

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

---

**SCHEDULE 14A  
(RULE 14a-101)  
INFORMATION REQUIRED IN  
PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**American Superconductor Corporation**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than Registrant)

Payment of Filing Fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**AMERICAN SUPERCONDUCTOR CORPORATION**  
**114 East Main Street**  
**Ayer, Massachusetts 01432**

*Notice of Annual Meeting of Stockholders to  
be Held on Friday, July 31, 2020*

The Annual Meeting of Stockholders (the "Annual Meeting") of American Superconductor Corporation ("AMSC") will be held via a completely virtual format through a live audio-only webcast hosted online at [www.virtualshareholdermeeting.com/AMSC2020](http://www.virtualshareholdermeeting.com/AMSC2020) on Friday, July 31, 2020 at 10:30 a.m., Eastern Time. **The Annual Meeting will be held exclusively online and you will not be able to attend the Annual Meeting physically.** You will be able to vote your shares electronically and submit questions during the meeting by logging into the website listed above using the 16-digit control number included in the Notice of Internet Availability of Proxy Materials, on your proxy card or on the instructions that accompanied our proxy materials. Online check-in will begin at 10:15 a.m. Eastern Time and should allow ample time for the check-in procedures.

At the Annual Meeting, AMSC's stockholders will consider and act upon the following matters:

1. To elect Vikram S. Budhraj, Arthur H. House, Barbara G. Littlefield, Daniel P. McGahn and David R. Oliver, Jr. as directors of AMSC for a term of office expiring at the 2021 annual meeting of stockholders.
2. To ratify the selection by the Audit Committee of the Board of Directors of RSM US LLP as AMSC's independent registered public accounting firm for the current fiscal year.
3. To approve, on an advisory basis, the compensation of AMSC's named executive officers.
4. To transact such other business as may properly come before the meeting or any continuation, postponement or adjournment thereof.

Stockholders of record at the close of business on June 8, 2020 will be entitled to notice of and to vote at the Annual Meeting or any continuation, postponement or adjournment thereof. A complete list of these stockholders will be open to the examination of any stockholder at our principal executive offices at 114 East Main Street, Ayer, MA 01432 for a period of ten days prior to the Annual Meeting and will be available on the bottom of your screen during the Annual Meeting after entering the 16-digit control number included on your Notice of Internet Availability of Proxy Materials or proxy card or on the materials provided by your bank or broker. The Annual Meeting may be continued or adjourned from time to time without notice other than by announcement at the Annual Meeting.

By Order of the Board of Directors,



John R. Samia, Secretary

Ayer, Massachusetts  
June 19, 2020

**IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE VIRTUAL ANNUAL MEETING. THEREFORE, WHETHER OR NOT YOU EXPECT TO ATTEND THE VIRTUAL ANNUAL MEETING, PLEASE SUBMIT YOUR PROXY (1) OVER THE INTERNET, (2) BY TELEPHONE, OR (3) BY MAIL. FOR SPECIFIC INSTRUCTIONS, PLEASE REFER TO THE QUESTIONS AND ANSWERS BEGINNING ON THE FIRST PAGE OF THE PROXY STATEMENT AND THE INSTRUCTIONS ON THE PROXY CARD RELATING TO THE VIRTUAL ANNUAL MEETING.**

**Table of Contents**

	<b>Page</b>
<a href="#">INFORMATION ABOUT THIS PROXY STATEMENT</a>	1
<a href="#">INFORMATION ABOUT THE ANNUAL MEETING AND VOTING</a>	2
<a href="#">STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</a>	6
<a href="#">CORPORATE GOVERNANCE</a>	8
<a href="#">Members of the Board</a>	8
<a href="#">Corporate Governance Guidelines</a>	9
<a href="#">Board Determination of Independence</a>	10
<a href="#">Director Nomination Process</a>	10
<a href="#">Board Meetings and Attendance</a>	10
<a href="#">Director Attendance at Annual Meeting of Stockholders</a>	11
<a href="#">Board Leadership Structure</a>	11
<a href="#">Board Committees</a>	11
<a href="#">Oversight of Risk</a>	13
<a href="#">Executive Compensation Process</a>	14
<a href="#">Anti-Hedging Policy</a>	14
<a href="#">Communicating with the Independent Directors</a>	14
<a href="#">Code of Business Conduct and Ethics</a>	14
<a href="#">Audit Committee Report</a>	15
<a href="#">INFORMATION ABOUT EXECUTIVE AND DIRECTOR COMPENSATION</a>	16
<a href="#">Compensation Discussion and Analysis</a>	16
<a href="#">Fiscal 2019 Summary Compensation Table</a>	30
<a href="#">Grants of Plan-Based Awards Table for Fiscal 2019</a>	31
<a href="#">Outstanding Equity Awards at Fiscal Year-End Table for Fiscal 2019</a>	32
<a href="#">Option Exercises and Stock Vested Table for Fiscal 2019</a>	33
<a href="#">Employment Agreements and Severance Agreements with Executive Officers</a>	33
<a href="#">Pay Ratio Disclosure</a>	34
<a href="#">Director Compensation</a>	35
<a href="#">Securities Authorized for Issuance Under Our Equity Compensation Plans</a>	36
<a href="#">Compensation Committee Interlocks and Insider Participation</a>	36
<a href="#">Compensation Committee Report</a>	37
<a href="#">CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</a>	38
<a href="#">ELECTION OF DIRECTORS (PROPOSAL 1)</a>	39
<a href="#">RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (PROPOSAL 2)</a>	40
<a href="#">Independent Registered Public Accounting Firm's Fees</a>	40
<a href="#">Pre-Approval Policies and Procedures</a>	40
<a href="#">ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS (PROPOSAL 3)</a>	42
<a href="#">OTHER MATTERS</a>	43
<a href="#">Solicitation of Proxies</a>	43
<a href="#">Stockholder Proposals for 2021 Annual Meeting</a>	43
<a href="#">Important Notice Regarding Delivery of Security Holder Documents</a>	44
<a href="#">Electronic Delivery of Stockholder Communications</a>	44

**AMERICAN SUPERCONDUCTOR CORPORATION**  
**114 East Main Street**  
**Ayer, Massachusetts 01432**

---

**PROXY STATEMENT**  
**For the Annual Meeting of Stockholders to be Held on Friday, July 31, 2020**

---

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors, or Board, of American Superconductor Corporation, or AMSC, for use at the Annual Meeting of Stockholders, or Annual Meeting, to be held via a completely virtual format through a live audio-only webcast hosted online at [www.virtualshareholdermeeting.com/AMSC2020](http://www.virtualshareholdermeeting.com/AMSC2020) on Friday, July 31, 2020, beginning at 10:30 a.m. Eastern Time, and at any continuation, postponement or adjournment of the Annual Meeting. On or about June 19, 2020, we are releasing this proxy statement together with our annual report, consisting of our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, or 2019 Annual Report, and other information required by the rules of the Securities and Exchange Commission, or SEC, to our stockholders of record on the record date for the meeting. Our 2019 Annual Report is provided without exhibits. Exhibits will be provided, at no charge, upon written request addressed to American Superconductor Corporation, 114 East Main Street, Ayer, MA 01432, Attention: Investor Relations.

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 ended on March 31 of the following year. For example, fiscal 2019 refers to the fiscal year ended March 31, 2020.

---

**Important Notice Regarding the Availability of Proxy Materials  
for the Stockholder Meeting to be Held on July 31, 2020**

**AMSC's proxy statement and annual report are available at  
[www.proxyvote.com](http://www.proxyvote.com)**

The following proxy materials are available for review at [www.proxyvote.com](http://www.proxyvote.com):

- our 2020 proxy statement;
- our 2019 Annual Report; and
- any amendments or supplements to our proxy materials that are filed with the SEC.

---

**INFORMATION ABOUT THIS PROXY STATEMENT**

**Why you received this proxy statement.** You are viewing or have received these proxy materials because AMSC's Board is soliciting your proxy to vote your shares at the Annual Meeting. This proxy statement includes information that we are required to provide to you under the rules of the SEC and that is designed to assist you in voting your shares.

**Notice of Internet Availability of Proxy Materials.** As permitted by SEC rules, AMSC is making this proxy statement and its 2019 Annual Report available to certain of its stockholders electronically via the Internet. On or about June 19, 2020, we mailed to these stockholders a Notice of Internet Availability of Proxy Materials, or Internet Notice, containing instructions on how to access this proxy statement and our 2019 Annual Report and vote online. If you received an Internet Notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you specifically request them. Instead, the Internet Notice instructs you on how to access and review all of the important information contained in the proxy statement and 2019 Annual Report. The Internet Notice also instructs you on how you may submit your proxy over the Internet. If you received an Internet Notice by mail and would like to receive a printed copy of our proxy materials, then you should follow the instructions for requesting such materials contained on the Internet Notice.

**Printed Copies of Our Proxy Materials.** Some of our stockholders received printed copies of our proxy statement, 2019 Annual Report and proxy card. If you received printed copies of our proxy materials, then instructions regarding how you can vote are contained on the proxy card included in the materials.

---

## INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

### ***What is the purpose of the Annual Meeting?***

At our Annual Meeting, stockholders will act upon the matters outlined in the accompanying notice of meeting, including the election of the directors named in this proxy statement, the ratification of the selection of our independent registered public accounting firm and the approval, on an advisory basis, of the compensation of our named executive officers. Stockholders may also consider such other business as may properly come before the meeting. We are not aware of any other business to be brought before the meeting. If any other business is properly brought before the meeting, the designated officers serving as proxies will vote in accordance with their best judgment.

### ***Who is entitled to vote?***

You are entitled to vote at the Annual Meeting, or any continuation, postponement or adjournment of the Annual Meeting, only if you were a stockholder of record at the close of business on the record date, June 8, 2020, or if you hold a valid proxy for the Annual Meeting. The number of stockholders of record as of the June 8, 2020 record date was 176. Holders of shares of our common stock are entitled to one vote per share.

### ***Why is AMSC hosting the Annual Meeting in a virtual meeting format only?***

In light of public health concerns related to the COVID-19 pandemic, this year's Annual Meeting will be held in a virtual meeting format only, via a live audio-only webcast. There is no physical location for the Annual Meeting. The virtual Annual Meeting has been designed to provide the same rights to participate as you would have at an in-person meeting. Because our Annual Meeting is being held virtually over the internet, when we refer to "in person" for aspects pertaining to the Annual Meeting, we mean live virtual attendance through the means described in this proxy statement.

### ***How do I attend the virtual Annual Meeting?***

Stockholders of record as of June 8, 2020 will be able to attend and participate in the Annual Meeting online by accessing [www.virtualshareholdermeeting.com/AMSC2020](http://www.virtualshareholdermeeting.com/AMSC2020). To join the Annual Meeting, you will need to have your 16-digit control number which is included on your Internet Notice or your proxy card (if you received a printed copy of the proxy materials).

Even if you plan to attend the Annual Meeting online, we recommend that you also vote by proxy as described herein so that your vote will be counted if you subsequently decide not to attend the Annual Meeting.

**Access to the Audio Webcast of the Annual Meeting.** The live audio webcast of the Annual Meeting will begin promptly at 10:30 a.m. Eastern Time on July 31, 2020. We encourage our stockholders to access the meeting website prior to the start time. Online access to the audio webcast will open approximately 30 minutes prior to the start of the Annual Meeting to allow time for you to log in and test the computer audio system.

**Log in Procedures.** To attend the virtual Annual Meeting, visit [www.virtualshareholdermeeting.com/AMSC2020](http://www.virtualshareholdermeeting.com/AMSC2020) to log in. Stockholders will need their unique 16-digit control number included in your Internet Notice (printed in the box and marked by the arrow), proxy card or the instructions that accompanied the proxy materials. If your shares are held in "street name" (through a bank, broker or other nominee), you should contact your bank, broker or other nominee as soon as possible to obtain your 16-digit control number or otherwise vote through the bank, broker or other nominee.

If you lose your 16-digit control number, you may join the Annual Meeting as a "Guest" but you will not be able to vote, ask questions or access the list of stockholders as of the record date.

## [Table of Contents](#)

*Submitting Questions at the Virtual Annual Meeting.* Stockholders may submit questions during the Annual Meeting after logging into [www.virtualshareholdermeeting.com/AMSC2020](http://www.virtualshareholdermeeting.com/AMSC2020). You will need your 16-digit control number that appears on your Internet Notice (printed in the box and marked by the arrow), proxy card or on the instructions that accompanied the proxy materials in order to submit a question.

As part of the Annual Meeting, we will hold a live question and answer session, during which we intend to answer questions submitted during the meeting in accordance with the Annual Meeting's rules of conduct that are pertinent to AMSC and the meeting matters, as time permits. In order to promote fairness, efficient use of time and in order to ensure all stockholders are responded to, we will respond to up to two questions from a single stockholder.

*Technical Assistance.* Beginning 30 minutes prior to the start of and during the virtual Annual Meeting, we will have technicians ready to assist stockholders with any technical difficulties they may have accessing or hearing the virtual meeting. If you encounter any difficulties accessing the virtual meeting during the check-in or meeting time, please call the technical support number that will be posted on the annual meeting website log-in page.

### **What constitutes a quorum?**

The holders of a majority of the shares of common stock outstanding and entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business at the Annual Meeting. Shares of common stock represented in person or by proxy (including shares that abstain or do not vote with respect to one or more of the matters presented for stockholder approval) will be counted as present and entitled to vote for purposes of determining whether a quorum is present at the Annual Meeting. As of the June 8, 2020 record date, 23,081,980 shares of our common stock were outstanding and entitled to vote.

### **How do I vote?**

If you are a stockholder of record, meaning your shares are registered in your name, you may vote:

(1) **Over the Internet:** Go to the website of our tabulator, Broadridge, at [www.proxyvote.com](http://www.proxyvote.com). Use the vote control number printed on your Internet Notice or proxy card to access your account and vote your shares. You must specify how you want your shares voted or your Internet vote cannot be completed and you will receive an error message. Your shares will be voted according to your instructions.

(2) **By Telephone:** Call 1-800-690-6903, toll free from the U.S. and Canada, and follow the instructions on your proxy card. You must specify how you want your shares voted and confirm your vote at the end of the call or your telephone vote cannot be completed. Your shares will be voted according to your instructions.

(3) **By Mail:** Complete and sign your proxy card and mail it in the accompanying postage prepaid envelope to Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Your shares will be voted according to your instructions. If you do not specify how you want your shares voted, they will be voted as recommended by our Board of Directors.

(4) **In Person during the Virtual Annual Meeting:** You may attend the virtual Annual Meeting and vote during the meeting even if you have already voted by proxy. To vote during the meeting, visit [www.virtualshareholdermeeting.com/AMSC2020](http://www.virtualshareholdermeeting.com/AMSC2020) on the day of the meeting; you will need the 16-digit control number provided on your Internet Notice or proxy card.

If your shares are held in "street name," meaning they are held for your account by a bank, broker or other nominee, you may vote:

(1) **Over the Internet or by Telephone:** You will receive instructions from your bank, broker or other nominee if they permit Internet or telephone voting. You should follow those instructions.

(2) **By Mail:** You will receive instructions from your bank, broker or other nominee explaining how you can vote your shares by mail. You should follow those instructions.

