in November 2014. Additionally, amounts repaid for debt decreased by \$3.3 million compared to the prior year period due to the repayment in full of one of our term loans in the prior-year period.

At December 31, 2015, we had \$0.4 million of restricted cash included in current assets and \$0.8 million of restricted cash included in long-term assets. These amounts included in restricted cash primarily represent deposits to secure letters of credit for various supply contracts and customs authorities. These deposits are held in interest bearing accounts.

On June 5, 2012, we entered into a Loan and Security Agreement (the "Term Loan") with Hercules, under which we borrowed \$10.0 million. After the closing fees and expenses, the net proceeds were \$9.7 million. The Term Loan bears an interest rate equal to 11% plus the percentage, if any, in which the prime rate as reported by The Wall Street Journal exceeds 3.75%. We made interest only payments from July 1, 2012 through October 31, 2012, after which we began paying the Term Loan in equal monthly installments ending on December 1, 2014, when the loan was repaid in full.

On November 15, 2013, we amended the Term Loan with Hercules and entered into a new term loan (the "New Term Loan B"), borrowing an additional \$10.0 million. After closing fees and expenses, we received net proceeds of \$9.8 million. The New Term Loan B also bears the same interest rate as the Term Loan. We made interest-only payments from December 1, 2013 to May 31, 2014. If we achieved certain revenue targets for the six-month period ending March 31, 2014, interest only payments would continue through August 31, 2014. We did not achieve the revenue required to extend this interest only period. Beginning June 1, 2014, we began making payments on the New Term Loan B in equal monthly installments which will end on November 1, 2016.

On December 19, 2014, we entered into an amendment with Hercules (the "Hercules Second Amendment") and entered into a new term loan (the "New Term Loan C"), borrowing an additional \$1.5 million (we collectively refer to the Term Loan, the New Term Loan B, and New Term Loan C as the "Term Loans"). After closing fees and expenses, the net proceeds from the New Term Loan C were \$1.4 million. The New Term Loan C also bears the same interest rate as the other Term Loans. We will make interest only payments until maturity on June 1, 2017, when the loan is scheduled to be repaid in its entirety. The maturity date of the New Term Loan C was extended from March 1, 2017 to June 1, 2017 due to our April 2015 equity offering which raised more than \$10 million in new capital before December 31, 2015 (see discussion below).

The Term Loans are secured by substantially all of our existing and future assets, including a mortgage on real property owned by our wholly-owned subsidiary, ASC Devens LLC, and located at 64 Jackson Road, Devens, Massachusetts. The Term Loans contain certain covenants that restrict our ability to, among other things, incur or assume certain debt, merge or consolidate, materially change the nature of our business, make certain investments, acquire or dispose of certain assets, make guarantees or grant liens on our assets, make certain loans, advances or investments, declare dividends or make distributions or enter into transactions with affiliates. In addition, there is a covenant that requires us to maintain a minimum unrestricted cash balance (the “Minimum Threshold”) in the United States. As part of the Hercules Second Amendment, this Minimum Threshold was amended to be the lower of \$5.0 million or the aggregate outstanding principal balance of the Term Loans. As a result of the April 2015 offering (see discussion below), the Minimum Threshold was reduced to the lesser of \$2.0 million or the aggregate outstanding principal balance of the Term Loans. As of December 31, 2015, the Minimum Threshold was \$2.0 million. The events of default under the Term Loans include, but are not limited to, failure to pay amounts due, breaches of covenants, bankruptcy events, cross defaults under other material indebtedness and the occurrence of a material adverse effect and/or change in control. In the case of a continuing event of default, Hercules may, among other remedies, declare due all unpaid principal amounts outstanding and any accrued but unpaid interest and foreclose on all collateral granted to Hercules as security under the Term Loans.

We believe we are in and expect to remain in compliance with the covenants and restrictions under the Term Loans as of the date of this Quarterly Report on Form 10-Q. If we fail to stay in compliance with our covenants or experience some other event of default, we may be forced to repay the outstanding principal on the Term Loans.

We have experienced recurring operating losses and as of December 31, 2015, had an accumulated deficit of \$924.8 million. In addition, we have experienced recurring negative operating cash flows. At December 31, 2015, we had cash and cash equivalents of \$36.4 million, as compared to cash used in operations of \$7.8 million for the nine months ended December 31, 2015. On April 29, 2015, we completed an equity offering which raised net proceeds of \$22.3 million after deducting underwriting discounts and commissions and estimated offering expenses payable by us from the sale of 4.0 million shares of our common stock at a public offering price of \$6.00 per share. On October 6, 2015, 100% of the outstanding common stock of Blade Dynamics was acquired by a subsidiary of General Electric Company. After deducting transaction expenses, we received net proceeds of \$2.5 million from the sale, which was recorded as a gain during the three months ended December 31, 2015. Additionally, under the terms of the purchase agreement, we may be entitled to receive up to an additional \$1.6 million in proceeds, upon the successful achievement of certain milestones by Blade Dynamics over the next three years. In addition, in December 2015, we entered into a set of strategic agreements valued at approximately \$210.0 million with Inox, which includes a multi-year supply contract pursuant to which we will supply electric control systems to Inox and a license agreement allowing Inox to manufacture a limited number of electrical control systems over the next three to four years. After this initial three to four year period, we will continue as Inox’s preferred supplier and Inox will be required to purchase from us a majority of its electric control systems requirements for an additional three-year period. These agreements are expected to provide a foundation for the business as we pursue our longer-term objectives.

We believe we have sufficient available liquidity to fund our operations, capital expenditures and scheduled cash payments under our debt obligations for the next twelve months. Our liquidity is highly dependent on our ability to increase revenues, control our operating costs, and our ability to maintain compliance with the covenants and restrictions on our debt obligations (or obtain waivers from our lender in the event of non-compliance), and our ability to raise additional capital, if necessary. There can be no assurance that we will be able to continue to raise additional capital from other sources or execute on any other means of improving our liquidity as described above.

Legal Proceedings

We are involved in legal and administrative proceedings and claims of various types. See Part II, Item 1, “Legal Proceedings,” for additional information. We record a liability in our consolidated financial statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. We review these estimates each accounting period as additional information is known and adjust the loss provision when appropriate. If a matter is both probable to result in liability and the amounts of loss can be reasonably estimated, we estimate and disclose the possible loss or range of loss to the extent necessary to make the consolidated financial statements not misleading. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in our consolidated financial statements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined under SEC rules, such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating transactions that are not required to be reflected on our balance sheet except as discussed below.

We occasionally enter into construction contracts that include a performance bond. As these contracts progress, we continually assess the probability of a payout from the performance bond. Should we determine that such a payout is probable, we would record a liability.

In addition, we have various contractual arrangements in which minimum quantities of goods or services have been committed to be purchased on an annual basis.

Recent Accounting Pronouncements

In May 2014, the FASB and the International Accounting Standards Board (IASB) issued, *ASU Revenue from Contracts with Customers 2014-09 (Topic 606)*. The guidance substantially converges final standards on revenue recognition between the FASB and IASB providing a framework on addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. generally accepted accounting principles. The ASU is effective for annual reporting periods beginning after December 15, 2017. We are currently evaluating the impact, if any, the adoption of ASU 2014-09 may have on our current practices.

In July 2014, the FASB issued ASU 2014-12, *Compensation – Stock Compensation (Topic 718): Accounting for Share Based Payments When the Terms of an Award Provide that a Performance Target Could be Achieved after the Requisite Service Period*. To account for such awards, a reporting entity should apply existing guidance in FASB Accounting Standards Codification *Topic 718, Compensation – Stock Compensation*, as it relates to awards with performance conditions that affect vesting. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. This ASU is effective for annual reporting periods and interim periods, within those annual periods beginning after December 15, 2015. We are currently evaluating the impact, if any, the adoption of ASU 2014-12 may have on our current practices.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*. The new standard explicitly requires the assessment at interim and annual periods, and provides management with its own disclosure guidance. This ASU is effective for annual reporting periods and interim periods, within those annual periods ending after December 15, 2016. We are currently evaluating the impact, if any, the adoption of ASU 2014-15 may have on our current practices.

In April 2015, the FASB issued ASU 2015-03 *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The amendments in ASU 2015-03 require an entity to present debt issuance costs on the balance sheet as a direct deduction from the related debt liability as opposed to an asset. Amortization of the costs will continue to be reported as interest expense. This ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those fiscal years. We are currently evaluating the impact, if any, the adoption of ASU 2015-03 may have on our current practices and currently do not believe there will be an impact on our consolidated results of operations, financial condition, or cash flow.

In June 2015, the FASB issued ASU 2015-10 *Technical Corrections and Improvements*. The amendments in ASU 2015-10 clarify and correct some of the difference that arose between original guidance from FASB, EITF and other sources, and the translation into the new Codification. This ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those fiscal years. We are currently evaluating the impact, if any, the adoption of ASU 2015-10 may have on our current practices and currently do not believe there will be an impact on our consolidated results of operations, financial condition, or cash flow.

In July 2015, the FASB issued ASU 2015-11 *Inventory (Topic 330): Simplifying the Measurement of Inventory*. The amendments in ASU 2015-11 clarify the proper way to identify market value in the use of lower of cost or market value valuation method. As market value could be determined multiple ways under prior standards, it will now be considered as net realizable value. This ASU is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those fiscal years. We are currently evaluating the impact, if any, the adoption of ASU 2015-11 may have on our current practices.

In September 2015, the FASB issued ASU 2015-16 *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*. The amendments in ASU 2015-16 require that an acquirer recognize adjustments to provisional amounts identified during the measurement period in the reporting period in which the adjustment amounts are determined. This ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those fiscal years. We are currently evaluating the impact, if any, the adoption of ASU 2015-16 may have on our current practices, and currently do not believe there will be an impact on our consolidated results of operations, financial condition, or cash flow.

In November 2015, the FASB issued ASU 2015-17 *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The amendments in ASU 2015-17 require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. This ASU is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those fiscal years. We are currently evaluating the impact, if any, the adoption of ASU 2015-17 may have on our current practices.

In January 2016, the FASB issued ASU 2016-01 *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The amendments in ASU 2016-01 will enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. This ASU is effective for annual reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. We are currently evaluating the impact, if any, the adoption of ASU 2016-01 may have on our current practices.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We face exposure to financial market risks such as adverse movements in foreign currency exchange rates. These exposures may change over time as our business practices evolve and could have a material adverse impact on our financial results.

Cash and cash equivalents

Our exposure to market risk through financial instruments, such as investments in marketable securities, is limited to interest rate risk, which we do not believe is material to our financial condition or results of operations. Our investments in marketable securities consist primarily of government-backed securities and commercial paper and are designed, in order of priority, to preserve principal, provide liquidity, and maximize income. Investments are monitored to limit exposure to mortgage-backed securities and similar instruments responsible for the recent turmoil in the credit markets. Interest rates are variable and fluctuate with current market conditions. We do not believe that a 10% change in interest rates would have a material impact on our financial position or results of operations.

Foreign currency exchange risk

The functional currency of each of our foreign subsidiaries is the U.S. dollar, except for AMSC Austria, for which the local currency (Euro) is the functional currency and AMSC China, for which the local currency (Renminbi) is the functional currency. The assets and liabilities of AMSC Austria and AMSC China are translated into U.S. dollars at the exchange rate in effect at the balance sheet date and income and expense items are translated at average rates for the period. Cumulative translation adjustments are excluded from net loss and shown as a separate component of stockholders' equity.

We face exposure to movements in foreign currency exchange rates whenever we, or any of our subsidiaries, enter into transactions with third parties that are denominated in currencies other than our functional currency. Intercompany transactions between entities that use different functional currencies also expose us to foreign currency risk. Gross margins of products we manufacture and sell in currencies other than the U.S. dollar are also affected by foreign currency exchange rate movements. In addition, a portion of our earnings is generated by our foreign subsidiaries, whose functional currencies are other than the U.S. dollar, and our revenues and earnings could be materially impacted by movements in foreign currency exchange rates upon the translation of the earnings of such subsidiaries into the U.S. dollar. If the functional currency for AMSC Austria and AMSC China were to fluctuate by 10% the net effect would be immaterial to our consolidated financial statements.

The impact of foreign currency transaction and translation activities on net loss for the three and nine months ended December 31, 2015 were losses of less than \$0.1 million and \$1.0 million, respectively. The impact of foreign currency transaction and translation activities on net loss for the three and nine months ended December 31, 2014 were gains of \$0.5 million and \$1.6 million, respectively.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2015. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation of our disclosure controls and procedures as of December 31, 2015, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On September 13, 2011, we commenced a series of legal actions in China against Sinovel. Our Chinese subsidiary, Suzhou AMSC Superconductor Co. Ltd., filed a claim for arbitration with the Beijing Arbitration Commission in accordance with the terms of our supply contracts with Sinovel. The case is captioned *(2011) Jing Zhong An Zi No. 0963*. On March 31, 2011, Sinovel refused to accept contracted shipments of 1.5 MW and 3 MW wind turbine core electrical components and spare parts that we were prepared to deliver. We allege that these actions constitute material breaches of our contracts because Sinovel did not give us notice that it intended to delay deliveries as required under the contracts. Moreover, we allege that Sinovel has refused to pay past due amounts for prior shipments of core electrical components and spare parts. We are seeking compensation for past product shipments and retention (including interest) in the amount of approximately RMB 485 million (\$76 million) due to Sinovel’s breaches of our contracts. We are also seeking specific performance of our existing contracts as well as reimbursement of all costs and reasonable expenses with respect to the arbitration. The value of the undelivered components under the existing contracts, including the deliveries refused by Sinovel in March 2011, amounts to approximately RMB 4.6 billion (\$720 million).

On October 8, 2011, Sinovel filed with the Beijing Arbitration Commission an application under the caption *(2011) Jing Zhong An Zi No. 0963*, for a counterclaim against us for breach of the same contracts under which we filed our original arbitration claim. Sinovel claimed, among other things, that the goods supplied by us do not conform to the standards specified in the contracts and claimed damages in the amount of approximately RMB 370 million (\$58 million). On October 17, 2011, Sinovel filed with the Beijing Arbitration Commission a request for change of counterclaim to increase its damage claim to approximately RMB 1 billion (\$157 million). On December 22, 2011, Sinovel filed with the Beijing Arbitration Commission an additional request for change of counterclaim to increase its damages claim to approximately RMB 1.2 billion (\$190 million). On February 27, 2012, Sinovel filed with the Beijing Arbitration Commission an application under the caption *(2012) Jing Zhong An Zi No. 0157*, against us for breach of the same contracts under which we filed our original arbitration claim. Sinovel claimed, among other things, that the goods supplied by us do not conform to the standards specified in the contracts and claimed damages in the amount of approximately RMB 105 million (\$17 million). We believe that Sinovel’s claims are without merit and we intend to defend these actions vigorously. Since the proceedings in this matter are still in the early technical review phase, we cannot reasonably estimate possible losses or range of losses at this time.

We also submitted a civil action application to the Beijing No. 1 Intermediate People's Court under the caption (2011) Yi Zhong Min Chu Zi No. 15524, against Sinovel for software copyright infringement on September 13, 2011. The application alleges Sinovel's unauthorized use of portions of our wind turbine control software source code developed for Sinovel's 1.5MW wind turbines and the binary code, or upper layer, of our software for the PM3000 power converters in 1.5MW wind turbines. In July 2011, a former employee of our Austrian subsidiary was arrested in Austria on charges of economic espionage and fraudulent manipulation of data. In September 2011, the former employee pled guilty to the charges, and was imprisoned. As a result of our internal investigation and a criminal investigation conducted by Austrian authorities, we believe that this former employee was contracted by Sinovel through an intermediary while employed by us and improperly obtained and transferred to Sinovel portions of our wind turbine control software source code developed for Sinovel's 1.5MW wind turbines. Moreover, we believe the former employee illegally used source code to develop for Sinovel a software modification to circumvent the encryption and remove technical protection measures on the PM3000 power converters in 1.5MW wind turbines in the field. We are seeking a cease and desist order with respect to the unauthorized copying, installation and use of our software, monetary damages of approximately RMB 38 million (\$6 million) for our economic losses and reimbursement of all costs and reasonable expenses. The Beijing No. 1 Intermediate People's Court accepted the case, which was necessary in order for the case to proceed. In November 2011, Sinovel filed a motion to remove this case from the Beijing No. 1 Intermediate People's Court and to transfer the matter to the Beijing Arbitration Commission. On February 14, 2012, the court denied Sinovel's motion to remove the case. On February 21, 2012, Sinovel filed an appeal of the Beijing No. 1 Intermediate People's Court decision to the Beijing Higher People's Court. On April 25, 2012, the Beijing Higher People's Court issued a final Civil Ruling which supports the Beijing No.1 Intermediate People's Court's civil ruling and rejected Sinovel's appeal. Sinovel filed an appeal of the Beijing Higher People's Court's decision with China's Supreme People's Court. A hearing regarding this appeal was held at the Chinese Supreme People's Court on October 26, 2012. On November 23, 2012, China's Supreme People's Court issued a Civil Ruling, holding that (1) it will conduct a re-trial of Sinovel's appeal, and (2) the lower court's decision will be stayed pending the re-trial. China's Supreme People's Court conducted a re-trial of Sinovel's appeal on May 29, 2013. On January 26, 2014, the Supreme People's Court ruled to uphold the Beijing Higher People's Court ruling that the dispute shall be heard by the court. 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. On April 24, 2015, we received notification from the Beijing No. 1 Intermediate People's Court that it dismissed the case for what it cited was a lack of evidence. On May 6, 2015, we filed an appeal of the Beijing No. 1 Intermediate People's Court decision to dismiss the case with the Beijing Higher People's Court. On September 8, 2015, the Beijing Higher People's Court held its first substantive hearing on our appeal of the Beijing No. 1 Intermediate People's Court's dismissal of the case. At the hearing, the parties presented evidence and answered questions from the court. We are awaiting a decision from the Beijing Higher People's Court.

We submitted a civil action application to the Beijing Higher People's Court against Sinovel and certain of its employees for trade secret infringement on September 13, 2011 under the caption (2011) Gao Min Chu Zi No. 4193. The application alleges the defendants' unauthorized use of portions of our wind turbine control software source code developed for Sinovel's 1.5MW wind turbines as described above with respect to the Copyright Action. We are seeking monetary damages of RMB 2.9 billion (\$453 million) for the trade secret infringement as well as reimbursement of all costs and reasonable expenses. The Beijing Higher People's Court has accepted the case, which was necessary in order for the case to proceed. On December 22, 2011 the Beijing Higher People's Court transferred the case to the Beijing No. 1 Intermediate People's Court under the caption (2011) Gao Min Chu Zi No. 4193. On June 7, 2012, we received an Acceptance Notice from the Beijing No.1 Intermediate People's Court under the caption (2012) Yi Zhong Min Chu Zi No.6833. In August 2012, Sinovel filed a motion to remove this case from the Beijing No. 1 Intermediate People's Court and transfer the matter to the Beijing Arbitration Commission. On February 24, 2014, the Beijing No. 1 Intermediate People's Court denied Sinovel's motion to remove and transfer the case. On March 13, 2014, Sinovel filed an appeal of the Beijing No. 1 Intermediate People's Court decision to the Beijing Higher People's Court. On August 7, 2014, the Beijing Higher People's Court upheld the Beijing No.1 Intermediate Court's decision and rejected Sinovel's appeal regarding the jurisdiction opposition. The Beijing No. 1 Intermediate Court held the first substantive hearing on May 11, 2015. On June 15, 2015, we submitted a request for the withdrawal of our complaint to the Beijing No. 1 Intermediate Court. On June 16, 2015, the Beijing No. 1 Intermediate Court granted our request. We immediately filed a civil action application to the Beijing Intellectual Property Court against the same parties and seeking the same amount of monetary damages for trade secret infringement on June 16, 2015 under the caption (2015) Jin Zhi Min Chu Zi No. 1135. On January 18, 2016, the Beijing Intellectual Property Court held its first substantive hearing on our trade secret infringement case. At the hearing, the parties presented evidence, reviewed claims and answered questions from the court. We are awaiting a decision from the Beijing Intellectual Property Court.

