STOKELY JOHN E
Form 4
December 21, 2012

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
STOKELY JOHN E

(Last) (First) (Middle)

12112 COUNTRY HILLS CT

(Street)

GLEN ALLEN, VA 23059

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
POOL CORP [POOL]

3. Date of Earliest Transaction (Month/Day/Year)
12/20/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/20/2012		S		28,688	D	$ 41.2161	25,216	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STOKELY JOHN E 12112 COUNTRY HILLS CT GLEN ALLEN, VA 23059	X			

Signatures

By: Craig Hubbard For: John E. Stokely	12/21/2012
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. :1%;">

Year ended March 31,

2018

2017

2016
Net loss
$
(32,776
)

$
(27,373

)

$
(23,139
)
Gain on sale of interest in minority investments
(1,167
)

(325
)

(2,919
)
Stock-based compensation
2,692

2,892

3,248

Amortization of acquisition-related intangibles
183

157

157

Impairment charges
—

—

779

Consumption of zero cost-basis inventory
(734
)

(1,373
)

(4,960
)
Change in fair value of derivatives and warrants

(635
)

(1,304
)

228

Non-cash interest expense
19

156

359

Tax effect of adjustments
177

220

—

Non-GAAP net loss
(32,241
)

(26,950
)

(26,247
)

Non-GAAP net loss per share
$
(1.70
)

$
(1.95
)

$

(1.99
)
Weighted average shares outstanding - basic and diluted
18,967

13,804

13,178

We incurred non-GAAP net losses of $32.2 million, or $1.70 per share, for fiscal 2017, compared to $27.0 million, or $1.95 per share, for fiscal 2016, and $26.2 million, or $1.99 per share, for fiscal 2015. The increase in non-GAAP net loss in fiscal 2017 over 2016 was driven primarily by an increase in net loss, as previously discussed, and an adjustment related to the prior sale of our minority investment in Blade Dynamics Limited in fiscal 2015, partially offset by decreased consumption of zero cost basis inventory and the gain resulting from the decreased value of the warrants and contingent consideration related to the ITC acquisition in fiscal 2017.

Liquidity and Capital Resources

We have experienced recurring operating losses and as of March 31, 2018 had an accumulated deficit of $988.3 million. In addition, we have experienced recurring negative operating cash flows and our Wind segment revenues decreased substantially in the year ended March 31, 2018 compared to the prior year period due to decreased demand from Inox. We cannot predict if and when this demand dislocation will be resolved and to the extent resolved, how successful Inox will be under the new central and state auction regime. From April 1, 2011 through the date of this filing, we have reduced our global workforce substantially, including an 8% reduction in force, primarily affecting employees in our Massachusetts facility, effective April 4, 2017. We incurred restructuring charges of $1.5 million in cash severance expenses in the fiscal year ended March 31, 2018 in connection with the workforce reduction. We are currently moving our manufacturing and administrative operations from our facility in Devens, Massachusetts to a nearby, smaller-scale leased building in Ayer, Massachusetts, which is anticipated to reduce operating costs.

Our cash requirements depend on numerous factors, including if and when the Inox demand dislocation is resolved, whether Inox is successful under the new central and state auction regime, the successful completion of our product development activities, our ability to commercialize our Resilient Electric Grid (“REG”) and ship protection system solutions, rate of customer and market adoption of our products, collecting receivables according to established terms, and the continued availability of U.S. government funding during the product development phase of our Superconductors-based products.

38

At March 31, 2018, we had cash, cash equivalents, and restricted cash of $34.2 million, compared to $27.7 million at March 31, 2017, an increase of $6.5 million. Our cash and cash equivalents, and restricted cash are summarized as follows (in thousands):

	March 31, 2018	March 31, 2017
Cash and cash equivalents	$ 34,084	$ 26,784
Restricted cash	165	960
Total cash, cash equivalents, and restricted cash	$ 34,249	$ 27,744

As of March 31, 2018, we had approximately $1.4 million of cash, cash equivalents, and restricted cash in foreign bank accounts, with a majority of this cash located in Europe. The increase in total cash and cash equivalents, and restricted cash was due primarily to the equity offering in May 2017 and the sale of the Devens property in March 2018 offset by cash used in operating activities. See further discussion below.

Net cash used in operating activities was $24.8 million, $11.2 million and $4.6 million in fiscal 2017, 2016 and 2015, respectively. The increase in net cash used in operations in fiscal 2017 compared to fiscal 2016 was due primarily to an increased operating loss, and less cash collections from Inox, partially offset by usage of inventory. The increase in fiscal 2016 compared to fiscal 2015 was primarily due to non-recurring payments for customer deposits and licenses in fiscal 2015 and higher net loss for the reasons discussed above.

Net cash provided by investing activities was $16.4 million, $0.2 million and $4.9 million in fiscal 2017, 2016 and 2015, respectively. The increase in net cash provided by investing activities in fiscal 2017 compared to fiscal 2016 was due primarily to the sale of the Devens property partially offset by increased purchases of property, plant and equipment related to the Ayer facility, and proceeds received from payments due on our minority investment sales of Blade Dynamics and Tres Amigas from fiscal 2015 as well as releases of restricted cash in the fiscal year ended March 31, 2018. The decrease in net cash provided by investing activities in fiscal 2016 compared to fiscal 2015, was driven primarily by a decrease in restricted cash as well as lower proceeds related to the sale of our minority interests.

Net cash provided by/(used in) financing activities was $15.3 million, ($1.1 million) and $18.2 million in fiscal 2017, 2016 and 2015, respectively. The increase in net cash provided by financing activities in fiscal 2017 compared to fiscal 2016 was primarily due to net proceeds of $17.0 million from the issuance of 4.6 million shares of common stock in May 2017, with no such equity offering in the prior year period. See the discussion regarding the May 2017 equity offering below. The decrease in cash provided by financing activities in fiscal 2016 compared to fiscal 2015 was primarily due to net proceeds of $22.3 million from the issuance of 4.0 million shares of common stock in April 2015, compared to net proceeds of $2.5 million from sales of 379,693 shares of common stock under our At Market Issuance Sales Agreement ("ATM") with FBR Capital Markets & Co., discussed below, during the fiscal quarter ended March 31, 2017.

At March 31, 2018, we had $0.2 million of restricted cash included in current assets and at March 31, 2017, we had $0.8 million, and $0.2 million of restricted cash included in current assets and long-term assets, respectively. These amounts included in restricted cash primarily represent deposits to secure surety bonds and letters of credit for various customer contracts. These deposits are held in interest bearing accounts.

On December 19, 2014, we amended our Loan and Security Agreement (the "Term Loan") with Hercules and entered into a new term loan (the “Term Loan C”), borrowing $1.5 million (our prior $10.0 million term loan with Hercules was repaid in full at maturity on November 1, 2016). After closing fees and expenses, the net proceeds from the Term Loan C were $1.4 million. We made interest only payments on the Term Loan C until maturity on June 1, 2017, when the loan was repaid in its entirety.

In April 2015, we completed an equity offering which raised net proceeds of $22.3 million after deducting underwriting discounts and commissions and offering expenses payable by us from the sale of 4.0 million shares of our common stock at a public offering price of $6.00 per share. On October 6, 2015, 100% of the outstanding common stock of Blade Dynamics was acquired by a subsidiary of General Electric Company. After deducting transaction expenses, we received net proceeds of $2.8 million from the sale, which was recorded as a gain during the year ended March 31, 2016. On March 11, 2016, we sold 100% of our minority investment in Tres Amigas to an investor for $0.6 million. We received $0.3 million according to the terms of the purchase agreement upon closing, which was recorded as a gain during the three months ended March 31, 2016. The final $0.3 million, which was due upon the achievement of certain agreed-upon financing conditions, was received and recorded as a gain during the third quarter of fiscal 2016. On January 27, 2017, we entered into the ATM with FBR Capital Markets & Co. During the three months ended March 31, 2017, we realized net proceeds of $2.5 million from the sale of 379,693 shares of our common

39

stock at an average price of $6.79 per share. No sales of our common stock were made under the ATM after March 31, 2017. On May 4, 2017, we provided to FBR Capital Markets & Co., the sales agent, a notice of termination of the ATM.

On May 5, 2017, we entered into an underwriting agreement relating to the issuance and sale (the "Offering") of up to 4.0 million shares of our common stock at a public offering price of $4.00 per share and granted a 30-day option (the "Option") to the underwriters to purchase up to an additional 600,000 shares of common stock at the public offering price. On May 10, 2017, we completed the Offering, which generated net proceeds to us from the Offering of approximately $14.7 million, after deducting underwriting discounts and commissions and offering expenses payable by us. On May 24, 2017, the underwriters notified us that they had exercised in full their Option to purchase an additional 600,000 shares of common stock in connection with the Offering. The net proceeds to us from the Option were approximately $2.3 million, after deducting underwriting discounts and commissions and offering expenses payable by us. The total net proceeds to us during the three months ended June 30, 2017 from the Offering and the Option were approximately $17.0 million, after deducting underwriting discounts and commissions and offering expenses payable by us. The Company terminated its At Market Issuance Sales Agreement with FBR Capital Markets & Co in conjunction with the Offering.

We believe we have sufficient available liquidity to fund our operations and capital expenditures for the next twelve months. In addition, we may seek to raise additional capital, which could be in the form of loans, convertible debt or equity, to fund our operating requirements and capital expenditures. Our liquidity is highly dependent on our ability to increase revenues including our ability to collect revenues under our agreements with Inox, control our operating costs, and our ability to raise additional capital, if necessary. There can be no assurance that we will be able to raise additional capital on favorable terms or at all, or execute on any other means of improving our liquidity as described above.

Legal Proceedings

We are involved in legal and administrative proceedings and claims of various types. See Part II, Item 1, “Legal Proceedings,” for additional information. We record a liability in our consolidated financial statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. We review these estimates each accounting period as additional information is known and adjust the loss provision when appropriate. If a matter is both probable to result in liability and the amounts of loss can be reasonably estimated, we estimate and disclose the possible loss or range of loss to the extent necessary to make the consolidated financial statements not misleading. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in our consolidated financial statements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined under SEC rules, such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating transactions that are not required to be reflected on our balance sheet except as discussed below.

We occasionally enter into construction contracts that include a performance bond. As these contracts progress, we continually assess the probability of a payout from the performance bond. Should we determine that such a payout is probable, we would record a liability.

In addition, we have various contractual arrangements, under which we have committed to purchase certain minimum quantities of goods or services on an annual basis.

Contractual Obligations

Contractual obligations represent future cash commitments and liabilities under agreements with third parties. Operating leases include minimum payments under leases for our facilities and certain equipment; see Item 2, “Properties,” for more information. Purchase commitments represent enforceable and legally binding agreements with suppliers to purchase goods or services. As of March 31, 2018, we are committed to make the following payments under contractual obligations (in thousands):

40

	Payments Due by Period				
	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
Non-cancellable purchase commitments	$7,209	$6,866	$343	$ —	$ —
Operating leases (rent)	3,745	1,169	1,714	862	—
Operating leases (other)	51	28	23	—	—
Total contractual obligations	$11,005	$8,063	$2,080	$ 862	$ —

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board (IASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The guidance substantially converges final standards on revenue recognition between the FASB and IASB providing a framework on addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. generally accepted accounting principles. The FASB has subsequently issued the following amendments to ASU 2014-09 which are all effective for annual reporting periods beginning after December 15, 2017.

•In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations, which clarifies the implementation guidance on principal versus agent considerations.

•In April 2016, the FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, which clarifies certain aspects of identifying performance obligations and licensing implementation guidance.

•In May 2016, the FASB issued ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients related to disclosures of remaining performance obligations, as well as other amendments to guidance on collectability, non-cash consideration and the presentation of sales and other similar taxes collected from customers.

•In December 2016, the FASB issued ASU No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, which amends certain narrow aspects of the guidance issued in ASU 2014-09 including guidance related to the disclosure of remaining performance obligations and prior-period performance obligations, as well as other amendments to the guidance on loan guarantee fees, contract costs, refund liabilities, advertising costs and the clarification of certain examples.

As of March 31, 2018, we completed our assessment of the effects of ASU 2014-09 and its amendments on our consolidated financial statements, and have implemented changes to our business processes, systems and controls to support revenue recognition and the related disclosures under this ASU effective with our adoption on April 1, 2018. Our assessment included a detailed review of representative contracts from each of our revenue streams and a comparison of our historical accounting policies and practices to the new standard. We were required to adopt the new standards on April 1, 2018, and elected to adopt retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective transition method) to all existing contracts that have remaining obligations as of April 1, 2018. Accordingly, we have elected to retroactively adjust only those contracts that do not meet the definition of a complete contract at the date of the initial application. This guidance will lead to recognizing certain revenue transactions sooner than in the past on certain contracts, as we will need to estimate the revenue we will be entitled to receive upon contract completion, and later on other contracts such as Consulting and SOW transactions, due to lack of an enforceable right to payment for performance obligations satisfied over time. Our assessment supports the determination that there are no changes in the accounting for our largest revenue stream which includes Inox Wind Ltd. as the primary customer. Across other revenue streams such as

DVAR Equipment and DVAR Turnkey the timing of revenue recognition will be affected for multiple types of contracts, primarily multiple performance obligation contracts in our Grid business unit, but those differences did not have a material impact on our consolidated financial statements. The increase to adjust opening retained earnings will be $0.1 million for the period commencing on April 1, 2018, primarily related to the recognition of the deferred gain on the sale of the 64 Jackson Road building. Additionally, the adoption of this new standard is not expected to have any tax impact on the consolidated financial statements. We did not incur significant information technology costs to modify systems currently in place.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The amendments in ASU 2016-01 enhance the reporting model for

41

financial instruments to provide users of financial statements with more decision-useful information. This ASU is effective for annual reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. We do not expect any significant changes to the consolidated financial statement results with the adoption of ASU 2016-01.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. We are currently evaluating the effects adoption of this guidance will have on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in ASU 2016-13 provide more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The ASU is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that year. We are currently evaluating the impact, if any, the adoption of ASU 2016-13 may have on our consolidated financial statements.

In 2016, the FASB issued the following two ASU's on Statement of Cash Flows (Topic 230). Both amendments are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that year.

•In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The amendments in ASU 2016-15 provide more guidance towards the classification of multiple different types of cash flows in order to reduce the diversity in reporting across entities.

•In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in ASU 2016-18 explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

We do not expect any significant changes to the consolidated financial statement results with the adoption of ASU 2016-15 and ASU 2016-18.

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory. The amendments in ASU 2016-16 improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. The ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that year. We do not anticipate any significant changes to our consolidated financial statements with the adoption of ASU 2016-16.

In January 2017, the FASB issued ASU 2017-01, Business Combinations. The amendments in ASU 2017-01 clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those periods. We adopted ASU 2017-01 effective September 30, 2017, following the acquisition of ITC. We considered these amendments in our decision to record the combination of the entities as an Acquisition. See Note 3, "Acquisitions and Related Goodwill", for further details. These impacts have been included in the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-03, Accounting Changes and Error Corrections (Topic 250) and Investments - Equity Method and Joint Ventures. The amendments in ASU 2017-03 provide additional detail surrounding disclosures required related to adoption of new pronouncements. The ASU is effective for the periods of each related pronouncement. We are currently evaluating the impact the adoption of ASU 2017-03 may have on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The amendments in ASU 2017-04 eliminated the prior requirement to perform procedures to determine the fair value at the impairment testing date of an entity's assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Under the new guidelines an entity should perform its annual, or interim, goodwill impairment test by comparing

42

the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The ASU is effective for annual reporting periods beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. Following the Acquisition of ITC, we performed an analysis and determined that the transaction included a portion of goodwill. We have accounted for that value on our balance sheet as of March 31, 2018. See Note 3, "Acquisitions and Related Goodwill" for further details. We adopted ASU 2017-04 effective September 30, 2017. The Company performed its annual impairment test during the fourth quarter of fiscal 2017 and noted no impairment to Goodwill as of March 31, 2018.

In February 2017, the FASB issued ASU 2017-05, Other Income - Gains and Losses from the Derecognition of Non-financial Assets (Subtopic 610-20). The amendments in ASU 2017-05 clarify the scope of Subtopic 610-20, Other Income-Gains and Losses from the Derecognition of Non-financial Assets, and to add guidance for partial sales of non-financial assets. Subtopic 610-20, which was issued in May 2014 as a part of Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), provides guidance for recognizing gains and losses from the transfer of non-financial assets in contracts with non-customers. We do not expect any significant changes to the consolidated financial statement results with the adoption of ASU 2017-05.

