
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported):
February 4, 2014**

American Superconductor Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-19672
(Commission
File Number)

04-2959321
(IRS Employer
Identification No.)

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

01434
(Zip Code)

Registrant's telephone number, including area code (978) 842-3000

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On February 6, 2014, American Superconductor Corporation (the “Company”) announced its financial results for the third quarter ended December 31, 2013 of the Company’s fiscal year 2013. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02 of this Current Report on Form 8-K (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 8.01 Other Events.

On February 4, 2014, the Company entered into a Stipulation and Agreement of Settlement (the “Stipulation”) to settle the previously disclosed stockholder derivative actions *In re American Superconductor Corporation Derivative Litigation*, Docket No. 1:11-cv-10784-WGY, filed in the United States District Court for the District of Massachusetts (the “Court”), *In re American Superconductor Corporation Shareholder Derivative Litigation*, Docket No. 11-1961, filed in Superior Court for the Commonwealth of Massachusetts, and *Krasnoff v. Budhraj*, et al., Docket No. 7171 filed in the Court of Chancery for the State of Delaware (together, the “Derivative Actions”). The Derivative Actions named certain current and former directors and officers of the Company as defendants. The factual allegations in the lawsuits mirrored those in the previously disclosed putative securities class action consolidated complaint, *Lenartz v. American Superconductor Corporation*, et al., Docket No. 1:11-cv-10582-WGY. The claims were for breach of fiduciary duty, abuse of control, gross mismanagement, unjust enrichment and corporate waste. The current and former directors and officers named as individual defendants have denied expressly and continue to deny each and all of the claims and contentions alleged against them, and neither the individual defendants nor the Company have admitted any fault, wrongdoing or concession of liability in connection with the terms of the Stipulation. The Stipulation will be filed with the Court within five business days of February 4, 2014.

The Stipulation provides for, among other things, (a) a release of all claims relating to the Derivative Actions for the Company, the individual defendants, who are all current or former officers and directors of the Company, and the plaintiffs; (b) a requirement that the Company pay to plaintiffs’ counsel \$475,000.00 for fees and expenses, which will be fully funded by the Company’s insurers; and (c) certain additions to the Company’s corporate governance policies, many of which have already been implemented.

The Stipulation remains subject to preliminary and final court approval and certain other conditions, including notice to stockholders. At this time, there can be no assurance that the Stipulation will receive the required approvals or that the settlement will become final.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by American Superconductor Corporation on February 6, 2014 (furnished, not “filed,” for purposes of Section 18 of the Exchange Act).

Forward-Looking Statements

Statements in this report that are not strictly historical in nature constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements regarding the Company’s expectation concerning the settlement of the Derivative Actions, preliminary and final court approval of the Stipulation, and the

release of the claims asserted under the Derivative Actions in the Court and the Court of Chancery for the State of Delaware, and other statements containing the words “believes,” “anticipates,” “plans,” “expects,” “will” and similar expressions. Such forward-looking statements represent management’s current expectations and are inherently uncertain. Actual results may differ materially from what management currently expects because of many risks and uncertainties, including the failure to meet the conditions to effect the settlement, that the Stipulation will receive the required court and other approvals or that the Stipulation will become final. These and the important factors discussed in the “Risk Factors” section of the Company’s most recent quarterly or annual report filed with the SEC, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. In addition, any forward-looking statements included in this report represent the Company’s expectations as of the date of this report. While the Company anticipates that subsequent events and developments may cause the Company’s views to change, the Company specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the Company’s views as of any date subsequent to the date of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN SUPERCONDUCTOR CORPORATION

Date: February 6, 2014

By: /s/ David A. Henry

David A. Henry

Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by American Superconductor Corporation on February 6, 2014 (furnished, not "filed," for purposes of Section 18 of the Exchange Act).



AMSC Reports Fiscal Third Quarter 2013 Financial Results

Devens, MA – February 6, 2014 – AMSC (NASDAQ: AMSC), a global solutions provider serving wind and power grid industry leaders, today reported financial results for its fiscal third quarter ended December 31, 2013.

Revenues for the third quarter of fiscal 2013 were \$20.6 million, compared with \$17.4 million for the same period of fiscal 2012. The year-over-year growth is due to higher revenues in the Company's Wind segment, primarily from customers in India and China. Wind revenue growth was partially offset by lower revenues in the Company's Grid segment due to lower D-VAR® revenues.