On September 16, 2011, we filed a civil copyright infringement complaint in the Hainan Province No. 1 Intermediate People's Court against Dalian Guotong Electric Co. Ltd. ("Guotong"), a supplier of power converter products to Sinovel, and Huaneng Hainan Power, Inc. ("Huaneng"), a wind farm operator that has purchased Sinovel wind turbines containing Guotong power converter products. The case is captioned (2011) Hainan Yi Zhong Min Chu Zi No. 62. The application alleges that our PM1000 converters in certain Sinovel wind turbines have been replaced by converters produced by Guotong. Because the Guotong converters are being used in wind turbines containing our wind turbine control software, we believe that our copyrighted software is being infringed. We are seeking a cease and desist order with respect to the unauthorized use of our software, monetary damages of RMB 1.2 million (\$0.2 million) for our economic losses (with respect to Guotong only) and reimbursement of all costs and reasonable expenses. The court has accepted the case, which was necessary in order for the case to proceed. In addition, upon the request of the defendant Huaneng, Sinovel has been added by the court to this case as a defendant and Huaneng has been released from this case. In December 2011, Sinovel filed a jurisdiction opposition motion requesting dismissal by the Hainan Province No. 1 Intermediate People's Court, saying the case should be governed by the Beijing Arbitration Commission. On February 3, 2012, we received the Civil Ruling from the court, which granted Sinovel's motion, and dismissed the entire case. We appealed the court's ruling to the Hainan Higher Court, which on April 5, 2012 upheld the decision of the Hainan Province No. 1 Intermediate People's Court. On April 9, 2012, we filed an appeal of the Hainan Higher Court's decision with China's Supreme People's Court. China's Supreme People's Court accepted the appeal on May 23, 2012. The case is captioned, (2012) Min Shen Zi No. 630. On December 20, 2012, China's Supreme People's Court issued a Civil ruling, holding that (1) it will conduct a re-trial of our appeal and (2) the lower court's decision will be stayed pending the re-trial. China's Supreme People's Court conducted a re-trial of our appeal on May 29, 2013. On January 26, 2014, the Supreme People's Court revoked Hainan No. 1 Intermediate People's Court and Hainan Higher People's Court rulings and ruled that the case shall be heard by the Hainan No. 1 Intermediate People's Court. The Hainan No. 1 Intermediate People's Court accepted the case under the caption (2014) Hainan Yi Zhong Min San Chu Zi No. 1. On October 21, 2014, the Hainan No. 1 Intermediate People's Court changed the caption of this case to (2014) Hainan Yi Zhong Zhi Min Chu Zi No. 2. On November 18, 2014, the Hainan No. 1 Intermediate People's Court held its first substantive hearing in the Hainan case. At the hearing, the parties presented evidence, reviewed claims, and answered questions from the court. On June 3, 2015, we received notification from the Hainan No. 1 Intermediate People's Court that it dismissed the case for what it cited was a lack of evidence. On June 18, 2015 we filed an appeal of the Hainan No. 1 Intermediate People's Court decision to dismiss the case with the Hainan Higher People's Court. On August 20, 2015, the Hainan Higher People's Court accepted the appeal under the caption (2015) QiongZhi Min Zhong Zi No. 6. On November 26, 2015, the Hainan Higher People's Court held its first substantive hearing on our appeal of the Hainan No. 1 Intermediate People's Court's dismissal of the case. At the hearing, the parties presented evidence and answered questions from the court. We are awaiting a decision from the Hainan Higher People's Court.

ITEM 1A. RISK FACTORS

None

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

See the Exhibit Index on the page immediately preceding the exhibits for a list of exhibits filed as part of this quarterly report, which Exhibit Index is incorporated herein by this reference.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	Incorporated by Reference		Filing Date	Filed Herewith
			File No.	Exhibit		
+10.1	Supply Contract, dated December 16, 2015, by and between Inox Wind Limited and American Superconductor Corporation.					*
+10.2	Technology License Agreement, dated December 16, 2015, by and between AMSC Austria GMBH, American Superconductor Corporation, and Inox Wind Limited.					*
+10.3	Amendment No. 2 to Supply Contract (dated June 2, 2014), by and between Inox Wind Limited and American Superconductor Corporation, entered into on December 14, 2015.					*
+10.4	Amendment No. 3 to Supply Contract (dated August 15, 2014), by and between Inox Wind Limited and American Superconductor Corporation, entered into on November 19, 2015.					*
31.1	Chief Executive Officer—Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
31.2	Chief Financial Officer—Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
32.1	Chief Executive Officer—Certification pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
32.2	Chief Financial Officer—Certification pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
101.INS	XBRL Instance Document. ***					
101.SCH	XBRL Taxonomy Extension Schema Document. ***					
101.CAL	XBRL Taxonomy Calculation Linkbase Document. ***					
101.DEF	XBRL Definition Linkbase Document. ***					
101.LAB	XBRL Taxonomy Label Linkbase Document. ***					
101.PRE	XBRL Taxonomy Presentation Linkbase Document. ***					

* Filed herewith

** Furnished herewith

*** Submitted electronically herewith

+ Confidential treatment has been requested with respect to certain portions of this exhibit, which portions have been filed separately with the Securities and Exchange Commission.

Attached as Exhibits 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheet as of December 31, 2015 and March 31, 2015 (ii) Condensed Statements of Operations and Income for the three and nine months ended December 31, 2015 and 2014, (iii) Condensed Consolidated Statements of Comprehensive (Loss) Income for the three and nine months ended December 31, 2015 and 2014, (iv) Condensed Consolidated Statements of Cash Flows for the nine months ended December 31, 2015 and 2014, and (v) Notes to Condensed Consolidated Financial Statements.

Confidential Treatment Requested for American Superconductor Corporation

**Supply Contract for
DF2000/50Hz Electric Control Systems
for the WT2000DF Wind Turbine**

Date: December 16, 2015
Contract NO: PPC1687-072015

The Buyer:

Inox Wind Limited
Inox Towers, 17 Sector-16A
Noida, Uttar Pradesh 201301, India

The Seller:

American Superconductor Corporation
64 Jackson Road
Devens, MA 01434
USA

This Supply Contract (the "Contract") is made by and between the Buyer and the Seller, effective as of the Effective Date (as defined below), whereby the Buyer agrees to buy and the Seller agrees to sell ECS (as defined below) according to the terms and conditions stipulated below:

1. Definitions; Scope of Supply; Price:

1.1. Certain capitalized terms used in this Contract have the respective meanings given them in Annex 1. Other capitalized terms used in this Contract have the respective meanings given them elsewhere herein.

1.2. Subject to Section 1.4, Buyer shall purchase from Seller, and Seller shall sell and supply to Buyer, in each case on the terms and conditions set forth in this Contract, [**] percent ([**]) of the Buyer Group's ECS requirements, with each ECS being new and in one of the versions listed in the table set forth below in this Section 1.2 or covered by the 2009 TLA (each, a "Version"), as more specifically described on Annex 2; provided, however, that (i) notwithstanding the foregoing, Buyer shall not be required to purchase from Seller and shall be entitled to manufacture on its own, subject to and in accordance with the terms of the 2015 TLA, (A) from the first [**] ([**]) ECS required by Buyer Group commencing on the Effective Date, up to [**] ([**]) ECS, (B) from the next [**] ([**]) ECS required by Buyer Group, up to [**] ([**]) ECS, and (C) from the next [**] ([**]) ECS required by Buyer Group, up to [**] ([**]) ECS, and (ii) once Buyer has purchased [**] ([**]) ECS in accordance with the terms of this Contract, including Section 3 hereunder, Buyer shall be required, until the third (3rd) anniversary of the date on which [**] ECS have been delivered, to purchase from Seller not less than [**] percent ([**]%) of Buyer Group's ECS requirements subject to and in accordance with the terms of this Contract. For the avoidance of doubt the number of ECS which Buyer is not obliged to purchase from Seller under (A)-(C) of this Section 1.2 is cumulative. For example, if Buyer does not exercise its option to manufacture [**] ECS out of the first [**] ECS required by Buyer Group under (A), and the Seller supplies all [**] ECS, Buyer may add such [**] ECS to its option of [**] ECS under (B) such that out of the next [**] ECS required by the Buyer Group, the Buyer may manufacture up to [**] ECS.

ID/Version				Technical Description
ECS-000002	GL2003	[**]	93m Rotor	Annex 2
ECS-000003	GL2003	[**]	93m Rotor	Annex 3
ECS-000004	GL2010	[**]	93/100m Rotor	Annex 4
ECS-000005	GL2010	[**]	93/100m Rotor	Annex 5
ECS-000006	GL2010	[**]	113m Rotor	Annex 6
ECS-000007	GL2010	[**]	113m Rotor	Annex 7



1.3 Price of each ECS to be manufactured, shipped and sold under this Contract, by Version, is as follows:

ID/Version				Price	
ECS-000002	GL2003	[**]	93m Rotor	€	[**]
ECS-000003	GL2003	[**]	93m Rotor	€	[**]
ECS-000004	GL2010	[**]	93/100m Rotor	€	[**]
ECS-000005	GL2010	[**]	93/100m Rotor	€	[**]
ECS-000006	GL2010	[**]	113m Rotor	€	[**]
ECS-000007	GL2010	[**]	113m Rotor	€	[**]

The Parties shall negotiate in good faith the price for any Versions not listed above.

The above pricing is (i) excluding VAT and any other taxes and duties, and (ii) based on shipment FCA Shanghai, China or, at the election of Seller, any location in Europe. The above pricing shall remain in effect until the third (3rd) anniversary of the date on which [**] ECS have been delivered. At least six (6) months prior to such third (3rd) anniversary, the Parties shall use their respective commercially reasonable efforts to reach agreement with respect to ECS pricing (by Version, including versions to be developed, if any) applicable after such third (3rd) year anniversary. In the event that the Parties, after using commercially reasonable efforts, are unable to reach agreement with respect to ECS pricing (by Version, including versions to be developed, if any) applicable after the third (3rd) year anniversary of the date on which [**] ECS have been delivered, then all obligations of Buyer to purchase ECS and Seller to supply any such ECS after such third (3rd) year anniversary shall automatically terminate. For the avoidance of doubt, the above prices shall remain in effect for the first [**] ECS to be supplied by Seller to Buyer under this Contract, and all further ECS to be supplied by Seller to Buyer under this Contract for a period of three (3) years from the date on which the first [**] ECS have been delivered.

1.4 Right to Manufacture:

Notwithstanding anything to the contrary contained in this Contract, or any other contract between the Parties, in case of failure or refusal by the Seller to deliver the ECS in accordance with the initial Forecast or the Updated Forecast, as the case may be, for any reason (including, without limitation, on account of Force Majeure), other than as a result of a breach or other default by Buyer under this Contract, the Buyer shall be entitled, until the Seller resumes delivery of ECS, to manufacture a quantity of ECS itself in accordance with the 2015 TLA not to exceed the number specified in the initial Forecast or the relevant Updated Forecast, as the case may be, plus such number of ECS that the Buyer is entitled to manufacture under Section 1.2. For the avoidance of doubt, and without prejudice to any other terms of this Contract, nothing in this Section 1.4 shall relieve the Buyer from its obligation to purchase or the Seller from its obligation to sell and supply [**] ECS hereunder.



2. Forecasting; Delivery;

2.1 The format for the initial Forecast and any Updated Forecast for delivery of ECS to be manufactured by the Seller and purchased by the Buyer hereunder, by Version, is as follows:

		ECS-000002	ECS-000003	ECS-000004	ECS-000005	ECS-000006	ECS-000007
CY20xx	January						
	February						
	March						
	April						
	May						
	June						
	July						
	August						
	September						
	October						
	November						
	December						

2.2 On execution of this Contract, Buyer shall deliver to Seller the initial Forecast for the 12-month period commencing with the calendar month immediately following the Effective Date. Not later than the 10th day of each calendar month commencing after the Effective Date, Buyer shall deliver to Seller a written updated Forecast for the 12-month period commencing with the immediately following calendar month (each an "Updated Forecast"). With respect to each Forecast:

(a) Subject to Section 2.2(b), the quantity of ECS specified by the Buyer (by Version and in total) for shipment by Seller during any calendar month within the 12-month period covered by an Updated Forecast may not vary from the quantity of ECS (by Version and in total) to be shipped in that calendar month as specified by the Forecast delivered in the immediately preceding calendar month by more than [**]%, unless otherwise agreed to by the Seller.

(b) The quantities of ECS (by Version and in total) specified by the Buyer for shipment by Seller during the initial three (3) months of a Forecast are firm, irrevocable and not subject to change, and such quantities represent a firm order and commitment by Buyer to purchase such quantities of ECS of the relevant Version from Seller.

(c) The quantities of ECS (by Version and in total) specified by the Buyer for shipment by Seller during the last nine (9) months of a Forecast may be increased or decreased by Buyer by an Updated Forecast, provided that any Updated Forecast must comply with Section 2.2(a).

2.3 Except as may be otherwise expressly provided herein, all terms and conditions of delivery of ECS hereunder shall be interpreted in accordance with INCOTERMS 2010 (International Commercial Terms) and its revisions or supplements published from time to time by the International Chamber of Commerce.

3. Payments:

3.1 Advance. Notwithstanding any other advances or deposits held by the Seller, Buyer agrees to make an interest free, and non-refundable (except as set forth herein) advance payment to Seller (paid to an account designated by Seller) in the aggregate amount of USD\$[**] (the "Advance") not later than thirty (30) calendar days after the execution and delivery of this Contract by the Parties. The Advance shall be maintained by Seller with general funds of Seller,



with no requirement that the amount of the Advance (or any portion thereof) be maintained by Seller in a segregated account or otherwise separately. Upon Buyer's payment of the initial Forecast Deposit, Seller shall refund the Advance to Buyer within five (5) Business Days thereafter.

3.2 Forecast Deposits. Buyer agrees that in accordance with applicable law and the remaining provisions of this Section 3, it shall deposit and maintain with Seller, an amount (the "Forecast Deposit") in EUR equal to [**] percent ([**]%) of the amount payable by Buyer, at the ECS prices (by Version) set forth in, or agreed pursuant to, Section 1.3 (the "ECS Prices"), for the 6-month forecasted quantities of ECS constituting, at the relevant time: (i) Buyer's firm order and commitment to purchase such quantities of ECS as set forth in Section 2.2(b); and (ii) the first three (3) months of the remaining nine (9) months of such Forecast, as follows:

(a) Upon execution and delivery of this Contract by each of the Parties and delivery of the initial Forecast by Buyer to Seller as contemplated by Section 2.2, Seller shall invoice Buyer for an amount (in EUR) equal to [**] percent ([**]%) of the amount payable by Buyer, at the ECS Prices, for the aggregate ECS quantities specified in the first six (6) months of such initial Forecast. Buyer shall pay such invoice within fifteen (15) Business Days of receiving all the regulatory approvals for making such payment. The Parties agree that, until the initial Forecast Deposit is paid, the total number of ECS (including all Versions) specified in the initial Forecast or any Updated Forecast shall not exceed [**] ([**]) ECS per month.

(b) On a monthly basis thereafter, contemporaneously with the delivery by Buyer to Seller of the monthly Updated Forecast as contemplated by Section 2.2, the Parties shall true up the amount of the Forecast Deposit.

If, as a result of an Updated Forecast, the then held Forecast Deposit equals (i) less than [**] percent ([**]%) of the calculated Forecast Deposit based on such Updated Forecast, then Buyer shall pay, in immediately available EUR funds (unless letter of credit or other arrangements satisfactory to Seller are made prior to the due date for such payment), an amount equal to the shortfall such that the Seller holds [**] percent ([**]%) of the relevant Forecast Deposit not later than fifteen (15) Business Days of receiving all the regulatory approvals for making such payment; or (ii) more than [**] percent ([**]%) of the calculated Forecast Deposit based on the Updated Forecast, then Seller shall refund an amount to Buyer equal to such excess above [**] percent ([**]%) of the relevant Forecast Deposit to Buyer not later than fifteen (15) Business Days after the date on which such Updated Forecast is delivered to Seller pursuant to Section 2.2.

The Parties agree that the Forecast Deposit remaining after the supply of the last quantities of ECS under this Contract shall be refunded to Buyer within fifteen (15) Business Days after such supply of last quantities of ECS under this Contract.

3.3 Treatment of Forecast Deposit. The Forecast Deposit shall be maintained by Seller with general funds of Seller, with no requirement that the amount of the Forecast Deposit (or any portion thereof) be maintained by Seller in a segregated account or otherwise separately.

3.4. Further Supply Payments – Letters of Credit. Except as set forth in Sections 3.1 and 3.2 above with respect to the Forecast Deposit, all payments of the purchase price of ECS supplied hereunder shall be made via draws against one or more irrevocable documentary letters of credit (each, an "Approved L/C") to be posted and maintained by Buyer in accordance with the requirements of this Contract. Each Approved L/C shall:

(a) to the extent practicable, comply with UCP 600 (or a revised, subsequent or replacement uniform standard or rule governing documentary credits promulgated by the International Chamber of Commerce and in effect at the relevant time) and otherwise be acceptable to Seller in form and substance in all respects;

(b) be issued by an "Approved Bank" listed as such below or otherwise expressly approved in writing by Seller;

(c) be so issued not later than thirty (30) days in advance of delivery and shall be maintained for a term of not less than ninety (90) days;



(d) be maintained at all times in an amount of not less than [**]% of the aggregate purchase price of such ECS (determined in accordance with Section 1.3);

(e) include provisions for deferred payment by Buyer of [**] days from the date of the applicable FCR, with interest payable by Buyer to Seller for the period of such deferral at the rate of [**]% per annum (which interest shall be separately invoiced at the time of shipment); and

(f) provide that all other interest charges shall be for the account of Buyer as Approved L/C applicant.

All costs and charges associated with the issuance and maintenance of any Approved L/C shall be borne by Buyer. For purposes of this Contract, the initial Approved Banks shall be as follows:

ICICI Bank Limited (Vadodara Branch)
Landmark, Race Course Circle
Vadodara 390007, Gujarat, India

YES Bank Ltd.
102/103, CG Centre
CG Road, Panchwati,
Ahmedabad-380009

IDBI Bank Ltd.
46A, Gautam Nagar
Race Course Road,
Vadodara – 390009

Axis Bank Ltd.
B-2 & B-3, Sector 16,
Noida Main Branch
Noida

HDFC Bank Ltd.
6th Floor, Midway Heights,
Nr. Panchmukhi Hanuman Temple,
Kala Ghoda, Raopura,
Vadodara – 390 001

ING Vysya Bank Ltd.
Plot No. C-12, G Block, 8th Floor,
BKC, Bandra (East),
Mumbai – 400051

State Bank of India
Corporate Accounts Group Branch
58, Shrimali Society, Navrangpura, Ahmedabad - 380009
India

Notwithstanding the foregoing, the Parties intend that any Approved L/C be eligible to be discounted by U.S banks. If Seller reasonably believes that letters of credit from any Approved Bank in general, or any Approved L/C in particular, is not eligible to be, or otherwise cannot be, so discounted, Seller may request Buyer to take corrective action and Buyer shall promptly take such corrective measures as Seller may request, in consultation with Seller.



3.5 Failure to Post or Maintain Approved L/C. If any Approved L/C required to be posted and maintained hereunder is not so posted in a timely manner, or is not thereafter maintained in accordance herewith, Seller may correspondingly delay shipment of the ECS to be paid for via drawdown of such Approved L/C for any period during which such Approved L/C is not so posted and maintained. Further, if Buyer fails to post and maintain, in full compliance with this Contract, any Approved L/C required to be posted and maintained hereunder. Seller may, at any time and without limiting any other remedies available to Seller, terminate this Contract in accordance with Section 19.1.

3.6 Bank Information of Seller. Seller's banking information is as follows (provided that Seller may modify any such information at any time by written notice to Buyer):

Bank: Silicon Valley Bank

Name of the account

American Superconductor Corporation
64 Jackson Road, Devens, MA 01434, USA

For Approved L/C payments, the Advance and any other cash payments:

Intermediary bank for payment transfers:

Standard Chartered bank (Frankfurt) GmbH

Frankfurt, Germany
SCBLDEFX

4. The Seller shall supply the following documents in order for the ECS to be cleared at the relevant delivery destination:

- 4.1 Commercial invoice in total amount of the goods;
- 4.2 Original packing list in 3 copies issued by the Seller;
- 4.3 Original Certificate of Origin issued by Seller's Chamber of Commerce;
- 4.4 FCR;
- 4.5 Fumigation Certificate in compliance with the International Standard for Phytosanitary Measures (ISPM) regulations issued by Seller;
- 4.6 Confirmation of conformity to this Contract issued by the Seller; and
- 4.7 Copy of Couriers AWB which shall be conclusive proof of shipment to Buyer of one copy (non-negotiable) of the above documents to Buyer.

Delivery notice:

Seller shall complete the delivery of ECS in batches and on time as required by the Forecast then in effect, subject to the other provisions of this Contract. Buyer will be informed about the exact date of shipment in advance. Buyer shall take delivery of the shipment according to such Forecast and otherwise in accordance with the provisions of Sections 2 and 3. Proper handling documents shall be provided to the Buyer beforehand for Buyer's safe handling.

5. Packing and Marking:

5.1 Unless otherwise specified in the Contract, the ECS shall be packed by Seller in a proper manner for long-distance and sea or air (if requested by Buyer) transport and in accordance with generally accepted industry



standards. In case Buyer requests a change in the packaging of the ECS that is not customary or reasonable and such request results in additional costs to the Seller, Buyer shall pay Seller such additional costs prior to Seller complying with such request. The Seller shall be responsible for repairing or replacing any ECS that are corroded, damaged or lost during transit due to Seller's improper packaging or incorrect protection measures.

The following documents shall be enclosed with each shipment of ECS:

- One copy of detailed packing list;
- Two (2) Shipping Marks showing the consignee's address, PL-Number and number of each package.

6. Intellectual Property Rights (IPR):

6.1 Subject to Section 20.2, Seller shall indemnify, defend and hold Buyer harmless against all claims, liabilities, damages, expenses, judgments and losses (including reasonable attorneys' fees) arising from alleged infringement of any patent or any violation of any other third party intellectual property right as a result of Buyer's use of ECS, provided Buyer provides to Seller prompt written notice of any claim, reasonable assistance, and control over the negotiation, litigation, and settlement of such claim.