## [Table of Contents](#)

**(3) In Person during the Virtual Annual Meeting:** If your shares are not registered in your own name and you would like to vote your shares electronically at the Annual Meeting, you should contact your bank or broker to obtain your 16-digit control number or instructions on how to vote at the meeting through the bank or broker.

### ***Can I change my proxy after I return my proxy card?***

Yes. You may revoke your proxy and change your vote at any time before the Annual Meeting. To do so, you must do one of the following:

(1) Vote over the Internet or by telephone as instructed above. Only your latest Internet or telephone vote is counted.

(2) Sign a new proxy card and submit it as instructed above. Only your latest dated proxy card will be counted.

(3) Attend the Annual Meeting, request that your proxy be revoked and vote in person as instructed above. Attending the Annual Meeting will not revoke your proxy unless you specifically request it.

### ***Will my shares be voted if I don't return my proxy?***

If your shares are registered directly in your name, your shares will not be voted if you do not vote over the Internet, by telephone, by returning your proxy card or voting at the Annual Meeting. If your shares are held in "street name" by a bank, broker or other nominee, that person, as the record holder of your shares, is required to vote your shares according to your instructions. Your bank, broker or other nominee will send you directions on how to vote those shares. Under applicable stock exchange rules, if you do not give instructions to your bank, broker or other nominee, it will still be able to vote your shares with respect to certain "discretionary" items, such as the ratification of the selection of RSM US LLP ("RSM") as our independent registered public accounting firm, but will not be allowed to vote your shares with respect to certain "non-discretionary" items, such as the election of directors and the approval, on an advisory basis, of the compensation of our named executive officers. In the case of "non-discretionary" items, shares for which your bank, broker or other nominee does not receive voting instructions will be treated as "broker non-votes."

### ***What is the vote required to approve each matter?***

(1) **Election of Directors.** Directors will be elected by a plurality of the votes cast by the stockholders entitled to vote on the election. This means that the five nominees receiving the most affirmative votes will be elected as directors at the Annual Meeting. Votes withheld and "broker non-votes" will have no effect on the outcome of the election of directors.

(2) **Ratification of the Selection of our Independent Registered Public Accounting Firm.** The affirmative vote of the holders of a majority of the shares of common stock voting on the matter is required for the ratification of the selection by the Audit Committee of RSM as our independent registered public accounting firm for the current fiscal year. Abstentions will have no effect on the outcome of this proposal. Because brokers have discretionary authority to vote on the ratification of the selection of our independent registered public accounting firm, we do not expect any "broker non-votes" in connection with this proposal.

(3) **Approval, on an Advisory Basis, of Named Executive Officer Compensation.** The affirmative vote of the holders of a majority of shares of common stock voting on the matter is required for the approval, on an advisory basis, of the compensation of our named executive officers. Abstentions and "broker non-votes" will have no effect on the outcome of the proposal. This proposal is non-binding.

### ***Who will count the votes?***

Our Board of Directors has appointed a representative of Broadridge Financial Solutions to serve as the inspector of elections at the Annual Meeting and to tabulate the votes.

### ***Are there other matters to be voted on at the meeting?***

As of the date of this proxy statement, our Board of Directors does not know of any other matters which may come before the meeting, other than the matters described in this proxy statement. Should any other matter

---

[Table of Contents](#)

requiring a vote of our stockholders arise and be properly presented at the Annual Meeting, the proxy for the Annual Meeting confers upon the persons named in the proxy and designated to vote the shares discretionary authority to vote, or otherwise act, with respect to any such matter in accordance with their best judgment.

**Our Board encourages stockholders to attend the virtual Annual Meeting. Whether or not you plan to attend, you are urged to submit your proxy. Prompt response will greatly facilitate arrangements for the meeting and your cooperation will be appreciated. Stockholders who attend the virtual Annual Meeting may vote their stock personally even though they may have sent in their proxies.**



**STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the beneficial ownership of our common stock as of June 5, 2020, or such earlier date as indicated below, by:

- Each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of the outstanding shares of our common stock;
- Each of our directors;
- Each of our “named executive officers” (as defined in the “Compensation Discussion and Analysis” section of this proxy statement); and
- All directors and executive officers as a group.

Unless otherwise provided, the address of each individual listed below is c/o American Superconductor Corporation, 114 East Main Street, Ayer, Massachusetts 01432.

<u>Name of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned (1)</u>	<u>Percentage of Common Stock Outstanding (2)</u>
<i>Five Percent Stockholders</i>		
Kevin Douglas and related group (3) c/o 125 East Sir Francis Drake Blvd. Suite 400, Larkspur, CA 94903	2,039,248	8.8%
BlackRock, Inc. (4) 55 East 52nd Street New York, NY 10055	1,412,061	6.1%
Footprints Asset Management & Research, Inc. (5) 11422 Miracle Hills Drive, Suite 208 Omaha, NE 68154	1,248,158	5.4%
Renaissance Technologies LLC (6) 800 Third Avenue New York, NY 10022	1,234,617	5.4%
<i>Directors</i>		
Daniel P. McGahn (7)	726,475	3.1%
Vikram S. Budhraj	52,621	*
Arthur H. House (8)	32,120	*
Barbara G. Littlefield (9)	9,035	*
David R. Oliver, Jr.	34,461	*
<i>Other Named Executive Officers</i>		
John W. Kosiba, Jr. (10)	300,360	1.3%
All directors and executive officers as a group (6 persons) (11)	1,155,072	5.0%

\* Less than 1%.

- (1) The inclusion of any shares of common stock deemed beneficially owned does not constitute an admission of beneficial ownership of those shares. In accordance with the rules of the SEC, each stockholder is deemed to beneficially own any shares subject to stock options that are currently exercisable or exercisable within 60 days after June 5, 2020, and any reference below to shares subject to outstanding stock options held by the person in question refers only to such stock options. Except as indicated by the footnotes below, we believe that the persons and entities named in the table above have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

## Table of Contents

- (2) To calculate the percentage of outstanding shares of common stock held by each stockholder, the number of shares deemed outstanding includes 23,081,980 shares outstanding as of June 5, 2020, plus any shares subject to outstanding stock options or warrants currently exercisable or exercisable within 60 days after June 5, 2020 held by the stockholder in question.
- (3) Information is derived from the Schedule 13G filed on January 27, 2020 by Kevin Douglas, Michelle Douglas, James E. Douglas III, K&M Douglas Trust, Douglas Family Trust and James Douglas and Jean Douglas Irrevocable Descendants' Trust, and is as of December 31, 2019. According to the Schedule 13G, Kevin Douglas has shared voting power with respect to 1,490,795 shares and shared dispositive power with respect to 2,039,248 shares; Michelle Douglas has shared voting power and shared dispositive power with respect to 1,490,795 shares; James E. Douglas III has sole voting power and shared dispositive power with respect to 204,100 shares; K&M Douglas Trust has shared voting and dispositive power with respect to 834,533 shares; Douglas Family Trust has sole voting and shared dispositive power with respect to 344,353 shares; and James Douglas and Jean Douglas Irrevocable Descendants' Trust has sole voting and dispositive power with respect to 656,262 shares.
- (4) Information is derived from the Schedule 13G filed on February 7, 2020 by BlackRock, Inc. and is as of December 31, 2019. According to the Schedule 13G, Blackrock, Inc. has sole voting power with respect to 1,386,382 shares and sole dispositive power over all 1,412,061 shares.
- (5) Information is derived from the Schedule 13G filed on February 14, 2019 by Footprints Asset Management & Research, Inc., which is as of December 31, 2018. According to the Schedule 13G, Footprints Asset Management & Research, Inc. has sole voting and dispositive power over all 1,248,158 shares.
- (6) Information is derived from the Schedule 13G jointly filed on February 12, 2020 by Renaissance Technologies LLC and Renaissance Technologies Holdings Corporation, which is as of May 28, 2019. According to the Schedule 13G, each of Renaissance Technologies LLC and Renaissance Technologies Holdings Corporation has sole voting power over 1,226,228 shares, sole dispositive power over 1,229,903 shares and shared dispositive power over 4,714 shares.
- (7) Includes 37,498 shares subject to outstanding stock options, 480,000 shares subject to certain restrictions on transfer and a risk of forfeiture in favor of AMSC and 7,496 shares held indirectly through AMSC's 401(k) plan. Mr. McGahn has sole voting power over 726,475 of such shares and sole dispositive power over 707,726 of such shares. 18,749 shares subject to outstanding options are subject to a domestic relations agreement pursuant to which they will be transferred upon the occurrence of certain events. Therefore, Mr. McGahn does not have dispositive power over these shares.
- (8) Includes 9,703 shares subject to outstanding stock options.
- (9) Includes 2,970 shares subject to outstanding stock options.
- (10) Includes 8,147 shares subject to outstanding stock options, 237,000 shares subject to certain restrictions on transfer and risk of forfeiture in favor of the Company and 4,699 shares held indirectly through AMSC's 401(k) plan.
- (11) Includes 58,318 shares subject to outstanding stock options, 717,000 shares subject to certain restrictions on transfer and risk of forfeiture in favor of the Company and 12,195 shares held indirectly through AMSC's 401(k) plan.

## CORPORATE GOVERNANCE

Our Board has long believed that good corporate governance is important to ensure that AMSC is managed for the long-term benefit of our stockholders. This section describes key corporate governance guidelines and practices that we have adopted. Complete copies of our committee charters, corporate governance guidelines and code of conduct described below have been posted in the “Corporate Governance” section of the “Investors” page of our website at [www.amsc.com](http://www.amsc.com). Alternatively, you can request a copy of any of these documents by writing our Investor Relations department at 114 East Main Street, Ayer, Massachusetts 01432 or by calling (978) 399-8344.

### Members of the Board

Set forth below, for each director, are his or her name and age, his or her positions (if any) with us, his or her principal occupation and business experience during at least the past five years, the names of other public companies of which he or she has served as a director during at least the past five years and the year of the commencement of his or her term as a director of AMSC. Each of the individuals named below is a nominee for election to our Board at the Annual Meeting. There are no family relationships among any of our directors and executive officers.

**Vikram S. Budhraj**, age 72, has been president and chief executive officer of Electric Power Group, LLC, a Pasadena, California-based privately held firm that provides smart grid synchrophasor technology applications and services, power grid reliability monitoring solutions, and strategic and consulting services to the electric power industry, since January 2000. From 1977 to January 2000, Mr. Budhraj served in key executive and senior management positions at Edison International, the parent company of Southern California Edison, including: president of Edison Technology Solutions; senior vice president and head of the Power Grid Business Unit of Southern California Edison responsible for all transmission assets and control center operations; and vice president of System Planning, Fuels and Operations of Southern California Edison. He is a founding member of the Consortium for Electric Reliability Technology Solutions (CERTS) and worked with the U.S.-Canadian Power Systems Outage Task Force that was formed to investigate the root causes of the August 14, 2003 power blackout in the Northeast. Mr. Budhraj has previously served as a director of several organizations, including the California Independent System Operator (CAISO), which manages California’s power transmission system, and SoftSwitching Technologies, which provides scalable power quality and monitoring solutions. We believe Mr. Budhraj’s qualifications to sit on our Board include his extensive operational knowledge of, and executive level management experience in, the electric power industry. Mr. Budhraj has been a director of our company since 2004.

**Arthur H. House**, age 77, has served as a cybersecurity policy advisor to the Secretary of State of the State of Connecticut since April 2020. He also has served as an adjunct professor at the University of Connecticut since March 2020. From October 2016 to October 2019, Mr. House served as Chief Cybersecurity Risk Officer for the State of Connecticut. From June 2012 until October 2016, he was chairman of the Connecticut Public Utilities Regulatory Authority. From January 2009 until May 2012, Mr. House served as Director of Communications of the Office of the Director of National Intelligence and as head of internal and external communications for the National Geospatial-Intelligence Agency, a combat support agency for the U.S. Department of Defense. From January 2002 until January 2009, he served as Senior Vice President of Public Affairs at Connecticut-based Webster Bank, a bank that provides business and consumer banking, mortgage, insurance, trust and investment services. Mr. House has also previously served in various positions at the World Bank, the National Security Council and the U.S. Senate. We believe Mr. House’s qualifications to sit on our board include his extensive experience in the utility industry, his international business and government relations experience and work in both internal and external corporate communications. Mr. House has been a director of our company since September 2016.

**Barbara G. Littlefield**, age 62, most recently served as chief financial officer of Poseidon Water LLC, a leading developer of water infrastructure projects in North America, from August 2014 until May 2020. From September 2013 until August 2014, Ms. Littlefield served as senior vice president, strategy and corporate development, of Poseidon Water LLC. From February 2011 until May 2013, she was senior vice president of

## [Table of Contents](#)

corporate development and a board member of Drax Biomass International Inc., an enterprise securing upstream biomass supply for large British electricity generators. From 2006 to 2010, Ms. Littlefield was an executive vice president and chief financial officer of Verenum Corporation, a joint venture company formed to commercialize second generation biofuels technology. We believe Ms. Littlefield's qualifications to sit on our Board include her extensive financial and strategic management experience and her particular knowledge of large infrastructure projects. Ms. Littlefield has been a director of our company since May 2019.

**Daniel P. McGahn**, age 48, has been our chairman of the Board since July 2018, chief executive officer since June 2011 and president since December 2009. Mr. McGahn also served as our chief operating officer from December 2009 until May 2011, as senior vice president and general manager of our AMSC Superconductors business unit from May 2008 until December 2009 and vice president of our AMSC Superconductors business unit from January 2008 to May 2008. Previously, Mr. McGahn was our vice president of strategic planning and development from December 2006 to January 2008. From 2003 to 2006, Mr. McGahn served as executive vice president and chief marketing officer of Konarka Technologies, which develops and commercializes Konarka Power Plastic<sup>®</sup>, a material that converts light to electricity. We believe Mr. McGahn's qualifications to sit on our Board include his extensive experience with our company, including serving as our president since December 2009 and our chief executive officer since June 2011, experience in the power electronics industry and with technology companies, and strategic planning expertise gained while working in senior management and as a consultant for other public and private companies. Mr. McGahn has been a director of our company since June 2011.

**David R. Oliver, Jr.**, age 78, is currently an independent consultant. He served as a strategic advisor, mergers and acquisitions, for European Aeronautic Defense and Space Company North America (EADS NA), a European aerospace corporation, from January 2012 until July 2013. From January 2008 until December 2011, Mr. Oliver served as executive vice president and chief operating officer for EADS NA. Mr. Oliver also served as chief executive officer of the defense division of EADS NA for most of the four years preceding January 2008 except when he was running the EADS portion of the capture effort for the Air Force Tanker program. Before joining EADS NA, Mr. Oliver was stationed in Baghdad as Director of Management and Budget for the Coalition Forces. Prior to that, he served as the United States' Principal Deputy Undersecretary of Defense for Acquisition and Technology. Mr. Oliver also previously held management positions at both Westinghouse Electric and Northrop Grumman. In the Navy, he commanded diesel and nuclear submarines as well as two submarine groups during the Cold War. His last Navy appointment was as Principal Deputy to the Assistant Secretary of the Navy for Research, Development and Acquisition. Rear Admiral (retired) Oliver's military decorations include the Defense and Navy Distinguished Service Medals as well as six awards of the Legion of Merit. We believe Mr. Oliver's qualifications to sit on our Board include his extensive leadership, management and budgeting experience gained while serving as a senior officer in the United States Navy and at EADS, NA, and his valuable corporate governance experience gained while serving as a director for other public and private companies. Mr. Oliver has been a director of our company since September 2006.