AMSC's net loss for the third quarter of fiscal 2013 narrowed to \$8.4 million, or \$0.14 per share, compared with a net loss of \$20.1 million, or \$0.38 per share, for the same period of fiscal 2012.

The Company's non-GAAP net loss for the third quarter of fiscal 2013 was \$5.7 million, or \$0.09 per share, compared with a non-GAAP net loss of \$13.5 million, or \$0.26 per share, for the third quarter of fiscal 2012. Please refer to the financial table below for a reconciliation of GAAP to non-GAAP results.

Cash, cash equivalents, and restricted cash at December 31, 2013 totaled \$41.7 million, compared with \$32.8 million as of September 30, 2013. The sequential increase was driven primarily by financing activities conducted during the quarter, including a new \$10.0 million senior term loan and \$3.3 million in net proceeds after deducting sales commissions and offering expenses from the issuance of approximately 2.4 million shares of common stock at an average sale price of \$1.51 per share under the At-the-Market (ATM) equity financing that was put in place in November 2013.

"I'm pleased with our performance in the third fiscal quarter. We increased revenues and cash, reduced our net loss, operating expenses, and cash burn year-over-year. We are managing our costs and our cash," said Daniel P. McGahn, AMSC President and CEO.

McGahn continued, "The long-term prospects in our key markets are promising, but we continue to anticipate challenges in the near term. Given the strategic cost-cutting measures we have taken over the past year, we have reduced our annualized operating expenses and net loss and we have achieved a slower cash burn. We are focused on achieving positive net cash flows on a quarterly basis. We believe this will occur by the end of fiscal year 2014."

Financial Guidance

For the fourth fiscal quarter ending March 31, 2014, AMSC expects that its revenues will exceed \$16 million and that its net loss will be less than \$16 million, or \$0.24 per share. This forecast excludes any impact from mark-to-market adjustments related to the Company's derivative liability and warrants. AMSC expects that its non-GAAP net loss for its fourth quarter of fiscal 2013 will be less than \$12 million, or \$0.18 per share. AMSC expects to have more than \$38 million in cash, cash equivalents and restricted cash on March 31, 2014. This forecast does not assume any proceeds from the ATM in the fourth fiscal quarter.

press release

Conference Call Reminder

In conjunction with this announcement, AMSC management will host a conference call with investors beginning at 10:00 a.m. Eastern Time today to discuss the Company's results and its business outlook. To listen to the live or archived conference call webcast please visit the "Investors" section of the Company's website at <http://www.amscom/investors>. The live call also can be accessed by dialing 785-830-1923 and using conference ID 8185757.

About AMSC (NASDAQ: AMSC)

AMSC generates the ideas, technologies and solutions that meet the world's demand for smarter, cleaner ... better energy™. Through its Windtec™ Solutions, AMSC provides wind turbine electronic controls and systems, designs and engineering services that reduce the cost of wind energy. Through its Gridtec™ Solutions, AMSC provides the engineering planning services and advanced grid systems that optimize network reliability, efficiency and performance. The Company's solutions are now powering gigawatts of renewable energy globally and are enhancing the performance and reliability of power networks in more than a dozen countries. Founded in 1987, AMSC is headquartered near Boston, Massachusetts with operations in Asia, Australia, Europe and North America. For more information, please visit www.amscom.

AMSC, Windtec, Gridtec, and Smarter, Cleaner ... Better Energy are trademarks or registered trademarks of American Superconductor Corporation. All other brand names, product names, trademarks or service marks belong to their respective holders.

This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Any statements in this release about future expectations, plans, prospects, and our beliefs regarding our long-term prospects in our key markets, our anticipated lower operating expenses and net loss along with a slower cash burn, our beliefs regarding our achievement of our target of positive net cash flows on a quarterly basis by the end of fiscal year 2014, our expectations regarding our future financial results and cash balance and other statements containing the words "believes," "anticipates," "plans," "expects," "will" and similar expressions, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements represent management's current expectations and are inherently uncertain.