In May 2017, the FASB issued ASU 2017-09, Compensation - Stock Compensation (Subtopic 718) Scope of Modification Accounting. The amendments in ASU 2017-09 provide clarity and reduce both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation-Stock Compensation, to a change to the terms or conditions of a share-based payment award. The ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those periods. We do not expect any significant changes to the consolidated financial statement results with the adoption of ASU 2017-09.

In July 2017, the FASB issued ASU 2017-11, Earnings per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), and Derivatives and Hedging (Topic 815). The amendments in ASU 2017-11 provide guidance for freestanding equity-linked financial instruments, such as warrants and conversion options in convertible debt or preferred stock, and should no longer be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. The ASU is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those periods. We are currently evaluating the impact the adoption of ASU 2017-11 may have on our consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities. The amendments in ASU 2017-12 provide improved financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. In addition, the amendments in this update make certain targeted improvements to simplify the application of the hedge accounting guidance. The ASU is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those periods. We are currently evaluating the impact the adoption of ASU 2017-12 may have on our consolidated financial statements.

We do not believe that other recently issued accounting pronouncements will have a material impact on our financial statements.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ under different assumptions or conditions. Our accounting policies that involve the most significant judgments and estimates are as follows:

- Revenue recognition;
- Accounts receivable;
- Inventory;
- Valuation of long-lived assets;
- Goodwill

- Income taxes;
- Stock-based compensation;
- Contingencies;

43

- Product warranty;
- Debt; and
- Fair value of financial instruments.

Revenue recognition

We recognize revenue for product sales upon customer acceptance, which can occur at the time of delivery, installation, or post-installation, where applicable, provided persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Existing customers are subject to ongoing credit evaluations based on payment history and other factors. If it is determined during the arrangement that collectability is not reasonably assured, revenue is recognized on a cash basis of accounting. Certain of our contracts involve retention amounts which are contingent upon meeting certain performance requirements through the expiration of the contract warranty periods. For contractual arrangements that involve retention, we recognize revenue for these amounts upon the expiration of the warranty period, meeting the performance requirements and when collection of the fee is reasonably assured.

For certain arrangements, such as contracts to perform research and development, prototype development contracts and certain product sales, we record revenues using the percentage-of-completion method, measured by the relationship of costs incurred to total estimated contract costs. Percentage-of-completion revenue recognition accounting is predominantly used on certain turnkey power systems installations for electric utilities and long-term prototype development contracts with the U.S. government. We follow this method since reasonably dependable estimates of the revenues and costs applicable to various stages of a contract can be made. However, the ability to reliably estimate total costs at completion is challenging, especially on long-term prototype development contracts, and could result in future changes in contract estimates. For contracts where reasonably dependable estimates of the revenues and costs cannot be made, we follow the completed-contract method.

We enter into sales arrangements that may provide for multiple deliverables to a customer. Sales of certain products may include extended warranty and support or service packages, and at times include performance bonds. As these contracts progress, we continually assess the probability of a payout from the performance bond. Should we determine that such a payout is likely; we would record a liability. We would reduce revenue to the extent a liability is recorded. In addition, we enter into licensing arrangements that include training services.

Deliverables are separated into more than one unit of accounting when (1) the delivered element(s) have value to the customer on a stand-alone basis, and (2) delivery of the undelivered element(s) is probable and substantially in our control. In general, revenues are separated between the different product shipments which have stand-alone value, and the various services to be provided. Revenue for product shipments is recognized in accordance with our policy for product sales, while revenues for the services are recognized over the period of performance. We identify all goods and/or services that are to be delivered separately under a sales arrangement and allocate revenue to each deliverable based on the element’s fair value as determined by vendor-specific objective evidence (“VSOE”), which is the price charged when that element is sold separately, or third-party evidence (“TPE”). When VSOE and TPE are unavailable, fair value is based on our best estimate of selling price utilizing a cost plus reasonable margin consistent with how we have set pricing historically for similar products and services. When our estimates are used to determine fair value, we make our estimates using reasonable and objective evidence to determine the price. We review VSOE and TPE at least annually. If we conclude we are unable to establish fair values for one or more undelivered elements within a multiple-element arrangement using VSOE, then we use TPE or the best estimate of the selling price for that unit of accounting, being the price at which the vendor would transact if the unit of accounting were sold by the vendor regularly on a standalone basis.

Our license agreements provide either for the payment of contractually determined paid-up front license fees or milestone based payments in consideration for the grant of rights to manufacture and or sell products using our patented technologies or know-how. Some of these agreements provide for the release of the licensee from intellectual property infringements past and future claims. When we can determine that we have no further obligations other than the grant of the license and that we have fully transferred the technology knowhow, we will recognize the revenue. In certain arrangements we may also agree to provide training services to transfer the technology know-how. In other license arrangements we have determined that the licenses have no standalone value to the customer and are not separable from training services as we can only fully transfer the technology know-how through the training component. Accordingly, we account for these arrangements as a single unit of accounting, and recognize revenue over the period of its performance and milestones that have been achieved. Costs for these arrangements are expensed as incurred.

In December 2015, we entered into a set of strategic agreements valued at approximately $210.0 million with Inox, which includes a multi-year supply contract pursuant to which we will supply electric control systems to Inox and a license agreement

44

allowing Inox to manufacture a limited number of electrical control systems. We determined this license has standalone value to the customer and can be separated from the supply contract. The license agreement includes customer acceptance criteria to demonstrate the know-how to manufacture the electrical control systems has been fully transferred. We continue to defer revenue recognition for the allocable portion of the license until this acceptance criteria have been met.

In March 2016, we entered into a set of agreements to jointly develop an advanced low cost manufacturing process for second generation high temperature superconductor wire with BASF. In the joint development, our manufacturing know-how for our Amperium® superconductor wire and BASF's chemical solution deposition production technology are being combined. As part of the agreements, we also entered into a royalty-bearing, non-exclusive license under which we will provide BASF a specified portion of our second generation (2G) high temperature superconductor (HTS) wire manufacturing technology. We determined that the license rights we provide to BASF have standalone value from the ongoing joint development effort. We transferred the license rights to BASF in March 2016, recording $3.0 million of license revenues in the fiscal year ended March 31, 2016 as there were no remaining obligations associated with these rights. Any newly developed intellectual property as a result of the joint development will be owned by BASF. Should this development effort be successful, we have the right to incorporate this new technology into our manufacturing process on a royalty-free basis. BASF has also agreed to make guaranteed annual payments to us through fiscal 2017 and has an option to continue the joint development through fiscal 2018. We are recording revenue for the research and development services we are providing over the term of the arrangement.

Infrequently, we receive requests from customers to hold product being purchased from us for a valid business purpose. We recognize revenue for such arrangements provided the transaction meets, at a minimum, the following criteria: a valid business purpose for the arrangement exists; risk of ownership of the purchased product has been transferred to the buyer; there is a fixed delivery date that is reasonable and consistent with the buyer’s business purpose; the product is ready for shipment; we have no continuing performance obligation in regards to the product and the products have been segregated from our inventories and cannot be used to fill other orders received. For the fiscal year ended March 31, 2018 such transactions in revenue were $3.7 million. There were no such transactions during the fiscal years ended March 31, 2017 or 2016.

We have elected to record taxes collected from customers on a net basis and do not include tax amounts in revenue or costs of revenue.

Customer deposits received in advance of revenue recognition are recorded as deferred revenue until customer acceptance is received. Deferred revenue also represents the amount billed to and/or collected from commercial and government customers on contracts which permit billings to occur in advance of contract performance/revenue recognition.

On April 1, 2018 we adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606). For further discussion regarding the changes and financial impact of adopting Topic 606 see Note 20, Recent Accounting Pronouncements.

Accounts Receivable

Accounts receivable consist of amounts owed by commercial companies and government agencies. Accounts receivable are stated net of allowances for doubtful accounts. Our accounts receivable relate principally to a limited number of customers. As of March 31, 2018, of our total receivable balance, Inox accounted for approximately 32%, and Fuji Bridex Pte Ltd accounted for approximately 17%, with no other customers accounting for greater than 10% of the balance. As of March 31, 2017, Inox accounted for approximately 52%, and SSE plc accounted for approximately 17%, of our total receivable balance, with no other customers accounting for greater than 10% of the balance. Changes in the financial condition or operations of our customers may result in delayed payments or non-payments which would adversely impact our cash flows from operating activities and/or our results of operations. As such, we may require collateral, advanced payment or other security based upon the customer history and/or creditworthiness. In determining the allowance for doubtful accounts, we evaluate the collectability of accounts receivable based primarily on the probability of recoverability based on historical collection and write-off experience, the age of past due receivables, specific customer circumstances, and current economic trends. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowances may be required. Failure to accurately estimate the losses for doubtful accounts and ensure that payments are received on a timely basis could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Inventory

Inventories include material, direct labor and related manufacturing overhead, and are stated at the lower of cost, determined on a first-in, first-out basis, or net realizable value determined on a first-in, first-out basis as the estimated selling prices in the

45

ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.. We record inventory when we take delivery and title to the product according to the terms of each supply contract.
Program costs may be deferred and recorded as inventory on contracts on which costs are incurred in excess of approved contractual amounts and/or funding, if future recovery of the costs is deemed probable.
At each balance sheet date, we evaluate our ending inventories for excess quantities and obsolescence. Inventories that management considers excess or obsolete are reserved. Management considers forecasted demand in relation to the inventory on hand, competitiveness of product offerings, market conditions and product life cycles when determining excess and obsolescence and net realizable value adjustments. Once inventory is written down and a new cost basis is established, it is not written back up if demand increases.
We recorded inventory reserves of $0.4 million, $1.6 million, and $2.7 million during fiscal 2017, 2016, and 2015 respectively, based on evaluating our ending inventories for excess quantities and obsolescence. We recorded an inventory reserve of approximately $63.9 million during fiscal 2010 based on our evaluation of forecasted demand in relation to the inventory on hand and market conditions surrounding our products as a result of the assumption that Sinovel and certain other customers in China would fail to meet their contractual obligations and demand that was previously forecasted would fail to materialize. If, in any period, we are able to sell inventories that were not valued or that had been reserved in a previous period, related revenues would be recorded without any offsetting charge to cost of revenues, resulting in a net benefit to our gross profit in that period. In fiscal 2017, 2016, and 2015, $0.7 million, $1.4 million, and $5.0 million respectively, were recognized as a net benefit to gross profit for inventory previously reserved in fiscal year 2010.
Valuation of long-lived assets
We periodically evaluate our long-lived assets, consisting principally of fixed and amortizable intangible assets for potential impairment. In accordance with the applicable accounting guidance for the treatment of long-lived assets, we review the carrying value of our long-lived assets or asset group that is held and used, including intangible assets subject to amortization, for impairment whenever events and circumstances indicate that the carrying value of the assets may not be recoverable. Under the held and used approach, the asset or asset group to be tested for impairment should represent the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. The determination of our asset groups involves a significant amount of judgment, assumptions and estimates. We evaluate our long-lived assets whenever events or circumstances suggest that the carrying amount of an asset or group of assets may not be recoverable from the estimated undiscounted future cash flows.
Our judgments regarding the existence of impairment indicators are based on market and operational performance. Indicators of potential impairment include:

- a significant change in the manner in which an asset group is used;
- a significant decrease in the market value of an asset group;
- identification of other impaired assets within a reporting unit;
- a significant adverse change in its business or the industry in which it is sold;
- a current period operating cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the asset group; and
- significant advances in our technologies that require changes in our manufacturing process.

On April 3, 2017, the Board of Directors approved a plan to reduce our global workforce by approximately 8%, effective April 4, 2017 primarily in our Massachusetts facility. The Board of Directors also approved a move from our previously owned 355,000 square-foot facility in Devens, Massachusetts to a smaller facility better suited for our 2G wire process and our systems manufacturing. Since the restructuring activities impacted our Superconductor and Corporate assets group, we concluded that there were indicators of potential impairment of our long-lived assets that required further analysis for these assets groups as of March 31, 2017. We conducted assessments of the recoverability of these assets by comparing the carrying value of the assets to the pre-tax undiscounted cash flows estimated to be generated by those assets over their remaining book useful lives. Based on the calculations performed by management, the sum of the undiscounted cash flows forecasted to be generated by certain assets were less than the carrying value of those assets. Therefore, there were indicators that certain of our assets were impaired and we performed additional analysis. An evaluation of the level of impairment was made by comparing the fair value of the definite long-lived tangible and intangible assets of its reporting units against their carrying values.

46

The fair values for the impacted property and equipment were based on what we could reasonably expect to sell each asset for from the perspective of a market participant. The determination of the fair value of our property and equipment includes estimates and judgments regarding marketability and ultimate sales price of individual assets. We utilized market data and approximations from comparable analyses to arrive at the fair value of the impacted property and equipment. The fair values of the amortizable intangible assets related to core technology and trade names were determined using primarily the relief-from-royalty method over the estimated economic lives of these assets from a perspective of a market participant. During the fiscal year ended March 31, 2017, we determined that the long-lived assets for the Superconductor and Corporate asset groups were not impaired as their estimated fair values exceed the carrying values. There were no indicators requiring further impairment testing on our long-lived assets during the fiscal year ended March 31, 2018.

Goodwill

Goodwill represents the excess of cost over net assets of acquired businesses that are consolidated. We perform our annual assessment of goodwill on February 28 each fiscal year and whenever events or changes in circumstances or a triggering event indicate that the carrying amount may not be recoverable. Determining whether a triggering event has occurred often involves significant judgment from management. An entity is permitted to first assess qualitatively whether it is necessary to perform a goodwill impairment test. The quantitative impairment test is required only if the entity concludes that it is more likely than not that a reporting unit's fair value is less than its carrying amount. We determine the fair value of a reporting unit based on an income approach utilizing a discounted cash flow adjusted for entity specific factors. In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, an entity should consider the totality of all relevant events or circumstances that affect the fair value or carrying amount of a reporting unit. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment loss equal to the difference is recorded. See Note 3, "Acquisition and Related Goodwill" for further information and discussion.

We performed our annual assessment of goodwill on February 28, 2018 and noted no triggering events from the analysis date to March 31, 2018 and determined that there was no impairment to goodwill.

Income taxes

Our provision for income taxes is comprised of a current and a deferred portion. The current income tax provision is calculated as the estimated taxes payable or refundable on tax returns for the current year. The deferred income tax provision is calculated for the estimated future tax effects attributable to temporary differences and carryforwards using expected tax rates in effect in the years during which the differences are expected to reverse. All deferred tax assets and liabilities are presented as non-current in the Consolidated Balance Sheet.

We regularly assess our ability to realize our deferred tax assets. Assessments of the realization of deferred tax assets require that management consider all available evidence, both positive and negative, and make significant judgments about many factors, including the amount and likelihood of future taxable income. Based on all the available evidence, we have recorded valuation allowances to reduce our deferred tax assets to the amount that is more likely than not to be realizable due to the taxable losses that have been incurred since our inception and uncertainty around our future profitability.

Accounting for income taxes requires a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if, based on the technical merits, it is more likely than not that the position will be sustained upon audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. We reevaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Any changes in these factors could result in the recognition of a tax benefit or an additional charge to the tax provision. We include interest and penalties related to gross unrecognized tax benefits within the provision for income taxes. See Note 13, "Income Taxes," of our consolidated financial statements for further information regarding our income tax assumptions and expenses.

On December 22, 2017, the Act was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a corporate tax rate decrease from 34% to 21% effective for tax years

beginning after December 31, 2017 and a one-time mandatory deemed repatriation of cumulative foreign earnings.
We have calculated a provisional estimate of the impact of the Act in our year end income tax provision in accordance with our understanding of the Act and guidance available as of the date of this filing. See Note 13, “Income Taxes,” of our consolidated financial statements for the results of this assessment.

Stock-based compensation

47

We measure compensation cost arising from the grant of share-based payments to employees at fair value and recognize such cost over the period during which the employee is required to provide service in exchange for the award, usually the vesting period. Total stock-based compensation expense recognized during the fiscal years ended March 31, 2018, 2017, and 2016 was $2.7 million, $2.9 million, and $3.2 million, respectively. For awards with service conditions only, we recognize compensation cost on a straight-line basis over the requisite service/vesting period. For awards with performance conditions, accruals of compensation cost are made based on the probable outcome of the performance conditions. The cumulative effect of changes in the probability outcomes are recorded in the period in which the changes occur.