6.2 In the event that a final injunction is obtained against Buyer's use of ECS, or if in Seller's opinion any ECS may become the subject of an injunction or other claim of infringement, Seller may, at its option and expense, promptly (i) procure for Buyer the right to continue using the relevant ECS, (ii) replace or modify such ECS so that it becomes non-infringing, or (iii) accept the return of such ECS and refund to Buyer the purchase price therefor; as depreciated on a straight line five (5) year basis. Seller may withhold further shipments of any such ECS.

6.3 Seller shall not have any liability or responsibility to Buyer to the extent that any infringement or claim thereof or injunction is based upon:

- (i) use of an ECS in combination with equipment or software not supplied by Seller where the ECS would not itself be infringing except any use which is consistent with normal industry practices;
- (ii) use of an ECS manufactured in compliance with Buyer's designs, specifications or instructions;
- (iii) use of an ECS in an application or environment for which it was not designed or not contemplated hereunder;
- (iv) modification of an ECS by anyone other than Seller; or
- (v) any claims of infringement of any patent in which Buyer or any affiliate or customer of Buyer has an interest or license.

6.4 The Parties agree that the rights and remedies set out in this Section shall be Buyer's sole right and remedy in the event of an IPR infringement claim.

7. Inspection:

Buyer is obligated to inspect ECS immediately after delivery. If any ECS appears not to conform to this Contract, Buyer shall notify Seller of such conditions in writing immediately, not later than thirty (30) calendar days from receipt thereof or in case of hidden defects within thirty (30) calendar days from detection, and afford Seller a reasonable opportunity to inspect any allegedly non-conforming ECS. Otherwise, the ECS shall be deemed accepted by Buyer. Subject to the inspection result of the quality inspection company as mentioned below, no ECS shall be returned without Seller's consent.



If the Parties can't reach an agreement during the inspection, they will first attempt to resolve it through negotiation. If the dispute cannot be resolved through negotiation within 10 days, the Parties may engage an internationally-renowned quality inspection company to inspect the ECS in question. Fees for such inspection shall be shared equally by the Parties. The Parties shall accept the inspection result of the quality inspection company which shall be binding on the Parties.

8. Limited Warranty:

Subject to Section 20 (Limitations of Liability) below and the other provisions of this Section 8, Seller warrants that the ECS sold by Seller shall be free from defects in material and workmanship under normal use and service for a period of [**] ([**]) months from the date the ECS are put into service (but in case of PM 3000, it will be [**] ([**]) months) or [**] ([**]) months from the date of delivery, whichever occurs first, on the condition that payment as provided in Section 3 is made and received in full and without delay. Seller's sole obligation and Buyer's exclusive remedy under this warranty shall be for Seller, at its sole choice, to repair or replace any parts or, as the case may be, the entire ECS proven to be defective within the stated warranty period. Repair or replacement of parts under this warranty shall be done on DDP AMSC India basis. If any ECS for which Buyer has requested warranty service is not eligible for warranty service due to any reason, Buyer shall pay or reimburse Seller for all costs of investigating and responding to such request at Seller's then prevailing time and materials rates. The warranty for any repaired or replaced parts shall be the balance of the otherwise applicable warranty period.

The above warranty shall not apply to ECS or ECS-related equipment that have been repaired or altered other than by Seller, or other than in accordance with operating manuals or instructions issued to the Buyer by the Seller's helpdesk in writing; which have been subject to misuse, negligence, or accident, or with respect to which operating manual instructions/recommendations issued to the Buyer by the Seller's helpdesk in writing have not been followed; or for which recommended preventative maintenance has not been performed. The above warranty also shall not apply to defects caused by normal wear or any equipment that is experimental, developmental or supplied for evaluation purposes.

THE FOREGOING LIMITED WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES BY SELLER, EXPRESSED OR IMPLIED, ORAL OR WRITTEN, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NOTHING IN THIS PARAGRAPH SHALL AFFECT THE INDEMNITY IN SECTION 6.

9. Environment, Occupational Health and Security:

9.1 If the Buyer's inspector carries out inspecting ECS at Seller's factory, the Seller should be responsible for providing a safe working environment for the Buyer's inspector and shall inform the inspector of any potential dangers. If the working environment is not safe, the inspector may not perform work until the working environment provided and improved by the Seller meets applicable security standards.

9.2 When carrying out service at the site of the Buyer, the Seller's staff shall comply with Regulation on Security and Environment Management and reasonable instructions of the Buyer's security engineer on the site.

9.3 The Seller's packaging materials for packing equipment shall meet environmental requirements.

10. Passing of title and risk:

Risk shall pass to the Buyer based on FCA Shanghai, China and/or any place in Europe (at Seller's election), in accordance with INCOTERMS 2010.

The freight forwarder and the mode of transport shall be designated by the Buyer at least two weeks before the scheduled date of the applicable shipment. Buyer shall instruct and cause its designated forwarder to issue an FCR in



form appropriate for the relevant Approved L/C when the ECS constituting the corresponding shipment are picked up from Seller by such forwarder's arranged mode of transport (or otherwise by or on behalf of such forwarder). If the Buyer does not designate its freight forwarder timely (for the avoidance of doubt, and without limitation or implication for any other provision of this Contract, time being of the essence for this purpose), Seller may use a freight forwarder and/or mode of transport of Seller's choosing.

All actual costs arising in connection with the transport and delivery of the ECS once the ECS has been provided to the freight forwarder are on account of the Buyer. Any FCR issued by a freight forwarder properly designated in accordance with this Section 10 shall be accepted by the Approved Bank when presented via the relevant Approved L/C.

11. Representations and Warranties.

Each Party represents and warrants to the other Party that:

(a) such Party is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has full power and authority to enter into this Contract and to perform its obligations hereunder;

(b) the execution, delivery and performance of this Contract have been duly authorized by all necessary action on the part of such Party, and this Contract has been duly executed and delivered by such Party;

(c) the authorization, execution, delivery and performance by such Party of this Contract do not, in any material respect, (i) require any consent or approval of, or any prior notice to or prior filing with, any Governmental Entity or other Person (other than any consents, approvals, notices and filings obtained or made, as the case may be, as of or prior to the execution and delivery of this Contract), or (ii) conflict with the organizational documents of such Party, with any legal requirement, or with any agreement or arrangement to which such Party is a party or by which it is bound; and

(d) this Contract constitutes the valid and binding agreement of such Party, enforceable against such Party in accordance with its terms, subject only to (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

12. Force Majeure:

Neither Party shall be held responsible for failure or delay to perform all or any part of this Contract (other than a Party's obligation to pay money) to the extent that such failure or delay is caused due to flood, fire, earthquake, snowstorm, drought, hailstorm, hurricane, labor stoppage or dispute, acts of war or insurrection, action or inaction of any Governmental Entity, or any other events that are beyond the control of the affected Party and could not reasonably be expected at the time of conclusion of the Contract or have been avoided or overcome by such Party. However, the Party whose performance is affected by the event of Force Majeure shall give a notice to the other Party of its occurrence as soon as possible and a certificate or a document of the occurrence of the Force Majeure event issued by the relative authority or a neutral independent third party shall be sent to the other Party not later than thirty (30) days after its occurrence. The Party invoking the Force Majeure shall use all reasonable efforts to remedy the situation as far as possible and subject thereto, will comply with its obligations hereunder. The Party invoking the Force Majeure shall give prompt notice of the cessation of the Force Majeure event and the cause thereof. If the Force Majeure event continues for more than One Hundred and Eighty (180) days, both Parties shall negotiate the performance or the termination of this Contract. In the case of such a termination either Party shall bear its own costs, further claims for compensation in connection with the termination shall be excluded.



13. Taxes, Duties, Etc.:

13.1 All taxes, duties and other charges (collectively, "Taxes") in connection with and in the execution of the Contract and levied by the Indian government in accordance with the laws of India shall be borne by Buyer.

13.2 All Taxes in connection with and in the execution of the Contract other than those specified in Section 13.1 shall be borne by the Seller.

13.3 All Taxes arising whilst the Seller has title to the relevant ECS are the responsibility of and to be borne by the Seller.

13.4 All Taxes levied in connection the sale, purchase, delivery, storage, processing, use or consumption of the ECS, arising after the title to the relevant ECS has passed to the Buyer, are the responsibility of and to be borne by the Buyer.

13.5 If a Party is required to pay any Taxes for which the other Party is responsible, the other Party shall promptly pay the amount thereof to the Party who is not responsible upon demand.

14. Dispute Resolution:

(a) Resolution by Executive Officers. Except as provided otherwise in Section 7 with respect to conformance/quality issues, any dispute, controversy, or claim arising out of or in connection with this Contract or its subject matter or formation (including non-contractual disputes or claims) (each, a "Dispute"), shall first be submitted to the Chief Executive Officers of each Party for resolution. The Parties' respective Chief Executive Officers shall attempt, in good faith for a period of not less than thirty (30) days (during which time the Parties shall, unless the Dispute in question is earlier resolved, use their best efforts to hold at least one in-person meeting between the Parties' respective Chief Executive Officers), to resolve the Dispute through discussions and negotiations between them. If the Dispute in question remains unresolved upon expiration of such thirty (30) day period (regardless of whether a meeting between the Parties' respective Chief Executive Officers has occurred prior to such expiration), either Party may submit such Dispute to non-binding mediation as set forth in Section 14(b) (but no Party may refer such Dispute to any arbitral tribunal without first submitting the Dispute to such non-binding mediation).

(b) Non-Binding Mediation. Mediation of the Dispute referenced in Section 14(a) shall take place under the auspices of the London Court of International Arbitration (the "LCIA") and in accordance with the LCIA Mediation Rules (which Mediation Rules, as modified by the provisions of this Contract, are deemed to be incorporated by reference into this Section 14(b)); provided that the mediation (and any mediation conferences relating thereto) shall be conducted in London, England, in the English language, on the basis of written briefing of the issues in dispute and with the mediation session conducted in the course of a single day, by a single mediator who shall be (x) an attorney licensed to practice law in England, with not less than fifteen (15) years' experience in the renewable energy industry (of which not less than five (5) years' experience must have been in the wind power industry) or (y) if an individual with such qualifications is not available to serve as the mediator hereunder, then an attorney licensed to practice law in England selected by the LCIA who possesses qualifications that are as close to those specified in sub-section (x) of this proviso as reasonably practicable. All matters relating to the mediation proceedings (including any and all information and materials used in connection therewith) shall be (i) held in trust and confidence by the mediator and the LCIA personnel involved; and (ii) subject to the provisions of Section 18 as Confidential Information of each of the Parties. In the event that mediation does not occur, or is not completed, within thirty (30) days after the applicable Dispute is first submitted to mediation, either Party may refer the Dispute to binding arbitration in accordance with Section 14(c).

(c) Arbitration. Each of the Parties hereby submits to the jurisdiction of the LCIA. Any Dispute referenced in Sections 14(a) and (b) shall (to the extent it is not resolved pursuant to, and during the time period set forth in, Section 14(a) or 14(b)) be referred to and finally resolved by binding arbitration in accordance with the LCIA Arbitration Rules and the IBA Rules on the Taking of Evidence in International Arbitration (which Arbitration Rules and IBA Rules, as



modified by the provisions of this Contract, are deemed to be incorporated by reference into this Section 14(c)). The tribunal shall consist of one (1) arbitrator; the seat, or legal place, of the arbitration shall be London, England; and the language of the arbitration shall be English. Notwithstanding the foregoing, however, and to the maximum extent permissible under the LCIA Arbitration Rules, the following provisions (which may not be modified by the arbitrator without the approval of each of the Parties) shall apply to the conduct of such arbitration:

(i) The arbitrator shall be an attorney licensed to practice law in England, with not less than twenty (20) years' experience in business and company law and not less than 10 years' experience in private practice (as opposed to governmental, academic or in-house employment) focused on business and commercial transactions.

(ii) The Parties agree and undertake to take all actions and cooperate towards resolving any Dispute under this Contract in the most expedient and efficient manner possible. All arbitration proceedings, information and materials used or submitted in connection therewith, and the decisions and findings of the arbitrator shall be (i) held in trust and confidence by the arbitrator and the LCIA personnel involved; and (ii) subject to the provisions of Section 18 as Confidential Information of each of the Parties.

(iii) The arbitral award shall be in writing in the English language and shall be rendered by the arbitrator within thirty (30) days after the date of oral argument, unless the arbitrator furnishes the Parties with a written statement to the effect that the arbitral award may not reasonably be rendered within such time period and the arbitrator requires additional time to render the award; provided, however, that, notwithstanding the foregoing ability of the arbitrator to extend the above thirty (30) day period for rendering the arbitral award, the arbitrator's failure to render the arbitral award within such thirty (30) day period shall, unless the Parties otherwise agree in writing, result in the fees payable to the arbitrator being reduced by one-third (1/3).

(iv) The arbitrator may proceed to render an award notwithstanding a Party's failure to submit any one or more briefs or any supporting documentation, to participate or be present for oral argument or otherwise to participate in, or cooperate with, the arbitral proceeding.

(d) Interim Relief; Expenses. The arbitrator shall be authorized to grant interim relief, including to protect trade secrets and other confidential or proprietary information and provide for security for a prospective monetary award. The prevailing party (as designated by the arbitrator) shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration, in such amount as may be determined by the arbitrator.

(e) Award. The award of the arbitrator shall be final and binding upon the Parties and, subject to the provisions of this Section 14, shall be the sole and exclusive remedy of the Parties enforceable in any court of competent jurisdiction. Notwithstanding anything contained in this Section 14 to the contrary, however, each Party shall have the right to institute judicial proceedings against the other Party or anyone acting by, through or under such other Party, in a case of urgency where the arbitral tribunal constituted hereunder is unable to act effectively, in order to seek and obtain injunctive or other similar relief in aid of arbitration.

15. Late Delivery and Liquidated Damages:

15.1 In case of delayed delivery of any shipment, starting from the fourth week of delay and should the Seller fail to make the announcement of readiness for dispatch on time as stipulated in the Contract, with exception of (i) Force Majeure causes specified in this Contract and (ii) any shipment or delivery delay permitted by Section 3.5 or any other provision of this Contract, the Seller agrees to pay liquidated damages which shall be deducted by the paying bank from the payment. The liquidated damages, however, shall not exceed [**]% of the total value of the goods involved in the late delivery. The rate of liquidated damages is charged at [**]% of the total value of the goods involved in the late delivery for every seven days, a delay for more than 4 days (including 4 days) is counted as one complete week. In case the Seller fails to make delivery ten (10) weeks later than the time of shipment stipulated in the Contract, the Buyer shall have the right to cancel the Contract, and the Seller, in spite of the cancellation, shall still pay the aforesaid liquidated damages to the Buyer without delay. This liquidated damages shall be Seller's exclusive liability for delay under this Contract or otherwise.



15.2 The Seller agrees that the liquidated damages mentioned in Section 15.1 above are a genuine pre-estimate of damages that would be caused to the Buyer in case of a delay in delivery of the ECS and the same is not penal in nature.

16. Applicable Law:

This Contract and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and interpreted in accordance with the internal laws of England and Wales without giving effect to any choice or conflict of law provision or rule (whether of England and Wales or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of England and Wales. The Parties expressly agree that an application for determination of a question of law under Section 45 of the English Arbitration Act 1996 may not be made.

17. Software:

Notwithstanding any references herein to title, software provided in or with any ECS is licensed and not sold. Buyer shall not copy or modify the software and shall not transfer the software except with the transfer of the corresponding ECS, provided no copy of the software is retained. Buyer agrees to use software only as it is required to be used in the applicable ECS, that it will treat the software as Seller's Confidential Information, and that it will not reverse engineer, disassemble, decompile or otherwise alter the software; provided, however, that if reproduction of the code and translation of its form are necessary to obtain the information required to achieve the interoperability of the software with other programs and if such access and use to the code is mandated by applicable law, Buyer shall inform Seller in writing accordingly and Seller shall notify Buyer within twenty (20) Business Days from receipt of Buyer's request that (i) Seller will perform the work in order to achieve such interoperability and charge a reasonable expense allowance for such work to Buyer, or (ii) Buyer itself is entitled to undertake those actions, but only to the extent required to achieve the interoperability of the software with other programs.

18. Confidential Information; Press Releases and Announcements.

18.1 Acknowledgment of Confidentiality. Each Party hereby acknowledges that, in connection with this Contract and the Parties' (and their Affiliates') respective activities hereunder and thereunder, such Party has or will have, or may be exposed to, Confidential Information of the other Party.

18.2 Obligations of Non-Disclosure and Non-Use. Each Party hereby agrees that during the effectiveness of this Contract and at all times thereafter, and except as specifically permitted herein (including Section 18.4 below) or in a separate writing executed and delivered by each of the Parties, such Party shall not use Confidential Information of the other Party or disclose it to any other Person (except to the Receiving Party's Representatives having a need to know such Confidential Information in connection with the Receiving Party's activities hereunder, provided that (i) all such Representatives shall be bound by obligations of confidentiality and non-use with respect to the Confidential Information that are at least as protective of the Confidential Information as those set forth herein and (ii) the Receiving Party shall be responsible for any unauthorized use or disclosure of the Disclosing Party's Confidential Information by any such Representative to the same extent as if the obligations of confidentiality and non-use hereunder applied directly to such Representative), in each case except for the purpose of fulfilling the Receiving Party's obligations or exercising its rights hereunder. The Receiving Party shall use the same degree of care in safeguarding the Disclosing Party's Confidential Information as the Receiving Party uses in safeguarding its own confidential information of similar importance (but not less than reasonable care). Upon termination of this Contract, and except as may be otherwise specifically stated herein, the Receiving Party shall return all Confidential Information of the Disclosing Party (or, with respect to electronically stored such Confidential Information, erase or destroy the same and certify the erasure or destruction to the Disclosing Party).



18.3 Exceptions. The obligations of the Receiving Party specified above in this Section 18 shall not apply with respect to any Confidential Information of the Disclosing Party to the extent that the Receiving Party can demonstrate by documentary evidence that such Confidential Information:

(i) is generally known to the public at the time of disclosure or becomes generally known through no wrongful act on the part of the Receiving Party or any of its Representatives;

(ii) becomes known to the Receiving Party through disclosure by a third party that is not subject to any confidentiality or similar (such as fiduciary) duty with respect to such Confidential Information; or

(iii) is independently developed by the Receiving Party outside the scope of this Contract without reference to, use of or reliance upon any of the Disclosing Party's Confidential Information.

In addition, the Receiving Party may disclose Confidential Information of the Disclosing Party to the extent (but only to the extent) it is required to do so by applicable law, regulation or rules or requirements of any recognized securities market or exchange, provided that the Receiving Party shall, unless prohibited by law, give the Disclosing Party prior written notice of such disclosure sufficient to permit the Disclosing Party to avail itself of available procedures (if any) to obtain confidential treatment or a protective order or otherwise protect the confidential and proprietary nature of the Confidential Information to be so disclosed, and the Receiving Party shall cooperate, at the Disclosing Party's sole cost and expense, with the Disclosing Party's efforts to do so.

18.4 Press Releases and Announcements. Neither Party shall issue any press release or make any public announcement or filing (a "Public Statement") relating to the subject matter of this Contract without the prior written approval of the other Party; provided, however, that either Party may make any Public Statement it believes in good faith is required by applicable law, regulation or rules or requirements of any recognized securities market or exchange if (but only if) any disclosure of the other Party's Confidential Information in connection with such Public Statement complies in all respects with the foregoing provisions of this Section 18.

19. Termination:

19.1 Failure to Pay: The Seller may, by written notice of default sent to Buyer, terminate the Contract if Buyer fails to arrange payment as provided in Section 3 and such breach continues for more than ninety (90) days provided that written notice of such breach / default has been given to Buyer providing a ninety (90) cure period.

19.2 Termination for Breach: If either Party commits a material breach of this Contract, the non-breaching Party shall have the right to terminate this Contract by providing written notice of termination if the breach is, by its nature, susceptible to cure but has not been cured within ninety (90) days following receipt of written notice of the breach. The non-breaching Party shall not be obligated to pay for the breaching Party's time or resources to cure any breach.

19.3 Termination for Insolvency Event: Either Party may immediately, by written notice to the other Party, terminate the Contract in the event that an Insolvency Event occurs with respect to such other Party.

19.4 Effect of Termination: Any termination of this Contract shall be without prejudice to the rights and remedies either Party may have against the other or which may have accrued up to the date of, or which arise out of, such termination, provided that the provisions of Sections 6, 14, 16-18, 19.4, and 20-26 shall survive any expiration or termination of this Contract.



20. Limitations of Liability:

20.1 ECS Supply. Both Seller and Buyer acknowledge and accept that the total liability of Seller, whether in contract, tort (including negligence), breach of warranty or otherwise, arising out of, connected with, or resulting from the manufacture, sale, storage, delivery, repair, replacement or use of any specific ECS shall not exceed the loss of Buyer, reasonably foreseeable by Seller at the time of entering into this Contract which equals to the price of the specific product which gives rise to the claim.