### **Corporate Governance Guidelines**

Our Board has adopted corporate governance guidelines to assist in the exercise of its duties and responsibilities and to serve the best interests of AMSC and our stockholders. These guidelines, which provide a framework for the conduct of our Board's business, provide that:

- The principal responsibility of our directors is to oversee the management of our company;
- A majority of the members of our Board shall be independent directors;
- The independent directors meet regularly in executive session;
- Our Board, in conjunction with the Compensation Committee, is responsible for reviewing and approving a management succession plan, including succession planning for our chief executive officer;
- Directors have full and free access to management and, as necessary and appropriate, independent advisors;

## [Table of Contents](#)

- Management will provide an orientation program for new directors and additional educational sessions for all directors as appropriate; and
- At least annually, our Board and its committees will conduct a self-evaluation to assess whether they are functioning effectively.

### **Board Determination of Independence**

Under applicable Nasdaq rules, a director will only qualify as an “independent director” if, in the opinion of our Board, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our Board has determined that each of Mr. Budhraj, Mr. House, Ms. Littlefield and Mr. Oliver does not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an “independent director” as defined under Rule 5605(a)(2) of the Nasdaq Stock Market, Inc. Listing Rules. The Board made the same determination with respect to John W. Wood, Jr., who departed from our Board in May 2019, for the portion of fiscal 2019 that he served as a director.

### **Director Nomination Process**

The process followed by our Nominating and Corporate Governance Committee to identify and evaluate director candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates, and interviews of selected candidates by members of the Nominating and Corporate Governance Committee and our Board.

In considering whether to recommend any particular candidate for inclusion in our Board’s slate of recommended director nominees, the Nominating and Corporate Governance Committee applies the criteria set forth in our corporate governance guidelines, such as the candidate’s integrity, business acumen, knowledge of our business and industry, experience, interest and ability to understand conflicting interests of our various constituencies and ability to act in the interests of all stockholders. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow our Board to fulfill its responsibilities.

Our Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, but believes that our Board, taken as a whole, should embody a diverse set of skills, experiences and backgrounds.

Stockholders may recommend director candidates for consideration by the Nominating and Corporate Governance Committee of our Board by submitting the stockholder’s name, address and number of shares of our stock held, and the candidate’s name, age, address and resume to our Corporate Secretary at American Superconductor Corporation, 114 East Main Street, Ayer, Massachusetts 01432. Our Board will evaluate stockholder-recommended candidates using the criteria described above. If our Board decides to nominate a stockholder-recommended candidate, then we will include his or her name in the proxy statement and proxy card for the next annual meeting.

Stockholders also have the right under our bylaws to directly nominate director candidates, without any action or recommendation on the part of the Nominating and Corporate Governance Committee or our Board, by following the procedures set forth under “Stockholder Proposals for 2021 Annual Meeting.” Candidates nominated by stockholders in accordance with the procedures set forth in our bylaws will not be included in our proxy statement or proxy card for the next annual meeting.

### **Board Meetings and Attendance**

Our Board met nine times during fiscal 2019, either in person or by teleconference. During fiscal 2019, each director attended at least 89% of the aggregate number of Board meetings and meetings held by all committees on which he or she then served.

### **Director Attendance at Annual Meeting of Stockholders**

Each of our directors attended the 2019 Annual Meeting of Stockholders. Our Corporate Governance Guidelines provide that directors are expected to attend the Annual Meeting of Stockholders.

### **Board Leadership Structure**

Mr. Daniel McGahn, our chief executive officer, has served as chairman of the Board since July 27, 2018. From August 2011 until Mr. McGahn's appointment as chairman, Mr. John W. Wood, Jr., an independent director, served as chairman of our Board. Our Corporate Governance Guidelines provide the Nominating and Corporate Governance Committee with flexibility to assess our leadership structure on an ongoing basis and determine whether the positions of chief executive officer and chairman of the Board should be separate. In July 2018, our Board, upon the recommendation of our Nominating and Corporate Governance Committee, determined that, after almost eight years of having the positions of chief executive officer and chairman of the Board being separate, it was in the best interests of our company and our stockholders to have the same individual serve as chief executive officer and chairman of the Board for the following reasons:

- Our chief executive officer is more familiar with our business and strategy than a non-employee chairman would be and is thus better positioned to focus our Board's agenda on the key issues facing our company;
- A single chairman and chief executive officer provides strong and consistent leadership for our company, without risking overlap or conflict of roles;
- Oversight of our company is the responsibility of our Board as a whole, and this responsibility can be properly discharged without an independent chairman; and
- Our Lead Director can provide similar benefits to those associated with an independent chairman.

In the event that the chairman of the Board is not an independent director, our corporate governance guidelines provide that the Nominating and Corporate Governance Committee may recommend an independent director to serve as Lead Director, who shall be approved by a majority of independent directors. The Lead Director has the following duties:

- Chair any meeting of the Board at which the chairman of the Board is not present, including any executive sessions of the independent directors;
- Have the authority to call an executive session of the independent directors;
- Meet with any director who is not adequately performing his or her duties as a member of the Board or any committee;
- Facilitate communications between other members of the Board and the chairman of the Board and/or the chief executive officer; however, each director is free to communicate directly with the chairman of the Board and with the chief executive officer;
- Work with the chairman of the Board to determine the frequency and length of the Board meetings and determine the need for special meetings of the Board;
- Provide input to the agenda for each Board meeting to the chairman of the Board; and
- Otherwise consult with the chairman of the Board and/or the chief executive officer on matters relating to corporate governance and Board performance.

On July 31, 2019, the Nominating and Corporate Governance Committee recommended, and all of our independent directors approved, the appointment of Mr. House as Lead Director. Mr. House will serve as Lead Director until the Annual Meeting.

### **Board Committees**

Our Board has established three standing committees — Audit, Compensation, and Nominating and Corporate Governance — each of which operates under a charter that has been approved by our Board. Current

## [Table of Contents](#)

copies of each committee's charter are posted in the "Corporate Governance" section of the "Investors" page of our website, [www.amsc.com](http://www.amsc.com). Our Board has determined that all of the members of each of our Board's three standing committees are independent as defined under the rules of the Nasdaq Stock Market, including, in the case of all members of the Audit Committee, the independence requirements contemplated by Rule 10A-3(c) promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and, in the case of all members of the Compensation Committee, the independence requirements specific to compensation committee members under the rules of the Nasdaq Stock Market.

### *Audit Committee*

The Audit Committee's responsibilities include:

- Sole and direct responsibility for appointing, compensating, evaluating, retaining and, when necessary, terminating the engagement of our independent registered public accounting firm;
- Taking, or recommending that the full Board take, appropriate action to oversee the independence of our independent registered public accounting firm;
- Sole and direct responsibility for overseeing the work of our independent registered public accounting firm, including resolution of disagreements between our management and independent registered public accounting firm regarding financial reporting;
- Reviewing and discussing with management and the independent registered public accounting firm, and approving, our annual and quarterly financial statements and related disclosures;
- Monitoring our internal control over financial reporting, disclosure controls and procedures, and code of business conduct and ethics;
- Discussing policies with respect to our assessment and management of risk (both financial and non-financial), including guidelines and policies to govern the process by which our exposure to risk is monitored, controlled and reported;
- Overseeing our internal audit function;
- Establishing procedures for the receipt, retention and treatment of accounting-related complaints and concerns;
- Meeting independently with our internal auditing staff, independent registered public accounting firm and management;
- Reviewing and approving or ratifying related person transactions; and
- Preparing the Audit Committee Report required by SEC rules (which is included on page 15 of this proxy statement).

The current members of the Audit Committee are Mr. Oliver (chairman), Mr. Budhraj and Ms. Littlefield. The Audit Committee met four times during fiscal 2019. Our Board has determined that each of Mr. Oliver and Ms. Littlefield is an "audit committee financial expert" as defined in applicable SEC rules.

### *Compensation Committee*

The Compensation Committee's responsibilities include:

- Reviewing and making a recommendation to our Board with respect to the chief executive officer's compensation;
- Reviewing and approving the compensation of our other executive officers;
- Overseeing an evaluation of our senior executives;
- Overseeing and administering our incentive compensation and equity-based plans;

## Table of Contents

- Retaining, in its sole discretion, and being directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel, or other advisors as it deems necessary or appropriate to carry out its responsibilities;
- Reviewing and making recommendations to our Board with respect to director compensation;
- Reviewing and making recommendations, upon our Board's request, to our Board relating to management succession planning;
- Reviewing and discussing annually with management our "Compensation Discussion and Analysis," which is included beginning on page 16 of this proxy statement; and
- Preparing the Compensation Committee Report, if required by SEC rules, which is included on page 37 of this proxy statement.

Consistent with the requirements of applicable law and our company's equity-based plans, the Compensation Committee has the authority to delegate to one or more executive officers of our company the power to grant rights or options to acquire shares of our company's common stock to employees of our company who are not directors or executive officers of our company.

The current members of the Compensation Committee are Mr. Budhraj (chairman) and Mr. House. The Compensation Committee met nine times during fiscal 2019.

### *Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee's responsibilities include:

- Identifying individuals qualified to become Board members, consistent with criteria approved by our Board and recommending to our Board the persons to be nominated for election as directors at any meeting of stockholders and the persons to be elected by our Board to fill any vacancies on our Board;
- Recommending to our Board the persons to be elected to each of our Board's committees;
- Developing and recommending to our Board a set of corporate governance guidelines applicable to us;
- Periodically assessing our Board's leadership structure, including whether the offices of chairman of the Board and chief executive officer should be separate; and
- Overseeing the evaluation of our Board.

The current members of the Nominating and Corporate Governance Committee are Mr. House (chairman) and Mr. Oliver. The Nominating and Corporate Governance Committee met five times during fiscal 2019.

### **Oversight of Risk**

Our Board oversees our risk management processes directly and through its committees. Our management is responsible for risk management on a day-to-day basis. The role of our Board and its committees is to oversee the risk management activities of management. In accordance with its charter, our Audit Committee discusses policies with respect to our assessment and management of risk (both financial and non-financial), including guidelines and policies to govern the process by which our exposure to risk is monitored, controlled and reported, and reports regularly to the Board on these matters. In general, our Board focuses its oversight on risk management activities relating to business strategy, acquisitions, capital allocation, organizational structure and certain operational risks. Our Compensation Committee oversees risk management activities relating to our compensation policies and practices and management succession planning. Our Nominating and Corporate Governance Committee oversees risk management activities relating to Board composition. Each committee reports to the full Board on a regular basis, including reports with respect to the committee's risk oversight activities as appropriate. Our Board does not believe that its role in the oversight of our risks affects the Board's leadership structure.



## **Executive Compensation Process**

The Compensation Committee has implemented an annual performance review program for our executives, under which annual performance objectives are determined and set forth in writing during the first quarter of each fiscal year for AMSC as a whole and for each executive individually. Annual corporate objectives are proposed by management and reviewed by our Compensation Committee and approved by our Board. These corporate objectives target the achievement of specific operational milestones. Annual individual objectives focus on contributions that facilitate the achievement of the corporate objectives and are typically set during the first quarter of each fiscal year. Individual measurable objectives, if any, are proposed by each executive, reviewed by the chief executive officer, and formed on the basis of recommendations to our Compensation Committee and our Board (in the case of our chief executive officer) with regard to executive compensation. Annual salary levels, annual bonuses, and annual stock option grants and restricted stock awards to our executives are tied to the achievement of these corporate and individual performance objectives.

Our Board has delegated to a committee of the Board, designated as the Awards Committee, which consists solely of our chairman of the Board, president and chief executive officer, Mr. McGahn, the authority to grant options and award restricted stock, subject to the terms and conditions of our 2007 Stock Incentive Plan and any other limitations set by the Board, to employees other than executive officers.

Our Compensation Committee has the authority to retain compensation consultants and other outside advisors to assist in the evaluation of executive officer compensation.

## **Anti-Hedging Policy**

Our Board has adopted an Insider Trading Compliance Policy, which applies to all of our directors, officers and employees. The policy prohibits our directors, officers and employees, their family members and any entities they control from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars, and exchange funds, or otherwise engaging in transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of the Company's equity securities, whether such securities were granted as compensation or are otherwise held, directly or indirectly.

## **Communicating with the Independent Directors**

Our Board will give appropriate attention to written communications that are submitted by stockholders, and will respond if and as appropriate. Our Corporate Secretary is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the directors as he considers appropriate.

Under procedures approved by a majority of the independent directors, communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that our Corporate Secretary considers to be important for the directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which we tend to receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to our Board should address such communications to our Board c/o Corporate Secretary, American Superconductor Corporation, 114 East Main Street, Ayer, Massachusetts 01432.

## **Code of Business Conduct and Ethics**

We have adopted a written Code of Business Conduct and Ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial and accounting officer, or persons performing similar functions. We have posted a current copy of the code in the "Corporate Governance" section of the "Investors" page of our website, [www.amsc.com](http://www.amsc.com). In addition, we intend to post on our website all disclosures that are required by law or Nasdaq Stock Market listing standards concerning any amendments to, or waivers from, any provision of our code.

## **Audit Committee Report**

The Audit Committee has reviewed AMSC's audited financial statements for the fiscal year ended March 31, 2020 and has discussed these financial statements with management and RSM, AMSC's independent registered public accounting firm.

Management is responsible for AMSC's internal control over financial reporting and the financial reporting process, and for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, or GAAP. AMSC's independent registered public accounting firm is responsible for performing an audit of AMSC's financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing a report on those financial statements. As appropriate, the Audit Committee reviews and evaluates, and discusses with AMSC's management, internal accounting, financial and auditing personnel, and the independent registered public accounting firm, the following:

- The plan for, and the independent registered public accounting firm's report on, the audit of AMSC's financial statements;
- AMSC's financial disclosure documents, including all financial statements and reports filed with the SEC or sent to shareholders;
- Changes in AMSC's accounting practices, principles, controls or methodologies;
- Significant developments or changes in accounting rules applicable to us; and
- The adequacy of AMSC's internal control over financial reporting and accounting, financial and auditing personnel.

Management represented to the Audit Committee that AMSC's financial statements had been prepared in accordance with GAAP.

The Audit Committee also discussed with RSM the matters required to be discussed by the applicable rules of the Public Company Accounting Oversight Board and the Securities and Exchange Commission.

The Audit Committee has received the written disclosures and the letter from RSM required by applicable requirements of the Public Company Accounting Oversight Board regarding RSM's communications with the Audit Committee concerning independence, and has discussed with RSM its independence.

Based on its discussions with management and RSM, and its review of the representations and information provided by management and RSM, the Audit Committee recommended to the Board of Directors of AMSC that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020.

By the Audit Committee of the Board.