Determining the appropriate fair value model and calculating the fair value of share-based payment awards requires the input of highly subjective assumptions, including the expected life of the share-based payment awards and stock price volatility. Management determined that expected volatility rates should be estimated based on historical and implied volatilities of our common stock. The expected term represents the average time that the options that vest are expected to be outstanding based on the vesting provisions and our historical exercise, cancellation and expiration patterns. The assumptions used in calculating the fair value of share-based payment awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if circumstances change and we use different assumptions, our stock-based compensation expense could be materially different in the future. In addition, we are required to estimate an expected forfeiture rate and only recognize expense for those shares expected to vest. If our actual forfeiture rate is materially different from our estimate, the stock-based compensation expense could be significantly different from what we have recorded in the current period. See Note 14, "Stockholders' Equity," of our consolidated financial statements for further information regarding our stock-based compensation assumptions and expenses.

Our adoption of ASU 2016-09 Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting on April 1, 2016 also resulted in the prospective classification of excess tax benefits as cash flows from operating activities in the same manner as other cash flows related to income taxes within the consolidated statements of cash flows. Based on the prospective method of adoption chosen, the classification of excess tax benefits within the consolidated statements of cash flows for prior periods presented has not been adjusted to reflect the change.

Contingencies

From time to time, we are involved in legal and administrative proceedings and claims of various types. We record a liability in our consolidated financial statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. We review these estimates each accounting period as additional information is known and adjust the loss provision when appropriate. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in our consolidated financial statements. If, with respect to a matter, it is not both probable to result in liability and the amount of loss cannot be reasonably estimated, an estimate of possible loss or range of loss shall be disclosed unless such an estimate cannot be made. We do not recognize gain contingencies until they are realized. Legal costs incurred in connection with loss contingencies are expensed as incurred. See Note 15, "Commitments and Contingencies", of our consolidated financial statements for further information.

Product Warranty

Warranty obligations are incurred in connection with the sale of our products. We generally provide a one to three year warranty on our products, commencing upon installation. The costs incurred to provide for these warranty obligations are estimated and recorded as an accrued liability at the time of sale. Future warranty costs are estimated based on historical performance rates and related costs to repair given products. The accounting estimate related to product warranty involves judgment in determining future estimated warranty costs. Should actual performance rates or repair costs differ from estimates, revision to the estimated warranty liability would be required.

Fair Value of Financial Instruments

Our financial instruments consist principally of cash and cash equivalents, accounts receivable, notes receivable, accounts payable, accrued expenses, derivatives, warrants, and the term loans. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses due to their short term nature approximate fair value at March 31, 2018 and 2017. The estimated fair values have been determined through information obtained from market sources and management estimates. Notes receivable fair value has been estimated based on a present value calculation using current market information for a similar term loan with similar terms. We have appropriately valued notes receivable within Level 2 of the valuation hierarchy. The fair value for the debt and warrant arrangements has been estimated by management based on the terms that we believe we could obtain in the current market for debt with the same terms and similar maturities. The warrants are subject to revaluation at each balance sheet date, and any change in fair value will be recorded as a change in fair value in other (expense) income until

48

the earlier of the warrants' exercise or expiration. We rely on assumptions used in a lattice model to determine the fair value of the warrants. We have appropriately valued the warrants within Level 3 of the valuation hierarchy.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We face exposure to financial market risks, including adverse movements in foreign currency exchange rates and changes in interest rates. These exposures may change over time as our business practices evolve and could have a material adverse impact on our financial results.

Cash and cash equivalents

Our exposure to market risk through financial instruments, such as investments in marketable securities, is limited to interest rate risk and is not material. Our investments in marketable securities consist primarily of government-backed securities and commercial paper and are designed, in order of priority, to preserve principal, provide liquidity, and maximize income. Investments are monitored to limit exposure to mortgage-backed securities and similar instruments responsible for the recent turmoil in the credit markets. Interest rates are variable and fluctuate with current market conditions. We do not believe that a 10% change in interest rates would have a material impact on our financial position or results of operations.

Foreign currency exchange risk

The functional currency of each of our foreign subsidiaries is the U.S. dollar, except for AMSC Austria, for which the local currency (Euro) is the functional currency, and AMSC China, for which the local currency (Renminbi) is the functional currency. The assets and liabilities of AMSC Austria and AMSC China are translated into U.S. dollars at the exchange rate in effect at the balance sheet date and income and expense items are translated at average rates for the period. Cumulative translation adjustments are excluded from net income (loss) and shown as a separate component of stockholders' equity.

We face exposure to movements in foreign currency exchange rates whenever we, or any of our subsidiaries, enter into transactions with third parties that are denominated in currencies other than our functional currency. Intercompany transactions between entities that use different functional currencies also expose us to foreign currency risk. Gross margins of products we manufacture in the U.S and sell in currencies other than the U.S. dollar are also affected by foreign currency exchange rate movements. In addition, a portion of our earnings is generated by our foreign subsidiaries, whose functional currencies are other than the U.S. dollar, and our revenues and earnings could be materially impacted by movements in foreign currency exchange rates upon the translation of the earnings of such subsidiaries into the U.S. dollar. If the functional currency for AMSC Austria and AMSC China were to fluctuate by 10% the net effect would be immaterial to our consolidated financial statements.

Foreign currency gains (losses), are included in net loss and were ($2.8) million, $0.1 million and ($2.3) million for the fiscal years ended March 31, 2018, 2017 and 2016, respectively.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
Report of Independent Registered Public Accounting Firm
To the Board of Directors and Stockholders
of American Superconductor Corporation

Opinions on the Financial Statements and Internal Control Over Financial Reporting
We have audited the accompanying consolidated balance sheets of American Superconductor Corporation and its subsidiaries (the Company) as of March 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended March 31, 2018, and the related notes and schedules (collectively, the financial statements). We also have audited the Company’s internal control over financial reporting as of March 31, 2018, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2018, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2018, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

Basis for Opinions
The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those

policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP
We have served as the Company's auditor since 2013.
Boston, Massachusetts
June 6, 2018

51

AMERICAN SUPERCONDUCTOR CORPORATION
PART I — FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 31, 2018	March 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 34,084	$ 26,784
Accounts receivable, net	7,365	7,956
Inventory	19,780	17,462
Note receivable, current portion	3,000	—
Prepaid expenses and other current assets	2,947	2,703
Restricted cash	—	795
Total current assets	67,176	55,700
Property, plant and equipment, net	12,513	43,438
Intangibles, net	3,230	301
Note receivable, long term portion, net of discount of $337K, and net of deferred gain of $105K as of March 31, 2018	2,559	—
Goodwill	1,719	—
Restricted cash	165	165
Deferred tax assets	542	407
Other assets	271	233
Total assets	$ 88,175	$ 100,244
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 12,625	$ 14,490
Note payable, current portion, net of discount of $19 as of March 31, 2017	—	1,481
Derivative liabilities	1,217	1,923
Deferred revenue, current portion	13,483	14,323
Total current liabilities	27,325	32,217
Deferred revenue, long term portion	8,454	7,631
Deferred tax liabilities	110	125
Other liabilities	57	45
Total liabilities	35,946	40,018
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, $0.01 par value, 75,000,000 shares authorized; 21,138,689 and 14,713,839 shares issued at March 31, 2018 and 2017, respectively	211	147
Additional paid-in capital	1,041,113	1,017,510

Treasury stock, at cost, 165,094 and 97,529 shares at March 31, 2018 and 2017, respectively	(1,645)	(1,371)
Accumulated other comprehensive (loss) income	883	(503)
Accumulated deficit	(988,333)	(955,557)
Total stockholders' equity	52,229	60,226
Total liabilities and stockholders' equity	$ 88,175	$ 100,244

The accompanying notes are an integral part of the consolidated financial statements.

52

AMERICAN SUPERCONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Fiscal Year Ended March 31,		
	2018	2017	2016
Revenues	$48,403	$75,195	$96,023
Cost of revenues	44,608	64,352	74,041
Gross profit	3,795	10,843	21,982
Operating expenses:			
Research and development	11,594	12,540	12,303
Selling, general and administrative	22,577	25,688	28,861
Amortization of acquisition related intangibles	183	157	157
Loss on contingent consideration	71	—	—
Restructuring and impairment	1,527	—	779
Total operating expenses	35,952	38,385	42,100
Operating loss	(32,157)	(27,542)	(20,118)
Change in fair value of derivatives and warrants	706	1,304	(228)
Gain on sale of minority interests	1,167	325	3,092
Interest income (expense), net	147	(383)	(1,037)
Other (expense) income, net	(2,800)	65	(2,457)
Loss before income tax expense (benefit)	(32,937)	(26,231)	(20,748)
Income tax (benefit) expense	(161)	1,142	2,391
Net loss	$(32,776)	$(27,373)	$(23,139)
Net loss per common share			
Basic	$(1.73)	$(1.98)	$(1.76)
Diluted	$(1.73)	$(1.98)	$(1.76)
Weighted average number of common shares outstanding			
Basic	18,967	13,804	13,178
Diluted	18,967	13,804	13,178

The accompanying notes are an integral part of the consolidated financial statements.

53

AMERICAN SUPERCONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	Fiscal Year Ended March 31,		
	2018	2017	2016
Net loss	$(32,776)	$(27,373)	$(23,139)
Other comprehensive (loss) gain, net of tax:			
Foreign currency translation (losses) gains	1,386	(1,163)	968
Total other comprehensive (loss) gain, net of tax	1,386	(1,163)	968
Comprehensive loss	$(31,390)	$(28,536)	$(22,171)

The accompanying notes are an integral part of the consolidated financial statements.

54

AMERICAN SUPERCONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY
(In thousands)

	Common Stock Number of Shares	Par Value	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at March 31, 2015	9,624	$ 96	$ 985,921	$ (771)	$ (308)	$ (905,045)	$ 79,893
Issuance of common stock - ESPP	8	—	30	—	—	—	30
Issuance of common stock - restricted shares	409	4	(4)	—	—	—	—
Stock-based compensation expense	—	—	3,248	—	—	—	3,248
Issuance of stock for 401(k) match	66	1	376	—	—	—	377
Issuance of common stock-equity offering	4,000	40	22,242	—	—	—	22,282
Repurchase of treasury stock	—	—	—	(110)	—	—	(110)
Cumulative translation adjustment	—	—	—	—	968	—	968
Net loss	—	—	—	—	—	(23,139)	(23,139)
Balance at March 31, 2016	14,107	$ 141	$ 1,011,813	$ (881)	$ 660	$ (928,184)	$ 83,549
Issuance of common stock - restricted shares	174	2	(2)	—	—	—	—
Stock-based compensation expense	—	—	2,892	—	—	—	2,892
Issuance of stock for 401(k) match	53	—	284	—	—	—	284
Issuance of common stock-equity offering	380	4	2,523	—	—	—	2,527
Repurchase of treasury stock	—	—	—	(490)	—	—	(490)
Cumulative translation adjustment	—	—	—	—	(1,163)	—	(1,163)
Net loss	—	—	—	—	—	(27,373)	(27,373)
Balance at March 31, 2017	14,714	$ 147	$ 1,017,510	$ (1,371)	$ (503)	$ (955,557)	$ 60,226
Issuance of common stock - ESPP	40	—	174	—	—	—	174
Issuance of common stock - restricted shares	819	8	(8)	—	—	—	—
Stock-based compensation expense	—	—	2,692	—	—	—	2,692
Issuance of stock for 401(k) match	81	1	350	—	—	—	351
Issuance of common stock-equity offering	4,600	46	16,906	—	—	—	16,952
Issuance of stock in business acquisition	885	9	3,489				3,498
Repurchase of treasury stock	—	—	—	(274)	—	—	(274)
Cumulative translation adjustment	—	—	—	—	1,386	—	1,386
Net loss	—	—	—	—	—	(32,776)	(32,776)
Balance at March 31, 2018	21,139	$ 211	$ 1,041,113	$ (1,645)	$ 883	$ (988,333)	$ 52,229

The accompanying notes are an integral part of the consolidated financial statements.

55

AMERICAN SUPERCONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended March 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net loss	$(32,776)	$(27,373)	$(23,139)
Adjustments to reconcile net loss to net cash used in operations:			
Depreciation and amortization	11,459	7,519	7,972
Stock-based compensation expense	2,692	2,892	3,248
Impairment of minority interest investments	—	—	746
Provision for excess and obsolete inventory	434	1,615	2,713
(Recovery)/Write-off prepaid taxes	(82)	—	289
Gain on sale from minority interest investments	(1,167)	(325)	(3,092)
Loss from minority interest investments	—	—	356
Change in fair value of warrants and contingent consideration	(635)	(1,304)	228
Non-cash interest expense	19	156	359
Other non-cash items	793	(940)	1,462
Changes in operating asset and liability accounts:			
Accounts receivable	1,145	11,143	(9,318)
Inventory	(2,423)	(815)	(782)
Prepaid expenses and other current assets	558	2,729	5,608
Accounts payable and accrued expenses	(2,956)	(7,938)	1,543
Deferred revenue	(1,888)	1,426	7,248
Net cash used in operating activities	(24,827)	(11,215)	(4,559)
Cash flows from investing activities:			
Purchase of property, plant and equipment	(2,534)	(656)	(1,201)
Proceeds from the sale of property, plant and equipment	16,910	29	47
Change in restricted cash	795	431	2,669
Cash paid for acquisition, net of cash received	74	—	—
Proceeds from sale of minority interests	1,167	325	3,092
Change in other assets	(15)	63	266
Net cash provided by investing activities	16,397	192	4,873
Cash flows from financing activities:			
Employee taxes paid related to net settlement of equity awards	(274)	(490)	(110)
Repayment of debt	(1,575)	(3,167)	(4,000)
Proceeds from ATM sales, net	—	2,527	—
Proceeds from public equity offering, net	16,952	—	22,282
Proceeds from exercise of employee stock options and ESPP	175	—	30
Net cash provided by (used in) financing activities	15,278	(1,130)	18,202
Effect of exchange rate changes on cash and cash equivalents	452	(393)	324
Net increase/(decrease) in cash and cash equivalents	7,300	(12,546)	18,840
Cash and cash equivalents at beginning of year	26,784	39,330	20,490
Cash and cash equivalents at end of year	$34,084	$26,784	$39,330

Supplemental schedule of cash flow information:			
Issuance of common stock in connection with the purchase of Infinia Technology Corporation	$3,498	$—	$—
Cash paid for income taxes, net of refunds	1,576	992	1,723
Issuance of common stock to settle liabilities	350	399	377
Deferred gain on sale of 64 Jackson Road building	105	—	—
Cash paid for interest	42	280	709

The accompanying notes are an integral part of the consolidated financial statements.

56

1. Nature of the Business and Operations and Liquidity
Nature of the Business and Operations
American Superconductor Corporation (together with its subsidiaries, “AMSC” or the “Company”) was founded on April 9, 1987. The Company is a leading provider of megawatt-scale solutions that lower the cost of wind power and enhance the performance of the power grid. In the wind power market, the Company enables manufacturers to field wind turbines through its advanced engineering, support services and power electronics products. In the power grid market, the Company enables electric utilities and renewable energy project developers to connect, transmit and distribute power through its transmission planning services and power electronics and superconductor-based products. The Company’s wind and power grid products and services provide exceptional reliability, security, efficiency and affordability to its customers.
The Company’s consolidated financial statements have been prepared on a going concern basis in accordance with United States generally accepted accounting principles (“GAAP”) and the Securities and Exchange Commission’s (“SEC”) instructions to Form 10-K. The going concern basis of presentation assumes that the Company will continue operations and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.
Liquidity
The Company has experienced recurring operating losses and as of March 31, 2018, the Company had an accumulated deficit of $988.3 million. In addition, the Company has experienced recurring negative operating cash flows. At March 31, 2018, the Company had cash and cash equivalents of $34.1 million. Cash used in operations for the year ended March 31, 2018 was $24.8 million.
From April 1, 2011 through the date of this filing, the Company has reduced its global workforce substantially. In the fiscal year ended March 31, 2018 the Company announced an 8% reduction in force, primarily affecting employees in its Devens, Massachusetts facility, effective April 4, 2017 which led to a $1.5 million restructuring charge during the year ended March 31, 2018. See Note 17 "Restructuring" for further discussion of this action. The Company continues to consolidate certain business operations to reduce facility costs. As of March 31, 2018, the Company had a global workforce of 247 persons. The Company plans to closely monitor its expenses and, if required, expects to further reduce operating costs and capital spending to enhance liquidity.
Over the last several years, the Company has entered into several debt and equity financing arrangements in order to raise capital. Since April 1, 2012, the Company has generated aggregate cash flows from financing activities of $85.2 million, including net proceeds of $2.5 million during the three months ended March 31, 2017 from the Company's At Market Issuance Sales Agreement ("ATM") with FBR Capital Markets & Co. In addition, on May 10, 2017, the Company completed an additional equity offering, which generated net proceeds of approximately $17.0 million, after deducting underwriting discounts and commissions and offering expenses payable by the Company. The Company terminated the ATM in conjunction with this equity offering. See Note 11, “Debt”, and Note 14 “Stockholders’ Equity” for further discussion of these financing arrangements.