20.2 IPR Infringement. Both Seller and Buyer acknowledge and accept that, in the case of IPR infringement, the total liability of Seller under this Contract and the 2015 TLA together and in aggregate shall be limited to the Licence Fees paid by Innox to AMSC Austria under the 2015 TLA.

20.3 Exclusion of Special, etc Damages. EXCEPT AS PROVIDED IN SECTION 6.1, SELLER (INCLUDING RELATED PERSONS SUCH AS SELLER'S AFFILIATES, SUPPLIERS OR MANUFACTURERS) SHALL NOT BE LIABLE TO BUYER OR ANY THIRD PARTY FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL, EXEMPLARY, OR OTHER INDIRECT DAMAGES, OR FOR LOSS OF PROFITS OR REVENUES, COST OF CAPITAL, AND COSTS INCURRED IN CONNECTION WITH PROCURING SUBSTITUTE GOODS, EVEN IF SELLER (OR ANY SUCH RELATED PERSON) HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

IN RELATION TO CLAIMS UNDER SECTION 6.1, SELLER (INCLUDING RELATED PERSONS SUCH AS SELLER'S AFFILIATES, SUPPLIERS OR MANUFACTURERS) SHALL NOT BE LIABLE TO BUYER OR ANY THIRD PARTY FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL, EXEMPLARY, OR OTHER DIRECT OR INDIRECT DAMAGES, SAVE FOR LOSS OF PROFITS, EVEN IF SELLER (OR ANY SUCH RELATED PERSON) HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

20.4 No Exclusion or Limitation. Nothing in this Contract shall exclude or limit a Party's liability for: (a) death or personal injury caused by a Party's negligence; (b) fraud or fraudulent misrepresentation; or (c) any liability which cannot be excluded or limited by applicable law.

21. Severability:

In the event that any one or more of the provisions of this Contract shall for any reason be held to be unenforceable in any respect under the law of any state or country, such unenforceability shall not affect any other provision, and this Contract shall then be construed as if such unenforceable provisions had never been contained herein. The invalid provision shall be replaced by a valid and/or enforceable one, which comes as close to the intended meaning of the Parties as possible.



22. Notices:

All notices and other communications required or permitted hereunder shall be in writing and shall be deemed effectively given (a) if sent by an internationally recognized overnight courier for next available business day delivery, freight prepaid, with written confirmation of receipt, three (3) Business Days after deposit with such courier, (b) if sent by personal delivery, upon such delivery (or refusal to accept the same), or (c) if sent by any other method, upon actual receipt. All such notices and other communications shall be sent to a Party at the following address (or to such other address as may be specified by such Party to the other Party by notice given in accordance with this Section 22):

If to Seller, to it at:

American Superconductor Corporation
64 Jackson Road
Devens, MA 01434
USA
Fax No.: +1 (978) 842 3050
Attention: General Counsel

If to Buyer, to it at:

Inox Wind Limited
Inox Towers,
17 Sector 16A,
Noida, Uttar Pradesh 201 301
India
Fax: +91 120 3063 610 - 612
Attention: Mr Rajeev Gupta

For the avoidance of doubt, for the purpose of this Section, 'in writing' shall not include email.

23. Compliance with Law:

The Parties shall comply, in all material respects, with all applicable governmental laws, ordinances, codes, rules, regulations and orders applicable to the performance of their respective obligations hereunder, and shall obtain all permits or licenses required in connection with the manufacture, supply, purchase, shipment, installation and use of any ECS, as applicable, except where the failure of obtaining such permits or licenses would not be reasonably be expected to result in a material adverse effect on such Party.

24. Restrictions on Buyer's Use and ReSale of Products:

Buyer shall only use ECS sold to it hereunder with Buyer Turbines, and Buyer may not resell to parties other than owners of Buyer Turbines.



25. Export Restrictions:

The Buyer shall be responsible for obtaining any required import licenses. The Seller shall be responsible for obtaining all export licenses as may be required to be export the ECS to the Buyer in accordance with this Contract. The obligations of the Buyer under this Contract (including, without limitation, any payment obligations) shall not in any manner be waived by the delay or failure to secure or renew, or by the cancellation of any required import licenses. Buyer agrees to comply with United States Export Administration Regulations as in effect from time to time and will not re-export any products or data or sell, license or otherwise distribute products or data to any party in violation of applicable regulations of the United States Department of State or Department of Defense. Buyer will use best efforts to obtain similar assurances from its customers. Buyer will also maintain the necessary records to comply with United States Export Administration Regulations.

26. Miscellaneous:

26.1. Language. The Contract shall be written in English as one complete set. The Contract shall be made in two original sets, one set for each Party.

26.2. Amendments. All amendments, supplements and alternations to the terms and conditions of this Contract shall be made in written form and signed by the authorized representatives of the two Parties.

26.3. Assignment. This Contract and the rights and obligations hereunder may not be assigned, delegated or transferred by either Party without the prior written consent of the other Party, except that no such consent shall be required for an assignment, delegation or transfer of this Contract by a Party to an acquirer (via merger, purchase of assets or securities, or otherwise) of all or substantially all of such Party's assets or business relating to the subject matter of this Contract. Any attempted assignment in contravention of this Section 26.3 shall be void. Subject to the foregoing, this Contract shall inure to the benefit of each Party and its permitted successors and assigns.

26.4. Injunctive Relief. The Parties acknowledge and agree that any violation by a Party of the provisions of Sections 17, 18, 24 or 25 may cause irreparable harm to the other Party not adequately compensated by monetary damages. In addition to other relief, and notwithstanding any provisions of Section 14 to the contrary, it is agreed that preliminary and permanent injunctive relief shall be available for any such violation without necessity of posting bond to prevent any actual or threatened violation of such provisions.

26.5. No Partnership. Each Party is and shall remain an independent contracting party and is not and shall not be deemed to be a joint venturer, partner, agent or franchisee of the other Party for any purpose whatsoever. Accordingly, each Party shall be exclusively responsible for the manner in which it performs its duties under this Contract and for the profitability or lack thereof of its activities under this Contract. All financial and other obligations associated with a Party's business are the sole responsibility of such Party. Neither Party has, and neither Party shall represent itself as having, any right or authority to obligate or bind the other Party in any manner whatsoever.

26.6. Entire Agreement. This Contract (including any attachments hereto and documents and instruments referenced herein) constitutes the entire agreement of the Parties regarding the subject matter hereof and supersedes any and all other prior or contemporaneous agreements, communications and understandings (both written and oral) regarding such subject matter; provided, however, that, for the avoidance of doubt, each of (i) the 2009 TTLA, (ii) the 2015 TLA, (iii) the Confidentiality Agreement, dated August 19, 2015, between the Parties, (iv) the Supply Contract between the Parties, dated 02 June 2014, as amended, and (v) the Supply Contract between the Parties, dated 12th August 2014, as amended, shall not be affected by this Contract in any manner and shall continue in full force and effect without modification. Each of the Parties acknowledges that (save in the case of fraud or fraudulent misrepresentation) it has not relied on any prior statements, representations or omissions which have not been incorporated as express terms of this Contract.

26.7. Interpretation. The language used in this Contract shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against either Party. The section



headings contained in this Contract are inserted solely for convenience and ease of reference and shall not constitute a part of this Contract or have any effect on its interpretation or construction. Pronouns of any gender shall include all other genders, and the singular shall include the plural and vice versa. References to Sections, clauses and Annexes are to the Sections and clauses of, and Annexes to, this Contract unless the context clearly indicates otherwise. The term "including" (and grammatical variations thereof and other words of similar import) shall mean "including without limitation" (and grammatical variations thereof and other words of similar import) unless the context clearly indicates otherwise. Words such as "hereunder", "hereto", "hereof" and "herein" and other words of similar import shall, unless the context requires otherwise, refer to the whole of this Contract rather than any particular Section or clause.

26.8 Waiver. If a Party delays or fails to exercise any power, right or remedy under this Contract, this will not operate as a waiver of that power, right or remedy, nor will it impair or prejudice it. Any single or partial exercise or waiver of any power, right or remedy will not preclude its further exercise or the exercise of any other power, right or remedy.

26.9 Third Party Rights. Except as expressly stated in this Contract, a Person who is not a Party to this Contract may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

IN WITNESS WHEREOF, the Parties have executed this Contract by their respective duly authorized representatives on the dates set forth below their respective signatures below but effective as of the Effective Date.

INOX WIND LIMITED

AMERICAN SUPERCONDUCTOR CORPORATION

BY: /s/ Deepak Asher
NAME: Deepak Asher
TITLE: Director
DATE: 16/12/15

BY: /s/ James Maguire
NAME: James Maguire
TITLE: EVP - Operations
DATE: December 16, 2015

ANNEX 1

CERTAIN DEFINITIONS

“2009 TTLA” means the Technology Transfer and License Agreement, dated 17th April 2009, by and between AMSC Austria and Buyer (as amended).

“2015 TLA” means the Technology License Agreement, dated as of even date herewith, by and amongst Buyer, Seller and AMSC Austria.

“Advance” has the meaning given it in Section 3.1.

“Affiliate” means, with respect to a Person, any other Person directly or indirectly controlling, controlled by or under common control with the first Person, whether through ownership of voting securities, by contract or otherwise.

“AMSC Austria” means the Seller’s wholly-owned Austrian subsidiary, AMSC Austria GmbH (f/k/a AMSC Windtec GmbH).

“Approved L/C” has the meaning given it in Section 3.4.

“Approved Bank” has the meaning given it in Section 3.4(b).

“Business Day” means a day, other than a Saturday or a Sunday, on which commercial banks in Boston, Massachusetts, USA and Delhi, India are authorized or required by law to be open for the transaction of banking business.

“Buyer Group” means, collectively, the Buyer and all of its Affiliates.

“Buyer Turbines” means Turbines developed pursuant to the 2009 TTLA and manufactured by Buyer or its subsidiaries.

“Confidential Information” means, with respect to a Party, all trade secrets and confidential or proprietary information of such Party (or its Affiliates, vendors, customers, clients, financing sources or other business counterparties) disclosed or otherwise made available to the other Party (or its Representatives) in connection with this Contract or the transactions or the Parties’ (or their Affiliates’) respective activities contemplated hereby or by any other agreement referenced herein (regardless of whether so disclosed or otherwise made available before or after the execution of this Contract or the Effective Date). Without limiting the foregoing, “Confidential Information” shall include (i) any and all inventions, ideas, discoveries, developments, designs, techniques, tangible and intangible information, products, processes, drawings, improvements, formulas, methods, instruments, devices, computer software and hardware, and information regarding research, development, current and proposed products and services, marketing and selling, business plans, business methods, budgets, finances, licensing, collaboration and development arrangements, prices and costs, buying habits and practices, contact and mailing lists and databases, vendors, customers and clients, and potential business opportunities and (ii) with respect to each Party, the terms and provisions of this Contract (which shall constitute “Confidential Information” of each party hereto) and the contents of any document or instrument received by such Party (or its Representatives) hereunder.

“Contract” has the meaning given it in the introductory paragraph.

“Disclosing Party” means the Party disclosing or otherwise making available Confidential Information to the other Party hereunder (provided that each party hereto shall be deemed to be a “Disclosing Party” with respect to the terms and provisions of this Contract).

“ECS” means electric control system sets for Turbines, in one of the Versions specified in Section 1.2, each sufficient to operate 1 (one) Buyer Turbine.

“Effective Date” means the date on which the last of the following events occur: (i) this Contract has been executed by the Parties; (ii) the full amount of the Initial License Payment has been received by AMSC Austria; and (iii) the Advance has been received by Seller.



“FCR” means a forwarder’s cargo (or certificate of) receipt with respect to the applicable ECS shipment, sufficient in form and substance to enable a draw on the corresponding Approved L/C.

“Forecast” means the rolling forecast of Buyer’s anticipated monthly requirements for ECS (by Version and in total) for each of the twelve (12) months commencing with the first full calendar month beginning after the date of delivery of such forecast to Seller.

“Forecast Deposit” has the meaning given it in Section 3.2.

“Governmental Entity” means any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency.

“IBA” means the International Bar Association.

“IBA Rules on the Taking of Evidence in International Arbitration” means the IBA Rules on the Taking of Evidence in International Arbitration of the IBA, as in effect from time to time, as such IBA Rules may be modified by the provisions of this Contract.

“Initial License Payment” means the payment to be made by Buyer to AMSC Austria pursuant to clause 8.1.1 of the 2015 TLA.

“Insolvency Event” means, with respect to a Party, that (i) such Party commences negotiations with all or any class of its creditors with a view to rescheduling any of its debts, or makes a proposal for or enters into any compromise or arrangement with any of its creditors; (ii) a petition is filed, a notice is given, a resolution is passed, or an order is made, for or in connection with the winding up of such Party (being a company); (iii) an application is made to court, or an order is made, for the appointment of an administrator, or if a notice of intention to appoint an administrator is given or if an administrator is appointed, over such Party (being a company); (iv) the holder of a qualifying floating charge over the assets of such Party (being a company) has become entitled to appoint or has appointed an administrative receiver; (v) a Person becomes entitled to appoint a receiver over all or any of the assets of such Party or a receiver is appointed over all or any of the assets of such Party; (vi) any event occurs, or proceeding is taken, with respect to such Party in any jurisdiction to which it is subject that has an effect equivalent or similar to any of the events mentioned above; or (vii) it suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of its business.

“LCIA” has the meaning given it in Section 14(b).

“LCIA Arbitration Rules” means the Arbitration Rules of the LCIA, as in effect from time to time, as such Arbitration Rules may be modified by the provisions of this Contract.

“LCIA Mediation Rules” means the Mediation Rules of the LCIA, as in effect from time to time, as such Mediation Rules may be modified by the provisions of this Contract.

“Licence Fees” means the licence fees payable by the Buyer to AMSC Austria under clause 8.1 of the 2015 TLA”.

“Party” means either the Buyer or the Seller, and “Parties” means the Buyer and the Seller.

“Person” means any corporation, limited or general partnership, limited liability company, trust, unincorporated association, any other entity or organization, Governmental Entity, or an individual.

“Public Statement” has the meaning given it in Section 18.4.

“Receiving Party” means the Party receiving or otherwise obtaining Confidential Information of the other Party hereunder (provided that each Party shall be deemed to be a “Receiving Party” with respect to the terms and provisions of this Contract).



“Representative” means, with respect to a Party, such Party’s Affiliates, directors, officers, managers, managing members, general partners, trustees, employees, agents, consultants and advisors (including, without limitation, attorneys, accountants, commercial and investment bankers, other financial and tax advisors and members of advisory boards).

“Turbine” means a 2MW doubly fed wind turbine.

“Updated Forecast” has the meaning given it in Section 2.2.

“Version” has the meaning given it in Section 1.2.

**ANNEX 2**

ID	Version			Converter
ECS-000002	GL2003	[**]	93/100m Rotor	AMSC

Created by: Wolfgang Srebotnig

Checked by: Markus Görzer

Pages: 3

1. Scope of Supply

1.3. Electric Control System (hereinafter "ECS") for GL2003 / 93/100m rotor turbine versions with AMSC –converter system, [**] function and without Condition Monitoring System (CMS). Each set comprising of:

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
1	#HC400/410/420 Hub Cabinets including Pitch Motor	26109798	1 set	1 set consist of: - 1pcs 26109799 hub cabinet +HC400 - 1pcs 26109801 hub cabinet +HC410 - 1pcs 26109803 hub cabinet +4HC420 each hub cabinet includes pitch converter with IO's, heater, service switch and service plug - 3 pcs No.10113715 pitch motors including cables for motor and speed feedback connection. Each pitch motor with free wheel system, brake and speed feedback. - Industrial connector	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
2	+OVP400 Overvoltage Protection Cabinet complete	26109796	1 off	fully assembled and tested cabinet. cabinet includes: - lightning protection (acc. lightning protection system) - industrial connectors	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors



#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
3	+NC300/310 Nacelle Cabinet complete	26109896	1 off	fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - auxiliary power supply - auxiliary control and protection - contactors and relays - PLC IO's - control panel - YAW converter - lightning protection (acc. lightning protection system) - UPS power supply 24VDC with batteries - service switch and service plug - service box - connection terminals 	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
4	+CC100/101 Converter Cabinet complete	26109809	1 off	fully assembled and tested cabinet. cabinets includes: <ul style="list-style-type: none"> - AMSC power module (PM300xW with pre charge unit) - PLC IO's with CAN Interface - filter capacitors and resistors - crowbar unit - generator and line choke - contactors and relays - stator breaker - line contactor - air to water heat exchanger - water cooling distribution - total power measurement - lightning protection (acc. lightning protection system) - connection terminals 	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors <ul style="list-style-type: none"> - external water cooling unit
5	+TBC100 Tower Base Cabinet complete	26109899	1 off	fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - auxiliary control and protection - contactors and relays - PLC IO's and CPU - UPS power supply 24VDC with batteries - service switch - control panel - connection terminals 	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
6	SCADA Package incl. wtDataCenter	26112620	1 off	<ul style="list-style-type: none"> - wtSCADA Server: SCADA system for wind farm server - wtSCADA Client: GUI to visualize all monitored turbines - wtCommissioner: SCADA system for commissioning and trouble shooting - wtDataCenter: Analysis tool for Licensed wind turbines and wind farms - Highspeed datalogger: trace tool - wtCSV Viewer: Log viewer tool with charting capabilities - PLC Update: Software update tool for PLC code. - Detailed document for each of the above mentioned software packages 	- source code <ul style="list-style-type: none"> - personal computer (PC)



#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
7	Control Software	26112620	1 off	<ul style="list-style-type: none"> - Control software and configuration tools for yaw-, pitch-, converter system, PLC - Software description including parameter, warning and error description - SCL (Source Code Light) PLC source code 	<ul style="list-style-type: none"> - source code except PLC SCL

It is clarified that the Versions of ECS include any ECS made by the Seller in connection with the 2MW WTG platform (at present or in the future).

Confidential Portions of this Exhibit marked as [**] have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.

**ANNEX 3**

ID	Version			Converter
ECS-000003	GL2003	[**]	93/100m Rotor	AMSC

Created by: Wolfgang Srebotnig
 Checked by: Markus Görzer
 Pages: 3

1. Scope of Supply

1.4. Electric Control System (hereinafter "ECS") for GL2003 / 93/100m rotor turbine versions with AMSC –converter system, [**] function and without Condition Monitoring System (CMS). Each set comprising of:

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
1	#HC400/410/420 Hub Cabinets including Pitch Motor	26109798	1 set	1 set consist of: - 1pcs 26109799 hub cabinet +HC400 - 1pcs 26109801 hub cabinet +HC410 - 1pcs 26109803 hub cabinet +4HC420 each hub cabinet includes pitch converter with IO's, heater, service switch and service plug - 3 pcs No.10113715 pitch motors including cables for motor and speed feedback connection. Each pitch motor with free wheel system, brake and speed feedback. - Industrial connector	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
2	+OVP400 Overvoltage Protection Cabinet complete	26109796	1 off	fully assembled and tested cabinet. cabinet includes: - lightning protection (acc. lightning protection system) - industrial connectors	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
3	+NC300/310 Nacelle Cabinet complete	26109896	1 off	fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - auxiliary power supply - auxiliary control and protection - contactors and relays - PLC IO's - control panel - YAW converter - lightning protection (acc. lightning protection system) - UPS power supply 24VDC with batteries - service switch and service plug - service box - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
4	+CC100/101 Converter Cabinet complete (**)	26117805	1 off	fully assembled and tested cabinet. cabinets includes: <ul style="list-style-type: none"> - AMSC power module (PM300xW with pre charge unit) - PLC IO's with CAN Interface - filter capacitors and resistors - crowbar unit - generator and line choke - contactors and relays - stator breaker - line contactor - air to water heat exchanger - water cooling distribution - total power measurement - lightning protection (acc. lightning protection system) - connection terminals - (***) package 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors - external water cooling unit
5	+TBC100 Tower Base Cabinet complete	26109899	1 off	fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - auxiliary control and protection - contactors and relays - PLC IO's and CPU - UPS power supply 24VDC with batteries - service switch - control panel - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
6	SCADA Package incl. wtDataCenter	26112620	1 off	<ul style="list-style-type: none"> - wtSCADA Server: SCADA system for wind farm server - wtSCADA Client: GUI to visualize all monitored turbines - wtCommissioner: SCADA system for commissioning and trouble shooting - wtDataCenter: Analysis tool for Licensed wind turbines and wind farms - Highspeed datalogger: trace tool - wtCSV Viewer: Log viewer tool with charting capabilities - PLC Update: Software update tool for PLC code. - Detailed document for each of the above mentioned software packages 	<ul style="list-style-type: none"> - source code - personal computer (PC)

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
7	Control Software	26112620	1 off	<ul style="list-style-type: none"> - Control software and configuration tools for yaw-, pitch-, converter system, PLC - Software description including parameter, warning and error description - SCL (Source Code Light) PLC source code - [**] Support 	<ul style="list-style-type: none"> - source code except PLC SCL

Confidential Portions of this Exhibit marked as [**] have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.