David R. Oliver, Jr., *Chair*  
Vikram S. Budhraj  
Barbara G. Littlefield

## INFORMATION ABOUT EXECUTIVE AND DIRECTOR COMPENSATION

### Compensation Discussion and Analysis

#### *Introduction*

This Compensation Discussion and Analysis (“CD&A”) describes the principles of our executive compensation program, how we applied those principles in compensating our named executive officers for the fiscal year ended March 31, 2020, or fiscal 2019, and how our compensation program drives performance.

Our named executive officers for fiscal 2019 are:

- Daniel P. McGahn, Chairman of the Board, President and Chief Executive Officer; and
- John W. Kosiba, Senior Vice President and Chief Financial Officer.

In this CD&A, we first provide an executive summary of our compensation program for fiscal 2019. We then describe our compensation philosophy and the objectives of our executive compensation program and how the Compensation Committee of our Board oversees our compensation program. We discuss the compensation determination process and describe how we determine each element of compensation.

### Executive Summary

#### *Business Overview*

We believe that fiscal 2019 was a year of continued progress towards the successful execution of our strategy of growth through our Grid business unit in order to diversify revenues and to establish what we expect to be a more predictable, re-occurring business. At the same time, our company has been dealing diligently with challenges that we have faced over the past three years in our Wind business unit resulting from the market, regulatory and execution challenges faced by our former largest customer, Inox Wind Group Co. Ltd., or Inox. We believe that our executive management team has positioned our company well to continue to execute on our strategy and to respond effectively to the Wind business unit challenges by (i) diversifying our base of customers and market geographies for our products and services, (ii) developing and introducing new products, and (iii) streamlining various functions of the business.

Our Board and Compensation Committee have been focused on retaining our key talent at the executive level and throughout our entire organization. This has not been an easy task, especially as the economy overall has improved and employees find themselves with opportunities elsewhere.

Over the past few years, the Compensation Committee, with the help of management and its independent compensation consultant, has:

- Awarded no base salary increases to our chief executive officer in the past seven years, including fiscal 2019. Other than the base salary increase to our chief financial officer in fiscal 2019, there had been no base salary increases to our executive officers in the past seven years.
- Maintained our performance-based annual cash bonus program while attempting to balance our ability to pay with our desire to use cash as an incentive payout when performance warrants compensation.
- Managed our equity compensation program as efficiently as possible, taking into account fluctuations in the value of our company’s stock price and, in periods where the price has declined, the corresponding declining value of our equity program and our limited pool of available shares for grant.
- Provided an overall compensation package, including bonuses (when earned) and equity awards, for each executive officer, being mindful of the balance between the need to retain critical talent to successfully navigate our company through a challenging business environment, and our company’s financial position.

The remainder of this executive summary and report outlines our fiscal 2019 business accomplishments and our pay decisions, which reflect what we believe to be appropriate for our business and our stockholders.

## **Overview of Fiscal 2019 Accomplishments and Financial Performance**

### *Business Accomplishments*

Our strategy is focused on growing our Grid business unit in order to diversify our revenues and to position our company to generate sustainable revenue growth.

As described in more detail below, we believe that fiscal 2019 was a year of continued progress towards the successful execution of our strategy and the establishment of what we expect to be a more predictable, re-occurring business.

For the fifth consecutive year, we grew Grid business unit revenues. Our Grid business unit revenues grew 45% to \$49.6 million in fiscal 2019, compared to \$34.3 million in fiscal 2018. This increase in Grid business unit revenues was driven by increased revenues from each Grid business unit product line – SPS, D-VAR®, D-VAR VVO®, and REG. Grid business unit revenues surged to represent 78% of our total fiscal 2019 revenues, where as recently as three years ago our Grid business unit revenues were only approximately 37% of our total revenues.

In May 2019, we entered into a delivery contract with Huntington Ingalls Industries through its Ingalls Shipbuilding division for a high temperature conductor-based ship protection system to be deployed on the San Antonio class of amphibious transport dock ship, LPD 30.

In June 2019, we announced that the Department of Homeland Security, or DHS, signed the modification of its agreement with us which approved the scope of our Resilient Electric Grid, or REG, project with Commonwealth Edison, or ComEd, a unit of Chicago-based Exelon Corporation and one of the nation's largest electric utilities. We began manufacturing this REG system in November 2019.

In August 2019, we announced a \$9 million order for Electrical Control Systems, or ECS, from Doosan Heavy Industries & Construction Co., Ltd., or Doosan, in South Korea for its 5.5 Megawatt, or MW, wind turbines. We shipped 5.5 MW ECS to Doosan during the third quarter and fourth quarter of fiscal 2019.

In October 2019, we announced that we and ComEd have proceeded with the engineering assessment of a proposed second project of our REG system for Chicago's central business district.

### *Financial Performance*

Fiscal 2019 revenues grew 14% to \$63.8 million, compared to \$56.2 million in fiscal 2018. Net loss was \$17.1 million in fiscal 2019, or \$1.03 per diluted share, compared to net income of \$26.8 million in fiscal 2018, or \$1.29 per diluted share. Non-GAAP Net Loss was \$19.5 million, or \$0.93 per share in fiscal 2019, compared to a Non-GAAP Net Loss of \$13.0 million, or \$0.64 per share in fiscal 2018.

For more information about Non-GAAP Net Loss, including a definition and reconciliation against net loss calculated and presented in accordance with GAAP, please see the discussion in "Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Measures" commencing on page 28 of our Annual Report on Form 10-K filed on June 2, 2020.

### *Forward-Looking Statements*

This proxy statement contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including statements regarding our expectation that successful execution of our strategy will establish a more predictable, re-occurring business; and our strategy, products and future plans and prospects. 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 risks and uncertainties include: our history of operating losses and negative operating cash flows, which may continue in the future and require additional financing; we may be required to issue performance bonds or provide letters of

## [Table of Contents](#)

credit; risks related to changes in exchange rates; failure to maintain proper and effective internal control over financial reporting could impair our ability to produce accurate and timely financial statements and may lead investors and other users to lose confidence in our financial data; not realizing expected sales; government contracts being subject to audit, modification or termination; reduction in revenue due to lack of congressional funding; our financial condition may have an adverse effect on our customer and supplier relationships; the risk that the novel coronavirus (COVID-19) pandemic could adversely impact our business, financial condition and results of operations; difficulties re-establishing our HTS wire production capability in our Ayer, Massachusetts facility; dependence on attracting and retaining qualified personnel; historically, a significant portion of our revenues have been derived from a single customer and if this customer's business is negatively affected, it could adversely impact our business; a failure of manufacturers in the wind energy market to license our designs; a failure or security breach of our information technology infrastructure; failure to comply with evolving data privacy and data protection laws and regulations or to otherwise protect personal data; reliance on third-party manufacturers, suppliers, subcontractors and collaborators; failure to implement our business strategy and goals; problems with product quality or performance; risks with customers outside of the United States that may be either directly or indirectly related to governmental entities; limited success marketing and selling our superconductor and system-level solutions; failure to realize benefits of acquisitions; dependence on the success of the commercial adoption of the REG system, which is currently limited; adverse changes in domestic and global economic conditions could adversely affect our operating results; risks from our reliance on sales in foreign countries and emerging markets; changes in India's political, social, regulatory and economic environment may affect our financial performance; risks related to operations in foreign countries; dependence of the wind energy market on government subsidies, economic incentives and legislative programs; lower prices for other fuel sources may reduce the demand for wind energy development, which could have a material adverse effect on our ability to grow our Wind business; risks related to our intellectual property; risks related to our technologies; risks related to our legal proceedings; risks related to our common stock; and other risks and uncertainties such those identified under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, which among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein. Any such forward-looking statements represent management's estimates as of the date of this proxy statement. 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 proxy statement.

### ***Overview of Our Executive Compensation Program***

The Compensation Committee of our Board has designed our executive compensation program to attract and retain superior employees in key positions to enable our company to succeed in the highly competitive market for talent, while simultaneously maximizing stockholder value. We intend to continue to provide a competitive compensation package to our executives, tie a significant portion of pay to performance and utilize components that best align the interests of our executives with those of our stockholders.

The following is a summary of important aspects of our executive compensation program discussed later in this CD&A:

*Key Elements of Our Compensation Program.* Our compensation program is designed to achieve these objectives through a combination of the following types of compensation:

- Base salary;
- Performance-based annual cash bonuses;
- Long-term equity incentives; and
- Severance and change-in-control benefits.

Each element of our executive compensation program is discussed in greater detail below.

- *We Intend to Pay for Performance.* A significant portion of our named executive officers' total compensation, as shown below, ties compensation directly to the achievement of corporate and

individual objectives. We emphasize pay for performance in order to align executive compensation with our business strategy and the creation of long-term stockholder value.

- *Our Compensation Program Supports Our Corporate Objectives and Stockholder Interests.* Our compensation program is designed to align executive officer compensation with the achievement of our short- and long-term business objectives and building long-term stockholder value by rewarding successful execution of our business plan and by tying a portion of total compensation opportunities to equity incentives.

#### ***Fiscal 2019 Compensation Programs and Decisions***

In line with our executive compensation program's emphasis on pay for performance, we believe the compensation awarded to our named executive officers for fiscal 2019 properly reflected the achievement of our operating goals, our financial results, overall compensation philosophy and the challenges that our company is still experiencing:

- *Adjustments to Base Salary.* For fiscal 2019, management recommended, and the Compensation Committee and the Board (in the case of our chief executive officer) agreed, that (i) no changes be made to our chief executive officer's base salary. Our chief executive officer has not received any increase in his base salary for the past seven years, including fiscal 2019, and (ii) our chief financial officer's base salary be increased from \$250,000 to \$300,000. The base salary increase for Mr. Kosiba was based on a review of his performance during fiscal 2018 relative to both his and our company's goals and competitive salary data provided by our Compensation Committee's independent compensation consultant. Prior to such base salary increase, Mr. Kosiba's last base salary increase was before being promoted to chief financial officer on April 4, 2017.
- *Performance-Based Annual Cash Bonuses.* For fiscal 2019, our company focused on operating cash flow, revenues and operating expenses as objectives in our annual cash bonus program. The Compensation Committee focused solely on the achievement of corporate goals for our annual bonus program for fiscal 2019, and viewed these corporate objectives as key for our company's short-term sustainability and long-term growth. In fiscal 2019, each named executive officer received a cash bonus payment equal to 125% of target bonus opportunity based on achieving (i) between target- and maximum-level performance on the operating cash flow objective, (ii) between threshold- and target-level performance on the revenues objective, and (iii) target-level performance on the operating expenses objective. See the section entitled "Performance-Based Annual Cash Bonuses" below for a description of these metrics.
- *Long-Term Equity Incentive.* The Compensation Committee recommended, and the Board approved, annual long-term equity awards, consisting of both time-based awards that will vest over the three years after grant and performance-based awards that will vest based upon our attainment of performance goals tied to cumulative organic Grid revenues and cumulative organic total revenues performance measures after a three year performance period to our named executive officers in fiscal 2019 based on such factors as: (i) performance and contribution during the prior fiscal year, (ii) competitive market practices, (iii) the overall compensation package for each executive officer, and (iv) the level of difficulty our company would face if we were to have to replace any executive officer if he or she were to voluntarily leave our company. In fiscal 2019, 60% of our chief executive officer's long-term equity awards were performance-based awards. See the section entitled "Long-Term Equity Incentives" below for a description of these long-term equity awards.

We believe that management continued to make progress in fiscal 2019 on our company's strategy to grow its Grid business unit in order to diversify its revenues and to establish what we expect to be a more predictable, re-occurring business. The Compensation Committee believes that the named executive officers' fiscal 2019 compensation was appropriate given the performance and steps taken by management to position our company to implement and realize its strategy, as noted by the business accomplishments described above.

### *Compensation Program Philosophy and Objectives*

The Compensation Committee of our Board oversees our executive compensation program, pursuant to authority established in the Compensation Committee Charter. The Compensation Committee reviews and approves all compensation decisions relating to our executive officers, except for the chief executive officer. The Compensation Committee reviews the compensation for our chief executive officer and makes a recommendation to our Board, and our Board then determines the compensation of our chief executive officer.

Our executive compensation program is designed to meet three principal objectives:

- Attract and retain executive officers who contribute to our long-term success;
- Align compensation with our short-and long-term business objectives; and
- Incentivize the executive officers to provide superior performance that will build long-term stockholder value.

These objectives collectively seek to link executive compensation to our overall company performance, which helps to ensure that the interests of our executives are aligned with the interests of our stockholders.

The Compensation Committee's decisions regarding executive compensation during fiscal 2019 were based on achieving the above objectives, with an emphasis on:

- Increasing long-term stockholder value by decreasing operating cash burn;
- Improving operational performance by increasing revenue and decreasing operating expenses;
- Taking into account the nature and scope of the executive officer's position and responsibilities, including considerations of pay equity among the executive officers and retention concerns; and
- Paying reasonable and fair compensation.

In setting executive compensation for fiscal 2019, the Compensation Committee established salary levels and established an executive incentive cash bonus plan with performance metrics that reflected our annual operating plan and strategic priorities for fiscal 2019. For fiscal 2019, the Compensation Committee established operating cash flow and financial objectives relating to revenues and operating expenses to promote our short-term and long-term business success. In setting objectives for each of the foregoing metrics, the Compensation Committee considered multiple factors so that its decisions were informed and equitable and that our executive compensation program achieved its objectives.

### *Stockholder Say-On-Pay Votes*

At our Annual Meeting of Stockholders held on July 27, 2017, we provided our stockholders with the opportunity to cast an advisory vote on executive compensation, and in future years such advisory vote will occur triennially. Over 88% of the votes cast on the "say on pay" vote at our Annual Meeting of Stockholders held on July 27, 2017 were voted in favor of the proposal. We have considered the results of such vote and believe the support of our stockholders for the vote proposal indicates that our stockholders are generally supportive of our approach to executive compensation. Thus, we did not make changes to our executive compensation arrangements in response to the vote. In the future, we will continue to consider the outcome of our "say on pay" votes when making compensation decisions regarding our named executive officers.

### **The Compensation Committee's Process**

The Compensation Committee has a process to help ensure that our executive compensation program meets its principal objectives. In making compensation decisions, the Compensation Committee considers a wide variety of information, including how each compensation decision ties to its total compensation philosophy, market data and recommendations provided by the Compensation Committee's independent compensation consultant, information from our general counsel, who also manages our human resources function and the thoughts of our chief executive officer and other Board members.

## [Table of Contents](#)

*Role of Independent Compensation Consultant.* The Compensation Committee has engaged Radford, part of the Rewards Solutions practice of Aon plc, or Radford, since October 2016 as its independent outside compensation consultant to advise it and develop an executive compensation strategy, to assess the competitiveness of our executive compensation and to provide recommendations with respect to both the levels and structure of compensation for our executives. In fiscal 2019, Radford assessed the competitiveness of executive compensation through comparisons with peer groups and survey sources while additionally assessing our performance to ensure compensation levels were appropriately tied to performance. During fiscal 2019, Radford advised the Compensation Committee on compensation matters for all officers and directors and met with the Compensation Committee in executive sessions without the presence of management, as requested by the Compensation Committee. Radford did not perform services for our company that were unrelated to Compensation Committee matters during fiscal 2019.

