

Enter Symbol(s)

GET QUOTES

[Symbol Lookup](#)

[Finance Search](#)

[Click Here!](#)

100 FREE TRADES
E*TRADE Securities

More than a trade. *charlie* SCHWAB
More for the trader.

\$7 TRADES!

AP

Amer. Superconductor: Wind to Fuel Gains

Wednesday October 3, 7:08 pm ET

By Lauren Lacapra, AP Business Writer

American Superconductor to Drive Growth Through Expansion of Wind Market, Tech Improvements

NEW YORK (AP) -- American Superconductor Corp.'s wind energy business set foot in a new and potentially lucrative market on Wednesday: North America, its home base.

The Massachusetts-based company reported a "multimillion dollar" contract with Canadian manufacturer AAER Inc. for licensing rights, components and royalties for American Superconductor's wind turbine design.

ADVERTISEMENT

Access Denied

Company policy has denied access to the requested URL.

For assistance, please open a help desk ticket.

American Superconductor has been courting new customers around the globe and developing more efficient wind technology in hopes of edging toward profitability. The company, founded in 1987, has not yet reported a profit due to research and development costs related to its superconductor business, which is in late stages of development.

On the other hand, its power systems business, which services the wind industry, is growing at a rapid pace. American Superconductor expects more than 65 percent of its revenue to come from wind products this year, up from 41 percent last year.

The AAER deal represents "the largest upfront license fee we have received to date from one of our customers," American Superconductor's chief executive, Greg Yurek, said in a phone interview, though he wouldn't divulge the precise value. "Even more important is the potential recurring revenue down the road" from royalties and

component sales.

American Superconductor also has clients in South Korea, China, the Czech Republic and Japan. The company has so far been focused on "fast-growing economies" where electricity demand is growing quickly, Yurek said, but is now "working the American scene as well."

The average component's selling price is \$75,000, Yurek said, with a 30 to 35 percent gross profit margin. American Superconductor's three Chinese clients have ordered components for more than 2,500 turbines, and Yurek said the company will likely have a fourth client before the end of March.

He hopes to reproduce those contracts in the two biggest wind power markets -- Europe and the U.S. -- through the AAER deal, which will introduce American Superconductor products to North America, Mexico, France and the U.K.

"I look at each one of these as a seed we're planting out there, because each one gives rise to substantial revenue," he said.

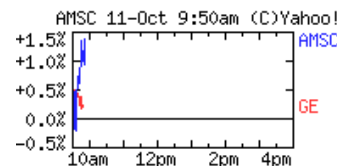
Installed global wind capacity grew by 25 percent last year, to 74 gigawatts, and is expected to more than double by the end of 2010, according to the Global Wind Energy Council.

However, an important factor may hinder efforts. Wind energy can be tricky to integrate into the power grid due to what is called "variable voltage," or disturbances from strong winds, lightning strikes or other interferences that cause surges and dips in turbines' energy production.

"To put it bluntly," said Yurek, "it screws up the grid."

Areas with outdated or less-sophisticated infrastructure will be less likely to adopt wind power and its technical challenges. And, as more wind capacity is added to the power grid, the possibility for voltage issues increases.

Related Quotes



AMSC	24.72	-0.05	News
GE	40.76	-0.06	News

[View Detailed Quotes](#)

Delayed 20 mins
[Providers](#) - [Disclaimer](#)

Related News Stories

- [\[\\$\\$\] Key on SLB Options](#) - at RealMoney by TheStreet.com (2:21 pm)
- [GE Homeland Protection Adds Former Deputy Police Chief, Anti-Terrorism Expert to Law Enforcement Team](#) - Marketwire (10:14 am)
- [Answers I Really Wanna Know: Who's Putting Up the Bailout Cash?](#) - at Minyanville.com (9:42 am)
- [Fox Business Debut Sparks Ad Fight With CNBC](#) - at The Wall Street Journal Online (8:55 am)

[More...](#)

- By industry: [Conglomerates, Diversified Electronics](#)



Top Stories

- [Stocks Dip on Bernanke's Sobering Words](#) - AP (2:25 pm)
- [Paulson Urges Action on Housing Crisis](#) - AP (2:18 pm)
- [Oil Hits New Record on Supply Concerns](#) - AP (12:31 pm)
- [Madonna, Live Nation Link Up on Deal](#) - AP (1:45 pm)

[More...](#)

- [More AP](#)
- [Most-viewed articles](#)

Other companies, like General Electric Co., have tackled variable voltage, but for now, American Superconductor is focused on getting more power out of less material.

The company announced a joint venture on Monday to create wind generators that are smaller, lighter, less expensive and can produce more energy. The new 10-megawatt class product will be targeted at offshore turbines, which are generally more costly and difficult to install and maintain.

American Superconductor is one of many companies that have been investing in research and development for a growing wind-power market that is likely to be supported by government incentives and a sentiment that favors renewable energy. A Citi Investment Research report in September said "booming demand for wind equipment" has driven up technology investment by a 5-percent annual rate.

"Certainly there is some enthusiasm around renewables that is not always justifiable," wrote Citi analyst Alberto Ponti, "but we think that given current levels of remuneration granted to these stations, market multiples are sustainable."

Investors seem to have faith in American Superconductor's strategy: its shares closed at \$22.70 on Wednesday, up 6.8 percent that day and 10.8 percent since Friday's close.

 [Email Story](#)

 [Set News Alert](#)

 [Print Story](#)

Sponsor Results

[Countrywide® Home Loans](#)

No Closing Cost Refinance Loan. Fast Approvals. Low Payments.

www.Countrywide.com

[Learn Forex Trading with GFT](#)

Free one-on-one training with GFT. Try our Software Demo Risk-Free.

www.GFTforex.com

[Eliminate PMI Now, Quicken Loans®](#)

Lower your mortgage payment today by eliminating PMI now.

www.QuickenLoans.com

[\(What's This?\)](#)

Inside Yahoo! Finance

- [Currency Converter](#)
- [Major World Indices](#)
- [International News](#)

RSS Feeds

Add headlines to your personalized My Yahoo! Page ([About My Yahoo! and RSS](#))

[AMSC Headlines](#)

[GE Headlines](#)

[Currencies Headlines](#)

[Conglomerates Headlines](#)

[Diversified Electronics Headlines](#)

[More Finance RSS Feeds](#)

Copyright © 2007 Yahoo! Inc. All rights reserved. [Privacy Policy](#) - [Terms of Service](#) - [Copyright Policy](#) - [Ad Feedback](#)

Copyright © 2007 The Associated Press. All rights reserved. The information contained in the AP News report may not be published, broadcast, rewritten, or redistributed without the prior written authority of The Associated Press.