**ANNEX 4**

ID	Version			Converter
ECS-000004	GL2010	[**]	93/100m Rotor	AMSC

Created by: Wolfgang Srebotnig
 Checked by: Markus Görzer
 Pages: 3

1. Scope of Supply

1.5. Electric Control System (hereinafter "ECS") for GL2010 / 93m & 100m rotor turbine versions with AMSC –converter system, [**] function and without Condition Monitoring System (CMS). Each set comprising of:

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
1	#4HCA000 Hub Cabinets including Pitch Motor	26117316	1 set	1 set consist of: - 1pcs 26117328 hub cabinet +4HCA100 - 1pcs 26117329 hub cabinet +4HCA200 - 1pcs 26117330 hub cabinet +4HCA300 each hub cabinet includes pitch converter with IO's, heater, service switch and service plug - 3 pcs No.10113715 pitch motors including cables for motor and speed feedback connection. Each pitch motor with free wheel system, brake and speed feedback. - Industrial connector	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
2	+4HCC100 Hub Control Cabinet complete	26117334	1 off	fully assembled and tested cabinet. cabinet includes: - PLC IO's with CAN Interface - lightning protection (acc. lightning protection system) - industrial connectors	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
3	+3NCA100/110 Nacelle Cabinet complete	26117340	1 off	fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - auxiliary power supply - auxiliary control and protection - contactors and relays - PLC IO's - control panel - YAW converter - lightning protection (acc. lightning protection system) - UPS power supply 24VDC with batteries - service switch and service plug - service box - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
4	+1CCA100/200 Converter Cabinet complete	26117155	1 off	fully assembled and tested cabinet. cabinets includes: <ul style="list-style-type: none"> - AMSC power module (PM300xNW with pre charge unit) - PLC IO's with CAN Interface - filter capacitors and resistors - crowbar unit - generator and line choke - contactors and relays - stator breaker - line contactor - air to water heat exchanger - water cooling distribution - total power measurement - lightning protection (acc. lightning protection system) - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors - external water cooling unit
5	+1TBC100 Tower Base Cabinet complete	26117159	1 off	fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - auxiliary control and protection - contactors and relays - PLC IO's and CPU - UPS power supply 24VDC with batteries - service switch - control panel - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
6	SCADA Package incl. wtDataCenter	26112620	1 off	<ul style="list-style-type: none"> - wtSCADA Server: SCADA system for wind farm server - wtSCADA Client: GUI to visualize all monitored turbines - wtCommissioner: SCADA system for commissioning and trouble shooting - wtDataCenter: Analysis tool for Licensed wind turbines and wind farms - Highspeed datalogger: trace tool - wtCSV Viewer: Log viewer tool with charting capabilities - PLC Update: Software update tool for PLC code. - Detailed document for each of the above mentioned software packages 	<ul style="list-style-type: none"> - source code - personal computer (PC)

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
7	Control Software	26112620	1 off	<ul style="list-style-type: none"> - Control software and configuration tools for yaw-, pitch-, converter system, PLC and SLC - Software description including parameter, warning and error description - SCL (Source Code Light) PLC source code 	<ul style="list-style-type: none"> - source code except PLC SCL

Confidential Portions of this Exhibit marked as [**] have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.



ANNEX 5

ID	Version			Converter
ECS-000005	GL2010	[**]	93/100m Rotor	AMSC

Created by: Wolfgang Srebotnig
 Checked by: Markus Görzer
 Pages: 3

1. Scope of Supply

1.6. Electric Control System (hereinafter "ECS") for GL2010 / 93m & 100m rotor turbine versions with AMSC –converter system, [**] function and without Condition Monitoring System (CMS). Each set comprising of:

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
1	#4HCA000 Hub Cabinets including Pitch Motor	26117316	1 set	1 set consist of: - 1pcs 26117328 hub cabinet +4HCA100 - 1pcs 26117329 hub cabinet +4HCA200 - 1pcs 26117330 hub cabinet +4HCA300 each hub cabinet includes pitch converter with IO's, heater, service switch and service plug - 3 pcs No.10113715 pitch motors including cables for motor and speed feedback connection. Each pitch motor with free wheel system, brake and speed feedback. - Industrial connector	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
2	+4HCC100 Hub Control Cabinet complete	26117334	1 off	fully assembled and tested cabinet. cabinet includes: - PLC IO's with CAN Interface - lightning protection (acc. lightning protection system) - industrial connectors	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
3	+3NCA100/110 Nacelle Cabinet complete	26117340	1 off	fully assembled and tested cabinet. cabinet includes: - auxiliary power supply - auxiliary control and protection - contactors and relays - PLC IO's - control panel - YAW converter - lightning protection (acc. lightning protection system) - UPS power supply 24VDC with batteries - service switch and service plug - service box - connection terminals	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
4	+1CCA100/200 Converter Cabinet complete (**)	26117164	1 off	fully assembled and tested cabinet. cabinets includes: <ul style="list-style-type: none"> - AMSC power module (PM300xNW with pre charge unit) - PLC IO's with CAN Interface - filter capacitors and resistors - crowbar unit - generator and line choke - contactors and relays - stator breaker - line contactor - air to water heat exchanger - water cooling distribution - total power measurement - lightning protection (acc. lightning protection system) - connection terminals - ** package 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors - external water cooling unit
5	+1TBC100 Tower Base Cabinet complete	26117159	1 off	fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - auxiliary control and protection - contactors and relays - PLC IO's and CPU - UPS power supply 24VDC with batteries - service switch - control panel - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
6	SCADA Package incl. wtDataCenter	26112620	1 off	<ul style="list-style-type: none"> - wtSCADA Server: SCADA system for wind farm server - wtSCADA Client: GUI to visualize all monitored turbines - wtCommissioner: SCADA system for commissioning and trouble shooting - wtDataCenter: Analysis tool for Licensed wind turbines and wind farms - Highspeed datalogger: trace tool - wtCSV Viewer: Log viewer tool with charting capabilities - PLC Update: Software update tool for PLC code. - Detailed document for each of the above mentioned software packages 	<ul style="list-style-type: none"> - source code - personal computer (PC)

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
7	Control Software	26112620	1 off	<ul style="list-style-type: none"> - Control software and configuration tools for yaw-, pitch-, converter system, PLC and SLC - Software description including parameter, warning and error description - SCL (Source Code Light) PLC source code - [**] Support 	<ul style="list-style-type: none"> - source code except PLC SCL

Confidential Portions of this Exhibit marked as [**] have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.

**ANNEX 6**

ID	Version			Converter
ECS-000006	GL2010	[**]	113m Rotor	AMSC

Created by: Wolfgang Srebotnig
 Checked by: Markus Görzer
 Pages: 3

1. Scope of Supply

1.7. Electric Control System (hereinafter "ECS") for GL2010 / 113m rotor turbine versions with AMSC –converter system, [**] function and without Condition Monitoring System (CMS). Each set comprising of:

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
1	#4HCA000 Hub Cabinets including Pitch Motor	26117316	1 set	1 set consist of: - 1pcs 26117328 hub cabinet +4HCA100 - 1pcs 26117329 hub cabinet +4HCA200 - 1pcs 26117330 hub cabinet +4HCA300 each hub cabinet includes pitch converter with IO's, heater, service switch and service plug - 3 pcs No.10113715 pitch motors including cables for motor and speed feedback connection. Each pitch motor with free wheel system, brake and speed feedback. - Industrial connector	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
2	+4HCC100 Hub Control Cabinet complete	26117334	1 off	1 fully assembled and tested cabinet. cabinet includes: - PLC IO's with CAN Interface - lightning protection (acc. lightning protection system) - industrial connectors	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
3	+3NCA100/110 Nacelle Cabinet complete	26117818	1 off	1 fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - auxiliary power supply - auxiliary control and protection - contactors and relays - PLC IO's - control panel - YAW converter - lightning protection (acc. lightning protection system) - UPS power supply 24VDC with batteries - service switch and service plug - service box - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
4	+1CCA100/200 Converter Cabinet complete	26117820	1 off	1 fully assembled and tested cabinet. cabinets includes: <ul style="list-style-type: none"> - AMSC power module (PM300xNW with pre charge unit) - PLC IO's with CAN Interface - filter capacitors and resistors - crowbar unit - generator and line choke - contactors and relays - stator breaker - line contactor - air to water heat exchanger - water cooling distribution - total power measurement - lightning protection (acc. lightning protection system) - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors - external water cooling unit
5	+1TBC100 Tower Base Cabinet complete	26117822	1 off	1 fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - auxiliary control and protection - contactors and relays - PLC IO's and CPU - UPS power supply 24VDC with batteries - service switch - control panel - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
6	SCADA Package incl. wtDataCenter	26112620	1 off	<ul style="list-style-type: none"> - wtSCADA Server: SCADA system for wind farm server - wtSCADA Client: GUI to visualize all monitored turbines - wtCommissioner: SCADA system for commissioning and trouble shooting - wtDataCenter: Analysis tool for Licensed wind turbines and wind farms - Highspeed datalogger: trace tool - wtCSV Viewer: Log viewer tool with charting capabilities - PLC Update: Software update tool for PLC code. - Detailed document for each of the above mentioned software packages 	<ul style="list-style-type: none"> - source code - personal computer (PC)

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
7	Control Software	26112620	1 off	<ul style="list-style-type: none"> - Control software and configuration tools for yaw-, pitch-, converter system, PLC and SLC - Software description including parameter, warning and error description - SCL (Source Code Light) PLC source code 	<ul style="list-style-type: none"> - source code except PLC SCL

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**ANNEX 7**

ID	Version			Converter
ECS-000007	GL2010	[**]	113m Rotor	AMSC

Created by: Wolfgang Srebotnig
 Checked by: Markus Görzer
 Pages: 3

1. Scope of Supply

1.8. Electric Control System (hereinafter "ECS") for GL2010 / 113m rotor turbine versions with AMSC –converter system, [**] function and without Condition Monitoring System (CMS). Each set comprising of:

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
1	#4HCA000 Hub Cabinets including Pitch Motor	26117316	1 set	1 set consist of: <ul style="list-style-type: none"> - 1pcs 26117328 hub cabinet +4HCA100 - 1pcs 26117329 hub cabinet +4HCA200 - 1pcs 26117330 hub cabinet +4HCA300 each hub cabinet includes pitch converter with IO's, heater, service switch and service plug - 3 pcs No.10113715 pitch motors including cables for motor and speed feedback connection. Each pitch motor with free wheel system, brake and speed feedback. - Industrial connector	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
2	+4HCC100 Hub Control Cabinet complete	26117334	1 off	1 fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - PLC IO's with CAN Interface - lightning protection (acc. lightning protection system) - industrial connectors 	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
3	+3NCA100/110 Nacelle Cabinet complete	26117818	1 off	1 fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - auxiliary power supply - auxiliary control and protection - contactors and relays - PLC IO's - control panel - YAW converter - lightning protection (acc. lightning protection system) - UPS power supply 24VDC with batteries - service switch and service plug - service box - connection terminals 	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
4	+1CCA100/200 Converter Cabinet complete (**)	26117824	1 off	<p>1 fully assembled and tested cabinet. cabinets includes:</p> <ul style="list-style-type: none"> - AMSC power module (PM300xNW with pre charge unit) - PLC IO's with CAN Interface - filter capacitors and resistors - crowbar unit - generator and line choke - contactors and relays - stator breaker - grid contactor - air to water heat exchanger - water cooling distribution - total power measurement - lightning protection (acc. lightning protection system) - connection terminals - (**) package 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors - external water cooling unit
5	+1TBC100 Tower Base Cabinet complete	26117822	1 off	<p>1 fully assembled and tested cabinet. cabinet includes:</p> <ul style="list-style-type: none"> - auxiliary control and protection - contactors and relays - PLC IO's and CPU - UPS power supply 24VDC with batteries - service switch - control panel - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
6	SCADA Package incl. wtDataCenter	26112620	1 off	<ul style="list-style-type: none"> - wtSCADA Server: SCADA system for wind farm server - wtSCADA Client: GUI to visualize all monitored turbines - wtCommissioner: SCADA system for commissioning and trouble shooting - wtDataCenter: Analysis tool for Licensed wind turbines and wind farms - Highspeed datalogger: trace tool - wtCSV Viewer: Log viewer tool with charting capabilities - PLC Update: Software update tool for PLC code. - Detailed document for each of the above mentioned software packages 	<ul style="list-style-type: none"> - source code - personal computer (PC)

#	ELECTRIC CONTROL SYSTEM	AMSC ID	units per WEC	Scope of supply	NOT scope of supply
7	Control Software	26112620	1 off	<ul style="list-style-type: none"> - Control software and configuration tools for yaw-, pitch-, converter system, PLC and SCL - Software description including parameter, warning and error description - SCL (Source Code Light) PLC source code - [**] support 	- source code except PLC SCL

Confidential Portions of this Exhibit marked as [**] have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.

Confidential Treatment Requested for American Superconductor Corporation

DATED

December, 16 2015

AMSC AUSTRIA GMBH

and

AMERICAN SUPERCONDUCTOR CORPORATION

and

INOX WIND LIMITED

TECHNOLOGY LICENCE AGREEMENT

Confidential Portions of this Exhibit marked as [**] have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.

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Confidential Portions of this Exhibit marked as [**] have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.

“**AMSC Production ECS**” means the first lot consisting of such number, as decided by Inox, of up to [**] ([**]) ECS (up to [**] of each of the GL2003, GL2010 and GL2010 (113m) versions [**]) manufactured in one batch by AMSC at Inox’s facility;

“**AMSC Romania**” means American Superconductor Romania SRL, a Romanian corporation, having its principal office at Olympian Logistics Park, Unit 1.4, Nr. 637, DN 6, City: Remetea Mare, State: Timis, Zip: 307350 Romania;

“**Approved Bank**” means a bank listed in Schedule 4 or such other bank agreed between the Parties;

“**Business Day**” means any day which is not a Saturday, Sunday or public holiday in New Delhi, India, and Vienna, Austria;

“**Conditions**” has the meaning given to it in clause 2.1;

“**Confidential Information**” means the Technical Information, Technology, Software, terms of this Agreement and any other information which a reasonable person would consider of a confidential nature communicated to Inox by AMSC Austria, or vice versa, either preparatory to, or as a result of this Agreement;

“**ECS**” means the electrical control system (including all Versions) for use in the Wind Turbines, as detailed in Schedule 1, including any ECS incorporating the Improvements;

“**ECS Supply Agreement**” means the agreement executed by Inox and AMSC on the date of this Agreement, pursuant to which AMSC shall supply ECS to Inox;

“**Effective Date**” means the first date on which the Conditions are satisfied;

“**Export Control Laws**” has the meaning given to it in clause 14.1;

“**Final LIC**” has the meaning given to it in clause 8.10.2;

“**First Production ECS**” means the first lot consisting of such number, as decided by Inox, of up to [**] ([**]) ECS (consisting of up to [**] of each of the GL2003, GL2010 and GL2010 (113m) versions [**]) manufactured in one batch by Inox;

“**GL2010 Control Card**” means the proprietary control card used in the GL2010 version of ECS;

“**GL2010 Control Card Materials**” means the list of documentation and materials relating to the GL2010 Control Card, as detailed in Schedule 5;

“**GL2010 LIC**” has the meaning given to it in clause 8.10.1;

“**IBA**” means the International Bar Association.

“**IBA Rules on the Taking of Evidence in International Arbitration**” means the IBA Rules on the Taking of Evidence in International Arbitration of the IBA, as in effect from time to time, as such IBA Rules may be modified by the provisions of this Agreement.

“**Improvements**” means any improvements, revisions or upgrades to the ECS and / or the Technical Information developed by the AMSC Group at its sole discretion and used by the AMSC Group in the manufacture of its own ECS;

“**Inspection Test**” means the inspection test to be performed on the First Production ECS or, if applicable, the AMSC Production ECS, as detailed in Schedule 3;

“**Intellectual Property Rights**” means inventions, patents, design rights, registered designs, utility models, copyrights, rights in software (but not including source code), database rights and all similar forms of protection, applications to register any of the foregoing and the right to make such applications, technical information, and the right to control use and disclosure of technical information, and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;

“**Licence**” means the licence granted in clause 2;

“**Licence Fees**” shall mean the licence fees payable under clause 8.1;

“**Materials**” means the list of documentation and materials relating to the Technical Information, as detailed in Schedule 2;

“**Power Converter Module**” means the power converter module forming part of the ECS;

“**Procurement Specification**” means the specifications and any other information, including quality control manuals and quality requirements for a component, which can be used to procure that component without any further engineering by Inox;

“**Product**” means the ECS, together with all spare or replacement parts for the same and “**Products**” shall be construed accordingly;

“**Quarterly Periods**” means the periods of three months commencing on 1 January, 1 April, 1 July and 1 October respectively in any calendar year during the Term;

“**Receipt Form**” means the form set out in Schedule 5 used to confirm receipt of the GL2010 Control Card Materials;

“**Software**” means the software in binary code form, required to operate the ECS as part of the Wind Turbines. Software does not include the source code;

“**Supply**” means sell, whether or not, for financial or other consideration; and “**Supplied**” and “**Supplying**” shall be construed accordingly;

“**Technical Information**” means all and any Materials, Software and any know-how, design and technical information, engineering data, design and engineering specifications and other information developed, owned or licensed by AMSC Group in respect of the ECS (or its method of assembly / manufacture) required for:

- (a) enabling Inox to set up a plant for the manufacture and assembly of the Products, including draft layouts, controlled conditions, if any, lists and specifications of equipment, Procurement Specifications of equipment, and details of suppliers of the equipment;
- (b) the manufacture and assembly of the Products at the plant set up by Inox, including purchase information of components, Procurement Specifications of components and details of suppliers, assembly of third party components for integration into the Products, quality inspection, testing, and installation of the Products; and
- (c) the operations and maintenance of the ECS;

“**Technology**” means the Technical Information, the Improvements (if any) and all Intellectual Property Rights of AMSC Group in or relating to the assembly and manufacture of the ECS (including the Software);

“**Term**” means the period from the Effective Date to the Termination Date;

“**Termination Date**” means the date on which this Agreement terminates in accordance with the provisions of clause 12;

“**Versions**” shall have the meaning given to it in the ECS Supply Agreement; and

“**Wind Turbine**” shall have the meaning given to it in the 2009 TTLA.

1.2 Unless otherwise expressly stated, the following rules of interpretation apply in this Agreement.

1.2.1 The contents page and headings in this Agreement are for ease of reference only and do not affect the meaning of this Agreement.

1.2.2 Words in the singular include the plural and vice versa.

1.2.3 A reference to a “Party” is to a party to this Agreement and includes the respective successors or permitted assigns of the original parties.

1.2.4 Any words following the terms “**include**” and “**including**” or any similar expression are illustrative and do not limit the meaning of the words preceding those terms.

1.2.5 A reference to a Clause or Schedule is to a clause of or schedule to this Agreement and a reference to this Agreement includes its schedules and appendices.

- 1.2.6 A reference to legislation is a reference to all legislation having effect in the United Kingdom from time to time and a reference to particular legislation is a reference to that legislation as amended, modified, consolidated, re-enacted or replaced from time to time and to all subordinate legislation made under it from time to time.
- 1.2.7 A reference to a document in this Agreement is to that document as amended, varied or novated from time to time as permitted by the terms of that document.
- 1.2.8 A requirement that a notice or other communication to be given or made under or in connection with this Agreement must be signed by the person giving or making it will be deemed to be satisfied if the notice or other communication is signed on behalf of the person giving or making it.

2. LICENCE

- 2.1 AMSC Austria hereby grants Inox the Licence subject to, and conditional on the completion of all of the following conditions (the "Conditions"):
- 2.1.1 Inox and AMSC executing the ECS Supply Agreement;
- 2.1.2 payment by Inox to AMSC of the Advance (as defined in the ECS Supply Agreement); and
- 2.1.3 payment by Inox to AMSC Austria, in cleared funds, of USD\$6,000,000 pursuant to clause 8.1.1.
- 2.2 Subject to the Conditions being satisfied and the remainder of this clause 2, and with effect from the Effective Date, AMSC Austria hereby grants to Inox:
- 2.2.1 an exclusive and (subject to clauses 12.2, 12.3 and 13.2) perpetual licence, without the right to sub-licence (except as provided below), to use and exploit the Technology (including the Software) to make, manufacture, use and Supply, the Products for use (and only for use) in the Wind Turbines, in India during the Term including providing related customer services such as repair, installation, maintenance, assembly and testing of the Products in India; and
- 2.2.2 a non-exclusive and (subject to clauses 12.2, 12.3 and 13.2) perpetual licence, without the right to sub-licence (except as provided below), to use and exploit the Technology (including the Software) to make, manufacture, use, import, export, distribute and Supply, the Products for use (and only for use) in the Wind Turbines, in the rest of the world (excluding all territories to which exports are prohibited under Export Control Laws) during the Term.
- 2.3 Inox may sub-licence the rights granted to it under clause 2.2 in respect of any part of the Technology (but excluding the Power Converter Module) to third party vendors and suppliers of components of the ECS, but only to the extent necessary for, and for the sole purpose of, enabling such vendors and suppliers to supply relevant components of the ECS to Inox and to be able to maintain or repair them. Inox may not otherwise sub-licence the rights granted to it under clause 2.2. To the extent that Inox engages in sub-licensing under this clause 2.3, Inox shall be and remain liable for all acts and omissions of its sub-licensees inconsistent with the terms of this Agreement as if they were the acts and omissions of Inox.
- 2.4 In respect of the Software:
- 2.4.1 its use shall be restricted to use of the Software in binary code form;
- 2.4.2 except as expressly stated in this clause 2, Inox shall not (and shall not permit any third party to) copy, adapt, reverse engineer, decompile, disassemble, modify, the Software in whole or in part except to the extent permitted by law or as may be strictly necessary for debugging purposes or for the purposes of embedding the Software in any apparatus or machine for the purposes of enabling the exploitation of the Technology consistent with the purposes of this Agreement.