The Compensation Committee regularly reviews the services provided by its compensation advisers and believes that Radford is independent in providing executive compensation consulting services. The Committee conducted a specific review of its relationship with Radford in fiscal 2019 and determined that its work for the Compensation Committee did not raise any conflicts of interest, consistent with the guidance provided under the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, and by the SEC and the Nasdaq Global Select Market. The Compensation Committee continues to monitor the independence of its compensation consultant and any conflicts of interest related to services thereby on a periodic basis.

*Compensation Analysis.* With the assistance of Radford, in May 2019, the Compensation Committee reviewed the compensation levels of our executive officers against compensation levels at peer group companies that were selected based on the following criteria:

- Companies within the same Global Industry Classification Standard code, Electrical Components and Equipment, and related industries;
- Companies with a 30-day trailing market capitalization of approximately three-tenths to three times our market capitalization;
- Companies with four quarters of trailing revenues of under \$170 million; and
- Companies with headcount of three-tenths to three times our headcount.

For the analysis of our fiscal 2019 executive compensation packages, the Compensation Committee utilized the peer group approved by the Compensation Committee in May 2019, which consisted of the following nineteen companies:

### **Peer Group Companies**

American Electric Technologies, Inc.	PAR Technology Corp.
AZZ	Park Electrochemical Corp.
Ballard Power Systems	Plug Power Inc.
Capstone Turbine Corp.	Powell Industries Inc.
Energous Corp.	Preformed Line Products Company
Frequency Electronics Inc.	Thermon Group Holdings, Inc.
FuelCell Energy Inc.	Twin Disc Inc.
Iteris, Inc.	Ultralife Corp.
Maxwell Technologies, Inc.	Vicor Corp. Capital
Orion Energy Systems, Inc.	

The Compensation Committee utilized the peer group to provide context for its compensation decision-making. The compensation paid by peer group companies to their respective executive officers does not factor into the Compensation Committee's determination of the peer group. After the peer group companies were selected in May 2019, Radford prepared and presented a report to the Compensation Committee summarizing the competitive data and comparisons of our executive officers to the comparable company market data utilizing



## [Table of Contents](#)

publicly available data from the comparable companies and broad survey data (reflecting companies of similar size in the general and high-technology industries). We use the broad survey data in conjunction with peer group data in evaluating our executive compensation practices. The Compensation Committee does not rely upon data from any individual company participating in any of these surveys in making compensation decisions and uses the general survey data as only a reference point for evaluating our executive compensation practices, as opposed to benchmarking our executive compensation practices against the general survey data. Each of our elements of compensation is reviewed as part of this analysis and evaluation.

The above review provided the Compensation Committee with general affirmation that its compensation decisions are aligned with the marketplace and our compensation program was achieving the Compensation Committee's objectives, as described above.

The Compensation Committee may, in its discretion, review and/or modify the selection criteria for our peer group and the peer group companies from year to year as it determines appropriate, depending on, among other factors, changes in the marketplace, acquisitions, divestitures and the business focus of us and/or our peer group companies.

*Other Compensation Information.* Our general counsel, who also manages our human resources function, regularly attended Compensation Committee meetings in fiscal 2019 to provide information regarding our executive compensation program. Among other things, he performed internal analyses of marketplace practices for executive pay, made recommendations to our chief executive officer on compensation matters for all officers (other than our chief executive officer) and compiled other relevant data at the request of the Compensation Committee.

Our chief executive officer is actively involved in the executive compensation process. Our chief executive officer reviews the performance of each of the executive officers (other than his own) and makes recommendations to the Compensation Committee regarding the salary and long-term incentive awards for executive officers other than himself, as well as the executive compensation program's impact on attracting, retaining and motivating the level of executive talent necessary to achieve and exceed our company goals. The Compensation Committee is not bound by such recommendations, but generally takes them into consideration before making final determinations about the compensation of executive officers other than our chief executive officer.

The Compensation Committee reviews the compensation for our chief executive officer and makes a recommendation to the full Board. The full Board determines the compensation of our chief executive officer.

The Compensation Committee also considers information relevant to each executive's specific situation including the executive's marketability and the availability or scarcity of other qualified candidates, inside and outside our company, who could replace the executive should he or she leave our company.

In determining equity compensation, the Compensation Committee considers levels of past performance, performance potential, retention risk and the value of the equity compensation needed to keep the total compensation opportunity level competitive and consistent with our compensation philosophy.

### **Risk Considerations in our Compensation Program**

Our Compensation Committee does not believe that any risks arising from our compensation policies and practices are reasonably likely to have a material adverse effect on our company. Our Compensation Committee believes that any risks arising from our compensation policies and practices are mitigated by:

- The multiple elements and mix of our compensation packages, including base salary, annual bonus programs and, for many of our employees, equity awards vesting over multiple years, that are intended to motivate employees to take a long-term view of our business;
- The structure of our annual cash bonus program, which (i) is based on a number of different performance measures (including operating cash flow, revenues and operating expenses) to avoid employees placing undue emphasis on any particular performance metric at the expense of other aspects of our business, (ii) is based on performance targets that we believe are somewhat aggressive yet reasonable and should

## [Table of Contents](#)

not require undue risk-taking to achieve, and (iii) includes caps on the maximum payouts eligible under the program; and

- Management process, controls and decision authorities established for different types and levels of decisions.

### **Compensation Mix**

The Compensation Committee relies upon its judgment and not upon rigid guidelines or formulas in determining the amount and mix of compensation elements for each executive officer. We seek to achieve our executive compensation objectives through the use of four compensation components, which are summarized in the table below.

<u>Compensation Component</u>	<u>Principal Contributions to Compensation Objectives</u>	<u>Comments</u>
<i>Base salary</i>	<ul style="list-style-type: none"><li>• Attracts and retains talented executives with annual salary that reflects the executive's performance, skill set and opportunities in the marketplace.</li></ul>	<ul style="list-style-type: none"><li>• Only component of compensation that is guaranteed.</li><li>• Comprised 24% to 35% of total compensation for our named executive officers in fiscal 2019.</li></ul>
<i>Performance-based annual cash bonuses</i>	<ul style="list-style-type: none"><li>• Focuses executives on annual financial and operating results, as well as on individual performance criteria.</li><li>• Aligns compensation with our short-term business objectives and builds longer-term stockholder value by rewarding successful execution of our business plan.</li><li>• Enables total cash compensation to remain competitive within the marketplace for executive talent.</li></ul>	<ul style="list-style-type: none"><li>• Payout target for named executive officers ranges from 50% to 100% of base salary and depends upon operating cash flow, revenues and operating expenses.</li><li>• 0% to 200% of target payout can be achieved.</li><li>• Total cash compensation (base salary plus performance-based annual cash bonus) comprised 53% to 57% of total compensation for our named executive officers in fiscal 2019.</li><li>• Performance-based annual cash bonus brings "at risk" fiscal 2019 cash compensation to a range of 22% to 29% of total compensation for our named executive officers.</li></ul>

## [Table of Contents](#)

<u>Compensation Component</u>	<u>Principal Contributions to Compensation Objectives</u>	<u>Comments</u>
<i>Long-term equity incentives</i>	<ul style="list-style-type: none"><li>• Retains critical talent needed to successfully navigate our company through a challenging business environment.</li><li>• Aligns compensation with our long-term business objectives and builds long-term stockholder value by rewarding successful execution of our business plan.</li></ul>	<ul style="list-style-type: none"><li>• Time-based and performance-based restricted stock awards were granted in fiscal 2019.</li><li>• 60% of our chief executive officer's long-term equity incentives were performance-based restricted stock awards in fiscal 2019.</li><li>• Long-term equity incentives comprised 42% to 46% of total compensation for our named executive officers in fiscal 2019.</li><li>• Long-term equity incentives combined with performance-based annual cash bonus brings "at risk" fiscal 2019 total compensation to a range of 64% to 76% of total compensation for the named executive officers.</li></ul>
<i>Severance and change-in-control benefits</i>	<ul style="list-style-type: none"><li>• Helps to attract and retain talented executives with benefits that are comparable to those offered by companies with whom we compete for talent.</li><li>• Incentivizes management to maximize stockholder value.</li></ul>	<ul style="list-style-type: none"><li>• Each severance agreement provides for certain severance benefits, primarily salary, health benefits and, in certain cases, prorated cash bonus, in the event that the executive's employment is terminated under certain circumstances. The severance periods range from 18 months to 24 months.</li><li>• The stock options and restricted stock awards granted to our executive officers provide for full acceleration of vesting upon a change in control of our company.</li></ul>

While the Compensation Committee independently evaluates each of the compensation components discussed in the above table, it places greater emphasis on the sum of base salary, performance-based annual cash bonuses and long-term equity incentives rather than any one component because of their combined greater potential to influence our named executive officers' performance. The Compensation Committee believes, and our pay mix is designed to reflect, that a substantial portion of the compensation for our named executive officers should be "at risk" and aligned with our stockholders' interests.

### ***Base salary***

Base salaries are set once per year as part of the compensation review process. In June 2019, the Compensation Committee reviewed the base salary levels for Messrs. McGahn and Kosiba. Management recommended, and the Compensation Committee and the Board (in the case of our chief executive officer) agreed, (i) that no changes would be made to Mr. McGahn's base salary in fiscal 2019. Accordingly, Mr. McGahn's fiscal 2019 salary remained at \$500,000, and (ii) to increase Mr. Kosiba's base salary from \$250,000 to \$300,000. The base salary increase for Mr. Kosiba was based on a review of his performance during fiscal 2018 relative to both his and our company's goals and competitive salary data provided by our Compensation Committee's independent compensation consultant, Radford. Prior to such base salary increase, Mr. Kosiba's last base salary increase was before being promoted to chief financial officer on April 4, 2017. The base salary for our chief executive officer has not increased in the past seven years, including fiscal 2019.

## [Table of Contents](#)

The Compensation Committee considered the base salary levels for these executives to be appropriate in light of each executive's level of job responsibility and individual performance, overall company performance and the competitiveness of these executives' salaries with salaries paid to executive officers in similar positions, industries and geographic locations.

### **Performance-Based Annual Cash Bonuses**

The Compensation Committee believes cash bonuses are an important factor in rewarding and motivating our executive officers. The Compensation Committee establishes a cash incentive plan for our executive officers on an annual basis, typically early in the fiscal year.

On June 1, 2019, the Compensation Committee and the Board (in the case of our chief executive officer) approved an executive incentive plan for fiscal 2019 covering all of our executive officers. Under our executive incentive plan for fiscal 2019, the Compensation Committee established operating cash flow; and other financial objectives relating to revenues and operating expenses as the performance metrics for the payment of cash bonus awards for fiscal 2019. For each executive officer, the Compensation Committee assigned the following weighting to each such metric:

- Our company's operating cash flow for fiscal 2019 as compared to the established target — 50%;
- Our company's revenues for fiscal 2019 as compared to the established target – 25%; and
- Our company's operating expenses for fiscal 2019 as compared to the established target – 25%.

Under the terms of the fiscal 2019 executive incentive plan, the Compensation Committee and the Board (in the case of our chief executive officer) designated for each named executive officer a target cash bonus amount between 50% and 100% of such named executive officer's then current base salary. The amount of the target cash bonus award paid to each named executive officer could have been less than or greater than the executive's target cash bonus incentive, with the amount capped at 200% of the target cash bonus amount. If less than the threshold performance level was achieved for a particular quantitative objective, no payment was received with respect to that objective in the bonus plan.

The following table sets forth each named executive officer's annual cash bonus award opportunities for fiscal 2019 at minimum, threshold, target and maximum:

<u>Name</u>	<u>Annual Cash Bonus Award Opportunity</u>				<u>Annual Cash Bonus Award Opportunity (\$)</u>			
	<u>Minimum</u>	<u>Threshold (% of Target)</u>	<u>Target (% of Base Salary)</u>	<u>Maximum (% of Target)</u>	<u>Minimum</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>
Daniel P. McGahn	0%	30%	100%	200%	\$ 0	\$150,000	\$500,000	\$1,000,000
John W. Kosiba	0%	30%	50%	200%	\$ 0	\$ 45,000	\$150,000	\$ 300,000

The Compensation Committee is responsible for determining the cash payout under the plan to each executive officer other than the chief executive officer. Our Board determines the cash payout under the plan for the chief executive officer, taking into account the recommendation of the Compensation Committee.

The following summarizes the cash bonus opportunity for the named executive officers under each performance metric under the fiscal 2019 executive incentive plan.

*Milestones and achievement for the operating cash flow (50%) bonus measure:* All of the named executive officers were subject to the same operating cash flow threshold that had to be met before payout could be earned. The fiscal 2019 milestones and achievement levels for our company's operating cash flow measure are shown below. An executive's payout on this measure was determined through a numerical calculation based on our company's operating cash flow so the Compensation Committee (or, in the case of our chief executive officer, our Board) did not apply discretion.

**Fiscal 2019 Milestones and Achievement for Operating Cash Flow Metric (1)**

		<u>Threshold (30%)</u>	<u>Target (100%)</u>	<u>Maximum (200%)</u>
Operating Cash Flow	Operating Cash Flow Milestones:	\$(21.1M)	\$(17.6M)	\$ (8.8M)
	Operating Cash Flow Result:		\$(12.2M)	
Bonus Opportunity	Achievement (% of Target):	131%		
	% of Target Bonus Opportunity for Metric:	164%		

- (1) Operating cash flow as used in our 2019 executive incentive plan is a non-GAAP financial measure. For more information about non-GAAP operating cash flow, including a definition and reconciliation against operating cash flow calculated and presented in accordance with GAAP, please see the discussion in “Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Measures” commencing on page 28 of our Annual Report on Form 10-K filed on June 2, 2020.

Our company’s operating cash flow for fiscal 2019 was higher than target-level expectations, resulting in a bonus payout that was 164% of the target bonus opportunity for this measure. The Compensation Committee (or, in the case of our chief executive officer, our Board) awarded bonuses under the operating cash flow measure to each named executive officer as follows:

<u>Name</u>	<u>Target Bonus for Metric</u>	<u>Total Payout for Metric</u>	<u>% of Target Bonus Opportunity for Metric</u>
Daniel P. McGahn	\$ 250,000	\$ 410,000	164%
John W. Kosiba	\$ 75,000	\$ 123,000	164%

*Other financial objectives (50%):* For fiscal 2019, the Compensation Committee (or, in the case of our chief executive officer, our Board) placed a greater emphasis on the achievement of the same corporate goals as opposed to individual goals for each executive officer under this measure, viewing these corporate goals as key for our company’s short-term sustainability and long-term growth. The Compensation Committee (or, in the case of our chief executive officer, our Board) awarded bonuses under this measure to each named executive officer as follows:

<u>Financial Objective (1)</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	<u>Achievement (% of Target)</u>	<u>Daniel P. McGahn Payout for Metric</u>	<u>John W. Kosiba Payout for Metric</u>	<u>% of Target Bonus Opportunity for Metric</u>
AMSC Revenues (25%)	\$ 56.0M	\$70.0M	\$ 84.0M	90%	\$ 87,500	\$ 26,250	70%
Operating Expenses (25%)	\$ 36.7M	\$30.6M	\$ 24.5M	100%	\$125,000	\$ 37,500	100%
Total Payout					\$212,500	\$ 63,750	85%

- (1) Operating expenses under the bonus plan is defined as operating expenses less (i) stock compensation expense, and (ii) restructuring and impairment expenses.