On February 5, 2018, the Company entered into a Purchase and Sale Agreement (the “PSA”) with 64 Jackson, LLC (the “Purchaser”) and Stewart Title Guaranty Company (“Escrow Agent”), to effectuate the sale of certain real property located at 64 Jackson Road, Devens, Massachusetts, including the building that has served as the Company’s headquarters (collectively, the “Property”), in exchange for total consideration of $23.0 million, composed of (i) cash consideration of $17.0 million, and (ii) a $6.0 million subordinated secured commercial promissory note payable to the Company (the "Seller Note"). Subsequently, the Seller, the Purchaser and Jackson 64 MGI, LLC (“Assignee”) entered into an Assignment of Purchase and Sale Agreement (the “Assignment Agreement”), pursuant to which the Purchaser assigned all of its rights and interests in the PSA to the Assignee and the Assignee agreed to assume all of the Purchaser’s obligations and liabilities under the PSA. The transaction closed on March 28, 2018, at which time the Company received, from the Assignee, cash consideration, net of certain agreed upon closing costs, of $16.9 million, and the Seller Note at an interest rate of 1.96%. The Seller Note is secured by a subordinated second mortgage on the Property and a subordinated second assignment of leases and rents.

In December 2015, the Company entered into a set of strategic agreements valued at approximately $210.0 million with Inox, which includes a multi-year supply contract pursuant to which the Company will supply electric control systems to Inox Wind Ltd. ("Inox") and a license agreement allowing Inox to manufacture a limited number of electrical control systems until Inox purchases the specified number of electrical control systems required under the terms of the supply contract. After Inox purchases the specified number of electrical control systems required under the terms of the supply contract, Inox agreed that the Company will continue as Inox's preferred supplier and Inox will be required to purchase from the Company a majority of its electric control systems requirements for an additional three-year period.

57

The Company believes based on the information presented above, and its annual management assessment, that it has sufficient liquidity to fund its operations and capital expenditures for the next twelve months following the issuance of the financial statements. The Company's liquidity is highly dependent on its ability to increase revenues, its ability to control its operating costs, and its ability to raise additional capital, if necessary. There can be no assurance that the Company will be able to continue to raise additional capital from other sources or execute on any other means of improving liquidity described above.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions are eliminated. Certain reclassifications of prior years' amounts have been made to conform to the current year presentation. These reclassifications had no effect on net income, cash flows from operating activities or stockholders' equity.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Company bases its estimates on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. On an ongoing basis, the Company evaluates its estimates, including those related to revenue recognition, collectability of receivables, realizability of inventory, goodwill and intangible assets, warranty provisions, stock-based compensation, valuation of warrant and derivative liabilities, tax reserves, and deferred tax assets. Provisions for depreciation are based on their estimated useful lives using the straight-line method. Some of these estimates can be subjective and complex and, consequently, actual results may differ from these estimates under different assumptions or conditions. While for any given estimate or assumption made by the Company's management there may be other estimates or assumptions that are reasonable, the Company believes that, given the current facts and circumstances, it is unlikely that applying any such other reasonable estimate or assumption would materially impact the financial statements.

Cash Equivalents

Cash equivalents consist of highly liquid instruments with maturities of three months or less that are regarded as high quality, low risk investments and are measured using such inputs as quoted prices, and are classified within Level 1 of the valuation hierarchy. Cash equivalents consist principally of certificates of deposits and money market accounts.

Accounts Receivable

Accounts receivable consist of amounts owed by commercial companies and government agencies. Accounts receivable are stated net of allowances for doubtful accounts. The Company's accounts receivable relate principally to a limited number of customers. As of March 31, 2018, Inox accounted for approximately 32% and Fuji Bridex Pte Ltd for approximately 17% of the Company's total receivable balance, with no other customer accounting for greater than 10% of the balance. As of March 31, 2017, Inox accounted for approximately 52% and SSE plc for approximately 17% of the Company's total receivable balance, with no other customer accounting for greater than 10% of the balance. Changes in the financial condition or operations of the Company's customers may result in delayed payments or non-payments which would adversely impact its cash flows from operating activities and/or its results of operations. As such, the Company may require collateral, advanced payment or other security based upon the customer history and/or creditworthiness. In determining the allowance for doubtful accounts, the Company evaluates the collectability of accounts receivable based primarily on the probability of recoverability based on historical collection and write-off experience, the age of past due receivables, specific customer circumstances, and current economic trends. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowances may be required. Failure to accurately estimate the losses for doubtful accounts and ensure that payments are received on a timely basis could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

Inventory
Inventories include material, direct labor and related manufacturing overhead, and are stated at the lower of cost, determined on a first-in, first-out basis, or net realizable value determined on a first-in, first-out basis as the estimated selling prices in the

58

ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.. The Company records inventory when it takes delivery and title to the product according to the terms of each supply contract.

Program costs may be deferred and recorded as inventory on contracts on which costs are incurred in excess of approved contractual amounts and/or funding, if future recovery of the costs is deemed probable.

At each balance sheet date, the Company evaluates its ending inventories for excess quantities and obsolescence. Inventories that management considers excess or obsolete are reserved. Management considers forecasted demand in relation to the inventory on hand, competitiveness of product offerings, market conditions and product life cycles when determining excess and obsolescence and net realizable value adjustments. Once inventory is written down and a new cost basis is established, it is not written back up if demand increases.

For the fiscal years ended March 31, 2018, 2017 and 2016, the Company recorded inventory reserves of approximately $0.4 million, $1.6 million, and $2.7 million, respectively, based on evaluating its ending inventory on hand for excess quantities and obsolescence. For the fiscal years ended March 31, 2018, 2017, and 2016, the Company recorded benefits of $0.7 million, $1.4 million, and $5.0 million, respectively, for the usage of inventories previously reserved.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and amortization. The Company accounts for depreciation and amortization using the straight-line method to allocate the cost of property, plant and equipment over their estimated useful lives as follows:

Asset Classification	Estimated Useful Life in Years
Building	40
Process upgrades to the building	10-40
Machinery and equipment	3-10
Furniture and fixtures	3-5
Leasehold improvements	Shorter of the estimated useful life or the remaining lease term

Expenditures for maintenance and repairs are expensed as incurred. Upon retirement or other disposition of assets, the costs and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in operating expenses.

Valuation of Long-Lived Assets

The Company periodically evaluates its long-lived assets, consisting principally of fixed assets and amortizable intangible assets, for potential impairment. In accordance with the applicable accounting guidance for the treatment of long-lived assets, the Company reviews the carrying value of its long-lived assets or asset group that is held and used, including intangible assets subject to amortization, for impairment whenever events and circumstances indicate that the carrying value of the assets may not be recoverable. Under the held and used approach, the asset or asset group to be tested for impairment should represent the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. The Company evaluates its long-lived assets whenever events or circumstances suggest that the carrying amount of an asset or group of assets may not be recoverable from the estimated undiscounted future cash flows.

On April 3, 2017, the Board of Directors approved a plan to reduce the Company's global workforce by approximately 8%, effective April 4, 2017, primarily in its Devens, Massachusetts facility. The Board of Directors also approved a move from the Company's previously owned 355,000 square-foot facility in Devens, Massachusetts to a smaller facility better suited for its 2G wire process and systems manufacturing. Since the restructuring activities impacted its Superconductor and Corporate asset groups, the Company concluded that there were indicators of potential impairment of its long-lived assets that required further analysis for these assets groups as of March 31, 2017. The Company conducted assessments of the recoverability of these assets by comparing the carrying value of the assets to the pre-tax undiscounted cash flows estimated to be generated by those assets over their remaining book useful lives. Based on the calculations performed by management, the sum of the undiscounted cash flows forecasted to be generated by certain assets were less than the carrying value of those assets. Therefore, there were indicators that certain of its assets were impaired and the Company performed additional analysis. An evaluation of the level of impairment

59

was made by comparing the fair value of the definite long-lived tangible and intangible assets of its reporting units against their carrying values.

The fair values for the impacted property and equipment were based on what the Company could reasonably expect to sell each asset for from the perspective of a market participant. The determination of the fair value of its property and equipment includes estimates and judgments regarding marketability and ultimate sales price of individual assets. The Company utilized market data and approximations from comparable analyses to arrive at the fair value of the impacted property and equipment. The fair values of the amortizable intangible assets related to core technology and trade names were determined using primarily the relief-from-royalty method over the estimated economic lives of these assets from a perspective of a market participant. During the fiscal year ended March 31, 2017, the Company determined that the long-lived assets for the Superconductor and Corporate asset groups were not impaired as the estimated fair values exceeded the carrying values. There were no indicators requiring further impairment testing on the Company's long-lived assets during the fiscal year ended March 31, 2018.

Goodwill

Goodwill represents the excess of cost over net assets of acquired businesses that are consolidated. The Company performs its annual assessment of goodwill on February 28th each fiscal year and whenever events or changes in circumstances or a triggering event indicate that the carrying amount may not be recoverable. Determining whether a triggering event has occurred often involves significant judgment from management. An entity is permitted to first assess qualitatively whether it is necessary to perform a goodwill impairment test. The quantitative impairment test is required only if the entity concludes that it is more likely than not that a reporting unit’s fair value is less than its carrying amount. The Company determines the fair value of a reporting unit based on an income approach utilizing a discounted cash flow adjusted for entity specific factors. In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, an entity should consider the totality of all relevant events or circumstances that affect the fair value or carrying amount of a reporting unit. If the carrying value of a reporting unit’s goodwill exceeds its implied fair value, then an impairment loss equal to the difference is recorded. See Note 3, "Acquisition and Related Goodwill" for further information and discussion.

The Company performed its annual assessment of goodwill on February 28, 2018 and noted no triggering events from the analysis date to March 31, 2018 and determined that there was no impairment to goodwill.

Equity Method Investments

The Company uses the equity method of accounting for investments in entities in which it has an ownership interest, but does not exercise a controlling interest in the operating and financial policies of an investee. Under this method, an investment is carried at the acquisition cost, plus the Company’s equity in undistributed earnings or losses since acquisition.

The Company periodically tests its investments for potential impairment whenever events and circumstances indicate a loss in the fair value of the investments may be other than temporary. During the year ended March 31, 2016, the Company sold its investment and recorded an impairment charge of $0.7 million on its investment in Tres Amigas. There were no minority investments as of March 31, 2018 or 2017.

Revenue Recognition

The Company recognizes revenue for product sales upon customer acceptance, which can occur at the time of delivery, installation or post-installation where applicable, provided persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and the collectability is reasonably assured. Existing customers are subject to ongoing credit evaluations based on payment history and other factors. If it is determined during the arrangement that collectability is not reasonably assured, revenue is recognized on a cash basis of accounting. Certain of the Company’s contracts involve retention amounts which are contingent upon meeting certain performance requirements through the expiration of the contract warranty periods. For contractual arrangements that involve retention, the Company recognizes revenue for these amounts upon the expiration of the warranty period, meeting the performance requirements and when collection of the fee is reasonably assured.

For certain arrangements, such as contracts to perform research and development, prototype development contracts and certain product sales, the Company records revenues using the percentage-of-completion method, measured by the relationship of costs incurred to total estimated contract costs. Percentage-of-completion revenue recognition accounting is predominantly used on certain turnkey power systems installations for electric utilities and long-term prototype development contracts with the U.S. government. The Company follows this method since reasonably dependable estimates of the revenues and costs applicable to various stages of a contract can be made. However, the ability to reliably estimate total costs at completion is challenging, especially on long-term prototype development contracts, and could result in future changes in contract estimates. For contracts

60

where reasonably dependable estimates of the revenues and costs cannot be made, the Company follows the completed-contract method.

The Company enters into sales arrangements that may provide for multiple deliverables to a customer. Sales of certain products may include extended warranty and support or service packages, and at times include performance bonds. As these contracts progress, the Company continually assesses the probability of a payout from the performance bond. Should the Company determine that such a payout is likely; the Company would record a liability. The Company would reduce revenue to the extent a liability is recorded. In addition, the Company enters into licensing arrangements that include training services.

Deliverables are separated into more than one unit of accounting when (1) the delivered element(s) have value to the customer on a stand-alone basis, and (2) delivery of the undelivered element(s) is probable and substantially in the control of the Company. In general, revenues are separated between the different product shipments which have stand-alone value, and the various services to be provided. Revenue for product shipments is recognized in accordance with the Company's policy for product sales, while revenues for the services are recognized over the period of performance. The Company identifies all goods and/or services that are to be delivered separately under a sales arrangement and allocates revenue to each deliverable based on the element's fair value as determined by vendor-specific objective evidence ("VSOE"), which is the price charged when that element is sold separately, or third-party evidence ("TPE"). When VSOE and TPE are unavailable, fair value is based on the Company's best estimate of selling price utilizing a cost plus reasonable margin consistent with how the Company has set pricing historically for similar products and services. When the Company's estimates are used to determine fair value, management makes its estimates using reasonable and objective evidence to determine the price. The Company reviews VSOE and TPE at least annually. If the Company concludes it is unable to establish fair values for one or more undelivered elements within a multiple-element arrangement using VSOE then the Company uses TPE or the best estimate of the selling price for that unit of accounting, being the price at which the vendor would transact if the unit of accounting were sold by the vendor regularly on a standalone basis.

The Company's license agreements provide either for the payment of contractually determined paid-up front license fees or milestone based payments in consideration for the grant of rights to manufacture and or sell products using its patented technologies or know-how. Some of these agreements provide for the release of the licensee from intellectual property infringements past and future claims. When the Company can determine that it has no further obligations other than the grant of the license and that the Company has fully transferred the technology know-how, the Company recognizes the revenue under a completed contract model. In other license arrangements, the Company may also agree to provide training services to transfer the technology know-how. In these arrangements, the Company has determined that the licenses have no standalone value to the customer and are not separable from training services as the Company can only fully transfer the technology know-how through the training component. Accordingly, the Company accounts for these arrangements as a single unit of accounting, and recognizes revenue over the period of its performance and milestones that have been achieved. Costs for these arrangements are expensed as incurred.

In December 2015, the Company entered into a set of strategic agreements valued at approximately $210.0 million with Inox, which includes a multi-year supply contract pursuant to which the Company will supply electric control systems to Inox and a license agreement allowing Inox to manufacture a limited number of electrical control systems until Inox purchases the specified number of electrical control systems required under the terms of the supply contract. The Company determined this license has standalone value to the customer and can be separated from the supply contract. The license agreement includes customer acceptance criteria to demonstrate that the know-how to manufacture the electrical control systems has been fully transferred. The Company is deferring recognition of the revenue allocable to the license until this acceptance criteria have been met.

In March 2016, the Company entered into a set of agreements to jointly develop an advanced, low-cost manufacturing process for second generation high temperature superconductor wire with BASF. Under the joint development agreement, the Company's manufacturing know-how for its Amperium® superconductor wire and BASF's chemical solution deposition production technology will be combined. As part of the agreements, the Company also entered into a royalty-bearing, non-exclusive license under which the Company agreed to provide BASF a specified portion of its second generation (2G) high temperature superconductor (HTS) wire manufacturing technology. The Company determined that the license rights it provides to BASF have standalone value from the ongoing joint development effort. The Company transferred the license rights to BASF in March 2016 recording $3.0 million of license revenue in the fiscal year ended March 31, 2016 as there were no remaining obligations associated with these rights. Any newly developed intellectual property as a result of the joint development will be owned by BASF. Should this development effort be successful, the Company has the right to incorporate this new technology into its manufacturing process on a royalty-free basis. BASF has also agreed to make guaranteed annual payments to the Company through fiscal 2017 and has an option to continue the joint development through fiscal 2018. The Company is recording revenue for the research and development services being provided over the term of the arrangement.