2.5 For so long as the ECS Supply Agreement is in effect, the Licence is subject to the limits on the Products permitted to be assembled and / or manufactured by Inox as set out in the ECS Supply Agreement.

3. PROVISION OF KNOW-HOW AND TECHNICAL ASSISTANCE

3.1 Within seven (7) days of the Effective Date, each of AMSC Austria and Inox shall name a project manager and a deputy project manager through whom all communication and information to be provided by AMSC Austria under this clause 3, shall be channelled. AMSC Austria and Inox shall make sure that their respective project manager and deputy project manager are sufficiently available and skilled to perform the requirements under this Agreement.

3.2 AMSC Austria and Inox shall use its reasonable endeavours to ensure that its project manager and deputy project manager remain the same until the First Production ECS or, if applicable, AMSC Production ECS are Accepted.

3.3 The Parties agree that the following process shall apply to the transfer of the Materials:

3.3.1 within sixty (60) days of the Effective Date, AMSC Austria shall provide to Inox the Materials; and

3.3.2 within fourteen (14) days of receipt of the Materials, the Parties shall jointly examine the Materials at Inox's notified address in India.

3.4 AMSC Austria shall provide the Materials electronically (by FTP transfer or other secure method of delivery) and Inox shall notify AMSC Austria of the receipt of the Materials. If the Materials received by Inox are not in accordance with the requirements of clause 10.2.3, AMSC Austria shall promptly remedy the breach.

3.5 After the receipt by AMSC Austria of the payment under clause 8.1.2, Inox may, upon reasonable notice and at its cost, request AMSC Austria for access to AMSC Romania's facility (the "**Facility**") to observe the ECS manufacturing process.

3.6 Access provided by AMSC Austria to the Facility shall be for a maximum of five employees of Inox and for a period of no longer than 10 working days, or in any other combination for an aggregate of 50 working man days. AMSC Austria shall provide reasonable co-operation whilst employees of Inox are present at the Facility.

3.7 Inox shall, and shall procure that its employees shall, observe all health and safety rules and regulations and any other security requirements that apply to the Facility.

3.8 AMSC Austria shall make available such further know-how relating to the manufacture of the Products as is necessary and reasonable to enable Inox to set up a manufacturing plant for the manufacture of the Products, with specific recommendations to cause the Products, any material components and the manufacturing process to conform to AMSC Austria's requirements.

3.9 In the event that any deficiency, inaccuracy, error or other defect becomes apparent in any Technical Information supplied by AMSC Austria, or the manufacturing processes in relation to the Products, then AMSC Austria shall, supply and make appropriate revisions to the Technical Information and Materials (including provision of appropriate technical assistance and know-how), or make specific recommendations to modify the manufacturing processes, so that Inox is capable of achieving standardization in relation to the Product of the same specifications, quality, and efficiency as AMSC's manufacturing practices outside India.

3.10 AMSC Austria and Inox agree that the following process shall apply to the transfer of the GL2010 Control Card Materials:

3.10.1 within ten (10) months of the Effective Date, AMSC Austria shall provide to Inox the GL2010 Control Card Materials; and

- 3.10.2 AMSC Austria shall provide the GL2010 Control Card Materials electronically (by FTP transfer or other secure method of delivery) and Inox shall notify AMSC Austria of the receipt of the GL2010 Control Card Materials.
- 3.11 If AMSC Austria develops any Improvements, it shall, as soon as reasonably practicable, notify Inox of any such Improvements and shall provide to Inox any materials, know-how, design and technical information, engineering data, design and engineering specifications and other information relating to such Improvements.
- 3.12 Except as provided below, AMSC Austria shall provide Inox with the details of three (3) suppliers in respect of each component of the ECS that AMSC Austria itself uses to purchase such component from (each an "**Approved Supplier**"). AMSC Austria shall provide Inox or each Approved Supplier, as the case may be, with all necessary manufacture and assembly documentation and other Technical Information to enable such Approved Supplier to manufacture and supply the relevant component to Inox. If, at the date of this Agreement or at any time thereafter, AMSC Austria has less than three (3) Approved Suppliers in respect of any component, if and when AMSC Austria purchases such component from any other Approved Supplier (a "New Approved Supplier"), it shall share the details of such New Approved Supplier with Inox, to ensure that at any point of time, Inox has access to as many, up to a maximum of three (3), Approved Suppliers for each component.

4. OWNERSHIP AND INFRINGEMENT

- 4.1 As between AMSC Austria and Inox, the Technology (and all rights in it) shall remain owned by AMSC Austria and Inox shall have no rights in or to the Technology other than those set out in this Agreement.
- 4.2 Inox shall, as soon as practicable, notify AMSC Austria in writing, giving particulars of information available with it, if any of the following matters comes to its attention:
- 4.2.1 any actual, suspected or threatened infringement of the Technology;
- 4.2.2 any actual, suspected or threatened unauthorised disclosure, misappropriation or misuse of the Technology; or
- 4.2.3 any other form of attack, charge or claim to which the Technology may be subject, (each an "**Attack**") unless the Attack is not capable of having any effect in relation to the ECS, its protection under applicable Intellectual Property Rights, or the carrying on of the acts licensed under this Agreement (an "**Irrelevant Attack**"). AMSC Austria shall, as soon as practicable, inform Inox in writing, giving particulars of information available with it, about any Attack which impacts or could be expected to impact, the rights of Inox under this Agreement.
- 4.3 If, in respect of any Attack (other than an Irrelevant Attack) in India or any other country in which Inox has established an ECS manufacturing facility relating to the Technology, AMSC Austria does not take action, within fifteen (15) Business Days of receiving notification from Inox pursuant to clause 4.2 or otherwise becoming aware of such an Attack, the following shall apply: subject to Inox having informed AMSC Austria or AMSC Austria having otherwise become aware, Inox may commence proceedings and may require AMSC Austria to lend its name and provide Inox with relevant documentation and information in relation to such proceedings and provide reasonable assistance, subject to Inox not settling the Attack, except with the consent of AMSC Austria, such consent not to be unreasonably withheld or delayed. Inox shall bear the cost incurred by it of the proceedings referred to in this clause 4.3 and shall be entitled to retain all sums recovered in any such proceedings for its own account.

5. ACCEPTANCE OF FIRST PRODUCTION ECS

- 5.1 At least two weeks prior to the manufacture of the First Production ECS, Inox shall notify AMSC Austria of the date on which such manufacture is due to take place.

- 5.2 Upon receiving notification from Inox in accordance with clause 5.1, AMSC Austria shall arrange for an employee or representative of AMSC Austria to attend the Inspection Test.
- 5.3 After the manufacture of the First Production ECS, Inox and AMSC Austria shall perform the Inspection Test.
- 5.4 When the First Production ECS successfully pass the Inspection Test, the First Production ECS shall be deemed to be Accepted.
- 5.5 If the First Production ECS is not Accepted, Inox shall provide AMSC Austria with full access to the First Production ECS and AMSC Austria shall analyse the reason for such failure. Within two weeks of such failure, AMSC Austria shall submit to Inox an assessment in writing of the reasons of such failure and set out in reasonable detail each of the steps to be taken to correct the deficiencies including changes necessary to components so that the failed ECS is Accepted. For this purpose, AMSC Austria shall send its representatives to Inox's facility to supervise and assist in the implementation of the corrective measures. Within thirty (30) days of Inox's receipt of the assessment, excluding the delivery time for components, if required, Inox shall complete the steps recommended by AMSC Austria in such assessment. Inox shall provide AMSC Austria with full access to its facility and such assistance as AMSC Austria may reasonably require, including all components set out in the Materials and GL2010 Control Card Materials in accordance with the relevant Procurement Specification, as instructed by AMSC Austria to enable AMSC Austria to perform its obligations in this clause 5.5.
- 5.6 If after the implementation of the steps in clause 5.5 are complete, the First Production ECS is not Accepted, then, within thirty (30) days of such failure, excluding the delivery time for components, if required, AMSC Austria shall send its representatives to Inox's facility to produce the AMSC Production ECS and make available such further know-how relating to the manufacture of the AMSC Production ECS as is necessary and reasonable to manufacture the AMSC Production ECS in accordance with AMSC Austria's quality standards. Inox shall provide AMSC Austria with full access to its facility and such assistance as AMSC Austria may reasonably require, including the procurement of all components set out in the Materials and GL2010 Control Card Materials in accordance with the relevant Procurement Specification, as instructed by AMSC Austria.
- 5.7 When, after having followed the sequence of actions and processes set out in Clauses 5.5 and 5.6, the AMSC Production ECS successfully pass the Inspection Test, the AMSC Production ECS shall be deemed to be Accepted.
- 5.8 If there is dispute between the Parties relating to the failure of the First Production ECS or AMSC Production ECS to be Accepted, then the Parties shall resolve such dispute in accordance with the procedures set out in clause 27.
- 5.9 Within three (3) Business Days of either the First Production ECS or AMSC Production ECS being Accepted, Inox shall provide to the relevant Approved Bank the certificate detailed in clause 8.13.4(b).

6. NOT USED

7. CONFIDENTIALITY

7.1 The receiving party (the "**Receiving Party**") shall keep secret and confidential the Confidential Information provided to it by the other party (the "**Disclosing Party**"), provided that the Confidential Information may be disclosed to such:

7.1.1 directors and employees that need to know the Confidential Information in furtherance of the purposes of this Agreement. The Receiving Party shall ensure that such directors and employees are subject to confidentiality obligations which require them to keep the Confidential Information secret and confidential; and

7.1.2 in relation to Confidential Information provided by AMSC Austria to Inox only, third party vendors and suppliers of components of the ECS referred to in clause 2.3:

(a) provided that: (i) Inox provides AMSC Austria with reasonable written notice of such disclosure; (ii) prior to such disclosure, makes such third party vendors and suppliers aware that the Confidential Information being disclosed by Inox is subject to the confidentiality obligations in this clause 7; and (iii) procures that such third party vendors and suppliers keep the Confidential Information being disclosed by Inox secret and confidential in accordance with the obligations in this clause 7; and

(b) only to the extent necessary for, and for the sole purpose of, enabling such vendors and suppliers to supply relevant components of the ECS to Inox.

7.2 Clause 7.1 shall not apply to the extent that the Confidential Information:

7.2.1 was known or available on a non-confidential basis to the Receiving Party before it was disclosed to it by the Disclosing Party;

7.2.2 is or becomes generally available to the public (otherwise than through a breach of clause 7.1);

7.2.3 has been agreed by AMSC Austria and Inox to be not confidential;

7.2.4 is required to be disclosed by law, court order or any governmental or regulatory authority provided that, to the extent that the Receiving Party is legally permitted to and it is practically feasible to do so, it gives the Disclosing Party as much notice of such disclosure as possible and takes into account the lawful and reasonable requests of the Disclosing Party in relation to the content of such disclosure; or

7.2.5 is required to disclose to a bank, other financial institution or rating agency to the extent required in relation to the financing of the Receiving Party's business activities, provided that the Receiving Party shall procure that such bank, other financial institution or rating agency, treats the Confidential Information as confidential on terms substantially the same as those in this clause 7.

7.3 The provisions of this clause 7 shall remain in force:

7.3.1 in respect of the Technology without limit of time; and

7.3.2 in respect of all other Confidential Information, for a period of;

(a) three (3) years following the termination of this Agreement, where termination occurs pursuant to clause 12.4; or

(b) five (5) years following the termination of this Agreement, where termination occurs for any reason other than clauses 12.2 or 12.3.

8. LICENCE FEES

- 8.1 In consideration of the Licence, and AMSC Austria's obligations in this Agreement, Inox shall pay to AMSC Austria a licence fee as follows:
- 8.1.1 USD\$6,000,000 within 30 calendar days after execution of this Agreement;
- 8.1.2 USD\$[**] within five (5) Business Days after delivery of the Materials to Inox;
- 8.1.3 USD\$[**] within five (5) Business Days after delivery of the GL2010 Control Card Materials to Inox; and
- 8.1.4 USD\$[**] upon the first to occur of either:
- (a) Inox providing to the relevant Approved Bank the certificate detailed in clause 8.13.4(b); or
 - (b) subject to clause 8.2, fifteen (15) months from the Effective Date.
- 8.2 If during the first fifteen (15) months after the Effective Date, Inox notifies AMSC Austria that it is in material breach of this Agreement in accordance with clause 12.4, then whilst AMSC Austria is in such breach, the fifteen (15) month period set out in clauses 8.1.4(b) shall be extended by a period equal to the period from AMSC Austria's receipt of notice from Inox pursuant to clause 12.4 until AMSC Austria has rectified such breach.
- 8.3 All sums payable by Inox under this Agreement shall be paid in US Dollars to the credit of a bank account to be designated in writing by AMSC Austria.
- 8.4 If Inox fails to pay within the relevant period specified in this Agreement any Licence Fees or any other sum (notified in writing) due to AMSC Austria under this Agreement, Inox shall on demand pay to AMSC Austria interest at the rate of [**] per cent per annum over the base lending rate of the Bank of England on such sum from the end of the relevant period up to the date of actual payment (after as well as before any judgment).
- 8.5 All Licence Fees and other sums payable under this Agreement include withholding taxes, and exclude any other taxes levied on or against Inox.
- 8.6 All amounts payable by Inox to AMSC Austria under this Agreement are gross amounts and shall include all taxes other than those levied on or against Inox, and in particular, include and are subject to the deduction of, withholding taxes which may be deducted pursuant to the laws of India. Inox undertakes to provide to AMSC Austria within a period of 90 days of making such payment and deduction of withholding tax, a certificate confirming such deduction.
- 8.7 Within 60 days of each Inox financial year, Inox shall provide to AMSC Austria the original tax receipt for each payment made by Inox to AMSC Austria pursuant to this Agreement to enable AMSC Austria to claim credit in its tax assessment for a tax deduction made pursuant to clause 8.6.
- 8.8 If Inox does not provide the original tax receipt in accordance with clause 8.7, then, within 21 days, Inox shall pay to AMSC Austria the withholding tax deducted pursuant to clause 8.6. Such payment shall not include any duties, charges, statutory fees, social insurances etc payable in India. All such duties, charges, statutory fees, social insurances etc shall be borne and paid by Inox. All duties, charges, statutory fees, social insurances etc payable outside of India, shall be borne and paid by AMSC Austria.

- 8.9 **NOT USED.**
- 8.10 Within five (5) Business Days of payment made pursuant to clause 8.1.2, Inox shall provide the following irrevocable letters of credits in favour of AMSC Austria:
- 8.10.1 an irrevocable letter of credit amounting to USD\$^[**] advised through UniCredit Bank Austria AG (Burggasse 12, 9020 Klagenfurt, Austria) which Inox shall provide for payment to AMSC Austria for the instalment of the Licence Fees set out in clause 8.1.3 (the "**GL2010 L/C**"); and
- 8.10.2 an irrevocable letter of credit amounting to USD\$^[**] advised through UniCredit Bank Austria AG (Burggasse 12, 9020 Klagenfurt, Austria) which Inox shall provide for payment to AMSC Austria for the instalment of the Licence Fees set out in clause and 8.1.4 (the "**Final L/C**").
- 8.11 The GL2010 L/C shall be based on the following terms and the GL2010 L/C shall be according to UCP 600:
- 8.11.1 Date of expiry: LATEST (date latest fifteen (15) months after the Effective Date)
- 8.11.2 Drafts at: AT SIGHT
- 8.11.3 Drawee: Approved Bank according to Schedule 4
- 8.11.4 Field 46A – Documents required:
- (a) Commercial Invoice in 1 original and 3 copies; and
 - (b) Receipt Form in 1 original and 1 copy issued by the beneficiary and stamped/signed by the applicant confirming that the GL2010 Control Card Materials have been received.
- 8.11.5 Field 47A – Additional conditions:
- (a) partial payments/utilisations not allowed; and
 - (b) GL2010 L/C is payable against presentation of GL2010 L/C conform documents according to Field 46A, but not later than fifteen (15) months after the Effective Date against the presentation of Commercial Invoice in 4 copies only issued for total/balance of GL2010 L/C amount.
- 8.12 The GL2010 L/C may be drawn down by AMSC Austria upon the provision by either AMSC Austria or Inox of the Receipt Form stamped/signed by Inox to the Approved Bank.
- 8.13 The Final L/C shall be based on the following terms and the Final L/C shall be according to UCP 600:
- 8.13.1 Date of expiry: LATEST (date latest fifteen (15) months after the Effective Date)
- 8.13.2 Drafts at: AT SIGHT
- 8.13.3 Drawee: Approved Bank according to Schedule 4
- 8.13.4 Field 46A – Documents required:
- (a) Commercial Invoice in 1 original and 3 copies; and
 - (b) Certificate in 1 original and 1 copy issued by the beneficiary and stamped/signed by the applicant confirming that all ECS in the First Production ECS or, if applicable, the AMSC Production ECS have been Accepted.
- 8.13.5 Field 47A – Additional conditions:
- (a) partial payments/utilisations not allowed; and

- (b) Final L/C is payable against presentation of Final L/C conform documents according to Field 46A, but not later than fifteen (15) months after the Effective Date against the presentation of Commercial Invoice in 4 copies only issued for total/balance of Final L/C amount.

8.14 The Final L/C may be drawn down by AMSC Austria upon the earlier to occur of either:

- 8.14.1 Inox providing to the Approved Bank certification that the First Production ECS or AMSC Production ECS have been Accepted; or
- 8.14.2 fifteen (15) months from the Effective Date.

9. REPORTING PROCEDURES AND COMPLIANCE

9.1 Inox shall provide to AMSC Austria in respect of each Quarterly Period, a self-certified statement of;

9.1.1 the number of Products manufactured by Inox; and

9.1.2 the number of Products Supplied by Inox

the statements for each Quarterly Period to be supplied within 30 days after the end of such Quarterly Period.

9.2 Inox shall provide to AMSC Austria a certificate from Inox's statutory auditors or an independent chartered accountant certifying the number of Products manufactured and Supplied by Inox (a) once a year for the preceding financial year within 60 days following the end of the relevant financial year, and (b) on request, which may be made in respect of any Quarterly Period.

10. WARRANTIES

10.1 Each of AMSC Austria and Inox warrants to the other that it has full power and authority to enter into and carry out the actions contemplated under this Agreement, and that its entry into and performance under the terms of this Agreement will not cause it to be in breach of any obligation to any third party.

10.2 Each of AMSC and AMSC Austria represents and warrants:

10.2.1 that all intellectual property rights licensed to Inox under this Agreement are owned by or licensed to AMSC Austria, that AMSC Austria has the right to grant Inox all of the rights under this Agreement, and that such grant does not violate the rights of any third party;

10.2.2 there are no notices, lawsuits, claims, demands or any type of litigation, judicial or extra-judicial, regarding the ownership of any Intellectual Property Rights licensed to Inox under this Agreement which in any way could affect Inox's rights under this Agreement; and

10.2.3 that the Materials, GL2010 Control Card Materials and Technical Information, provided by AMSC Group to Inox pursuant to this Agreement are the materials and information currently utilised by AMSC Group to manufacture and assemble ECS and its use by Inox shall enable Inox to manufacture the ECS according to the same specifications, quality and efficiency as being manufactured and supplied by AMSC Group; and

10.2.4 that the steps and tests contemplated in the Inspection Test shall be no less stringent and comprehensive than the equivalent steps and tests for the manufacture of the Products undertaken by AMSC at its facilities outside India.

10.3 Each of AMSC and AMSC Austria represents and warrants to Inox that, as of the Effective Date, to the best of its knowledge, after making reasonable enquiries and exercising due diligence, Inox's use of any of the intellectual property rights granted in the Licence will not infringe the patent and/or any intellectual property rights of any third party. AMSC and AMSC Austria's sole liability for breach of this representation and warranty shall be as set forth in clause 11.4.

11. LIABILITY AND INDEMNITIES

11.1 The Parties agree that the exclusions and limitations of liability set out in this clause 11 apply to AMSC as well as AMSC Austria.

11.2 Save in relation to claims of IPR infringement, AMSC Austria shall be liable to Inox for any breach under this Agreement, and shall indemnify and hold Inox harmless for any such breach. AMSC Austria shall be so liable regardless of whether such breach occurred by AMSC Austria directly, or by any persons used by AMSC Austria to perform its obligations under this Agreement. This indemnification is subject to the limitation of liability set forth in clause 11.3.

11.3 Save in relation to claims of IPR infringement, AMSC and AMSC Austria's aggregate liability to Inox, whether in contract, tort (including negligence), breach of warranty or otherwise, arising out of, connected with, or resulting from this Agreement (including any liability arising under any indemnification obligation contained in this Agreement) and regarding any and all third party claims and liabilities against Inox as a result of a breach of this Agreement by AMSC or AMSC Austria shall not exceed the Licence Fees paid by Inox to AMSC Austria.