*Overall payout results:* In June 2020, the Compensation Committee (or, in the case of our chief executive officer, our Board) approved the following payouts under the fiscal 2019 executive incentive plan:

<u>Name</u>	<u>Fiscal 2019 Target Cash Bonus</u>	<u>Fiscal 2019 Total Cash Payout</u>	<u>% of Target Bonus Opportunity</u>
Daniel P. McGahn	\$ 500,000	\$622,500	125%
John W. Kosiba	\$ 150,000	\$186,750	125%

### ***Long-Term Equity Incentives***

The Compensation Committee uses stock-based awards to retain executive officers and align their interests with those of our stockholders. Historically, the Compensation Committee granted stock-based awards to our executive officers purely in the form of stock options that vested in installments over multiple years, with an exercise price equal to the closing market price of our common stock on the date of grant. Over the past five fiscal years, the Compensation Committee has relied exclusively on the award of shares of restricted stock to our executive officers. The Compensation Committee awards both time-based and performance-based restricted stock awards. A time-based restricted stock award typically will vest in equal annual installments over a three-year period. A performance-based restricted stock award typically will vest upon the achievement of specific objectives relating to our performance within a specified period. The Compensation Committee believes shares of restricted stock provide a more motivating form of incentive compensation, minimize stock compensation expenses and reduce the potential dilution of our shares.

We generally grant shares of restricted stock to executive officers and other employees (i) upon their initial hire, in connection with a promotion, and (ii) annually based on merit. To determine the amount of stock-based awards granted to executive officers, our Compensation Committee considers the performance of the individual and our company, historic stock-based awards and the awards made to those in similar positions at comparable companies.

Our Board and Compensation Committee typically meet in or around May to review company performance for the prior fiscal year. At such time, the Compensation Committee (or, in the case of our chief executive officer, our Board) also reviews the performance of the executive officers over the prior fiscal year and grants equity awards, if any, to the executive officers. In fiscal 2019, the Compensation Committee and Board met in October and awarded time-based and performance-based restricted stock awards to Messrs. McGahn and Kosiba under our 2007 Stock Incentive Plan.

In fiscal 2019, when considering equity grants to our executive officers, the Compensation Committee (or, in the case of our chief executive officer, our Board) considered:

- Each executive officer's performance and contribution during the prior fiscal year;
- Recommendations made by our management (except as to our chief executive officer);
- Competitive practices;
- The overall compensation package for each executive officer;
- The overall retention concerns and level of difficulty our company would face if we were to have to replace any executive officer if he or she were to voluntarily leave our company; and
- The availability of shares to grant to our employees and executive officers given our limited share pool.

Based on such considerations, the Compensation Committee recommended, and the Board awarded shares of time-based restricted stock and performance-based restricted stock to each executive officer. Messrs. McGahn and Kosiba received time-based restricted stock awards of 50,000 and 26,000 shares, respectively, each of which vests in equal annual installments over a three-year period starting October 31, 2020, subject to the executive officer's continued employment.

Messrs. McGahn and Kosiba also received performance-based restricted stock awards of 75,000 and 19,500 shares, respectively. The performance measures on which vesting of these performance-based shares is contingent relate to cumulative organic Grid revenues and cumulative organic total revenues, each over the three fiscal year period beginning April 1, 2019 and ending March 31, 2022, or the Performance Period. Vesting of these performance-based shares is also subject to the executive officer's continued employment through the Board's determination of performance following the end of the Performance Period. The Compensation Committee recommended and the Board approved the application of these performance measures for the fiscal 2019-2021 performance cycle because they believe that such measures are aligned with maximizing long-term stockholder value.

## [Table of Contents](#)

For these performance-based restricted stock awards, we defined (i) cumulative organic Grid revenues as our company's gross Grid revenues during the Performance Period, excluding the effects of acquired revenues, product discontinuances and divestitures, and subject to other adjustments as deemed necessary or advisable by our Board in good faith to achieve the purposes of the award, and (ii) cumulative organic total revenues as our company's gross total revenues during the Performance Period, excluding the effects of acquired revenues, product discontinuances and divestitures, and subject to other adjustments as deemed necessary or advisable by our Board in good faith to achieve the purposes of the award.

These performance-based restricted stock awards will vest based upon our attainment of the performance goals for the Performance Period. If the performance goals are met at target performance levels, then each executive officer will earn 100% of the target number of performance-based shares awarded. The Compensation Committee recommended and the Board also established threshold and maximum goals for the cumulative organic Grid revenues performance measure and a maximum goal for the cumulative organic total revenues performance measure for each executive. The amount of performance shares that will vest based on threshold, target or maximum performance, as applicable, are set forth in the table below. When the result of either the cumulative organic Grid revenues performance measure or the cumulative organic total revenues performance measure lands between two goals (for example, between "target" and "maximum"), then the number of performance-based shares that will vest will be calculated on a linear basis (rounded to the nearest whole share).

The performance measures and goals pertaining to the fiscal 2019 performance-based restricted stock awards and the number of shares eligible to vest based on such performance measures and goals are as follows:

<u>Performance Measure</u>		<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>
Cumulative Organic Grid Revenues for Fiscal 2019-2021	< \$ 106,250,000	\$ 106,250,000	\$ 125,000,000	\$ 143,750,000
Number of McGahn Performance Shares Eligible to Vest	0	25,000	35,000	50,000
Number of Kosiba Performance Shares Eligible to Vest	0	6,500	9,100	13,000

<u>Performance Measure</u>		<u>Target</u>	<u>Maximum</u>
Cumulative Organic Total Revenues for Fiscal 2019-2021	<\$ 169,000,000	\$ 169,000,000	\$ 200,000,000
Number of McGahn Performance Shares Eligible to Vest	0	15,000	25,000
Number of Kosiba Performance Shares Eligible to Vest	0	3,900	6,500

### **Benefits**

We offer a comprehensive benefits package to all full-time employees, including health and dental insurance, life and disability insurance and a 401(k) plan. Executive officers are eligible to participate in all of our employee benefit plans. The 401(k) plan includes a matching component where we will match \$0.50 on each dollar of an employee's contribution up to a maximum of 6 percent of his or her wages in the form of our stock. The employee contributions are subject to the maximum limitations as set forth in the Internal Revenue Code of 1986, as amended, or the Code.

### **Severance and Change-in-Control Benefits**

We have entered into agreements with each of our executive officers that provide them with severance benefits in the event of the termination of their employment under specified circumstances, including termination following a change in control of our company. In addition, the stock options and restricted stock awards we grant to our executive officers provide for full acceleration of vesting upon a change in control of our company. These

agreements, along with estimates of the value of the benefits payable under them, are described below under the caption “Employment Agreements and Severance Agreements with Executive Officers.” We believe providing these benefits helps us compete for and retain executive talent and that our severance and change-in-control benefits are generally in line with those provided to executives by comparable companies.

### ***Tax Considerations***

The Internal Revenue Service, pursuant to Section 162(m) of the Code, generally disallows a tax deduction for all compensation in excess of \$1,000,000 paid to our chief executive officer, our chief financial officer and the three other most highly compensated executive officers at our company, if any. We historically intended for our stock option awards to comply with the qualified performance-based compensation exception in Section 162(m) of the Code so that the compensation remained tax deductible to us. The qualified performance-based compensation exception was generally eliminated, effective for tax years beginning following December 31, 2017, upon the enactment of the Tax Cuts and Jobs Act (“TCJ Act”), subject to limited transition relief for certain arrangements in place as of November 2, 2017. As a result, unless eligible for transition relief, our company may no longer be able to take a deduction for any compensation paid to its named executive officers in excess of \$1,000,000. Due to the uncertainties as to the application and interpretation of Section 162(m) of the Code, especially in light of the TCJ Act, no assurance can be given that compensation will be eligible for transition relief under the TCJ Act or otherwise be deductible by the company, and the Compensation Committee reserves the right to pay compensation that will not be deductible as a result of Section 162(m) of the Code and to modify existing compensation that was initially intended to be exempt from Section 162(m) of the Code (and/or may be subject to any transition relief under the TCJ Act) if it determines that such compensation or modifications are consistent with the company’s business needs.

### ***Prohibitions on Hedging, Pledging and Short Sales***

Our Board has adopted an Insider Trading Policy, which applies to all of our directors, officers, including our named executive officers, and employees, certain of their family members and any entities they control. The policy prohibits the purchase of financial instruments such as prepaid variable forward contracts, equity swaps, collars, and exchange funds, or otherwise engaging in transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of our company’s equity securities. In addition, the policy prohibits (x) the pledging of our company’s securities as collateral for a loan except in limited circumstances where a person wishes to pledge our company’s securities as collateral for a loan and clearly demonstrates the financial capacity to repay the loan without resort to such pledged company securities, and (y) short sales of our company’s equity securities.



[Table of Contents](#)

**Fiscal 2019 Summary Compensation Table**

The following table contains information with respect to the compensation for fiscal 2019 of our principal executive officer and our principal financial officer.

<b>Name and Principal Position</b>	<b>Fiscal Year (1)</b>	<b>Salary</b>	<b>Bonus (2)</b>	<b>Stock Awards (3)</b>	<b>Non-Equity Incentive Plan Compensation (4)</b>	<b>All Other Compensation (5)</b>	<b>Total</b>
Daniel P. McGahn <i>President and Chief Executive Officer</i>	2019	\$500,000	—	\$ 978,750	\$ 622,500	\$ 10,258	\$2,111,508
	2018	500,000	1,000,000	974,700	411,000	9,958	2,895,758
	2017	500,000	—	756,000	134,000	9,958	1,399,958
John W. Kosiba <i>Senior Vice President, Chief Financial Officer and Treasurer (6)</i>	2019	300,000	—	356,265	186,750	10,430	853,445
	2018	250,000	—	803,480	132,250	9,323	1,195,053
	2017	250,000	—	241,920	33,500	9,323	534,743

(1) Refers to the fiscal years ended March 31, 2020 (fiscal 2019), March 31, 2019 (fiscal 2018) and March 31, 2018 (fiscal 2017).

(2) Represents a special bonus paid to Mr. McGahn earned in fiscal 2018.

(3) The amounts shown reflect the grant date fair value of awards granted during the applicable fiscal year computed in accordance with FASB ASC Topic 718. A discussion of the assumptions used in calculating the amounts in this column may be found in Note 15 to our audited consolidated financial statements for fiscal 2019 included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, filed with the SEC on June 2, 2020.

(4) The included amounts in this column reflect cash bonuses paid under our executive incentive plans for fiscal 2019, fiscal 2018 and fiscal 2017. See “Compensation Discussion and Analysis — Compensation Mix — Performance-Based Annual Cash Bonuses” above for a description of the plan for fiscal 2019.

(5) All Other Compensation is comprised of the following amounts:

<b>Name</b>	<b>Fiscal Year</b>	<b>Life Insurance Premiums (1)</b>	<b>Defined Contributions for 401(k) Stock Match</b>	<b>Other</b>
Daniel P. McGahn	2019	\$ 2,008	\$ 8,250	\$ —
	2018	2,008	7,950	—
	2017	2,008	7,950	—
John W. Kosiba	2019	1,843	8,587	—
	2018	1,823	7,500	—
	2017	1,823	7500	—

(1) The life insurance premium amounts in the table above reflect premiums paid by us for life insurance for which the named executive officer is the named beneficiary.

(6) Mr. Kosiba has served as our Senior Vice President, Chief Financial Officer and Treasurer since April 4, 2017.

[Table of Contents](#)

**Grants of Plan-Based Awards Table for Fiscal 2019**

The following table contains information concerning potential future payouts under our fiscal 2019 executive incentive plan to the named executive officers. As discussed in “Compensation Discussion and Analysis — Compensation Mix — Long Term Equity Incentives” above, we granted awards of restricted stock to our named executive officers in fiscal 2019.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (10)
		Threshold \$ (2)	Target \$ (3)	Maximum \$ (4)	Threshold # (5)	Target # (6)	Maximum # (7)				
Daniel P. McGahn	6/1/2019	150,000	500,000	1,000,000							
	10/31/2019							50,000(9)		\$391,500	
	10/31/2019				25,000(8)	50,000(8)	75,000(8)			\$587,250	
John W. Kosiba	6/1/2019	45,000	150,000	300,000							
	10/31/2019							26,000(9)		\$203,580	
	10/31/2019				6,500(8)	13,000(8)	19,500(8)			\$152,685	

- (1) Reflects the threshold, target and maximum cash bonus amounts under our executive incentive plan for fiscal 2019. See “Compensation Discussion and Analysis — Compensation Mix — Performance — Based Annual Cash Bonuses” above for a description of this plan. The amounts actually paid to the named executive officers under this plan are shown above in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.
- (2) Reflects the total minimum amount that would have been earned if the minimum targets for all of the annual metrics had been achieved.
- (3) Reflects the total amount that would have been earned if the targeted annual metrics had been achieved.
- (4) Reflects the total maximum amount that would have been earned if the maximum targets for all of the annual metrics had been achieved.
- (5) Reflects the total minimum amount of shares that would have vested if the minimum performance target for the performance target had been achieved.
- (6) Reflects the total amount of shares that would have vested if the targeted performance metric had been achieved.
- (7) Reflects the total maximum amount of shares that would have been earned if the maximum target for the performance metric had been achieved.
- (8) Performance-based stock award which vests upon the attainment of specified cumulative organic Grid revenues and cumulative organic total revenues, each over the three fiscal year period beginning April 1, 2019 and ending March 31, 2022, subject to the executive officer’s continued employment throughout the performance period and until the Board determines whether the performance goals have been attained.
- (9) Restricted stock award vests in equal installments over a 3-year period with the first tranche vesting on October 31, 2020.
- (10) Grant date value represents the FASB ASC Topic 718 value of the restricted stock award as of the grant. A discussion of the assumptions used in calculating the amounts in this column may be found in Note 15 to our audited consolidated financial statements for fiscal 2019 included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, filed with the SEC on June 2, 2020.

[Table of Contents](#)

**Outstanding Equity Awards at Fiscal Year-End Table for Fiscal 2019**

The following table contains information regarding unexercised stock options and unvested restricted stock awards held by our named executive officers as of March 31, 2020.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested (\$) (13)	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested (\$) (13)
Daniel P. McGahn	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	37,500(10)	205,500
	8,999(1)	—	102.50	5/23/2021	—	—	—	—
	12,500(2)	—	40.90	5/9/2022	—	—	—	—
	15,999(3)	—	25.10	7/31/2023	—	—	—	—
	—	—	—	—	37,500(7)	205,500	—	—
	—	—	—	—	67,500(8)	369,900	—	—
	—	—	—	—	50,000(11)	274,000	25,000(12)	137,000
John W. Kosiba	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	12,000(10)	65,760
	999(4)	—	304.90	6/14/2020	—	—	—	—
	449(5)	—	116.30	5/11/2021	—	—	—	—
	1,500(6)	—	46.60	9/26/2021	—	—	—	—
	1,999(2)	—	40.90	5/9/2022	—	—	—	—
	3,200(3)	—	25.10	7/31/2023	—	—	—	—
	—	—	—	—	12,000(7)	65,760	—	—
	—	—	—	—	29,500(8)	161,660	—	—
	—	—	—	—	33,333(9)	182,665	—	—
	—	—	—	—	26,000(11)	142,800	6,500(12)	35,620

(1) These options were granted on May 23, 2011 and were fully vested on May 23, 2014.