Infrequently, the Company receives requests from customers to hold product being purchased from us for a valid business purpose. The Company recognizes revenue for such arrangements provided the transaction meets, at a minimum, the following criteria: a valid business purpose for the arrangement exists; risk of ownership of the purchased product has been transferred to the buyer; there is a fixed delivery date that is reasonable and consistent with the buyer's business purpose; the product is ready for shipment; the Company has no continuing performance obligation in regards to the product and the products have been segregated from our inventories and cannot be used to fill other orders received. For the fiscal year ended March 31, 2018 such transactions in revenue were $3.7 million. There were no such transactions in revenue for the fiscal years ended March 31, 2017 or 2016.

The Company has elected to record taxes collected from customers on a net basis and does not include tax amounts in revenue or costs of revenue.

Customer deposits received in advance of revenue recognition are recorded as deferred revenue until customer acceptance is received. Deferred revenue also represents the amount billed to and/or collected from commercial and government customers on contracts which permit billings to occur in advance of contract performance/revenue recognition.

On April 1, 2018 the Company adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606). For further discussion regarding the changes and financial impact of adopting Topic 606 see Note 20, Recent Accounting Pronouncements.

Product Warranty

Warranty obligations are incurred in connection with the sale of the Company's products. The Company generally provides a one to three year warranty on its products, commencing upon installation. The costs incurred to provide for these warranty obligations are estimated and recorded as an accrued liability at the time of sale. Future warranty costs are estimated based on historical performance rates and related costs to repair given products. The accounting estimate related to product warranty involves judgment in determining future estimated warranty costs. Should actual performance rates or repair costs differ from estimates, revision to the estimated warranty liability would be required.

Research and Development Costs

Research and development costs are expensed as incurred.

Income Taxes

The Company's provision for income taxes is comprised of a current and a deferred portion. The current income tax provision is calculated as the estimated taxes payable or refundable on tax returns for the current year. The deferred income tax provision is calculated for the estimated future tax effects attributable to temporary differences and carry-forwards using expected tax rates in effect in the years during which the differences are expected to reverse. Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each fiscal year end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce net deferred tax assets to the amount expected to be realized. The Company has provided a valuation allowance against its U.S. and certain foreign deferred income tax assets since the Company believes that it is more likely than not that these deferred tax assets are not currently realizable due to uncertainty around profitability in the future.

Accounting for income taxes requires a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if, based on the technical merits, it is more likely than not that the position will be sustained upon audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company reevaluates these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Any changes in these factors could result in the recognition of a tax benefit or an additional charge to the tax provision. The Company includes interest and penalties related to gross unrecognized tax benefits within the provision for income taxes. See Note 13, "Income Taxes," for further information regarding its income tax assumptions and expenses.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 ("the Act") was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a corporate tax rate decrease from 34% to 21% effective for tax years beginning after December 31, 2017 and a one-time mandatory deemed repatriation of cumulative foreign earnings. The

62

Company has calculated its best estimate of the impact of the Act in the year end income tax provision in accordance with the Company's understanding of the Act and guidance available at the time of this filing. The Company has calculated a provisional estimate of the impact of the Act in our year end income tax provision in accordance with our understanding of the Act and guidance available of this filing. See Note 13, “Income Taxes,” for further information regarding its income tax assumptions and expenses.

Stock-Based Compensation

The Company accounts for stock-based payment transactions using a fair value-based method and recognizes the related expense in the results of operations.

Stock-based compensation is estimated at the grant date based on the fair value of the award and is recognized as expense over the requisite service period of the award. The fair value of restricted stock awards is determined by reference to the fair market value of the Company’s common stock on the date of grant. The Company uses the Black-Scholes option pricing model to estimate the fair value of awards with service and performance conditions. For awards with service conditions only, the Company recognizes compensation cost on a straight-line basis over the requisite service/vesting period. For awards with performance conditions, accruals of compensation cost are made based on the probable outcome of the performance conditions. The cumulative effect of changes in the probability outcomes are recorded in the period in which the changes occur.

Determining the appropriate fair value model and related assumptions requires judgment, including estimating stock price volatilities of the Company’s common stock and expected terms. The expected volatility rates are estimated based on historical and implied volatilities of the Company’s common stock. The expected term represents the average time that the options that vest are expected to be outstanding based on the vesting provisions and the Company’s historical exercise, cancellation and expiration patterns.

The Company estimates pre-vesting forfeitures when recognizing compensation expense based on historical and forward-looking factors. Changes in estimated forfeiture rates and differences between estimated forfeiture rates and actual experience may result in significant, unanticipated increases or decreases in stock-based compensation expense from period to period. The termination of employment of certain employees who hold large numbers of stock-based awards may also have a significant, unanticipated impact on forfeiture experience and, therefore, on stock-based compensation expense. The Company will update these assumptions on at least an annual basis and on an interim basis if significant changes to the assumptions are warranted.

The Company's adoption of ASU 2016-09 Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting on April 1, 2016 also resulted in the prospective classification of excess tax benefits as cash flows from operating activities in the same manner as other cash flows related to income taxes within the consolidated statements of cash flows. Based on the prospective method of adoption chosen, the classification of excess tax benefits within the consolidated statements of cash flows for prior periods presented has not been adjusted to reflect the change.

Computation of Net Loss per Common Share

Basic net loss per share (“EPS”) is computed by dividing net loss by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed by dividing the net loss by the weighted-average number of common shares and dilutive common equivalent shares outstanding during the period, calculated using the treasury stock method. Common equivalent shares include the effect of restricted stock, exercise of stock options and warrants and contingently issuable shares. For the fiscal years ended March 31, 2018, 2017, and 2016, common equivalent shares of 1,157,895, 1,538,418, and 1,552,959, respectively, were not included in the calculation of diluted EPS as they were considered antidilutive. The following table reconciles the numerators and denominators of the EPS calculation for the fiscal years ended March 31, 2018, 2017, and 2016 (in thousands except per share amounts):

	Fiscal year ended March 31,		
	2018	2017	2016
Numerator:			
Net loss	$(32,776)	$(27,373)	$(23,139)
Denominator:			
Weighted-average shares of common stock outstanding	19,621	14,231	13,295
Weighted-average shares subject to repurchase	(654)	(427)	(117)
Shares used in per-share calculation basic	18,967	13,804	13,178
Shares used in per-share calculation diluted	18,967	13,804	13,178
Net loss per share basic	$(1.73)	$(1.98)	$(1.76)
Net loss per share diluted	$(1.73)	$(1.98)	$(1.76)

Foreign Currency Translation

The functional currency of all the Company's foreign subsidiaries is the U.S. dollar, except for AMSC Austria, for which the local currency (Euro) is the functional currency, and AMSC China, for which the local currency (Renminbi) is the functional currency. The assets and liabilities of AMSC Austria and AMSC China are translated into U.S. dollars at the exchange rate in effect at the balance sheet date and income and expense items are translated at average rates for the period. Cumulative translation adjustments are excluded from net loss and shown as a separate component of stockholders' equity. Net foreign currency gains (losses) are included in net loss and were ($2.8) million, $0.1 million, and ($2.3) million for the fiscal years ended March 31, 2018, 2017 and 2016, respectively. The Company has no restrictions on the foreign exchange activities of its foreign subsidiaries, including the payment of dividends and other distributions.

Risks and Uncertainties

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates and would impact future results of operations and cash flows.

The Company invests its available cash in high credit, quality financial instruments and invests primarily in investment-grade marketable securities, including, but not limited to, government obligations, money market funds and corporate debt instruments.

Several of the Company's government contracts are being funded incrementally, and as such, are subject to the future authorization, appropriation, and availability of government funding. The Company has a history of successfully obtaining financing under incrementally-funded contracts with the U.S. government and it expects to continue to receive additional contract modifications in the year ending March 31, 2019 and beyond as incremental funding is authorized and appropriated by the government.

Contingencies

From time to time, the Company may be involved in legal and administrative proceedings and claims of various types. The Company records a liability in its consolidated financial statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. Management reviews these estimates in each accounting period as additional information is known and adjusts the loss provision when appropriate. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in the consolidated financial statements. If, with respect to a matter, it is not both probable to result in liability and the amount of loss cannot be reasonably estimated, an estimate of possible loss or range of loss is disclosed unless such an estimate cannot be made. The Company does not recognize gain contingencies until they are realized. Legal costs incurred in connection with loss contingencies are expensed as incurred. See Note 15, "Commitments and Contingencies," for further information regarding the Company's pending litigation.

Disclosure of Fair Value of Financial Instruments

The Company's financial instruments consist principally of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, warrants to purchase shares of common stock, derivatives, and a senior secured term loan.

The carrying

64

---

amounts of cash and cash equivalents, accounts receivable, short-term debt, accounts payable, and accrued expenses due to their short nature approximate fair value at March 31, 2018 and 2017. The estimated fair values have been determined through information obtained from market sources and management estimates. The fair value for the warrant arrangements has been estimated by management based on the terms that it believes it could obtain in the current market for debt with the same terms and similar maturities. The Company classifies the estimates used to fair value these instruments as Level 3 inputs See Note 4, “Fair Value Measurements” for a full discussion on fair value measurements.

3. Acquisition and Related Goodwill

Acquisition of Infinia Technology Corporation

On September 25, 2017, the Company acquired Infinia Technology Corporation ("ITC") for approximately $3.8 million as described below (the "Acquisition"). Located in Richmond, Washington, ITC is a technology firm founded in 2009 specializing in the design, development and commercialization of cryo-coolers for a wide range of applications.

Pursuant to the terms of the stock purchase agreement ("SPA"), the Company acquired all of the issued and outstanding shares of ITC (the "ITC Shares") from the selling stockholders, for a purchase price of approximately $3.8 million consisting of $0.1 million in cash and 884,890 shares of the Company’s common stock (the "AMSC Shares"), $0.01 par value per share at a per share price of $4.02 on the acquisition date. Under the terms of the SPA, the Company was obligated to file a registration statement (the "Resale Registration Statement") covering the resale of the AMSC Shares by the selling stockholders no later than 10 business days following the closing of the Acquisition, and to use commercially reasonable efforts to cause the Resale Registration Statement to be declared effective by the SEC as soon as practicable thereafter. Additionally, the Company agreed to pay the selling stockholders an amount in cash (the "Make Whole Payment"), if any, equal to (x) an amount equal to (i) the price per AMSC Share pursuant to the terms of the SPA, multiplied by (ii) the number of AMSC Shares sold by the selling stockholders during the first 90 days after the effectiveness of the Resale Registration Statement, minus (y) the aggregate sales proceeds received by the Selling Stockholders from the sale of any AMSC Shares during the first 90 days after the effectiveness of the Resale Registration Statement. The Resale Registration Statement was declared effective on October 23, 2017. The contingent liability related to the Make Whole Payment was determined under a fair value option based pricing model to be $0.6 million on September 25, 2017 and was subsequently reassessed at each period end until the final amount due of $0.7 million as of December 31, 2017 was determined according to the agreed upon formula. See Note 4 "Fair Value Measurements" and Note 12 "Warrants and Derivative Liabilities" for further discussion regarding the valuation of this liability. On January 5, 2018, the Company settled the Make Whole Payment to the selling stockholders in the amount of $0.7 million.

ITC was integrated into the Company's Grid business unit. The Acquisition has been accounted for under the purchase method of accounting in accordance with ASC 805, Business Combinations. The Company allocated the purchase price to the assets acquired and liabilities assumed at their estimated fair values as of the date of Acquisition. The Company estimated the fair value of the intangible assets at $3.4 million, which consisted of core-technology and know-how, working capital of $0.2 million and property, plant and equipment of less than $0.1 million. A long-term deferred tax liability of $1.1 million was recorded for the differing book and tax bases of the ITC assets and liabilities as of March 31, 2018.

The following table summarizes the consideration paid for ITC and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date, as well as the fair value at the acquisition date (in millions):

65

	September 25, 2017
Consideration	
Cash	$ 0.1
Equity (884,890 shares of common stock at $4.02 per share)	3.6
Contingent consideration	0.6
Total Consideration	$ 4.3
Recognized amounts of identifiable assets acquired and liabilities assumed	
Core technology and know-how	$ 3.4
Working capital	0.2
Property, plant and equipment	0.0
Total identifiable net assets	$ 3.6
Long-term deferred tax liability	1.1
Goodwill recognized	$ 1.7

At the Acquisition date, the Company valued the Acquisition at $4.2 million (excluding Acquisition costs), using a value of $4.02 per share, which was the closing price of the Company's common stock on the date of Acquisition plus $0.1 million in cash and including $0.6 million of contingent consideration for the Make Whole Payment valued as of the closing date. Acquisition costs of less than $0.1 million were recorded in selling, general and administrative costs. The results of ITC's operations, which were not significant from the date of acquisition until March 31, 2018, are included in the Company's consolidated results from the date of Acquisition of September 25, 2017 through the fiscal year end of March 31, 2018. Assuming the Acquisition had occurred on April 1, 2017 and 2016, the impact on the consolidated results of the Company would not have been significant.

Goodwill

At the time of the Acquisition, the Company allocated the purchase price to the assets acquired and liabilities assumed at their estimated fair values as of the date of Acquisition. The excess of the purchase price paid by the Company over the estimated fair value of net assets acquired of $1.7 million has been recorded as goodwill in the Company's Grid segment. Goodwill represents the value associated with the acquired workforce and synergies related to the merger of the two companies.

The guidance under ASC 805-30 provides for the recognition of goodwill on the Acquisition date measured as the excess of the aggregate consideration transferred over the net of the Acquisition date amounts of net assets acquired and liabilities assumed. The fair value of the contingent consideration included in the total consideration transferred was determined using the Black-Scholes pricing model, and all other consideration transferred was calculated using its observable market fair value. The tangible net assets acquired fair value was based on observable market fair value. The acquired intangible asset fair value was determined using discounted cash flows under an excess in earnings model.

The Company determined that it has one reporting unit to which goodwill is allocated - Ship Protection Systems ("SPS"). Goodwill of $1.7 million as of March 31, 2018 is a result of acquiring ITC on September 25, 2017. The Acquisition provides technology supporting the Company's efforts with the U.S. Navy and SPS products. Determining the fair value of a reporting unit requires judgment and involves the use of significant estimates and assumptions. These estimates and assumptions may include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions, the determination of appropriate market comparables as well as the fair value of individual assets and liabilities. During the fiscal year ended March 31, 2018, the Company performed a quantitative impairment test to establish a fair value baseline for the SPS reporting unit. The Company used an income approach, specifically a discounted cash flow ("DCF") method, to establish the fair value of the SPS reporting unit and compared it to the carrying value of the reporting unit. Significant estimates and judgments were involved in this assessment. Those estimates and judgments include financial projections, discount rates, tax rates and other related assumptions.

It was determined that the fair value of the net assets assigned to the reporting unit exceeded the carrying value of the reporting unit, therefore the Company did not need to record an impairment loss. The Company did not identify any triggering events in the period between the annual impairment assessment date and March 31, 2018, which would require subsequent testing of goodwill.

4. Fair Value Measurements

A valuation hierarchy for disclosure of the inputs to valuation used to measure fair value has been established. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 -	Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
Level 2 -	Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
Level 3 -	Unobservable inputs that reflect the Company’s assumptions that market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available, including its own data.

The Company provides a gross presentation of activity within Level 3 measurement roll-forward and details of transfers in and out of Level 1 and 2 measurements. A change in the hierarchy of an investment from its current level is reflected in the period during which the pricing methodology of such investment changes. Disclosure of the transfer of securities from Level 1 to Level 2 or Level 3 is made in the event that the related security is significant to total cash and investments. The Company did not have any transfers of assets and liabilities from Level 1, Level 2 or Level 3 of the fair value measurement hierarchy during the year ended March 31, 2018.

A financial asset’s or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table provides the assets and liabilities carried at fair value on a recurring basis, measured as of March 31, 2018 and 2017 (in thousands):

	Total Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2018:				
Assets:				
Cash equivalents	$ 32,589	$ 32,589	$ —	$ —
Derivative liabilities:				
Warrants	$ 1,217	$ —	$ —	$ 1,217

	Total Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2017:				
Assets:				
Cash equivalents	$ 14,105	$ 14,105	$ —	$ —
Derivative liabilities:				
Warrants	$ 1,923	$ —	$ —	$ 1,923

The table below reflects the activity for the Company's major classes of liabilities measured at fair value on a recurring basis (in thousands):

67

	Warrants
April 1, 2017	$ 1,923
Mark to market adjustment	(706)
March 31, 2018	$ 1,217

	Warrants
April 1, 2016	$ 3,227
Mark to market adjustment	(1,304)
Balance at March 31, 2017	$ 1,923

Valuation Techniques

Cash Equivalents

Cash equivalents consist of highly liquid instruments with maturities of three months or less that are regarded as high quality, low risk investments and are measured using such inputs as quoted prices, and are classified within Level 1 of the valuation hierarchy. Cash equivalents consist principally of certificates of deposits and money market accounts.