11.4 Subject to the limitation of liability set forth in clause 11.5, AMSC Austria shall indemnify, defend and hold harmless Inox in connection with claims, liabilities, damages, expenses, judgments and losses (including reasonable attorney fees) arising from a third party claim of infringement or alleged infringement of any intellectual property right as a result of Inox's use of the Technology, provided Inox provides to AMSC Austria written notice within 15 Business Days of any such claim and such assistance as AMSC Austria reasonably requires. AMSC Austria shall not be required to indemnify, defend and hold harmless Inox to the extent that any claim of infringement or alleged infringement is based upon:

11.4.1 use of equipment or software not supplied or specified by AMSC Austria where such use causes such infringement; or

11.4.2 infringement caused by non-compliance with AMSC Austria's designs, specifications or documentation; or

11.4.3 infringement caused by modifications of the ECS without AMSC Austria's consent; or

11.4.4 a third party patent right, which AMSC Austria offered to sub-license to Inox at no cost to Inox, but Inox refused in writing.

The Parties agree that the rights and remedies set out in this clause 11.4 shall be Inox's sole right and remedy under this Agreement in the event of an IPR infringement claim.

11.5 The Parties acknowledge and accept that, in the case of claims for IPR infringement, the total liability of AMSC and AMSC Austria under this Agreement and the ECS Supply Agreement together and in aggregate shall be limited to the Licence Fees paid by Inox to AMSC Austria under this Agreement.

11.6 Except for direct damages and loss of profits, in no event shall AMSC or AMSC Austria be liable for any consequential, incidental, special, multiple or punitive damages, whether in contract, tort (including negligence), breach of warranty or otherwise, arising out of, connected with, or resulting from this Agreement including the performance or non-performance under this Agreement, even if AMSC and AMSC Austria (or either of them) have been advised of the possible or actual existence of such damages.

- 11.7 Innox shall permit AMSC Austria to exercise control over the negotiation, litigation, and settlement of any third party claim made against Innox in relation to which AMSC Austria has agreed to provide an indemnity under this Agreement, provided the amount claimed is within the limit of liability as set forth in clause 11.3. In all other cases where the liability falls outside the limit set forth in clause 11.3, the control over the negotiations, litigation and settlement of any claim shall be exercised exclusively by Innox. In respect of any third party claims of infringement or alleged infringement of any intellectual property right as a result of Innox's use of the Technology referred to in clause 11.4, and where Innox has control over the negotiations, litigation and settlement of such claim in accordance with this clause 11.7, Innox will exercise control in consultation with AMSC Austria, save where there is a counterclaim by AMSC Austria asserting an AMSC Austria patent or any other intellectual property right, in which case AMSC Austria shall exercise control solely over such counterclaim by AMSC and any defenses thereto in consultation with Innox.
- 11.8 After either the First Production ECS or AMSC Production ECS have been Accepted:
- 11.8.1 AMSC Austria and AMSC shall be deemed to be released from all of their obligations set out in clauses 3.4, 3.8, 3.9, 5.5, 5.6 and 10.2.3 of this Agreement ("**Released Obligations**") together with any and all claims and / or liability arising in relation thereto; and
- 11.8.2 Innox shall not be entitled to make any claims that it has, had or may have in the future against AMSC Austria or AMSC in relation to the Released Obligations.
- 11.9 Notwithstanding any other clause or provision in this Agreement, nothing in this Agreement shall have the effect of excluding or limiting any liability for:
- 11.9.1 death or personal injury caused by a Party's negligence;
- 11.9.2 fraud or fraudulent misrepresentation; or
- 11.9.3 any liability which cannot be excluded or limited by applicable law.

12. DURATION AND TERMINATION

- 12.1 This Agreement shall come into force on the Effective Date and shall remain in force unless terminated in accordance with clause 12.2, 12.3 or 12.4.
- 12.2 If AMSC Austria terminates the 2009 TTLA pursuant to Article 11.1(c) of the 2009 TTLA, then this Agreement shall terminate immediately.
- 12.3 Without prejudice to any rights that have accrued under this Agreement or any of its rights or remedies, AMSC Austria may terminate this Agreement with immediate effect by giving written notice to Innox:
- 12.3.1 if Innox:
- (a) exceeds the number of ECS permitted to be manufactured by Innox under clause 2.5, by more than [**], for each financial year; or
 - (b) commits a wilful breach of clause 7 which has a material adverse effect on the business of AMSC or AMSC Austria; or
 - (c) commits a breach of clauses 8.1.1 to 8.1.4; or
 - (d) reverse engineers the software; or
 - (e) uses the Technology for a purpose outside the scope of the Licence;
- and (if such breach is remediable) fails to remedy that breach within 90 days (or other such longer period as shall be agreed between the Parties in writing) of being notified by AMSC Austria in writing to do so; or
- 12.3.2 if AMSC terminates the ECS Supply Agreement pursuant to either clause 19.1 or 19.2 of the ECS Supply Agreement.

12.4 Without prejudice to any rights that have accrued under this Agreement, Inox may (at its option) terminate this Agreement with immediate effect by giving written notice to AMSC Austria if AMSC Austria commits a material breach of this Agreement and (if such breach is remediable) fails to remedy that breach within 90 days (or other such longer period as shall be agreed between the Parties in writing) of being notified by Inox in writing to do so.

13. EFFECT OF TERMINATION

13.1 The termination of this Agreement shall not affect any rights, remedies, obligations or liabilities of the Parties that have accrued up to the date of termination, including the right to claim damages in respect of any breach of the Agreement which existed at or before the date of termination, and including the right to be paid any sums that have become due and payable as of the date of termination but that remain outstanding.

13.2 On termination of this Agreement:

13.2.1 by AMSC Austria, for the reasons set out in clause 12.3 or pursuant to clause 12.2, all rights and licences granted pursuant to this Agreement shall cease;

13.2.2 by AMSC Austria, for the reasons set out in clause 12.3 or pursuant to clause 12.2, Inox shall immediately cease to use the Technology, save that Inox may: (i) complete the manufacture / assembly of the Products which are in the course of manufacture or assembly on the Termination Date; (ii) continue to manufacture / assemble the Products for the purpose of complying with Inox's customer warranty obligations regarding the Wind Turbines; and (iii) continue to service and replace any Products under third party arrangements between Inox and its customers existing at the Termination Date;

13.2.3 by AMSC Austria, for the reasons set out in clause 12.3 or pursuant to clause 12.2, Inox shall offer to AMSC Austria the opportunity to purchase, for market rates, all stocks of the Products in its possession and all the Products in the course of assembly at the Termination Date. If within seven (7) days of such offer AMSC Austria refuses to purchase such Products or does not respond to Inox, then (subject to the payment of outstanding and undisputed Licence Fees in accordance with clause 8) Inox may dispose of, or utilise for its operations, all stocks of such Products;

13.2.4 by AMSC Austria, for the reasons set out in clause 12.3 or pursuant to clause 12.2, AMSC Austria shall not, for the avoidance of doubt, be obliged to refund the Licence Fees paid by Inox under this Agreement;

13.2.5 by Inox, for the reasons set out in clause 12.4, AMSC shall refund to Inox the License Fees paid provided that the Parties agree and acknowledge that such refund shall satisfy in full any and all claims and liabilities of AMSC and AMSC Austria, whether in contract, tort (including negligence), breach of warranty or otherwise, arising out of, connected with, or resulting from this Agreement, together with any and all claims and liabilities of AMSC under Section 20.2 of the ECS Supply Agreement;

13.2.6 subject to Inox retaining information necessary for the purpose of clause 13.2.2, Inox shall promptly return to AMSC Austria:

- (a) the Materials and, if applicable, the GL2010 Control Card Materials made available to Inox under this Agreement (and any copies made) in its possession or control; and
- (b) any and all information, whether or not technical, (and any copies made) in its possession or control and which is subject to the confidentiality obligations in clause 7.

13.2.7 clauses of this Agreement which are expressed to survive or operate in the event of termination shall continue in force. Additionally, the following clauses shall survive termination and continue in force: clause 7 (Confidentiality), clause 11 (Liability and Indemnities), clause 13 (Effect of Termination), clause 15 (Anti-Corruption), clause 16 (Non-Solicitation), clause 26 (Notices), clause 27 (Dispute Resolution Procedure) and clause 28 (Governing Law and Jurisdiction).

14. EXPORT CONTROLS

14.1 Inox shall not export, directly or indirectly, the Technology licensed under this Agreement, or the Products or Software in breach of any applicable laws or regulations ("**Export Control Laws**"), including United States export laws and regulations, to any country for which the government or any agency thereof at the time of export requires an export licence or other governmental approval without first obtaining such licence or approval.

14.2 Inox shall:

14.2.1 contractually oblige any third party to whom it discloses or transfers the Technology, the Products or Software to make an undertaking to it in similar terms to the one set out in clause 14.1; and

14.2.2 if requested, to provide AMSC Austria with any reasonable assistance, at the reasonable cost of AMSC Austria, to enable it to perform any activity required by any competent government or agency in any relevant jurisdiction for the purpose of compliance with any Export Control Laws.

14.3 AMSC Austria shall be responsible for obtaining all approvals under the Export Control Laws that are required for AMSC Austria entering into and performing its obligations under this Agreement.

15. ANTI-CORRUPTION

15.1 With respect to laws relating to corruption, commercial bribery, and money laundering, Inox represents and warrants that no part of any profits obtained by it in connection with this Agreement will be:

15.1.1 directly or indirectly paid, offered, transferred, or given to any official, representative, or employee of any government, government agency, or instrumentality for the purpose of obtaining or retaining business for or with, or directing business to, any person or company (such as, AMSC Austria); or

15.1.2 otherwise used for any purpose which would violate the U.S. Foreign Corrupt Practices Act or any other laws, regulations, and standards of the U.S., United Kingdom or other applicable countries.

15.2 Inox agrees to indemnify and hold AMSC Austria harmless from, or in connection with, any violation of the provisions of this clause 15 by Inox or its employees, consultants, agents, or customers.

16. NON-SOLICITATION

16.1 Neither AMSC Austria or Inox shall (except with the prior written consent of the other party) directly or indirectly solicit or entice away (or attempt to solicit or entice away) from the employment of that other party any person employed or engaged by such other party and involved with any obligation under this Agreement, at any time during the Term or for a further period of 12 months after the expiration or termination of this Agreement.

17. ASSIGNMENT AND OTHER DEALINGS

- 17.1 Neither AMSC Austria nor AMSC shall, without the prior written consent of Inox, not to be unreasonably withheld or delayed, assign, transfer, mortgage, charge or deal in any other manner with any or all of their rights or obligations under this Agreement.
- 17.2 Inox shall not, without the prior written consent of AMSC Austria, not to be unreasonably withheld or delayed, assign, transfer, mortgage, charge or deal in any other manner with any or all of its rights or obligations under this Agreement, save and except, Inox may create encumbrances over its rights under this Agreement and the Licence to the extent required pursuant to the terms of its financing obligations to third party lenders or any scheduled commercial banks in India.

18. WAIVER

- 18.1 A Party can only waive a right or remedy provided in this Agreement or by law by express written notice.
- 18.2 If a Party delays or fails to exercise any power, right or remedy under this Agreement, this will not operate as a waiver of that power, right or remedy, nor will it impair or prejudice it.
- 18.3 Any single or partial exercise or waiver of any power, right or remedy will not preclude its further exercise or the exercise of any other power, right or remedy.
- 18.4 Except as expressly provided in this Agreement, the rights and remedies of each of the Parties under or pursuant to this Agreement are in addition to, and not exclusive of, any rights or remedies provided by law.

19. ENTIRE AGREEMENT

- 19.1 This Agreement contains the whole agreement between the Parties relating to the matters contained in this Agreement and supersedes any previous agreement (whether oral or in writing) between the Parties.
- 19.2 Except as required by statute, no terms will be implied (whether by custom, usage, course of dealing or otherwise) into this Agreement.
- 19.3 Each Party acknowledges that in entering into this Agreement it has not relied on any express or implied representation (including any made negligently), assurance, undertaking, collateral agreement, warranty or covenant which is not set out in this Agreement.
- 19.4 In connection with the subject matter of this Agreement, each Party waives all rights and remedies (including any right or remedy based on negligence) which might otherwise be available to it in respect of any express or implied representation, assurance, undertaking, collateral agreement, warranty or covenant which is not set out in this Agreement.
- 19.5 For the avoidance of doubt, nothing in this clause 19 limits or excludes any liability for fraud or fraudulent misrepresentation.

20. VARIATION

No variation of this Agreement shall be effective unless it is in writing and signed by the Parties (or their authorised representatives).

21. SEVERANCE AND FURTHER ASSURANCE

21.1 Each of the provisions of this Agreement is distinct and severable from the others. If at any time one or more of those provisions is or becomes invalid, unlawful or unenforceable (whether wholly or partly), the validity, lawfulness and enforceability of the remaining provisions (or the same provision to any other extent) will not be affected or impaired in any way.

21.2 Each of the Parties agrees to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as may be reasonably required to implement and/or give effect to this Agreement and the transaction contemplated by it for the purpose of vesting in Inox the full benefit of the Technology, Technical Information, Materials, GL2010 Control Card Materials and any related know-how, assets, rights and benefits to be provided to Inox under this Agreement.

22. COUNTERPARTS

The Parties may execute this Agreement in any number of counterparts, each of which when executed and delivered will be an original but all of which when taken together will constitute one agreement.

23. THIRD PARTY RIGHTS

Except as expressly stated in this Agreement, a person who is not a Party to this Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

24. NO PARTNERSHIP OR AGENCY

Nothing in this Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, constitute either Party the agent of the other Party, nor authorise either Party to make or enter into any commitments for or on behalf of the other Party.

25. FORCE MAJEURE

25.1 Neither Party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement (other than a Party's obligation to pay money) if such delay or failure results from any event or circumstance outside that Party's reasonable control which has not been caused or materially contributed to by that Party, including an act of God, lightning strikes, earthquakes, floods, storms, explosions, fires and any natural disaster, acts of war, acts of terrorism, riots, civil commotion, malicious damage, sabotage, revolution, strikes, lockouts or industrial actions of any type, failure of supply from a third party, government regulation, requirement or seizure under any legal process or any other restraint by a governmental agency (a "**Force Majeure Event**").

25.2 If a Force Majeure Event affects a Party's ability to comply with its obligations under this Agreement, then the affected Party's obligations under this Agreement shall be suspended whilst the Force Majeure Event continues and to the extent that the affected Party is prevented, hindered or delayed and the time for performance shall be extended by a period equivalent to the period during which performance of the obligation has been delayed or failed to be performed, provided the affected Party shall notify the other in writing of the Force Majeure Event as soon as possible after the date on which the Force Majeure Event started and shall take all reasonable steps to mitigate the effect of the Force Majeure Event and if the period of delay or non-performance continues for six months or more, the Party not affected may terminate this Agreement by giving 14 days written notice to the other Party. The Party invoking the Force Majeure shall use all reasonable efforts to remedy the situation as far as possible and subject thereto, will comply with its obligations hereunder. The Party invoking the Force Majeure Event shall give prompt notice of the cessation of the Force Majeure Event and the cause thereof.

26. NOTICES

- 26.1 All notices and other communications required or permitted hereunder shall be in writing and shall be deemed effectively given if, in English and sent by:
- 26.1.1 an internationally recognised overnight courier for next available business day delivery, freight prepaid, with written confirmation of receipt, three Business Days after deposit with such courier;
- 26.1.2 personal delivery, upon such delivery (or refusal to accept the same); or
- 26.1.3 any other method, upon actual receipt.

26.2 All such notices and other communications shall be sent to a Party at the following address:

AMSC Austria:

Attn: Mr Michael Messner
AMSC Austria
Lakeside B08
9020 Klagenfurt
Austria
Fax No.: +43 (643) 444 604 - 44

With a copy to:

AMSC:

Attn: Mr. John Samia
AMSC
64 Jackson Road
Devens, Massachusetts
USA 01434
Fax No.: +1 (978) 842 3050

Inox:

Attn: Mr Rajeev Gupta
Inox Wind Limited
INOX Towers, 17 Sector-16A
Noida, Uttar Pradesh 201301
India
Fax No.: +91 120 3063-610-12

or as otherwise specified by the relevant Party by notice in writing to each other Party.

26.3 A notice required to be given under this Agreement shall not be validly given if sent by e-mail.

27. DISPUTE RESOLUTION PROCEDURE

27.1 Resolution by Executive Officers

27.1.1 Any dispute, controversy, or claim arising out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims) (each, a "**Dispute**"), shall first be submitted to the Chief Executive Officers of each Party for resolution. The Parties' respective Chief Executive Officers shall attempt, in good faith for a period of not less than 30 days (during which time the Parties shall, unless the Dispute in question is earlier resolved, use their best endeavours to hold at least one in-person meeting between the Parties' respective Chief Executive Officers), to resolve the Dispute through discussions and negotiations between them. If the Dispute in question remains unresolved upon expiration of such 30 day period (regardless of whether a meeting

between the Parties' respective Chief Executive Officers has occurred prior to such expiration), may submit such Dispute to non-binding mediation as set forth in clause 27.2 (but no Party may refer such Dispute to any court or arbitral tribunal without first submitting the Dispute to such non-binding mediation).

27.2 Non-Binding Mediation

27.2.1 Mediation of the Dispute referenced in clause 27.1 shall take place under the auspices of the London Court of International Arbitration (the "LCIA") and in accordance with the LCIA Mediation Rules (which rules, as modified by the provisions of this Agreement, are deemed to be incorporated by reference into this clause 27.2)

27.2.2 Notwithstanding clause 27.2.1 the mediation, and any associated mediation conferences, shall be conducted:

- (a) in London, England, in the English language, on the basis of written briefing of the issues in dispute and with the mediation session conducted in the course of a single day;
- (b) by a single mediator who shall be:
 - (i) a lawyer licensed to practice law in England, with not less than 15 years' experience in the renewable energy industry (of which not less than five years' experience must have been in the wind power industry); or
 - (ii) if an individual with such qualifications is not available to serve as the mediator, then a lawyer licensed to practice law in England selected by the LCIA who possesses qualifications that are as close as reasonably practicable to those specified in clause 27.2.2(b)(i).

27.2.3 All matters relating to the mediation proceedings (including any and all information and materials used in connection with such mediation) shall be:

- (a) held in trust and confidence by the mediator and the LCIA personnel involved; and
- (b) subject to the provisions of clause 7 as confidential information of each of the Parties.

27.2.4 If the mediation does not occur, or is not completed, within 30 days after the applicable Dispute is first submitted to mediation, either Party may refer the Dispute to binding arbitration in accordance with clause 27.3.

27.3 Arbitration

27.3.1 Each of the Parties hereby submits to the jurisdiction of the LCIA. Any Dispute referenced in clauses 27.1 and 27.2 shall (to the extent it is not resolved pursuant to, and during the time periods set forth in, clause 27.1 or 27.2) be referred to and finally resolved by binding arbitration in accordance with the LCIA Arbitration Rules and the IBA Rules on the Taking of Evidence in International Arbitration (which Arbitration Rules and IBA Rules, as modified by the provisions of this Agreement, are deemed to be incorporated by reference into this clause 27.3. The tribunal shall consist of one arbitrator; the seat, or legal place, of the arbitration shall be London, England; and the language of the arbitration shall be English.

27.3.2 Notwithstanding clause 27.3.1, however, and to the maximum extent permissible under the LCIA Arbitration Rules, the following provisions (which may not be modified by the arbitrator without the approval of each of the Parties) shall apply to the conduct of such arbitration:

- (a) the arbitrator shall be a lawyer licensed to practice law in England, with not less than twenty 20 years' experience in business and company law and not less than 10 years' experience in private practice (as opposed to governmental, academic or in-house employment) focused on business and commercial transactions;

(b) The Parties agree and undertake to take all actions and cooperate towards resolving any Dispute under this Agreement in the most expedient and efficient manner possible. All arbitration proceedings, information and materials used or submitted in connection with the arbitration, and the decisions and findings of the arbitrator shall be:

- (A) held in trust and confidence by the arbitrator and the LCIA personnel involved; and
- (B) subject to the provisions of clause 7 as confidential information of each of the Parties.

27.3.3 The arbitral award shall be in writing in the English language and shall be rendered by the arbitrator within 60 days after the date of oral argument, unless the arbitrator furnishes the Parties with a written statement to the effect that the arbitral award may not reasonably be rendered within such time period and the arbitrator requires additional time to render the award.

27.3.4 The arbitrator may proceed to render an award notwithstanding a Party's failure to submit any one or more briefs or any supporting documentation, to participate or be present for oral argument or otherwise to participate in, or cooperate with, the arbitral proceeding.

27.4 Interim Relief and Expenses

The arbitrator may grant interim relief, including to protect trade secrets and other confidential or proprietary information and provide for security for a prospective monetary award. The prevailing Party (as designated by the arbitrator) shall be entitled to an award of reasonable legal fees and costs incurred in connection with the arbitration, in such amount as may be determined by the arbitrator.

