



## AMSC Submits Appeal to China's Supreme People's Court

DEVENS, Mass., April 10, 2012 (GLOBE NEWSWIRE) -- AMSC (Nasdaq:AMSC), a global solutions provider serving wind and grid leaders, today announced it has filed an appeal with China's Supreme People's Court. AMSC's appeal relates to the Hainan Higher Court's decision on April 5, 2012 to uphold the Hainan Province No. 1 Intermediate People's Court's dismissal of AMSC's civil case against Sinovel Wind Group Co., Ltd. (Sinovel) and Dalian Guotong Electric Co., Ltd. (Guotong). This is the smallest of four legal actions that AMSC has brought against Sinovel. In total, AMSC is seeking to recover from Sinovel more than \$1.2 billion for contracted shipments and damages in these cases, which stem from Sinovel's contractual breaches and AMSC's discovery of intellectual property theft by Sinovel employees.

In September 2011, AMSC filed a copyright infringement lawsuit with the Hainan Province No. 1 Intermediate People's Court against Sinovel and Guotong. AMSC's case is supported by a significant amount of evidence demonstrating that its copyrighted software is being infringed. AMSC is seeking a cease and desist order as well as damages totaling approximately US\$200,000, making this the smallest of AMSC's legal actions against Sinovel.

Sinovel filed a jurisdiction opposition motion in December 2011 requesting that the Hainan Province No. 1 Intermediate People's Court dismiss AMSC's case against Sinovel, saying the case should be governed by the Beijing Arbitration Commission pursuant to the terms of component contracts between AMSC and Sinovel. Not only did the court grant Sinovel's motion, it dismissed the cases against both Sinovel and Guotong. AMSC appealed the dismissal to the Hainan Higher Court, which on April 5, 2012 upheld the decision of the Hainan Province No. 1 Intermediate People's Court.

The rationale for AMSC's appeal to the Supreme People's Court includes the following:

- Pursuant to AMSC's contracts with Sinovel, AMSC has turned to the Beijing Arbitration Commission to resolve its contractual disputes. However, AMSC's Hainan case is purely a copyright infringement dispute rather than a contractual matter. As such, it is independent of the contracts and belongs within the civil court system.
- In November 2011, Sinovel filed a motion on identical grounds to dismiss a separate copyright infringement case from the Beijing No. 1 Intermediate People's Court, saying the matter should be governed by the Beijing Arbitration Commission. As previously reported, on February 14, 2012, the Beijing court properly denied Sinovel's motion to dismiss the case. The Beijing No.1 Intermediate Court stated the software copyright infringement dispute between AMSC and Sinovel is not a dispute "arising from, or in connection with the execution of the contract" and should not be sent to an arbitration institution. Therefore, the jurisdiction opposition raised by Sinovel lacks factual and legal basis and is inadmissible.
- Sinovel's December 2011 opposition motion requested that AMSC's case against Sinovel be dismissed by the Hainan Province No. 1 Intermediate People's Court. Guotong, however, never filed a jurisdictional opposition motion of its own. Despite this fact, the Hainan court dismissed AMSC's case against *both* Sinovel and Guotong. Indeed, as there is no contractual relationship between AMSC and Guotong, it is impossible to solve the dispute between AMSC and Guotong through arbitration. Moreover, as Sinovel and Guotong are codefendants, it is impossible to separate them so that they would be governed by a court and arbitration commission, respectively.

"We applaud the Beijing No. 1 Intermediate People's Court's decision and are disappointed that the Hainan courts have made inconsistent and, we strongly believe, improper rulings," said AMSC Vice President and General Counsel John Powell. "While this case means little to us from a monetary perspective, we will continue to seek justice through the Chinese courts on this matter of global importance."

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

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

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*Any statements in this release about future expectations, plans and prospects for the company, including without limitation our prospects for future growth, expectations regarding the purchase of additional notes and warrants under the securities purchase agreement, expectations regarding future financial results, liquidity and profitability and other statements containing the words "believes," "anticipates," "plans," "expects," "will" and similar expressions, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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: a significant portion of our revenues has been derived from Sinovel Wind Group Co. Ltd., ("Sinovel"), which has stopped accepting scheduled deliveries and refused to pay amounts outstanding; the disruption in our relationship with Sinovel has materially and adversely affected our business and results of operations and if, as we expect, Sinovel continues to refuse to accept shipments from us, our business and results of operations will be further materially and adversely affected; we may seek additional funding in the future and may be unable to raise capital when needed; we have a history of operating losses, and we may incur additional losses in the future; our operating results may fluctuate significantly from quarter to quarter and may fall below expectations in any particular fiscal quarter; changes in exchange rates could adversely affect our results from operations; we have identified material weaknesses in our internal control over financial reporting and if we fail to remediate these weaknesses and 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; if we fail to implement our business strategy successfully, our financial performance could be harmed; we may not realize all of the sales expected from our backlog of orders and contracts; many of our revenue opportunities are dependent upon subcontractors and other business collaborators; our products face intense competition, which could limit our ability to acquire or retain customers; 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 acquire additional complementary businesses or technologies, which may require us to incur substantial costs for which we may never realize the anticipated benefits; 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; we depend on sales to customers in China, and global conditions could negatively affect our operating results or limit our ability to expand our operations outside of China; changes in China's political, social, regulatory and economic environment may affect our financial performance; many of our customer relationships outside of the United States are, either directly or indirectly, with 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 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; we are becoming increasingly reliant on contracts that require the issuance of performance bonds; 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; our success in addressing the wind energy market is dependent on the manufacturers that license our designs; growth of the wind energy market depends largely on the availability and size of government subsidies and economic incentives; there are a number of technological challenges that must be successfully addressed before our superconductor products can gain widespread commercial acceptance, and our inability to address such technological challenges could adversely affect our ability to acquire customers for our products; we have not manufactured our Amperium wire in commercial quantities, and a failure to manufacture our Amperium wire in commercial quantities at acceptable cost and quality levels would substantially limit our future revenue and profit potential; the commercial uses of superconductor products are limited today, and a widespread commercial market for our products may not develop; we have limited experience in marketing and selling our superconductor products and system-level solutions, and our failure to effectively market and sell our products and solutions could lower our revenue and cash flow; our contracts with the U.S. government are subject to audit, modification or termination by the U.S. government and include certain other provisions in favor of the government; the continued funding of such contracts remains subject to annual congressional appropriation which, if not approved, could reduce our revenue and lower or eliminate our profit; we may be unable to adequately prevent disclosure of trade secrets and other proprietary information; we have filed a demand for arbitration and other lawsuits against Sinovel regarding amounts we contend are due and owing and are in dispute; we cannot be certain as to the outcome of the proceedings against Sinovel; we have been named as a party to purported stockholder class actions and shareholder derivative complaints, and we may be named in additional litigation, all of which will require significant management time and attention, result in significant legal expenses and may result in an unfavorable outcome, which could have a material adverse effect on our business, operating results and financial condition; our 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; our patents may not provide meaningful protection for our technology, which could result in us losing some or all of our market position; 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; 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. Reference is made to many of these factors and others in the "Risk Factors" section of the company's most recent quarterly or annual report filed with the Securities and Exchange Commission. In addition, any forward-looking statements included in this release represent the company's expectations 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 of this release.*

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