Warrants

Warrants were issued in conjunction with a Securities Purchase Agreement (the “Purchase Agreement”) with Capital Ventures International (“CVI”), an equity offering to Hudson Bay Capital in November 2014, and a Loan and Security Agreement with Hercules Technology Growth Capital, Inc. (“Hercules”). Warrants issued to CVI expired on October 4, 2017. See Note 11, “Debt,” and Note 12 “Warrants and Derivative Liabilities,” for additional information. These warrants are subject to revaluation at each balance sheet date, and any change in fair value will be recorded as a change in fair value in derivatives and warrants until the earlier of their exercise or expiration.

The Company relies on various assumptions in a lattice model to determine the fair value of warrants. The Company has valued the warrants within Level 3 of the valuation hierarchy. See Note 12, “Warrants and Derivative Liabilities,” for a discussion of the warrants and the valuation assumptions used.

5. Accounts Receivable

Accounts receivable at March 31, 2018 and March 31, 2017 consisted of the following (in thousands):

	March 31, 2018	March 31, 2017
Accounts receivable (billed)	$ 4,403	$ 7,436
Accounts receivable (unbilled)	3,016	574
Less: Allowance for doubtful accounts	(54)	(54)
Accounts receivable, net	$ 7,365	$ 7,956

6. Inventory

Inventory at March 31, 2018 and March 31, 2017 consisted of the following (in thousands):

	March 31, 2018	March 31, 2017
Raw materials	$ 7,526	$ 4,263
Work-in-process	920	426
Finished goods	8,767	8,016
Deferred program costs	2,567	4,757
Net inventory	$ 19,780	$ 17,462

The Company recorded inventory write-downs of $0.4 million and $1.6 million for the fiscal years ended March 31, 2018 and 2017, respectively. These write downs were based on evaluating its inventory on hand for excess quantities and obsolescence.

Deferred program costs as of March 31, 2018 and March 31, 2017 primarily represent costs incurred on programs accounted for under contract accounting where the Company needs to complete development milestones before revenue and costs will be recognized.

7. Note Receivable

AMSC entered into a purchase and sale agreement dated February 1, 2018 for the Devens facility (including land, building and building improvements) located at 64 Jackson Road, Devens, Massachusetts to 64 Jackson Road, LLC, a limited liability company, in the amount of $23.0 million. The terms for payment included a $1.0 million security deposit, and a note receivable for $6.0 million payable to AMSC with the remaining cash net of certain adjustments for closing costs at the date of settlement.

The note receivable is due in two $3.0 million installments plus accrued interest at 1.96% rate on March 31, 2019 and March 31, 2020. The note is subordinate to East Boston Savings Bank's mortgage on the Devens property. The note receivable was discounted to its present value of $5.7 million utilizing a discount rate of 6%, which was based on management’s assessment of what an appropriate loan at current market rate would be. The $0.3 million discount was recorded as an offset to the long term portion of the note receivable, and will be amortized to interest income over the term of the note. In addition, the resulting gain of $0.1 million from the sale of the property will be deferred under the cost recovery method for real estate sales due to the subordination of the note receivable. The deferred gain is offset against the long-term portion of the note receivable.

Note receivable as of March 31, 2018 consisted of the following (in thousands):

	March 31, 2018
Current assets	
Note receivable, current	3,000
Total current note receivable	$ 3,000
Long term assets	
Note receivable, long term	3,000
Note receivable discount	(337)
Deferred gain on sale	(105)
Total long term note receivable	$ 2,559

8. Property, Plant and Equipment

The cost and accumulated depreciation of property and equipment at March 31, 2018 and 2017 are as follows (in thousands):

	March 31, 2018	March 31, 2017
Land	$ —	$ 3,643
Construction in progress - equipment	654	601
Buildings	—	34,549
Equipment and software	72,760	73,445
Furniture and fixtures	1,878	1,201
Leasehold improvements	1,426	2,442
Property, plant and equipment, gross	76,718	115,881
Less accumulated depreciation	(64,205)	(72,443)
Property, plant and equipment, net	$ 12,513	$ 43,438

On March 28, 2018 the Company sold land, building and building improvements associated with its Devens facility in Massachusetts with a net book value of $22.4 million for $23.0 million. The resulting gain from the sale of the property of $0.1

69

million after consideration for certain settlement costs of $0.1 million due from the seller and the note discount of $0.3 million will be deferred under the cost recovery method. See Note 7, "Note Receivable" for further information and discussion.

Depreciation expense was $11.0 million, $7.0 million, and $7.4 million, for the fiscal years ended March 31, 2018, 2017, and 2016, respectively. Included in depreciation expense for the year ended March 31, 2018 is $4.9 million of accelerated depreciation recorded to cost of revenues related to revised estimates of the remaining useful lives of certain pieces of manufacturing equipment. Construction in progress - equipment primarily includes capital investments in the Company's newly leased facility in Ayer, Massachusetts.

9. Intangible Assets

Intangible assets at March 31, 2018 and 2017 consisted of the following (in thousands):

	2018			2017			
	Gross Amount	Accumulated Amortization	Net Book Value	Gross Amount	Accumulated Amortization	Net Book Value	Estimated Useful Life
Licenses	$4,322	$ (4,322)	$—	$4,422	$ (4,134)	$ 288	7
Core technology and know-how	8,703	(5,473)	3,230	4,806	(4,793)	13	5-10
Intangible assets	$13,025	$ (9,795)	$3,230	$9,228	$ (8,927)	$ 301	

The Company recorded intangible amortization expense of $0.5 million, $0.6 million, and $0.6 million for the fiscal years ended March 31, 2018, 2017, and 2016, respectively.

Expected future amortization expense related to intangible assets is as follows (in thousands):

Fiscal years ending March 31,	Total
2019	340
2020	340
2021	340
2022	340
2023	340
Thereafter	1,530
Total	$3,230

The geographic composition of intangible assets is as follows (in thousands):

	March 31,	
	2018	2017
Intangible assets by geography:		
U.S.	$3,230	$301
Total	$3,230	$301

The business segment composition of intangible assets is as follows (in thousands):

	March 31,	
	2018	2017
Intangible assets by business segments:		
Grid	$3,230	$301
Total	$3,230	$301

10. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at March 31, 2018 and March 31, 2017 consisted of the following (in thousands):

70

	March 31, 2018	March 31, 2017
Accounts payable	$ 3,096	$ 3,207
Accrued inventories in-transit	1,207	313
Accrued other miscellaneous expenses	2,412	2,240
Accrued compensation	3,605	5,042
Income taxes payable	536	1,344
Accrued warranty	1,769	2,344
Total	$ 12,625	$ 14,490

The Company generally provides a one to three year warranty on its products, commencing upon installation. A provision is recorded upon revenue recognition to cost of revenues for estimated warranty expense based on historical experience.

Product warranty activity was as follows (in thousands):

	Fiscal Years Ended March 31, 2018	2017
Balance at beginning of period	$2,344	$3,601
Change in accruals for warranties during the period	890	1,219
Settlements during the period	(1,465)	(2,476)
Balance at end of period	$1,769	$2,344

11. Debt

Senior Secured Term Loans

On December 19, 2014, the Company entered into a second amendment with Hercules (the “Hercules Second Amendment”) and entered into a new term loan, borrowing an additional $1.5 million (the “Term Loan C”). After closing fees and expenses, the net proceeds to the Company for the Term Loan C were $1.4 million. The Company made interest only payments at an interest rate of 11% through March 16, 2017 when the interest rate was increased to 11.25% until maturity on June 1, 2017, when the loan was repaid in its entirety.

Hercules received warrants to purchase 13,927 shares of common stock (the “First Warrant”) and 25,641 shares of common stock (the “Second Warrant”) in conjunction with prior term loans that have been repaid in full. Due to certain adjustment provisions within the warrants, they qualified for liability accounting. The fair value of the warrants, $0.4 million and $0.2 million, respectively, was recorded upon issuance to debt discount and a warrant liability. In conjunction with the Hercules Second Amendment, the First Warrant and Second Warrant were canceled and replaced with the issuance of a new warrant (the “Hercules Warrant”) to purchase 58,823 shares of common stock at an exercise price of $7.85 per share, subject to certain price-based and other anti-dilution adjustments. The Hercules Warrant expires on June 30, 2020. See Note 12, “Warrants and Derivative Liabilities”, for a discussion on the Warrant and the valuation assumptions used.

Interest expense for the fiscal years ended March 31, 2018, 2017 and 2016, was less than $0.1 million, $0.4 million and $1.0 million, respectively, which included less than $0.1 million, $0.2 million and $0.4 million, respectively, of non-cash interest expense related to the amortization of the debt discount and payment of the Note in Company common stock at a discount.

12. Warrants and Derivative Liabilities

The Company accounts for its warrants and contingent consideration as liabilities due to certain adjustment provisions within the instruments, which require that they be recorded at fair value. The warrants are subject to revaluation at each balance sheet date and any change in fair value is recorded as a change in fair value of warrants until the earlier of its expiration or its exercise at which time the warrant liability will be reclassified to equity. The Company calculated the fair value of the warrants utilizing an integrated lattice model. The contingent consideration is subject to revaluation at each balance sheet date and any change in fair value is recorded as a change in fair value of contingent consideration until the earlier of its settlement or expiration. The Company determined the fair value of the contingent consideration utilizing a Black-Scholes option pricing method upon acquisition and as of September 30, 2017. The contingent consideration was settled as of March 31, 2018. See Note 4, "Fair Value Measurements", for further discussion.

71

Senior Convertible Note Warrant

On April 4, 2012, the Company entered into the Purchase Agreement with CVI. The Purchase Agreement included a warrant to purchase 309,406 shares of the Company's common stock (the "Original Warrant"). Pursuant to an exchange in October 2013, the Original warrant was exchanged for a new warrant (the "Exchanged Warrant"). The Exchanged Warrant expired on October 4, 2017.

Hercules Warrant

On December 19, 2014, the Company entered into the Hercules Second Amendment, (see Note 11, "Debt" for additional information). In conjunction with the agreement, the Company issued the Hercules Warrant to purchase 58,823 shares of the Company's common stock. The Hercules Warrant is exercisable at any time after its issuance at an exercise price of $7.85 per share, subject to certain price-based and other anti-dilution adjustments, including the equity raise in May 2017, the acquisition of ITC with common stock in September 2017 and sales of common stock under the ATM entered into in January 2017, and expires on June 30, 2020.

November 2014 Warrant

On November 13, 2014, the Company completed an offering of approximately 909,090 units of the Company's common stock with Hudson Bay Capital. Each unit consisted of one share of the Company's common stock and 0.9 of a warrant to purchase one share of common stock, or a warrant to purchase in the aggregate 818,181 shares (the "November 2014 Warrant"). The November 2014 Warrant is exercisable at any time, at an exercise price equal to $7.81 per share, subject to certain price-based and other anti-dilution adjustments as noted above, and expires on November 13, 2019.

Following is a summary of the key assumptions used to calculate the fair value of the November 2014 Warrant:

Fiscal Year 2017	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Risk-free interest rate	2.20%	1.87%	1.49%	1.44%
Expected annual dividend yield	—	—	—	—
Expected volatility	65.86%	65.86%	65.64%	67.21%
Term (years)	1.62	1.87	2.12	2.37
Fair value	$1.1 million	$0.4 million	$0.8 million	$0.9 million

Fiscal Year 2016	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Risk-free interest rate	1.41%	1.43%	0.93%	0.77%
Expected annual dividend yield	—	—	—	—
Expected volatility	66.53%	69.31%	68.96%	70.01%
Term (years)	2.62	2.87	3.12	3.37
Fair value	$1.8 million	$2.3 million	$2.3 million	$3.2 million

Fiscal Year 2015	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Risk-free interest rate	0.98%	1.51%	1.17%	1.44%	1.28%
Expected annual dividend yield	—	—	—	—	—
Expected volatility	69.88%	70.02%	73.02%	74.18%	75.96%
Term (years)	3.62	3.87	4.12	4.37	4.62
Fair value	$2.6 million	$2.1 million	$1.3 million	$1.8 million	$2.5 million

The Company recorded a net gain, resulting from a decrease in the fair value of the November 2014 Warrant, of $0.7 million, a net gain, resulting from a decrease in the fair value of the November 2014 Warrant, of $1.4 million, and a net loss resulting from an increase in the fair value of the November 2014 Warrant, of $0.1 million to change in fair value of derivatives and warrants in the fiscal years ended March 31, 2018, 2017 and 2016, respectively.

72

Explanation of Responses:

The Company prepared its estimates for the assumptions used to determine the fair value of the warrants issued in conjunction with both the Exchanged Note, the repaid term loans, and the November 2014 Warrant utilizing the respective terms of the warrants with similar inputs, as described above.

Contingent Consideration

The Company evaluated the ITC acquisition Make Whole Payment set forth in the SPA, which ultimately required net settlement cash, and determined the contingent consideration qualified for liability classification and derivative treatment under ASC 815. As a result, for each period the fair value of the contingent consideration was remeasured and the resulting gain or loss was recognized in operating expenses.

Following is a summary of the key assumptions used to calculate the fair value of the contingent consideration related to the ITC acquisition:

Fiscal Year 2017	September 30, 2017	September 25, 2017
Risk-free interest rate	1.09 %	1.09 %
Expected annual dividend yield	—	—
Expected volatility	66.54 %	65.71 %
Term (years)	0.31	0.32
Fair value	$ 0.4	$ 0.6

All of the stock related to this liability was sold as of December 5, 2017 and the amount of the Make Whole Payment was calculated to be $0.7 million, and subsequently paid on January 5, 2018. As such, no fair value estimate using a Black-Scholes model was needed as the liability was recorded at the known settlement value for the period ending December 31, 2017. The Company recorded a net loss of $0.1 million resulting from an increase in the fair value of the contingent consideration in the year ended March 31, 2018.

13. Income Taxes

Loss before income taxes for the fiscal years ended March 31, 2018, 2017, and 2016 are provided in the table as follows (in thousands):

	Fiscal years ended March 31,		
	2018	2017	2016
Loss before income tax expense:			
U.S.	$(100,341)	$(31,664)	$(29,436)
Foreign	67,404	5,433	8,688
Total	$(32,937)	$(26,231)	$(20,748)

The components of income tax expense (benefit) attributable to continuing operations consist of the following (in thousands):

73

	Fiscal years ended March 31,		
	2018	2017	2016
Current			
Federal	$374	$765	$459
State	—	—	—
Foreign	592	619	1,950
Total current	966	1,384	2,409
Deferred			
Federal	(1,086)	60	(18)
State	—	—	—
Foreign	(41)	(302)	—
Total deferred	(1,127)	(242)	(18)
Income tax (benefit) expense	$(161)	$1,142	$2,391

The reconciliation between the statutory federal income tax rate and the Company's effective income tax rate is shown below.