27.5 Award

The award of the arbitrator shall be final and binding upon the Parties and, subject to the provisions of this clause 27, shall be the sole and exclusive remedy of the Parties enforceable in any court of competent jurisdiction. Notwithstanding anything contained in this clause 27 to the contrary, however, each Party shall have the right to institute judicial proceedings against the other Party or anyone acting by, through or under such other Party, in a case of urgency where the arbitral tribunal constituted hereunder is unable to act effectively, in order to seek and obtain injunctive or other similar relief in aid of arbitration.

28. GOVERNING LAW AND JURISDICTION

28.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England.

28.2 Subject to clause 27, the Parties irrevocably agree that the courts of England shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

29. JOINT AND SEVERAL LIABILITY

AMSC Austria and AMSC shall be jointly and severally liable for any breach of the warranties set out in clauses 10.2 and 10.3 and the liability under clause 11. Except as set forth in the foregoing sentence, AMSC shall have no other liability under this Agreement.

This Agreement has been entered into on the date stated at the beginning of it.

SIGNED for and on behalf of by)
AMSC AUSTRIA GMBH by)

SIGNED for and on behalf of by)
INOX WIND LIMITED by)

Signature /s/ Michael Messner

Signature /s/ Deepak Asher

Print name Michael Messner

Print name Deepak Asher

Position GM
16.12.15

Position Director
16/12/2015

SIGNED for and on behalf of by)
AMERICAN SUPERCONDUCTOR)
CORPORATION by)

Signature /s/ James Maguire

Print name James Maguire

Position EVP - Operations
December 16, 2015

**SCHEDULE 1
ECS**

#	ELECTRIC CONTROL SYSTEM	units per WEC	Scope of supply	NOT scope of supply
1	#HC400/410/420 Hub Cabinets including Pitch Motor	1 set	1 set consist of: - 1pcs hub cabinet +HC400 - 1pcs hub cabinet +HC410 - 1pcs hub cabinet +4HC420 each hub cabinet includes pitch converter with IO's, heater, service switch and service plug - 3 pcs pitch motors including cables for motor and speed feedback connection. Each pitch motor with free wheel system, brake and speed feedback. - Industrial connector	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
2	+OVP400 Overvoltage Protection Cabinet complete	1 off	fully assembled and tested cabinet. cabinet includes: - lightning protection (acc. lightning protection system) - industrial connectors	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors
3	+NC300/310 Nacelle Cabinet complete	1 off	fully assembled and tested cabinet. cabinet includes: - auxiliary power supply - auxiliary control and protection - contactors and relays - PLC IO's - control panel - YAW converter - lightning protection (acc. lightning protection system) - UPS power supply 24VDC with batteries - service switch and service plug - service box - connection terminals	- additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors

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#	ELECTRIC CONTROL SYSTEM	units per WEC	Scope of supply	NOT scope of supply
4	+CC100/101 Converter Cabinet complete	1 off	fully assembled and tested cabinet. cabinets includes: <ul style="list-style-type: none"> - AMSC power module (PM300xW with pre charge unit) - PLC IO's with CAN Interface - filter capacitors and resistors - crowbar unit - generator and line choke - contactors and relays - stator breaker - line contactor - air to water heat exchanger - water cooling distribution - total power measurement - lightning protection (acc. lightning protection system) - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors - external water cooling unit
5	+TBC100 Tower Base Cabinet complete	1 off	fully assembled and tested cabinet. cabinet includes: <ul style="list-style-type: none"> - auxiliary control and protection - contactors and relays - PLC IO's and CPU - UPS power supply 24VDC with batteries - service switch - control panel - connection terminals 	<ul style="list-style-type: none"> - additional distribution terminal boxes, cables and industrial plugs between the cabinets, terminal boxes and auxiliary drives and sensors

Schedule 2

Handover Protocol of Materials

We herewith declare having received the following documents

Name of Documents	Type of Documents	CONFIDENTIAL
Production Cabinet Work Cell & Power Layout Drawing	pdf	YES
Production PM3000 Converter Work Cell & Power Layout Drawing	pdf	YES
Defective Materials Review Board Disposition Procedure	pdf	YES
Bar Code Scanning Equipment Requirements Document	pdf	YES
System Diagnostic Trouble Shooting Manual	pdf	YES
Configuration and compatibility chart for different make of components with applicable ECS versions	pdf	YES
Hub Cabinets including Hub Control Cabinets and Pitch Motor	-	-
Bill Of Materials including procurement specifications and data sheets	pdf	YES
Parts Sourcing File	pdf	YES
Incoming Inspection Checklist	pdf	YES
WIP Quality Checklist	pdf	YES
Final Assembly Quality Checklist	pdf	YES
Detailed Work Instructions	pdf	YES
Wiring Diagram	pdf	YES
Test Procedure	pdf	YES
Test Fixture Requirements Document including parts sourcing list of testing jig	pdf	YES
Work Cell Tool List	pdf	YES
Assembly Moving Fixture Drawing	pdf	YES
Nacelle Cabinet +NC300 / +NC310	-	-
Bill Of Materials including procurement specifications and data sheets	pdf	YES
Parts Sourcing File	pdf	YES
Incoming Inspection Checklist	pdf	YES
WIP Quality Checklist	pdf	YES
Final Assembly Quality Checklist	pdf	YES
Detailed Work Instructions	pdf	YES
Wiring Diagram	pdf	YES
Test Procedure	pdf	YES
Test Fixture Requirements Document including parts sourcing list of testing jig	pdf	YES
Work Cell Tool List	pdf	YES
Assembly Moving Fixture Drawing	pdf	YES
Converter Cabinet +CC100 / +CC101 [**] and [**]	-	-
Bill Of Materials including procurement specifications and data sheets	pdf	YES
Parts Sourcing File	pdf	YES
Incoming Inspection Checklist	pdf	YES
WIP Quality Checklist	pdf	YES

Final Assembly Quality Checklist	pdf	YES
Detailed Work Instructions	pdf	YES
Wiring Diagram	pdf	YES
Test Procedure	pdf	YES
Test Fixture Requirements Document including parts sourcing list of testing jig	pdf	YES
Work Cell Tool List	pdf	YES
Assembly Moving Fixture Drawing	pdf	YES
PM3000 Converter	-	-
Bill Of Materials including specifications and data sheets	pdf	YES
Parts Sourcing File	pdf	YES
Incoming Inspection Checklist	pdf	YES
WIP Quality Checklist	pdf	YES
Final Assembly Quality Checklist	pdf	YES
Detailed Work Instructions	pdf	YES
Wiring Diagram	pdf	YES
Test Procedure	pdf	YES
Test Fixture Requirements Document including parts sourcing list of testing jig	pdf	YES
Work Cell Tool List	pdf	YES
Assembly Moving Fixture Drawing	pdf	YES
Tower Base Cabinet +TBC100 Internal Power Supply Cabinet +IPS100	-	-
Bill Of Materials including procurement specifications and data sheets	pdf	YES
Parts Sourcing File	pdf	YES
Incoming Inspection Checklist	pdf	YES
WIP Quality Checklist	pdf	YES
Final Assembly Quality Checklist	pdf	YES
Detailed Work Instructions	pdf	YES
Wiring Diagram	pdf	YES
Test Procedure	pdf	YES
Test Fixture Requirements Document including parts sourcing list of testing jig	pdf	YES
Work Cell Tool List	pdf	YES
Assembly Moving Fixture Drawing	pdf	YES
Over Voltage Protection Cabinet +OVP400	-	-
Bill Of Materials including procurement specifications and data sheets	pdf	YES
Parts Sourcing File	pdf	YES
Incoming Inspection Checklist	pdf	YES
WIP Quality Checklist	pdf	YES
Final Assembly Quality Checklist	pdf	YES
Detailed Work Instructions	pdf	YES
Wiring Diagram	pdf	YES
Test Procedure	pdf	YES
Test Fixture Requirements Document	pdf	YES
Work Cell Tool List	pdf	YES
Assembly Moving Fixture Drawing	pdf	YES

Control Card PM3000 GL2003 (AMSC to provide):

- Programming tool
- Debugging Device
- Power Visum Lite (Software tool)

Remarks:

- Overall testing procedures which are used by AMSC Austria are part of the Materials
- BOM includes mechanical and electrical manufacturing details

Date:

Place:

Name:

Signature:

**SCHEDULE 3
Inspection Test**

Cabinet Type / AMSC ID _____ Cabinet Serial No. _____
 Wind Turbine Type _____ Manufacturer _____
 Operating Voltage _____ Wiring Diagram _____
 Control Voltage _____ Customer _____
 Dimension (W x H x D) _____ x _____ x _____ Degree of Protection _____ IP _____
 Weight _____ kg _____ Coating _____
 Contract Order _____ _____

No	Checks according to IEC 61439-1 clause 11	Pass	Fail	Comment
1.01	degree of protection of enclosure (clause 11.2.)	o	o	
1.02	clearances and creepage distances (clause 11.3.)	o	o	
1.03	protection against electric shock and integrity of protective circuits (clause 11.4.)	o	o	
1.04	incorporation of built-in components (clause 11.5.)	o	o	
1.05	internal electrical circuits and connections (clause 11.6.)	o	o	
1.06	terminals for external conductors (clause 11.7.)	o	o	
1.07	mechanical operation (clause 11.8.)	o	o	
1.08	dielectric properties (clause 11.9.)	o	o	
1.09	wiring, operational performance and function (clause 11.10.)	o	o	

Person responsible

Chop & Signature

Date

SCHEDULE 4
Approved Bank

ICICI Bank Limited (Vadodara Branch)
Landmark, Race Course Circle
Vadodara – 390007
Gujarat

YES Bank Ltd.
102/103, CG Centre
CG Road, Panchwati
Ahmedabad – 380009

IDBI Bank Ltd.
46A, Gautam Nagar
Race Course Road
Vadodara – 390009

Axis Bank Ltd.
B-2 & B-3, Sector 16
Noida Main Branch
Noida

HDFC Bank Ltd.
6th Floor, Midway Heights
Nr. Panchmukhi Hanuman Temple
Kala Ghoda, Raopura
Vadodara – 390001

ING Vysya Bank Ltd.
Plot No. C-12, G Block, 8th Floor
BKC, Bandra (East)
Mumbai – 400051

State Bank of India
Corporate Accounts Group Branch
58, Shrimali Society, Navrangpura, Ahmedabad - 380009
India

SCHEDULE 5
GL2010 Control Card Materials

We herewith declare having received the following documents

Control Card (NGCC) PM3000 GL2010 (AMSC to provide):

- Software Tool to load Boot and application software
- Description how to handle the uploading of software to the NGCC (PDF)
- Update of wtCommissioner

Date:

Place:

Name:

Signature:



**Amendment No. 2
to Supply Contract Number PPC1687-012014**

This amendment number 2 ("Amendment No. 2") to Contract Number PPC1687-012014 dated 2nd June 2014 (the "Contract") is effective as of 19th November 2015 ("Effective Date") between Inox Wind Ltd., having its head office at Plot No. 17, Sector 16-A, Noida 201301 (U.P) India ("Inox") and American Superconductor Corporation, having its head office at 64 Jackson Road, Devens, MA 01434, USA ("AMSC US"), hereinafter collectively referred to as the "Parties" or individually as a "Party".

WHEREAS, AMSC US and Inox executed a supply contract dated 2nd June 2014 for the supply of [**] ([**]) sets of DF2000/50Hz Electric Control Systems (According to GL2003/2004 guideline) by AMSC US to Inox; and

WHEREAS, AMSC US and Inox executed Amendment No. 1 to Supply Contract Number PPC1687-012014 dated 25th August 2015 ("Amendment No. 1") to supply an additional [**] ([**]) sets of DF2000/50Hz Electric Control Systems (According to GL2003/2004 guideline) by AMSC US to Inox; and

WHEREAS, Inox desires to reduce the number of DF2000/50Hz Electric Control Systems (According to GL2003/2004 guideline) to be purchased from AMSC US under the Contract and AMSC US agrees to that reduction of the Contract quantities by [**] ([**]) sets of DF2000/50Hz Electric Control Systems (According to GL2003/2004 guideline) for the WT2000DF Wind Turbine.

The Parties agree to amend the Contract as follows:

1. The first two sentences in sub-clause 1.1 under Clause 1 [Scope of Supply and Contract Price] of the Contract, are hereby deleted and replaced with the following:
 1.1 [**] ([**]) sets of Electric Control System [**] and Condition Monitoring System (CMS) ((hereinafter "ECS"). Each Set comprising of:
2. Sub-clause 1.3 under Clause 1 [Scope of Supply and Contract Price] is deleted in its entirety and replaced with the following:
 1.3 The price for each of the ECS, FCA Shanghai, China and/or any place in Europe, excluding VAT shall be: EUR [**] (EURO [**] ONLY).
TOTAL CONTRACT PRICE:
 The total contract price, FCA Shanghai, China and/or any place in Europe excluding VAT shall be: EUR 52,065,000.00 (EURO FIFTY TWO MILLION SIXTY-FIVE THOUSAND ONLY).
3. Sub-clause 2.3 under Clause 2 [Delivery Period] is deleted in its entirety and replaced with the following:
 2.3 Sub-clause 2.1 (including Note 1) applies only to the initial [**] ECS previously ordered by Seller as of the date of Amendment No. 1. For the additional quantity of [**] ECS added by Amendment No. 1 and reduced by Amendment No. 2, no later than four (4) months prior to the date of the first forecasted delivery Buyer shall provide to Seller the initial forecasted delivery schedule which will include the quantity of the [**] ECS to be shipped per month (the "Delivery Schedule"). Not later than the 1st day of each month thereafter, Inox shall deliver to Seller an updated Delivery Schedule for the amount of the [**] ECS not yet delivered which will include the quantity of ECS to be shipped per month ("Monthly Delivery Schedule"). The maximum monthly shipment quantity provided by Buyer on the Delivery Schedule and Monthly Delivery Schedule during any calendar month shall not exceed [**] sets. Notwithstanding anything to the contrary herein, Buyer shall accept the full, or if prior shipments have been made, balance of [**] ECS not later than [**] ("Final Delivery Date") and shall pay for the same in accordance with the provisions of sub-clause 3.(5).

Confidential Portions of this Exhibit marked as [**] have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.



4. Sub-clause 3.(5) under Clause 3 [Payment Conditions] is deleted in its entirety and replaced with the following:

*(5) Sub-clause 3.1 and 3.2 apply only to the [**] ECS initially ordered by Seller as of the date of Amendment No. 1. For the additional quantity of [**] ECS added by Amendment No. 1 and reduced by Amendment No. 2, the following payment terms apply: Prior to each monthly shipment in accordance with the then current Delivery Schedule (for the first delivery) and the Monthly Delivery Schedule (for subsequent deliveries), Buyer shall cause to be issued by an approved bank of Buyer listed in sub-clause 3. (4) a letter of credit payable on-site in a form and format acceptable to Seller and in an amount equal to [**]% of each shipment value, which is equal to the . The letter of credit shall be in accordance with UCP 600. The letter of credit shall be valid for 60 days and shall include provisions for deferred payment by the Buyer of [**] days from the date of FCR, and all interest charges shall be to the account of Buyer. Letter of credit charges in India shall be borne by the Buyer and letter of credit charges outside of India shall be borne by the Seller. If a letter of credit is not issued in sufficient time to meet the Delivery Schedule (for the first delivery) and the Monthly Delivery Schedule (for each subsequent delivery), the associated shipment date will be extended accordingly. In the event Buyer fails to provide the Delivery Schedule and/or Monthly Delivery Schedule(s) prior to the Final Delivery Date, (i) Seller shall be entitled to retain all advance amounts remaining creditable to Buyer at such time, and Buyer shall not be entitled to any credit or refund with respect to any such remaining advance amounts, and (ii) Seller may, at its discretion, terminate this Contract by written notice to Buyer pursuant to Article 18.*

5. All other terms and conditions of the contract shall continue unchanged and remain in full force and effect.

The Parties are signing this Amendment on the date stated in the introductory clause.

Inox Wind Ltd.

American Superconductor Corporation

BY: /s/ Rajeev Gupta
 NAME: Rajeev Gupta
 TITLE: Director
 DATE: 19 NOV 2015

BY: /s/ James Maguire
 NAME: James Maguire
 TITLE: EVP - Operations
 DATE: 12/14/2015



**Amendment No. 3
to Supply Contract Number PPC1687-032014**

This amendment number 3 ("Amendment No. 3") to Contract Number PPC1687-032014 dated 12th August 2014 (the "Contract") is effective as of 19th November 2015 ("Effective Date") between Inox Wind Ltd., having its head office at Plot No. 17, Sector 16-A, Noida 201301 (U.P) India ("Inox") and American Superconductor Corporation, having its head office at 64 Jackson Road, Devens, MA 01434, USA ("AMSC US"), hereinafter collectively referred to as the "Parties" or individually as a "Party".

WHEREAS, AMSC US and Inox executed a supply contract dated 12th August 2014 for the supply of [**] ([**]) sets of DF2000/50Hz Electric Control Systems (According to GL2010 guideline) by AMSC US to Inox; and

WHEREAS, AMSC US and Inox executed Amendment No. 1 to Contract Number PPC1687-032014 dated 15th August 2014 ("Amendment No. 1") to clarify part numbers and the Parties' banking information as well as an agreement to work collaboratively on any issues AMSC US encounters relative to drawing down on the letter(s) of credit;

WHEREAS, AMSC US and Inox executed Amendment No. 2 to Contract Number PPC1687-032014 dated 6th August 2015 ("Amendment No. 2") to supply an additional [**] ([**]) sets of DF2000/50Hz Electric Control Systems (According to GL2010 guideline) by AMSC US to Inox; and

WHEREAS, Inox desires to purchase from AMSC US and AMSC US agrees to sell to Inox an additional [**] ([**]) sets of DF2000/50Hz Electric Control Systems (According to GL2010 guideline) for the WT2000DF Wind Turbine.

The Parties agree as follows:

1. The first two sentences in sub-clause 1.1 under Clause 1 [Scope of Supply and Contract Price] of the Contract, are hereby deleted and replaced with the following:

*1.1 [**] ([**]) sets of Electric Control Systems [**] function and without Condition Monitoring System (CMS) (hereinafter "ECS"). Each set comprising of:*
2. Sub-clause 1.3 of Clause 1 [Scope of Supply and Contract Price] is deleted in its entirety and replaced with the following:

*1.3 The price for each ECS, FCA Shanghai, China and/or any place in Europe, excluding VAT shall be: EUR [**] (EURO [**] ONLY).*

TOTAL CONTRACT PRICE:

The total contract price, FCA Shanghai, China and/or any place in Europe excluding VAT, shall be: EUR 26,150,000 (EURO Twenty Six Million One Hundred Fifty Thousand ONLY).
3. The following sub-clause 2.4 is hereby added to Article 2 [Delivery Period]:

*2.4 For the additional [**] ([**]) sets of DF2000/50Hz Electric Control Systems (According to GL2010 guideline) added by Amendment No. 3, AMSC will supply the ECS no later than [**] ([**]) [**] from effective date of Amendment No. 3.*
4. Sub-clause 3.(5) under Article 3 [Payment Conditions] is hereby deleted and replaced with the following:

*(5) Sub-clause 3.1 and 3.2 apply only to the [**] ECS initially ordered by Seller as of the date of Amendment No. 2. For the additional quantity of ECS added by Amendments No. 2 and No. 3, the following payment terms apply: Prior to each monthly shipment in accordance with the then current Delivery Schedule (for the first delivery) and the Monthly Delivery Schedule (for subsequent deliveries), Buyer shall cause to be issued by an approved bank of Buyer listed in sub-clause 3.(4) a letter of credit payable on-site in a form and format acceptable to Seller and in an amount equal to [**]% of each shipment value. The letter of credit shall be in accordance with UCP 600. The letter of credit shall be valid for 60 days and shall include provisions for deferred payment by the Buyer of [**] days from the date of FCR,*

Confidential Portions of this Exhibit marked as [**] have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.



and all interest charges shall be to the account of Buyer. Letter of credit charges in India shall be borne by the Buyer and letter of credit charges outside of India shall be borne by the Seller. If a letter of credit is not issued in sufficient time to meet the Delivery Schedule (for the first delivery) and the Monthly Delivery Schedule (for each subsequent delivery), the associated shipment date will be extended accordingly. In the event Buyer fails to provide the Delivery Schedule and/or Monthly Delivery Schedule(s) prior to the Final Delivery Date, (i) Seller shall be entitled to retain all advance amounts remaining creditable to Buyer at such time, and Buyer shall not be entitled to any credit or refund with respect to any such remaining advance amounts, and (ii) Seller may, at its discretion, terminate this Contract by written notice to Buyer pursuant to Article 18.

5. All other terms and conditions of the contract shall continue unchanged and remain in full force and effect.

The Parties are signing this Amendment on the date stated in the introductory clause.

Inox Wind Ltd.

BY: /s/ Rajeev Gupta

NAME: Rajeev Gupta

TITLE: Director

DATE: 19 NOV 2015

American Superconductor Corporation

BY: /s/ James Maguire

NAME: James Maguire

TITLE: EVP - Operations

DATE: NOV 19, 2015

Confidential Portions of this Exhibit marked as [**] have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.