There are a number of important factors that could materially impact the value of our common stock or cause actual results to differ materially from those indicated by such forward-looking statements. Such factors include: We have experienced recurring operating losses and recurring negative cash flows from operations which raise substantial doubt about our ability to continue as a going concern. This substantial doubt has resulted in a qualified opinion from our auditors with an explanatory paragraph regarding our ability to continue as a going concern. We believe this opinion may have an adverse effect on our customer and supplier relationships; our success in addressing the wind energy market is dependent on the manufacturers that license our designs; we may not realize all of the sales expected from our backlog of orders and contracts; our business and operations would be adversely impacted in the event of a failure or security breach of our information technology infrastructure; our success is dependent upon attracting and retaining qualified personnel and our inability to do so could significantly damage our business and prospects; we rely upon third-party suppliers for the components and subassemblies of many of our Wind and Grid products, making us vulnerable to supply shortages and price fluctuations, which could harm our business; many of our revenue opportunities are dependent upon subcontractors and other business collaborators; if we fail to implement our business strategy successfully, our financial performance could be harmed; problems with product quality or product performance may cause us to incur warranty expenses and may damage our market reputation and prevent us from achieving increased sales and market share; new regulations related to conflict-free minerals may force us to incur significant additional expenses; our contracts with the U. S. government are subject to audit, modification or termination by the U.S. government and include certain other provisions in favor of the government; the continued funding of such contracts remains subject to annual congressional appropriation which, if not approved, could reduce our revenue and lower or eliminate our profit; we may acquire additional complementary businesses or technologies, which may require us to incur substantial costs for which we may never realize the anticipated benefits; many of our customers outside of the United States are, either directly or indirectly, related to

governmental entities, and we could be adversely affected by violations of the United States Foreign Corrupt Practices Act and similar worldwide anti-bribery laws outside the United States; we have limited experience in marketing and selling our superconductor products and system-level solutions, and our failure to effectively market and sell our products and solutions could lower our revenue and cash flow; we have experienced recurring losses from operations and negative operating cash flow; these factors raise substantial doubt regarding our ability to continue as a going concern; we have a history of operating losses, and we may incur additional losses in the future; our operating results may fluctuate significantly from quarter to quarter and may fall below expectations in any particular fiscal quarter; we may require additional funding in the future and may be unable to raise capital when needed; our debt obligations include certain covenants and other events of default; Should we not comply with the covenants or incur an event of default, we may be required to repay our debt obligations in cash, which could have an adverse effect on our liquidity; if we fail to maintain proper and effective internal controls over financial reporting, our ability to produce accurate and timely financial statements could be impaired and may lead investors and other users to lose confidence in our financial data; we may be required to issue performance bonds or provide letters of credit, which restricts our ability to access any cash used as collateral for the bonds or letters of credit; changes in exchange rates could adversely affect our results from operations; growth of the wind energy market depends largely on the availability and size of government subsidies and economic incentives; we depend on sales to customers in China and India, and global conditions could negatively affect our operating results or limit our ability to expand our operations outside of these countries; changes in China's or India's political, social, regulatory and economic environment may affect our financial performance; our products face intense competition, which could limit our ability to acquire or retain customers; our international operations are subject to risks that we do not face in the United States, which could have an adverse effect on our operating results; adverse changes in domestic and global economic conditions could adversely affect our operating results; we may be unable to adequately prevent disclosure of trade secrets and other proprietary information; our patents may not provide meaningful protection for our technology, which could result in us losing some or all of our market position; the commercial uses of superconductor products are limited today, and a widespread commercial market for our products may not develop; there are a number of technological challenges that must be successfully addressed before our superconductor products can gain widespread commercial acceptance, and our inability to address such technological challenges could adversely affect our ability to acquire customers for our products; we have not manufactured our Amperium wire in commercial quantities, and a failure to manufacture our Amperium wire in commercial quantities at acceptable cost and quality levels would substantially limit our future revenue and profit potential; third parties have or may acquire patents that cover the materials, processes and technologies we use or may use in the future to manufacture our Amperium products, and our success depends on our ability to license such patents or other proprietary rights; our technology and products could infringe intellectual property rights of others, which may require costly litigation and, if we are not successful, could cause us to pay substantial damages and disrupt our business; we have filed a demand for arbitration and other lawsuits against our former largest customer, Sinovel, regarding amounts we contend are overdue. We cannot be certain as to the outcome of these proceedings; we have been named as a party to purported stockholder class actions and stockholder derivative complaints, and we may be named in additional litigation, all of which will require significant management time and attention, result in significant legal expenses and may result in an unfavorable outcome, which could have a material adverse effect on our business, operating results and financial condition; our 7% convertible note contains warrants and provisions that could limit our ability to repay the note in shares of common stock and should the note be repaid in stock, shareholders could experience significant dilution; our common stock has experienced, and may continue to experience, significant market price and volume fluctuations, which may prevent our stockholders from selling our common stock at a profit and could lead to costly litigation against us that could divert our management's attention. These and the important factors discussed under the caption "Risk Factors" in Part 1. Item 1A of our Form 10-K for the fiscal year ended March 31, 2013, and our other reports filed with the SEC, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. Any such forward-looking statements represent management's estimates as of the date of this press release. 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 press release.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Revenues				
Wind	\$13,545	\$ 6,808	\$ 42,937	\$ 35,321
Grid	7,018	10,609	24,893	31,679
Total Revenues	20,563	17,417	67,830	67,000
Cost of revenues	15,863	16,533	56,461	53,843
Gross profit	4,700	884	11,369	13,157
Operating expenses:				
Research and development	2,951	3,948	9,061	11,480
Selling, general and administrative	8,232	10,769	27,741	36,304
Restructuring and impairments	108	6,702	872	6,845
Amortization of acquisition related intangibles	84	81	247	242
Total operating expenses	11,375	21,500	37,921	54,871
Operating loss	(6,675)	(20,616)	(26,552)	(41,714)
Change in fair value of derivatives and warrants	535	5,217	1,890	6,114
Interest expense, net	(1,634)	(4,553)	(7,250)	(10,191)
Other expense, net	(341)	(109)	(908)	(1,252)
Loss before income tax expense	(8,115)	(20,061)	(32,820)	(47,043)
Income tax (benefit) expense	302	74	733	(683)
Net loss	\$ (8,417)	\$ (20,135)	\$ (33,553)	\$ (46,360)
Net loss per common share				
Basic	\$ (0.14)	\$ (0.38)	\$ (0.55)	\$ (0.89)
Diluted	\$ (0.14)	\$ (0.38)	\$ (0.55)	\$ (0.89)
Weighted average number of common shares outstanding				
Basic	62,309	52,792	60,578	51,966
Diluted	62,309	52,792	60,578	51,966