	Fiscal years ended March 31,		
	2018	2017	2016
Statutory federal income tax rate	(31)%	(34)%	(34)%
Federal rate change	351	—	—
State income taxes, net of federal benefit	(3)	—	1
Deemed dividend and dividends paid	7	20	5
Foreign income tax rate differential	(62)	(1)	5
Stock options	—	—	1
Research and development tax credit	(1)	(2)	(5)
Deferred warrants	(1)	(2)	—
Reversal of uncertain tax benefits	(3)	—	—
True-up of NOLs	11	(40)	19
Settlement of intercompany balances	—	—	(9)
Nondeductible foreign currency exchange remeasurement loss	—	—	10
Valuation allowance	(268)	63	18
Effective income tax rate	— %	4 %	11 %

74

The following is a summary of the principal components of the Company’s deferred tax assets and liabilities (in thousands):

	March 31, 2018	March 31, 2017
Deferred tax assets:		
Net operating loss carryforwards	$210,194	$297,961
Research and development and other tax credit carryforwards	12,828	11,965
Accruals and reserves	22,406	26,222
Fixed assets and intangible assets	1,568	2,250
Other	12,996	12,454
Gross deferred tax assets	259,992	350,852
Valuation allowance	(227,686)	(315,092)
Total deferred tax assets	32,306	35,760
Deferred tax liabilities:		
Intercompany debt	(29,130)	(25,841)
Other	(2,744)	(9,637)
Total deferred tax liabilities	(31,874)	(35,478)
Net deferred tax asset	$432	$282

On December 22, 2017, the Act was signed into law. ASC Topic 740 requires deferred tax assets and liabilities to be measured using the enacted rate for the period in which they are expected to reverse. The SEC staff issued Staff Accounting Bulletin No. 118, which provides guidance for companies that have not completed their accounting for the income tax effects of the Act in the period of enactment, allowing for a measurement period of up to one year after the enactment date to finalize the recording of the related tax impacts. Accordingly, the new 21% U.S. Federal corporate tax rate was used to measure the U.S. deferred tax assets and liabilities that will reverse in future periods and the Company recorded a reduction for the change in corporate income tax rate from 34% to 21% of $116.3 million to deferred tax assets and the valuation allowance. The Company's deferred tax attributes are generally subject to a full valuation allowance in the U.S. and thus, this adjustment to the attributes did not impact the tax provision. In addition, the new legislation includes a one-time transition tax in which all foreign earnings are deemed to be repatriated to the U.S. and taxable at specified rates included within the Act. The Company reviewed the accumulated foreign earnings aggregated across all non U.S. subsidiaries, net of foreign deficits. The Company believes it is in an aggregate net foreign deficit position for U.S. tax purposes and therefore not liable for the transition tax. The Company made reasonable estimates and does not anticipate significant revisions to the accounting for the tax impact of the Act, but has not completed the accounting for the tax effects of the Act at March 31, 2018. The Company will continue to assess its provision for income taxes as future guidance is issued, but does not currently anticipate significant revisions will be necessary. The ultimate impact may differ from the Company's provisional estimates, possibly materially, due to additional analysis, changes in interpretations and assumptions the Company has made, additional regulatory guidance that may be used and actions the Company may take as a result of the Act. The accounting is expected to be complete within the one year measurement period in accordance with the measurement period guidance outlined in Staff Accounting Bulletin No. 118.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, Compensation- Stock Compensation: Improvements to Employee Share-Based Payment Accounting. The guidance simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification of excess tax benefits in the consolidated statements of cash flows. This amendment is effective for annual periods beginning after December 15, 2016 and early adoption is permitted. The Company elected to early adopt the new guidance in the fourth quarter of fiscal 2016 which requires them to reflect any adjustments as of April 1, 2016, the beginning of the annual period that includes the interim period of adoption. The Company has not changed the way it accounts for forfeitures. Prior to April 1, 2016, the Company recognized the excess tax benefits of stock-based compensation expense as additional paid-in capital ("APIC"), and tax deficiencies of stock-based compensation expense in the income tax provision or as APIC to the extent that there were sufficient recognized excess tax benefits previously recognized. As a result of the prior guidance that the excess tax benefits reduce taxes payable prior to being recognized as an increase in capital, the Company had not recognized certain deferred tax assets (all tax attributes such as loss) that could be attributed to tax deductions related to equity compensation in excess of compensation recognized for financial reporting. Effective April 1, 2016, the Company early adopted a change in accounting policy in accordance with ASU 2016-09 to account for excess tax benefits and tax deficiencies as income tax expense or benefit, treated as discrete items in the reporting period in which they occur, and to recognize previously unrecognized deferred tax assets that arose directly from (or the use of which was postponed by) tax deductions related to equity compensation in excess of compensation recognized for financial reporting. No prior periods were restated as a result of this change in accounting policy as the Company previously maintained a valuation allowance against its deferred tax assets that could be attributed to equity compensation in excess of compensation recognized for financial reporting. As a result of the early adoption of ASU 2016-09, the Company recognized an increase to its deferred tax asset of $18.0 million offset by an increase in the Company’s valuation allowance. There was no impact to the Company’s financial statements as a result of the adoption.

The Company has provided a full valuation allowance against its net deferred income tax assets since it is more likely than not that its deferred tax assets are not currently realizable due to the net operating losses incurred by the Company since its inception and net operating losses forecasted in the future. During the year ended March 31, 2018, the Company’s valuation allowance decreased by approximately $87.4 million, primarily due to the tax effect of the Company's change in income tax rate from 34% to 21% offset by an increase in the Company’s net operating loss.

At March 31, 2018, the Company had aggregate net operating loss carryforwards in the U.S. for federal and state income tax purposes of approximately $871.0 million and $232.0 million, respectively, which expire in the years ending March 31, 2018 through 2038. For U.S. federal tax purpose, approximately $89.0 million of Federal net operating losses have an indefinite carryforward period. Included in the U.S. net operating loss are $3.7 million of acquired losses from Power Quality Systems, Inc. and $0.3 million of acquired losses from Infinia Technology Corporation. Research and development and other tax credit carryforwards amounting to approximately $9.5 million and $3.3 million are available to offset federal and state income taxes, respectively, and will expire in the years ending March 31, 2019 through 2038.

At March 31, 2018, the Company had aggregate net operating loss carryforwards for its Austrian subsidiary, AMSC Austria GmbH, of approximately $46.5 million which can be carried forward indefinitely subject to certain annual limitations. At March 31, 2018, the Company had aggregate net operating loss carryforwards for its Chinese operation of approximately $11.7 million, which can be carried forward for five years and begin to expire December 31, 2018. Also the Company had immaterial amounts of current and net operating loss carryforwards for its other foreign operations which can be carried forward indefinitely.

Section 382 of the U.S. Internal Revenue Code of 1986, as amended (the “IRC”), provides limits on the extent to which a corporation that has undergone an ownership change (as defined) can utilize any net operating loss ("NOL") and general business tax credit carryforwards it may have. The Company updated its study through June 15, 2017 as a result of the May 2017 equity offering to determine whether Section 382 could limit the use of its carryforwards in this manner. After completing this study, the Company has concluded that the limitation will not have a material impact on its ability to utilize its NOL carryforwards. If there were material ownership changes subsequent to the study, such changes could limit the Company's ability to utilize its NOL carryforwards. The Company increased its NOL’s by $0.3 million due to acquired losses in the fiscal year ended March 31, 2018 from ITC. The Company conducted a study on the acquired NOL and concluded that the limitations under Section 382 will not have a material impact on its ability to utilize its NOL carryforwards

The total amount of undistributed foreign earnings available to be repatriated at March 31, 2018 was $2.6 million resulting in the recording of a $0.1 million deferred tax liability for foreign withholding taxes.

Accounting for income taxes requires a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if, based on the technical merits, it is more likely than not that the position will be sustained upon audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company reevaluates these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Any changes in these factors could result in the recognition of a tax benefit or an additional charge to the tax provision. The Company did not identify any uncertain tax positions at March 31, 2018. The Company did not have any gross unrecognized tax benefits at March 31, 2018

or 2017.
There were no reversals of uncertain tax positions in the years ended March 31, 2018, 2017 and 2016.

The Company accounts for interest and penalties related to uncertain tax positions as part of its provision for federal and state income taxes. Any unrecognized tax benefits, if recognized, would favorably affect its effective tax rate in any future period. The Company does not expect that the amounts of unrecognized benefits will change significantly within the next twelve months.
The Company conducts business globally and, as a result, its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. Major tax jurisdictions include the U.S., China, Romania and Austria. All

76

U.S. income tax filings for fiscal years ended March 31, 1996 through 2018 remain open and subject to examination. During the fiscal year ended March 31, 2015, the Company concluded a tax audit for the period April 1, 2008 through March 31, 2011 with its foreign subsidiary in Austria. The results of this audit found no material exceptions to the Company’s tax positions.

All fiscal years from the year ended March 31, 2013 through 2018 remain open and subject to examination in Austria. The Company’s tax filings in China for calendar years 2013 and 2014 were examined with no material exceptions. Although the 2013 and 2014 tax years in China were audited, they remain subject to further review until the statute of limitations has expired. The statute of limitations in China for the tax authorities to audit is generally three years. Tax filings in China for calendar years 2008 through 2012 and 2015 through 2018 remain open and subject to examination. Tax filings in Romania for the years ended March 31, 2014 through 2018 remain open and subject to examination.

14. Stockholders’ Equity

Stock-Based Compensation Plans

As of March 31, 2018, the Company had two active stock plans: the 2007 Stock Incentive Plan, as amended (the “2007 Plan”) and the Amended and Restated 2007 Director Stock Plan (the “2007 Director Plan”). Both the 2007 Plan and the 2007 Director Plan were approved by the Company’s stockholders on July 29, 2016.

The 2007 Plan provides for the grant of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, nonstatutory stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards. In the case of options, the exercise price shall be equal to at least the fair market value of the common stock, as determined by (or in a manner approved by) the Board of Directors, on the date of grant. The contractual life of options is generally 10 years. Options generally vest over a 3-5 year period while restricted stock generally vests over a 3 year period.

As of March 31, 2018, the 2007 Director Plan provided for the grant of nonstatutory stock options and stock awards to members of the Board of Directors who are not also employees of the Company (outside directors). Under the terms of the 2007 Director Plan, each outside director is granted an option to purchase shares of common stock 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 the Company’s common stock on the date of the grant. These options vest in equal annual installments over a two-year period. In addition, each outside director is granted an award of shares of common stock with an aggregate grant date value equal to $40,000 3 business days following the last day of each fiscal year, subject to proration for any partial fiscal year of service.

As of March 31, 2018, the 2007 Plan had 666,092 shares and the 2007 Director Plan had 113,662 shares available for future issuance.

Stock-Based Compensation

The components of employee stock-based compensation for the years ended March 31, 2018, 2017 and 2016 were as follows (in thousands):

	Fiscal years ended March 31,		
	2018	2017	2016
Stock options	$227	$323	$663
Restricted stock and stock awards	2,434	2,569	2,574
Employee stock purchase plan	31	—	11
Total stock-based compensation expense	$2,692	$2,892	$3,248

The estimated fair value of the Company’s stock-based awards, less expected annual forfeitures, is amortized over the awards’ service period. The total unrecognized compensation cost for unvested outstanding stock options was $0.2

million for the fiscal year ended March 31, 2018. This expense will be recognized over a weighted-average expense period of approximately 1.0 year. The total unrecognized compensation cost for unvested outstanding restricted stock was $2.4 million for the fiscal year ended March 31, 2018. This expense will be recognized over a weighted-average expense period of approximately 1.9 years.

The following table summarizes employee stock-based compensation expense by financial statement line item for the fiscal years ended March 31, 2018, 2017 and 2016 (in thousands):

77

	Fiscal years ended March 31,		
	2018	2017	2016
Cost of revenues	$137	$185	$274
Research and development	373	214	418
Selling, general and administrative	2,182	2,493	2,556
Total	$2,692	$2,892	$3,248

The following table summarizes the information concerning currently outstanding and exercisable employee and non-employee options:

	Options / Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (thousands)
Outstanding at March 31, 2017	352,008	$ 79.63		
Granted	—	—		
Exercised	—	—		
Canceled/forfeited	(71,117)	119.64		
Outstanding at March 31, 2018	280,891	$ 69.51	4.6	$ —
Exercisable at March 31, 2018	236,040	$ 80.15	4.3	$ —
Fully vested and expected to vest at March 31, 2018	279,465	$ 69.79	4.6	$ —

There were no stock options granted during the fiscal year ended March 31, 2018. There were 9,703 stock options granted during the fiscal year ended March 31, 2017 at a weighted average grant date fair value of $4.06 per share. There were no stock options granted during the fiscal year ended March 31, 2016. Intrinsic value represents the amount by which the market price of the common stock exceeds the exercise price of the options. Given the decline in the Company's stock price, exercisable options as of March 31, 2018, 2017 and 2016 had no intrinsic value.

The weighted average assumptions used in the Black-Scholes valuation model for stock options granted during the fiscal years ended March 31, 2018, 2017, and 2016 are as follows:

	Fiscal years ended March 31,		
	2018	2017	2016
Expected volatility	N/A	67.6%	N/A
Risk-free interest rate	N/A	1.3 %	N/A
Expected life (years)	N/A	5.7	N/A
Dividend yield	N/A	— %	N/A

The expected volatility rate was estimated based on an equal weighting of the historical volatility of the Company's common stock and the implied volatility of the Company's traded options. The expected term was estimated based on an analysis of the Company's historical experience of exercise, cancellation, and expiration patterns. The risk-free interest rate is based on the average of the five and seven year U.S. Treasury rates.

The following table summarizes the employee and non-employee restricted stock activity for the year ended March 31, 2018:

	Shares	Weighted Average Grant Date Fair Value	Intrinsic Aggregate Value (thousands)
Outstanding at March 31, 2017	424,925	$ 9.47	
Granted	854,307	3.91	
Vested	(344,147)	8.28	
Forfeited	(38,599)	8.99	
Outstanding at March 31, 2018	896,486	$ 4.65	$ 5,218

The total fair value of restricted stock that was granted during the fiscal years ended March 31, 2018, 2017 and 2016 was $3.3 million, $1.7 million, and $2.6 million, respectively. The total fair value of restricted stock that vested during the fiscal years ended March 31, 2018, 2017 and 2016 was $1.4 million, $2.3 million, $1.7 million, respectively. There were 267,125 performance-based restricted shares awarded during the fiscal years ended March 31, 2018, and none during the fiscal years ended March 31, 2017 and 2016, respectively. Included in the table above are 20,000 restricted stock units vested during fiscal 2017.

The remaining shares awarded vest upon the passage of time. For awards that vest upon the passage of time, expense is being recorded over the vesting period.

Employee Stock Purchase Plan

The Company has an employee stock purchase plan (ESPP) which provides employees with the opportunity to purchase shares of common stock at a price equal to the market value of the common stock at the end of the offering period, less a 15% purchase discount. As of March 31, 2018, the ESPP had 259,856 shares available for future issuance. The Company recognized less than $0.1 million compensation expense for the fiscal year ended March 31, 2018, no compensation expense during the fiscal year ended March 31, 2017 and less than $0.1 million compensation expense for the fiscal year ended March 31, 2016, related to the ESPP.

Equity Offerings

On April 29, 2015, the Company completed an equity offering with Cowen and Company, LLC, under which the Company sold 4.0 million shares of its common stock at an offering price of $6.00 per share. After underwriting, commissions and expenses, the Company received net proceeds from the offering of approximately $22.3 million.

On May 10, 2017, the Company completed an additional equity offering (the "Offering") which included a 30-day option (the "Option") to the underwriters to purchase up to an additional 600,000 shares of common stock at the public offering price. The total net proceeds to us during the year ended March 31, 2018 from the Offering and Option were approximately $17.0 million, after deducting underwriting discounts and commissions and offering expenses payable by us. The Company terminated its At Market Issuance Sales Agreement ("ATM") with FBR Capital Markets & Co ("FBR") in conjunction with the Offering.

ATM Arrangement

On January 27, 2017, the Company entered into an ATM arrangement, pursuant to which, the Company could, at its discretion, sell up to $10.0 million of the Company’s common stock through its sales agent, FBR. Sales of common stock made under the ATM were made pursuant to the prospectus supplement dated January 27, 2017, which supplemented the prospectus dated October 1, 2014, included in the shelf registration statement that AMSC filed with the Securities and Exchange Commission (“SEC”) on September 19, 2014.

During the year ended March 31, 2017, the Company received net proceeds of $2.5 million, from sales of approximately 379,693 shares of its common stock at an average sales price of approximately $6.79 per share under the ATM. No sales of the Company's common stock were made under the ATM after March 31, 2017. On May 4, 2017, the Company provided to FBR the sales agent, a notice of termination of the ATM.

15. Commitments and Contingencies

Purchase Commitments

79

The Company periodically enters into non-cancelable purchase contracts in order to ensure the availability of materials to support production of its products. Purchase commitments represent enforceable and legally binding agreements with suppliers to purchase goods or services. The Company periodically assesses the need to provide for impairment on these purchase contracts and record a loss on purchase commitments when required.

Lease Commitments

Operating leases include minimum payments under leases for the Company's facilities and certain equipment. The Company's primary leased facilities are located in Klagenfurt, Austria; Suzhou and Beijing, China; Ayer, Massachusetts; Timisoara, Romania; and Pewaukee, Wisconsin; with a combined total of approximately 187,000 square feet of space. These leases have varying expiration dates through November 2022 which can generally be terminated at the Company's request after a six month advance notice. The Company leases other locations which focus primarily on applications engineering, sales and/or field service and do not have significant leases or physical presence. See Item 2, "Properties" for further information.