(2) These options were granted on May 9, 2012 and were fully vested on May 9, 2015.

(3) These options were granted on July 31, 2013 and were fully vested on July 31, 2016.

(4) These options were granted on June 14, 2010 and were fully vested on June 14, 2013.

(5) These options were granted on May 11, 2011 and were fully vested on May 11, 2014.

(6) These options were granted on September 26, 2011 and were fully vested on September 5, 2014.

(7) These awards were granted on July 27, 2017, vest in equal annual installments over a 3-year period, and will be fully vested on July 27, 2020.

(8) These awards were granted on June 28, 2018, vest in equal annual installments over a 3-year period, and will be fully vested on June 28, 2021.

(9) These awards were granted on November 1, 2018, vest in equal annual installments over a 3-year period, and will be fully vested on November 1, 2021.

(10) These awards were granted on July 27, 2017, and will vest 1/3rd, 1/3rd and 1/3rd upon our company's attainment of three, four and five quarters of positive cash flow from operations, respectively, between July 1, 2017 and March 31, 2020. The number of shares herein reflects 1/3rd of the total number of shares subject to these awards assuming "threshold" performance. On June 2, 2020, our Board certified that our company attained positive cash flow from operations during the following three quarters: (i) the quarter ended September 30, 2018, (ii) the quarter ended December 31, 2018, and (iii) the quarter ended March 31, 2020. As a result, 1/3rd of these awards vested and 2/3rd of these awards were forfeited back to our company on June 2, 2020.

(11) These awards were granted on October 31, 2019, vest in equal installments over a 3-year period, and will be fully vested on October 31, 2022.

## [Table of Contents](#)

- (12) These awards were granted on October 31, 2019, vest upon the attainment of specified cumulative organic Grid revenues and cumulative organic total revenues, each over the three fiscal year period beginning April 1, 2019 and ending March 31, 2022, subject to the named executive officer's continued employment through the Board's determination of performance following the end of the performance period. The number of shares herein reflects the total number of shares subject to these awards assuming "threshold" performance.
- (13) Based on \$5.48 per share, the closing sale price of our common stock on March 31, 2020.

### Option Exercises and Stock Vested Table for Fiscal 2019

The following table contains information concerning the exercise of stock options and vesting of restricted stock awards for each named executive officer during fiscal 2019.

<u>Name</u>	<u>Option Awards</u>		<u>Stock Awards</u>	
	<u>Number of Shares Acquired on Exercise</u>	<u>Value Realized on Exercise</u>	<u>Number of Shares Acquired on Vesting</u>	<u>Value Realized on Vesting (1)</u>
Daniel P. McGahn	—	\$—	71,250	\$643,575
John W. Kosiba	—	\$—	48,417	\$432,719

- (1) Value realized upon vesting is based on the closing sales price of our common stock on the Nasdaq Global Select Market on the vesting date.

### Employment Agreements and Severance Agreements with Executive Officers

We are party to severance agreements with each of our named executive officers. Each severance agreement provides for certain severance benefits from the company to the executive in the event that such executive's employment is terminated:

- By us without "cause" (other than due to death or "disability") in the absence of a "change in control" of the company (as such terms are defined in the severance agreement); or
- By us without cause (other than due to death or disability) or by the executive for "good reason" (as defined in the severance agreement) within 12 months following a change in control of the company; or
- By us without cause (other than due to death or disability) more than 12 months following a change in control of the company (each such termination referenced herein as a "qualifying termination").

These benefits consist primarily of the continuation of the executive's salary and employee benefits for a specified period of time following employment termination. These periods are as follows: Mr. McGahn — 24 months; and Mr. Kosiba — 18 months. In addition, upon termination by us without cause (other than due to death or disability) or by the executive for good reason within 12 months following a change in control of our company, the terminated executive is also entitled to a lump sum payment equal to a prorated portion of his or her target bonus for the year of termination.

The stock options and restricted stock awards we grant to our executive officers provide for full acceleration of vesting upon a change in control of our company.

The following table describes the potential payments and benefits that would be received by the named executive officers pursuant to these severance agreements, assuming that a qualifying termination of employment occurred on March 31, 2020. Actual amounts payable to each executive listed below upon his employment termination can only be determined definitively at the time of an executive's actual termination.

<u>Name</u>	<u>Salary Continuation Payments</u>	<u>Employee Benefits (1)</u>	<u>Prorated Bonus (2)</u>
Daniel P. McGahn	\$ 1,000,000	\$ 49,751	\$ 500,000
John W. Kosiba	\$ 450,000	\$ 37,313	\$ 150,000

## [Table of Contents](#)

- (1) Calculated based on the estimated cost to us of providing these benefits at March 31, 2020.
- (2) Calculated based on prorated amount as of March 31, 2020, which represents 100% of the executive's target bonus for fiscal 2019. Prorated bonus is only paid upon a qualifying termination of employment within 12 months of a change in control of the company.

The following table describes the value to the named executive officers pursuant to the acceleration-of-vesting provisions in his restricted stock and option awards, assuming that a change in control of our company occurred on March 31, 2020. The actual value of such acceleration to each executive listed below can only be determined definitively at the time of an executive's actual termination.

<u>Name</u>	<u>Value of Option Acceleration (1)</u>	<u>Value of Restricted Stock Acceleration (2)</u>
Daniel P. McGahn	\$ —	\$ 1,876,900
John W. Kosiba	\$ —	\$ 856,705

- (1) Represents the number of option shares that would accelerate, multiplied by the excess of \$5.48 per share (the closing sale price of AMSC common stock on March 31, 2020) over the exercise price of the option, if any.
- (2) Represents the number of shares of restricted stock that would accelerate, multiplied by \$5.48 (the closing sale price of AMSC common stock on March 31, 2020).

### **Pay Ratio Disclosure**

Pursuant to Section 953(b) of the Dodd-Frank Act and Item 402(u) of Regulation S-K, we are required to disclose the ratio of our principal executive officer to the annual total compensation of our median employee. During fiscal 2019, the principal executive officer of AMSC was our chairman of the Board, president and chief executive officer, Mr. Daniel P. McGahn. For fiscal 2019, the annual total compensation of Mr. McGahn, for purposes of this pay ratio disclosure, was \$2,111,508, and for our median employee was \$71,432, resulting in a pay ratio of approximately 30:1.

Pursuant to Item 402(u), for fiscal 2019 we are disclosing the compensation of the same median employee as disclosed for fiscal 2018, as there have been no material changes in our employee population or employee compensation arrangements that we believe would result in a significant change to the pay ratio. There also were no material changes to this employee's employment or compensation that would significantly impact the pay ratio.

For fiscal 2018 we identified the median employee as of February 28, 2019 by (i) aggregating for each applicable employee (A) annual base salary for salaried employees (or hourly rate multiplied by actual hours worked, for hourly employees), in each case, annualized with respect to newly hired permanent employees, and (B) target incentive compensation, and (ii) ranking this compensation measure for our employees from lowest to highest. This calculation was performed for all employees of AMSC, excluding Mr. McGahn, as of February 28, 2019. When calculating the total compensation in accordance with Item 402(c)(2)(x) of Regulation S-K for the median employee identified as a result of this process, we determined that the median employee received significant overtime pay during fiscal 2018, which would have a significant impact on our pay ratio. Therefore, we substituted another employee with substantially similar compensation to the original median employee based on the compensation measure used to select the median employee as described above.

After identifying the median employee (as described above), we calculated the annual total compensation for fiscal 2019 for such employee using the same methodology we used for our named executive officers as set forth in the "Fiscal 2019 Summary Compensation Table" earlier in this section. Compensation paid in non-U.S. currency was converted to U.S. dollars based on the average annual exchange rate.

## [Table of Contents](#)

We consider the pay ratio reported above to be a reasonable estimate, calculated in a manner intended to be consistent with Item 402(u) of Regulation S-K based on our internal records and the methodology described above. Item 402(u) of Regulation S-K allows companies to adopt a variety of methodologies, apply certain exclusions, and make reasonable estimates and assumptions that reflect their employee populations and compensation practices. Therefore, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies have different employee populations and compensation practices and may utilize different methodologies, exclusions, estimates, and assumptions in calculating their own pay ratios.

### Director Compensation

Our Compensation Committee is responsible for reviewing and making recommendations to our Board with respect to the compensation paid to our non-employee directors.

For fiscal 2019, non-employee directors received cash compensation as follows:

- Each non-employee director received \$35,000 as an annual cash retainer and no per meeting fee;
- The non-employee Lead Director received an additional annual cash retainer of \$12,000;
- The chairman of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee received an additional annual cash retainer of \$20,000, \$15,000 and \$10,000, respectively; and
- The members of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee (other than the chairmen of such committees) received an additional annual cash retainer of \$12,000, \$9,000 and \$6,000, respectively.

In addition to cash compensation, each non-employee director is granted an award of shares of common stock under the 2007 Director Plan with an aggregate grant date value equal to \$40,000 three business days following the last day of each fiscal year, subject to proration for any partial fiscal year of service. Further, each non-employee director is granted an option to purchase shares of common stock under the 2007 Director Plan with an aggregate grant date value equal to \$40,000 upon his or her initial election to the Board with an exercise price equal to the fair market value of our common stock on the date of the grant. These options vest in equal annual installments over a two-year period.

Each option granted under the 2007 Director Plan becomes exercisable in full in the event of an acquisition of the company. The term of each option granted under the 2007 Director Plan is 10 years, provided that, in general, an option may be exercised only while the director continues to serve as a director or within 60 days thereafter.

The compensation packages for directors are intended to attract and retain high-quality individuals to provide oversight to our management team. Directors who are employees of the company receive no additional compensation for their service as directors.

<u>Name*</u>	<u>Fees Earned or Paid in Cash</u>	<u>Stock Awards (1)(2)</u>	<u>Option Awards (1) (4)</u>	<u>All Other Compensation</u>	<u>Total</u>
Vikram S. Budhreja	\$62,000	\$40,125	—	—	\$102,125
Arthur H. House	\$64,220	\$40,125	—	—	\$104,345
Barbara G. Littlefield	\$40,027	\$ —	\$38,238	—	\$ 78,265
David R. Oliver, Jr.	\$60,110	\$40,125	—	—	\$100,235
John W. Wood, Jr (3).	\$ 9,643	\$46,170	—	—	\$ 55,813

\* Excludes Mr. McGahn, who has served as our chief executive officer and as a director since June 1, 2011. Mr. McGahn received no compensation for his service as a director in fiscal 2019. Mr. McGahn's compensation as an executive is reported in the Summary Compensation Table included in this proxy statement.

## Table of Contents

- (1) The amounts shown reflect the grant date fair value computed in accordance with FASB ASC Topic 718 of (a) each director's one-time award of 3,152 fully-vested shares of common stock granted in April 2019, (b) Mr. Wood's one-time award of 566 fully-vested shares of common stock granted in May 2019 in connection with his departure from our Board, and (c) Ms. Littlefield's one-time award of an option to purchase 5,939 shares of common stock in May 2019, in each case, pursuant to the 2007 Director Stock Plan. A discussion of the assumptions used in calculating the amounts in this column may be found in Note 15 to our audited consolidated financial statements for fiscal 2019 included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, filed with the SEC on June 2, 2020.
- (2) Based on stock price of \$12.73 on the grant date of April 3, 2019 and \$10.68 on the grant date of May 24, 2019.
- (3) Mr. Wood departed from our Board in May 2019.
- (4) As of March 31, 2020, each non-employee director held options for the following aggregate number of shares of common stock:

<u>Name</u>	<u>Number of Shares</u>
Vikram S. Budhraj	—
Arthur H. House	9,703
Barbara G. Littlefield	5,939
David R. Oliver, Jr.	—
John W. Wood, Jr.	—

### **Securities Authorized for Issuance Under Our Equity Compensation Plans**

The following table provides information about the securities authorized for issuance under our equity compensation plans as of March 31, 2020.

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights (b)</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</u>
Equity compensation plans approved by security holders	140,281(1)	\$49.95	1,561,538(2)

- (1) Excludes shares issuable under our 2000 Employee Stock Purchase Plan in connection with the current offering period which ends on September 30, 2020. Such shares are included in column (c).
- (2) In addition to being available for future issuance upon exercise of options that may be granted after March 31, 2020, 1,249,930 shares available for issuance under our 2007 Stock Incentive Plan may instead be issued in the form of restricted stock, unrestricted stock, stock appreciation rights, performance shares or other equity-based awards. There were also 108,474 shares available under the 2007 Director Plan to be issued in the form of stock options or other stock awards. There were 203,134 shares available under the 2000 Employee Stock Purchase Plan on March 31, 2020.

### **Compensation Committee Interlocks and Insider Participation**

The current members of the Compensation Committee are Mr. Budhraj (Chairman) and Mr. House. No member of the Compensation Committee who served during fiscal 2019 was at any time during fiscal 2019, or formerly, an officer or employee of ours or any subsidiary of ours, nor has any member of the Compensation Committee who served during fiscal 2019 had any relationship with us requiring disclosure under Item 404 of Regulation S-K under the Exchange Act.

---

[Table of Contents](#)

No executive officer of our company has served as a director or member of the Compensation Committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director of AMSC or member of our Compensation Committee.

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed the preceding “Compensation Discussion and Analysis” section with management. Based on that review and discussion, the Compensation Committee has recommended to our Board that the “Compensation Discussion and Analysis” section be included in our proxy statement.

By the Compensation Committee of the Board.

Vikram S. Budhreja, Chairman  
Arthur H. House



## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our Board has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which we are a participant, the amount involved exceeds the lesser of (1) \$120,000, or (2) 1% of the average of the our total assets at fiscal year-end for the last two completed fiscal years, and one of our executive officers, directors, director nominees or 5% stockholders (or their immediate family members), each of whom we refer to as a “related person,” has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a “related person transaction,” the related person must report the proposed related person transaction to our general counsel. The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by the Audit Committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the Audit Committee will review, and, in its discretion, may ratify the related person transaction. The policy also permits the chairman of the Audit Committee to review and, if deemed appropriate, approve proposed related person transactions that arise between committee meetings. If the chairman of the Audit Committee approves the proposed related person transaction, the transaction will be presented to the full Audit Committee at the next meeting of the Audit Committee, and the Audit Committee may, in its discretion, ratify the transaction. Any related person transactions that are ongoing in nature will be reviewed annually.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the Audit Committee after full disclosure of the related person’s interest in the transaction. The Audit Committee will review and consider such information regarding the transaction as it deems appropriate under the circumstances.

The Audit Committee may approve or ratify the transaction only if the Audit Committee determines that, under all of the circumstances, the transaction is in, or is not inconsistent with, our best interests. The Audit Committee may impose any conditions on the related person transaction that it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SEC’s related person transaction disclosure rule, our Board has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of this policy:

- Interests arising solely from the related person’s position as an executive officer of another entity (whether or not the person is also a director of such entity), that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction, and (c) the amount involved in the transaction equals less than the greater of \$200,000 or 5% of the annual gross revenues of the company receiving payment under the transaction; and
- A transaction that is specifically contemplated by provisions of our charter or bylaws.