UNAUDITED CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2013	March 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 35,394	\$ 39,243
Accounts receivable, net	8,525	18,864
Inventory	25,167	33,473
Prepaid expenses and other current assets	19,538	22,469
Restricted cash	1,405	6,136
Total current assets	90,029	120,185
Property, plant and equipment, net	67,163	74,626
Intangibles, net	2,147	2,749
Restricted cash	4,901	4,820
Deferred tax assets	5,421	5,354
Other assets	8,710	9,020
Total assets	<u>\$ 178,371</u>	<u>\$ 216,754</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 23,503	\$ 30,138
Note payable, current portion, net of discount of \$677 as of December 31, 2013 and \$458 as of March 31, 2013	6,272	4,158
Current portion of convertible note, net of discount of \$1,287 as of December 31, 2013 and \$4,289 as of March 31, 2013	9,125	4,610
Derivative liability	2,587	4,162
Adverse purchase commitments	429	1,440
Deferred revenue	10,023	29,805
Deferred tax liabilities	5,440	5,444
Total current liabilities	57,379	79,757
Note Payable, net of current portion and discount of \$384 as of December 31, 2013 and \$95 as of March 31, 2013	7,283	3,367
Convertible note, net of discount of \$600 as of March 31, 2013	—	5,881
Deferred revenue	1,318	1,340
Other liabilities	1,179	1,291
Total liabilities	67,159	91,636
Stockholders' equity:		
Common stock	673	603
Additional paid-in capital	942,466	923,847
Treasury stock	(370)	(313)
Accumulated other comprehensive loss	2,127	1,112
Accumulated deficit	(833,684)	(800,131)
Total stockholders' equity	111,212	125,118
Total liabilities and stockholders' equity	<u>\$ 178,371</u>	<u>\$ 216,754</u>

