



## **American Superconductor Receives Department of Homeland Security Contract for Project HYDRA**

**-Up to \$25 Million in Funding Awarded for Deployment of AMSC's Surge-Suppressing Superconductor 'Smart Grid' Technology in Manhattan**  
**-Secure Super Grids™ Solution Expected to be Operational in 2010**

DEVENS, Mass.--(BUSINESS WIRE)--Jan. 24, 2008--American Superconductor Corporation (NASDAQ: AMSC), a leading energy technologies company, announced today that it has received a contract from the Department of Homeland Security (DHS) for Project HYDRA. Project HYDRA, which commenced in May 2007 under a letter contract with DHS, focuses on the development and deployment of AMSC's Secure Super Grids technology in the power delivery network in Manhattan operated by Consolidated Edison Company of New York, Inc.

AMSC's Secure Super Grids technology is a proprietary, system-level 'smart grid' solution that utilizes high temperature superconductor (HTS) power cables and ancillary controls to deliver up to 10 times more power through the grid while at the same time suppressing power surges - or fault currents - that can disrupt service. The technology utilizes multiple paths for electricity flow in metropolitan power grids to ensure system redundancy when individual circuits are disrupted due to severe weather, traffic accidents or willful destruction. Secure Super Grids technology requires the use of AMSC's proprietary 344 superconductors.

Under the terms of the final contract, DHS will provide up to \$25 million in total funding for the \$39 million project. DHS has provided approximately \$3.8 million of this total to date while AMSC and its partners have been working continuously on Project HYDRA under a letter agreement with DHS for the past eight months. This project builds on the foundation in HTS technology developed over the past 20 years by U.S. private industry and by the Department of Energy.

"This contract provides us with the resources necessary to fund this important project in Manhattan," said AMSC founder and Chief Executive Officer Greg Yurek. "There is a critical need to protect the electrical infrastructure of our nation's cities, and our Secure Super Grids technology provides a unique approach to achieving this objective. We are making great headway on the project and look forward to its successful completion in 2010 to meet Con Edison's construction schedule."

AMSC - working with subcontractors Con Edison and Southwire Company - has achieved all project milestones on schedule since the launch of Project HYDRA in May 2007. The next major milestone for the project is the manufacture and testing of a 50-meter-long prototype HTS cable, which is expected to be accomplished by the end of 2008. Testing will be performed in conjunction with Oak Ridge National Laboratory. The full-scale, 300-meter-long HTS power cable system will connect two of Con Edison's Manhattan substations and is scheduled to be installed and operating in 2010, in conjunction with Con Edison's construction schedule. The system will require approximately 93 miles (150,000 meters) of AMSC's 344 superconductors.

"The response from the market to our Secure Super Grids system-level solution has been tremendous," said Yurek. "Utilities worldwide are seeking ways to relieve choke points and instantly suppress power surges in their grids, and Secure Super Grids technology accomplishes both goals simultaneously. With Con Edison as the first proposed adopter of this unique, proprietary technology, we believe Project HYDRA will be the first of many installations of Secure Super Grid solutions in cities around the world."

About American Superconductor (NASDAQ: AMSC)

AMSC is a leading energy technologies company offering an array of solutions based on two proprietary technologies: programmable power electronic converters and high temperature superconductor (HTS) wires. The company's products, services and system-level solutions enable cleaner, more efficient and more reliable generation, delivery and use of electric power. AMSC is a leader in alternative energy, offering grid interconnection solutions as well as licensed wind energy designs and electrical systems. As the world's principal supplier of HTS wire, the company is enabling a new generation of compact, high-power electrical products, including power cables, grid-level surge protectors, Secure Super Grids™ technology, motors, generators, and advanced transportation and defense systems. AMSC also provides utility and industrial customers worldwide with voltage regulation systems that dramatically enhance power grid capacity, reliability and security, as well as industrial productivity. The company's technologies are protected by a broad and deep intellectual property portfolio consisting of

hundreds of patents and licenses worldwide. More information is available at [www.amsc.com](http://www.amsc.com).

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

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