The policy provides that transactions involving compensation of executive officers shall be reviewed and approved by the Compensation Committee in the manner specified in its charter.

There were no related person transactions during fiscal 2019 or fiscal 2018.

**ELECTION OF DIRECTORS  
(PROPOSAL 1)**

At the Annual Meeting, our stockholders will elect five directors to serve until our next annual meeting of stockholders, and until their respective successors are elected and qualified. The candidates listed below were nominated by the Board based on the recommendation of the Nominating and Corporate Governance Committee. The nominees must be elected by a plurality of the votes cast by the stockholders entitled to vote on the election. This means that the five nominees receiving the most affirmative votes will be elected as directors at the Annual Meeting. Votes withheld and “broker non-votes” will have no effect on the outcome of the election of directors. All of the nominees have indicated their willingness to serve, if elected, but if any of them should be unable to serve or for good cause will not serve, proxies may be voted for a substitute nominee designated by our Board, or the Board may elect to reduce the size of the Board. Information about each nominee is included under “Corporate Governance — Members of the Board” beginning on page 8 of this proxy statement.

**The Board recommends a vote FOR the election of Mr. Budhraj, Mr. House, Ms. Littlefield, Mr. McGahn and Mr. Oliver, as directors.**

## RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (PROPOSAL 2)

The Audit Committee has selected RSM as our independent registered public accounting firm for fiscal 2020, and has directed that we submit this selection for ratification by the stockholders at the Annual Meeting. Although stockholder ratification is not required, the designation of RSM is being submitted for ratification at the Annual Meeting because AMSC believes it is a good corporate governance practice. If this proposal is not approved at the Annual Meeting, the Audit Committee may reconsider its selection of RSM. Even if the selection is ratified, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accountant at any time during the fiscal year if it determines that such a change would be in the best interest of AMSC and its stockholders.

Representatives of RSM are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and will also be available to respond to appropriate questions from stockholders.

Ratification of the selection by the Audit Committee of RSM as our independent registered public accounting firm for the current fiscal year requires the affirmative vote of the holders of a majority of the shares of common stock voting on the matter. Abstentions will have no effect on the outcome of this proposal. Because brokers have discretionary authority to vote on the ratification of the selection of our independent registered public accounting firm, we do not expect any “broker non-votes” in connection with this proposal.

**The Board recommends a vote FOR ratification of the Audit Committee’s selection of RSM as our independent registered public accounting firm for the current fiscal year.**

### Independent Registered Public Accounting Firm’s Fees

The following table summarizes the fees charged by RSM and its affiliates for the services rendered to us with respect to each of the last two fiscal years:

Fee Category	Fiscal Year Ended March 31,	
	2020	2019
Audit Fees (1)	\$682,520	\$675,240
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	<u>\$682,520</u>	<u>\$675,240</u>

- (1) Audit fees consist of fees for the audit of our annual financial statements, the audit of our internal control over financial reporting, the review of the interim financial statements included in our quarterly reports on Form 10-Q, and other professional services provided in connection with statutory and regulatory filings or engagements.

### Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. This policy generally provides that we will not engage our registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by the Audit Committee or the engagement is entered into pursuant to one of the pre-approval procedures described below. All services provided to us by RSM and its affiliates in each of fiscal 2019 and fiscal 2018 were approved in accordance with this policy.

From time to time, the Audit Committee may pre-approve specified types of services that are expected to be provided to us by our registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also generally subject to a maximum dollar amount.

---

[Table of Contents](#)

The Audit Committee has also delegated to the chairman of the Audit Committee the authority to approve any audit or non-audit services to be provided to us by our registered public accounting firm. Any approval of services by a member of the Audit Committee pursuant to this delegated authority is reported on at the next meeting of the Audit Committee.

**ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS  
(PROPOSAL 3)**

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in July 2010, or the Dodd-Frank Act and Rule 14a-21 under the Exchange Act, our stockholders are entitled to vote at the Annual Meeting to approve the compensation of our named executive officers, as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K under the Securities Act of 1933, as amended, and the Exchange Act. Pursuant to the Dodd-Frank Act, the stockholder vote on executive compensation is an advisory vote only, and it is not binding on our company or the Board. The Company has determined to hold an advisory (non-binding) vote on executive compensation triennially. Accordingly, the next advisory vote on executive compensation will occur at the 2023 Annual Meeting of Stockholders.

Although the vote is non-binding, the Compensation Committee and the Board value the opinions of our stockholders and will consider the outcome of the vote when making future compensation decisions. The Compensation Committee and the Board value constructive dialogue on executive compensation with the Company's stockholders and encourage all stockholders to vote their shares on this important matter. This proposal, commonly known as a "say-on-pay" proposal, is not intended to address any specific item of compensation, but rather gives our stockholders an opportunity to endorse or not endorse our executive officer pay program and policies through the following resolution:

"RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed pursuant to Item 402 of Regulation S-K in the company's definitive proxy statement for the 2020 Annual Meeting of Stockholders."

As described more fully in the Compensation Discussion and Analysis section of this proxy statement, we believe that our executive compensation program is reasonable, competitive and strongly focused on pay for performance principles. Our executive compensation program is designed to attract and retain executive officers who contribute to our long-term success, align compensation with short- and long-term business objectives, and incentivize the executive officers to provide superior performance that will build long-term stockholder value. The program contains elements of performance-based cash and equity-based compensation. Our executive pay philosophy is predicated on our view that a significant portion of compensation should be "at risk" and directly linked to our overall performance, thereby supporting the alignment of the interests of our named executive officers with the interests of our stockholders. We believe our compensation program has been successful in achieving its goals while, at the same time, not encouraging excessive risk taking by management.

The affirmative vote of the holders of a majority of shares of common stock voting on the matter is required to approve the advisory resolution on the compensation of our named executive officers described in this proposal 3. Abstentions and "broker non-votes" will have no effect on the outcome of the proposal. The results of this vote are advisory in nature and are not binding on the Board.

**The Board unanimously recommends a vote FOR the advisory vote to approve the compensation of our named executive officers.**

## OTHER MATTERS

### Solicitation of Proxies

We will bear the costs of soliciting proxies. In addition to solicitations by mail, our directors, officers and employees may, without additional pay, solicit proxies by telephone, facsimile, e-mail and personal interviews. We will also request brokerage houses, custodians, nominees and fiduciaries to forward copies of the proxy materials to the persons for whom they hold shares and request instructions for voting the proxies. We will reimburse the brokerage houses and other persons for their reasonable expenses in connection with this distribution.

### Stockholder Proposals for 2021 Annual Meeting

#### *Stockholder Proposals Included in Proxy Statement*

To be considered for inclusion in the proxy statement relating to our 2021 Annual Meeting pursuant to Rule 14a-8, stockholder proposals must be received by our Corporate Secretary at our principal executive offices no later than February 19, 2021, which is 120 calendar days before the anniversary of the date our proxy statement was released to stockholders in connection with this year's Annual Meeting. If the date of next year's annual meeting is changed by more than 30 days from the anniversary date of this year's Annual Meeting on July 31, then the deadline is a reasonable time before we begin to print and mail proxy materials. Upon receipt of any such proposal, we will determine whether or not to include such proposal in the proxy statement and proxy in accordance with SEC regulations governing the solicitation of proxies.

#### *Stockholder Proposals Not Included in Proxy Statement*

We must receive other proposals of stockholders (including director nominations) intended to be presented at the 2021 Annual Meeting, but not included in our proxy statement, by May 2, 2021, but not before April 2, 2021, which is not less than 90 days nor more than 120 days prior to the anniversary date of this year's Annual Meeting. However, in the event the 2021 Annual Meeting is scheduled to be held on a date before July 11, 2021 or after September 29, 2021, which is 20 days before or 60 days after the anniversary date of this year's Annual Meeting, then your notice may be received by us at our principal executive office not earlier than the 120th day prior to the 2021 Annual Meeting and not later than the close of business on the later of (1) the 90th day before the scheduled date of such annual meeting or (2) the 10th day after the day on which we first make a public announcement of the date of such annual meeting. Any proposals we do not receive in accordance with the above standards will not be voted on at the 2021 Annual Meeting.

Each stockholder's notice for a proposal must be timely given to our Corporate Secretary at our corporate headquarters located at 114 East Main Street, Ayer, MA 01432. Each notice is required to set forth as to each matter proposed to be brought before an annual meeting certain information and must meet other requirements specified in our bylaws, as determined by us, including (1) a brief description of the business the stockholder desires to bring before the meeting and the reasons for conducting such business at the meeting, (2) the name and address, as they appear on our stock transfer books, of the stockholder proposing such business, (3) the number of shares of our common stock beneficially owned by the stockholder making the proposal, (4) a description of all arrangements or understandings between such stockholder and any other persons in connection with the proposal and any material interest of the stockholder in such business, (5) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting and (6) a representation whether the stockholder intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of our outstanding capital stock required to approve or adopt the proposal or otherwise to solicit proxies from stockholders in support of such proposal.

For director nominations, a stockholder's notice to our Corporate Secretary must set forth information specified in our bylaws, as to each person proposed to be nominated, including (1) the name, age, business address and, if known, residence address of such person, (2) the principal occupation or employment of such person, (3) the number of shares of our common stock which are beneficially owned by such person on the date of such stockholder notice, (4) the consent of each nominee to serve as a director if elected and (5) any other

## [Table of Contents](#)

information concerning such person that must be disclosed as to nominees in proxy solicitations pursuant to the rules of the SEC. The notice must also set forth as to the stockholder giving the notice (1) the name and address, as they appear on our transfer books, of such stockholder and of any beneficial owners of our capital stock registered in such stockholder's name and the name and address of other stockholders known by such stockholder to be supporting such nominee(s), (2) the number of shares of our common stock held of record, beneficially owned or represented by proxy by such stockholder, (3) a description of all arrangements or understandings between such stockholder and any other persons in connection with the nomination, (4) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to nominate the person(s) named in its notice and (5) a representation whether the stockholder intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of our outstanding capital stock required to elect the nominee or otherwise to solicit proxies from stockholders in support of such nomination.

### **Important Notice Regarding Delivery of Security Holder Documents**

We have adopted the cost saving practice of "householding" proxy statements, annual reports and Internet Notices. Some banks, brokers and other nominee record holders are also "householding" proxy statements, annual reports, and Internet Notices for their customers. This means that only one copy of our proxy statement, annual report or Internet Notice may have been sent to multiple shareholders in your household unless we have received instructions otherwise. We will promptly deliver a separate copy of any of these documents to you if you write our Investor Relations department at 114 East Main Street, Ayer, Massachusetts 01432 or call (978) 399-8344. If you want to receive separate copies of the annual report, proxy statement or Internet Notice in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above address or phone number.

### **Electronic Delivery of Stockholder Communications**

If you received your Annual Meeting materials by mail, we encourage you to conserve natural resources, as well as significantly reduce our printing and mailing costs, by signing up to receive your stockholder communications via e-mail. To sign up for electronic delivery, visit [www.proxyvote.com](http://www.proxyvote.com). Your electronic delivery enrollment will be effective until you cancel it, which you may do at any time by following the procedures described at the website listed above. If you have questions about electronic delivery, please write our Investor Relations department at 114 East Main Street, Ayer, Massachusetts 01432 or call (978) 399-8344.



AMERICAN SUPERCONDUCTOR CORPORATION  
114 EAST MAIN STREET  
AYER, MA 01432

**VOTE BY INTERNET**

*Before The Meeting* - Go to [www.proxyvote.com](http://www.proxyvote.com)

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 p.m. Eastern Time on July 30, 2020 for shares held directly and by 11:59 p.m. Eastern Time on July 28, 2020 for shares held in a Plan. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

*During The Meeting* - Go to [www.virtualshareholdermeeting.com/AMSC2020](http://www.virtualshareholdermeeting.com/AMSC2020)

You may attend the meeting via the Internet and vote during the meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 p.m. Eastern Time on July 30, 2020 for shares held directly and by 11:59 p.m. Eastern Time on July 28, 2020 for shares held in a Plan. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

D19645-P41459

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

<b>AMERICAN SUPERCONDUCTOR CORPORATION</b>		<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>	To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.	
<b>The Board of Directors recommends you vote FOR the following:</b>						
1. Election of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____		
<b>Nominees:</b>						
01) Vikram S. Budhraj			04) Daniel P. McGahn			
02) Arthur H. House			05) David R. Oliver, Jr.			
03) Barbara G. Littlefield						
<b>The Board of Directors recommends you vote FOR proposals 2 and 3.</b>						
				<b>For</b>	<b>Against</b>	<b>Abstain</b>
2. To ratify the selection by the Audit Committee of the Board of Directors of RSM US LLP as AMSC's independent registered public accounting firm for the current fiscal year.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve, on an advisory basis, the compensation of AMSC's named executive officers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>NOTE:</b> To transact such other business as may properly come before the annual meeting or any continuation, postponement or adjournment thereof.						
Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.						
Signature [PLEASE SIGN WITHIN BOX]		Date		Signature (Joint Owners)	Date	



The Annual Meeting of Stockholders will be held via a completely virtual format through a live audio-only webcast hosted online at [www.virtualshareholdermeeting.com/AMSC2020](http://www.virtualshareholdermeeting.com/AMSC2020) on Friday, July 31, 2020 at 10:30 a.m., Eastern Time.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com)

D19646-P41459

**AMERICAN SUPERCONDUCTOR CORPORATION  
114 East Main Street  
Ayer, Massachusetts 01432**

**Proxy for the Annual Meeting of Stockholders to be held on Friday, July 31, 2020  
This Proxy is Solicited on Behalf of the Board of Directors of the Company**

The undersigned stockholder(s) of American Superconductor Corporation (the "Company"), revoking all prior proxies, hereby appoint(s) Daniel P. McGahn, John W. Kosiba, Jr. and John R. Samia, and each of them, with full power of substitution, as proxies to represent and vote, as designated herein, all shares of common stock of the Company which the undersigned would be entitled to vote if virtually present at the Annual Meeting of Stockholders of the Company to be held virtually via live webcast at [www.virtualshareholdermeeting.com/AMSC2020](http://www.virtualshareholdermeeting.com/AMSC2020), on Friday, July 31, 2020, at 10:30 a.m., Eastern Time, or at any continuation, postponement or adjournment thereof (the "Meeting").

**This proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder(s). If no direction is given, this proxy will be voted FOR the election of all nominees for director and FOR proposals 2 and 3. Attendance of the undersigned at the Meeting will not be deemed to revoke this proxy unless the undersigned shall revoke this proxy in writing or shall deliver a subsequently dated proxy to the Secretary of the Company or shall vote electronically at the Meeting.**

The proxies, in their discretion, are further authorized to vote (i) for the election of any person to the Board of Directors if any nominee named herein becomes unable to serve or for good cause will not serve, (ii) on any matter that the Board of Directors did not know would be presented at the Meeting by a reasonable time before the proxy solicitation was made, and (iii) on any other matters that may properly come before the Meeting or any continuations, adjournments or postponements thereof.

Continued and to be signed on reverse side