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine months ended December 31,	
	2013	2012
Cash flows from operating activities:		
Net loss	\$ (33,553)	\$ (46,360)
Adjustments to reconcile net (loss) income to net cash (used in) provided by operations:		
Depreciation and amortization	8,052	10,143
Stock-based compensation expense	7,328	5,968
Restructuring charges, net of payments	167	261
Impairment of long-lived and intangible assets	—	4,507
Provision for excess and obsolete inventory	287	957
Adverse purchase commitment recoveries, net	—	(8,428)
Loss on minority interest investments	789	1,914
Change in fair value of derivatives and warrants	(1,890)	(6,114)
Non-cash interest expense	5,902	8,404
Other non-cash items	1,181	1,790
Changes in operating asset and liability accounts:		
Accounts receivable	10,414	6,085
Inventory	8,682	(8,173)
Prepaid expenses and other current assets	3,462	4,699
Accounts payable and accrued expenses	(8,612)	(20,330)
Deferred revenue	(20,575)	3,986
Net cash used in operating activities	<u>(18,366)</u>	<u>(40,691)</u>
Cash flows from investing activities:		
Net cash provided by investing activities	<u>4,398</u>	<u>4,691</u>
Cash flows from financing activities:		
Net cash provided by financing activities	<u>9,750</u>	<u>32,262</u>
Effect of exchange rate changes on cash and cash equivalents	<u>369</u>	<u>(84)</u>
Net decrease in cash and cash equivalents	(3,849)	(3,822)
Cash and cash equivalents at beginning of year	39,243	46,279
Cash and cash equivalents at end of period	<u>\$ 35,394</u>	<u>\$ 42,457</u>

RECONCILIATION OF GAAP NET INCOME (LOSS) TO NON-GAAP NET INCOME (LOSS)
(In thousands, except per share data)

	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Net loss	\$ (8,417)	\$ (20,135)	\$ (33,553)	\$ (46,360)
Adverse purchase commitment recoveries, net	—	(119)	—	(8,428)
Stock-based compensation	3,040	1,929	7,328	5,968
Amortization of acquisition-related intangibles	84	81	247	242
Restructuring and impairment charges	108	6,702	872	6,845
Sinovel litigation	—	(12)	(7)	411
Consumption of zero cost-basis inventory	(1,142)	(602)	(3,635)	(1,389)
Change of fair value of derivatives and warrants	(535)	(5,217)	(1,890)	(6,114)
Non-cash interest expense	1,137	3,867	5,902	8,404
Non-GAAP net loss	<u>\$ (5,725)</u>	<u>\$ (13,506)</u>	<u>\$ (24,736)</u>	<u>\$ (40,421)</u>
Non-GAAP loss per share	<u>\$ (0.09)</u>	<u>\$ (0.26)</u>	<u>\$ (0.41)</u>	<u>\$ (0.78)</u>
Weighted average shares outstanding	<u>62,309</u>	<u>52,792</u>	<u>60,578</u>	<u>51,966</u>

RECONCILIATION OF FORECAST GAAP NET LOSS TO NON-GAAP NET LOSS

(In millions, except per share data)

	Three months ending March 31, 2014
Net loss	\$ (16.0)
Amortization of acquisition-related intangibles	0.1
Stock-based compensation	3.5
Non-cash interest expense	1.5
Consumption of zero-cost inventory	(1.1)
Non-GAAP net loss	<u>\$ (12.0)</u>
Non-GAAP net loss per share	<u>\$ (0.18)</u>
Weighted average shares outstanding	<u>68.0</u>

Note: Non-GAAP net loss is defined by the company as net loss before adverse purchase commitments (recoveries) losses, net; stock-based compensation; amortization of acquisition-related intangibles; restructuring and impairment charges; Sinovel litigation costs; consumption of zero cost-basis inventory; non-cash interest expense; change in fair value of derivatives and warrants and other unusual charges; net of any tax effects related to these items. The company believes non-GAAP net loss assists management and investors in comparing the company's performance across reporting periods on a consistent basis by excluding these non-cash or other non-recurring charges that it does not believe are indicative of its core operating performance. The company also regards non-GAAP net loss as a useful measure of operating performance and cash flow to

complement operating loss, net loss and other GAAP financial performance measures. In addition, the company uses non-GAAP net loss as a factor in evaluating management's performance when determining incentive compensation and to evaluate the effectiveness of its business strategies.

Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP measures included in this release, however, should be considered in addition to, and not as a substitute for or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP. A reconciliation of non-GAAP to GAAP net loss is set forth in the table above.

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