Minimum future lease commitments at March 31, 2018 were as follows (in thousands):

Fiscal years ended March 31,	Total
2019	$1,197
2020	946
2021	791
2022	542
Total	$3,796

Rent expense under the operating leases mentioned above was as follows (in thousands):

	Fiscal years ended March 31,		
	2018	2017	2016
Rent expense	$1,510	$1,338	$1,628

Legal Contingencies

From time to time, the Company is involved in legal and administrative proceedings and claims of various types. The Company records a liability in its consolidated financial statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. The Company reviews these estimates each accounting period as additional information is known and adjusts the loss provision when appropriate. If a matter is both probable to result in a liability and the amounts of loss can be reasonably estimated, the Company estimates and discloses the possible loss or range of loss to the extent necessary to make the consolidated financial statements not misleading. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in its consolidated financial statements.

On September 13, 2011, the Company commenced a series of legal actions in China against Sinovel Wind Group Co., Ltd. ("Sinovel"). The Company's Chinese subsidiary, Suzhou AMSC Superconductor Co. Ltd., filed a claim for arbitration with the Beijing Arbitration Commission in accordance with the terms of the Company's supply contracts with Sinovel. The case is captioned (2011) Jing Zhong An Zi No. 0963. The Company alleges that Sinovel committed various material breaches of its contracts with the Company and that Sinovel has refused to pay past due amounts for prior shipments of core electrical components and spare parts. The Company is seeking compensation for past product shipments and retention (including interest) in the amount of approximately RMB 485 million (approximately $77 million) due to Sinovel's breaches of its contracts. The Company is also seeking specific performance of its existing contracts as well as reimbursement of all costs and reasonable expenses with respect to the arbitration. The value of the undelivered components under the existing contracts, including the deliveries refused by Sinovel in March 2011, amounts to approximately RMB 4.6 billion (approximately $732 million).

On October 8, 2011, Sinovel filed with the Beijing Arbitration Commission an application under the caption (2011) Jing Zhong An Zi No. 0963, for a counterclaim against the Company for breach of the same contracts under which the Company filed its original arbitration claim. Sinovel claimed, among other things, that the goods supplied by the Company do not conform to the standards specified in the contracts and claimed damages in the amount of approximately RMB 1.2 billion (approximately $191 million). On February 27, 2012, Sinovel filed with the Beijing

Arbitration Commission an application under the caption (2012) Jing Zhong An Zi No. 0157, against the Company for breach of the same contracts under which the Company filed its original arbitration claim. Sinovel claims, among other things, that the goods supplied by the Company do not conform to the standards specified in the contracts and claimed damages in the amount of approximately RMB 105 million (approximately $17 million). The Company believes that Sinovel’s claims are without merit and it intends to defend these actions vigorously. Since the proceedings in this

80

matter are still in the early technical review phase, the Company cannot reasonably estimate possible losses or range of losses at this time.

Other

The Company enters into long-term construction contracts with customers that require the Company to obtain performance bonds. The Company is required to deposit an amount equivalent to some or all the face amount of the performance bonds into an escrow account until the termination of the bond. When the performance conditions are met, amounts deposited as collateral for the performance bonds are returned to the Company. In addition, the Company has various contractual arrangements in which minimum quantities of goods or services have been committed to be purchased on an annual basis.

As of March 31, 2018, the Company had $0.2 million of restricted cash included in long-term assets. These amounts included in restricted cash primarily represent deposits to secure letters of credit for various supply contracts. These deposits are held in interest bearing accounts.

16. Employee Benefit Plans

The Company has implemented a defined contribution plan (the “Plan”) under Section 401(k) of the Internal Revenue Code. Any contributions made by the Company to the Plan are discretionary. The Company has a stock match program under which the Company matched, in the form of Company common stock, 50% of the first 6% of eligible contributions. The Company recorded expense of $0.4 million, for each of the fiscal years ended March 31, 2018, 2017, and 2016, and recorded corresponding charges to additional paid-in capital related to this program.

17. Restructuring

The Company accounts for charges resulting from operational restructuring actions in accordance with ASC Topic 420, Exit or Disposal Cost Obligations (“ASC 420”) and ASC Topic 712, Compensation—Nonretirement Postemployment Benefits (“ASC 712”). In accounting for these obligations, the Company is required to make assumptions related to the amounts of employee severance, benefits, and related costs and the time period over which leased facilities will remain vacant, sublease terms, sublease rates and discount rates. Estimates and assumptions are based on the best information available at the time the obligation arises. These estimates are reviewed and revised as facts and circumstances dictate; changes in these estimates could have a material effect on the amount accrued on the consolidated balance sheet.

On April 3, 2017, the Board of Directors approved a plan to reduce the Company’s global workforce by approximately 8%, effective April 4, 2017. The purpose of the workforce reduction was to reduce operating expenses to better align with the Company’s current revenues. In fiscal 2017 the Company recorded restructuring charges of $1.5 million as a result of this reduction in force, which was comprised of $1.3 million of severance pay and $0.2 million of exit costs for the move of the corporate office. Included in the $1.3 million severance pay, charged to operations in the year ended March 31, 2018, is $0.5 million of severance pay for one of the Company's former executive officers pursuant to the terms of a severance agreement dated June 30, 2017. Under the terms of the severance agreement, the Company's former executive officer is entitled to 18 months of his base salary, which is expected to be paid by December 31, 2018. From and after January 1, 2018, the Company, at its discretion, may settle any remaining unpaid cash severance owed to its former executive officer through the issuance of a number of immediately vested shares of the Company’s common stock, determined by multiplying the remaining unpaid cash severance owed by 120%, and then dividing by the closing stock price per share of the Company's common stock as of the last business day prior to the issuance of the shares. As of March 31, 2018 the Company had not elected to settle any unpaid severance in common stock.

During the fourth quarter of fiscal 2017 the Company incurred $0.2 million in facility costs related to the move to the newly leased Ayer, Massachusetts location.

All amounts related to these restructuring activities are expected to be paid by December 31, 2018.

The following table presents restructuring charges and cash payments during the year ended March 31, 2018 (in thousands):

Total

	Severance pay and benefits	Facility exit and Relocation costs	
Accrued restructuring balance at April 1, 2017	$ —	$ —	$—
Charges to operations	1,325	202	1,527
Cash payments	(1,063)	(29)	(1,092)
Accrued restructuring balance at March 31, 2018	$ 262	$ 173	$435

81

All restructuring charges discussed above are included within restructuring in the Company’s consolidated statements of operations. The Company includes accrued restructuring within accounts payable and accrued expenses in the consolidated balance sheets.

18. Business Segments

The Company reports its financial results in two reportable business segments: Wind and Grid.

Through the Company’s Windtec Solutions, the Wind business segment enables manufacturers to field wind turbines with exceptional power output, reliability and affordability. The Company supplies advanced power electronics and control systems, licenses its highly engineered wind turbine designs, and provides extensive customer support services to wind turbine manufacturers. The Company’s design portfolio includes a broad range of drive trains and power ratings of 2 megawatts ("MWs") and higher. The Company provides a broad range of power electronics and software-based control systems that are highly integrated and designed for optimized performance, efficiency, and grid compatibility.

Through the Company’s Gridtec Solutions, the Grid business segment enables electric utilities and renewable energy project developers to connect, transmit and distribute power with exceptional efficiency, reliability and affordability. The sales process is enabled by transmission planning services that allow it to identify power grid congestion, poor power quality and other risks, which helps the Company determine how its solutions can improve network performance. These services often lead to sales of grid interconnection solutions for wind farms and solar power plants, power quality systems, and transmission and distribution cable systems. The Company also sells ship protection products to the U.S. Navy through its Grid business segment.

The operating results for the two business segments are as follows (in thousands):

	Fiscal Years Ended March 31,		
	2018	2017	2016
Revenues:			
Wind	$14,294	$47,269	$68,883
Grid	34,109	27,926	27,140
Total	$48,403	$75,195	$96,023

	Fiscal Years Ended March 31,		
	2018	2017	2016
Operating loss:			
Wind	$(8,904)	$(4,174)	$(1,256)
Grid	(18,963)	(20,476)	(14,835)
Unallocated corporate expenses	(4,290)	(2,892)	(4,027)
Total	$(32,157)	$(27,542)	$(20,118)

Total assets for the two business segments as of March 31, 2018 and March 31, 2017 are as follows (in thousands):

	March 31, 2018	March 31, 2017
Wind	$ 16,790	$ 18,346
Grid	37,012	31,060
Corporate assets	34,373	50,838
Total	$ 88,175	$ 100,244

The accounting policies of the business segments are the same as those for the consolidated Company. The Company’s business segments have been determined in accordance with the Company’s internal management structure, which is organized based on operating activities. The Company evaluates performance based upon several factors, of which the primary financial measures are segment revenues and segment operating loss. The disaggregated financial results of the segments reflect allocation of certain functional expense categories consistent with the basis and manner in which Company management internally disaggregates financial information for the purpose of assisting in making internal operating decisions. In addition, certain corporate

82

expenses which the Company does not believe are specifically attributable or allocable to either of the two business segments have been excluded from the segment operating loss.

Unallocated corporate expenses primarily consist of stock-based compensation expense of $2.7 million, $2.9 million, and $3.2 million, in the fiscal years ended March 31, 2018, 2017, and 2016, respectively, restructuring charges of $1.5 million for the fiscal year ended March 31, 2018, and impairment charges of $0.8 million, for the fiscal year ended March 31, 2016, and a change in the fair value of contingent consideration of $0.1 million for the fiscal year ended March 31, 2018.

Geographic information about revenue, based on shipments to customers by region, is as follows (in thousands):

	Fiscal years ended March 31,		
	2018	2017	2016
India	$12,932	$44,243	$59,640
U.S.	17,315	16,224	14,565
China	679	2,004	8,455
Asia Pacific	3,754	2,106	5,364
Africa	118	1,548	2,697
Australia	3,072	4,053	2,410
Europe	5,405	3,624	1,775
Canada	1,120	1,393	1,117
Middle East	4,008	—	—
Total	$48,403	$75,195	$96,023

In the fiscal years ended March 31, 2018, 2017, and 2016, 64%, 78%, and 85% of the Company's revenues, respectively, were recognized from sales outside the United States. The Company maintains operations in Austria, Romania, and the United States and sales and service support centers around the world.

In the fiscal years ended March 31, 2018, 2017 and 2016, Inox accounted for approximately 27%, 59%, and 62% of the Company's total revenues, respectively.

Geographic information about property, plant and equipment associated with particular regions is as follows (in thousands):

	March 31,	
	2018	2017
North America	$11,933	$42,699
Europe	478	602
Asia Pacific	102	137
Total	$12,513	$43,438

19. Quarterly Financial Data (Unaudited)

83

(In thousands, except per share amount)	For the year ended March 31, 2018:			
Three Months Ended	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Total revenue	$8,923	$11,049	$14,933	$13,498
Operating loss	(14,693)	(7,805)	(3,851)	(5,808)
Net loss	(15,252)	(7,281)	(4,248)	(5,995)
Net loss per common share—basic	(0.91)	(0.38)	(0.21)	(0.30)
Net loss per common share—diluted	(0.91)	(0.38)	(0.21)	(0.30)

	For the year ended March 31, 2017:			
Three Months Ended	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
Total revenue	$13,345	$18,507	$27,148	$16,195
Operating loss	(9,344)	(7,150)	(4,060)	(6,988)
Net loss	(10,355)	(7,325)	(2,768)	(6,925)
Net loss per common share—basic	(0.76)	(0.53)	(0.20)	(0.50)
Net loss per common share—diluted	(0.76)	(0.53)	(0.20)	(0.50)

20. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) and the International Accounting Standards Board ("IASB") issued, ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The guidance substantially converges final standards on revenue recognition between the FASB and IASB providing a framework on addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. generally accepted accounting principles. The FASB has subsequently issued the following amendments to ASU 2014-09 which are all effective for annual reporting periods beginning after December 15, 2017.

•In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations, which clarifies the implementation guidance on principal versus agent considerations.

•In April 2016, the FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, which clarifies certain aspects of identifying performance obligations and licensing implementation guidance.

•In May 2016, the FASB issued ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients related to disclosures of remaining performance obligations, as well as other amendments to guidance on collectability, non-cash consideration and the presentation of sales and other similar taxes collected from customers.

•In December 2016, the FASB issued ASU No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, which amends certain narrow aspects of the guidance issued in ASU 2014-09 including guidance related to the disclosure of remaining performance obligations and prior-period performance obligations, as well as other amendments to the guidance on loan guarantee fees, contract costs, refund liabilities, advertising costs and the clarification of certain examples.

As of March 31, 2018, the Company has completed its assessment of the effects of ASU 2014-09 and its amendments on its consolidated financial statements, and has implemented changes to its business processes, systems and controls to support revenue recognition and the related disclosures under this ASU. The Company’s assessment included a detailed review of representative contracts from each of the Company’s revenue streams and a comparison of its historical accounting policies and practices to the new standard. The Company adopted the new standards on April 1, 2018, and did so retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective transition method)) to all existing contracts that have remaining obligations as of April 1, 2018. Accordingly, the Company has elected to retroactively adjust only those contracts that do not meet the definition of a complete contract at the date of the initial application. This guidance will lead to recognizing certain revenue transactions sooner than in the past on certain contracts, as the Company will need to estimate the revenue it will be entitled to upon contract completion, and later on other contracts such as Consulting and SOW transactions, due to lack of an enforceable right to payment for performance obligations satisfied over time. The

84

Company's assessment supports the determination that there are no changes in the accounting for its largest revenue stream which includes Inox Wind Ltd as its primary customer. Across other revenue streams such as DVAR Equipment and DVAR Turnkey, the timing of revenue recognition will be affected for multiple types of contracts, primarily multiple performance obligation contracts in its Grid business unit, but those differences are not expected to have a material impact on its consolidated financial statements. The increase to adjust opening retained earnings will be less than $0.1 million for the period commencing on April 1, 2018, primarily related to the recognition of the deferred gain on the sale of the 64 Jackson Road building. Additionally, the adoption of this new standard is not expected to have any tax impact on the consolidated financial statements. As part of this analysis, the Company evaluated its information technology capabilities and systems, and did not incur significant information technology costs to modify systems currently in place.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The amendments in ASU 2016-01 will enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. This ASU is effective for annual reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. The Company does not expect any significant changes to the consolidated financial statement results with the adoption of ASU 2016-01.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the effects adoption of this guidance will have on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in ASU 2016-13 will provide more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The ASU is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that year. The Company is currently evaluating the impact, if any, the adoption of ASU 2016-13 may have on its consolidated financial statements.

In 2016, the FASB issued the following two ASU's on Statement of Cash Flows (Topic 230). Both amendments are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that year.

•In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The amendments in ASU 2016-15 will provide more guidance towards the classification of multiple different types of cash flows in order to reduce the diversity in reporting across entities.

•In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in ASU 2016-18 will explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

The Company does not expect any significant changes to the consolidated financial statement results with the adoption of ASU 2016-15 and ASU 2016-18.

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory. The amendments in ASU 2016-16 will improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. The ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that year. The Company does not anticipate any significant changes to the consolidated financial statement results with the adoption of ASU 2016-16.

In January 2017, the FASB issued ASU 2017-01, Business Combinations. The amendments in ASU 2017-01 will clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those periods. The Company adopted ASU 2017-01 effective September 30, 2017, following the Acquisition of ITC. The Company considered these amendments in its decision to record the combination

85

of the entities as an acquisition of a business. See Note 3, "Acquisition and Related Goodwill", for further details. These impacts have been included in the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-03, Accounting Changes and Error Corrections (Topic 250) and Investments - Equity Method and Joint Ventures. The amendments in ASU 2017-03 provide additional detail surrounding disclosures required related to adoption of new pronouncements. The ASU is effective for the periods of each related pronouncement. The Company is currently evaluating the impact the adoption of ASU 2017-03 may have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The amendments in ASU 2017-04 eliminated the prior requirement to perform procedures to determine the fair value at the impairment testing date of an entity's assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Under the new guidelines an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value. The ASU is effective for annual reporting periods beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. Following the Acquisition of ITC, the Company performed an analysis and determined that the transaction included a portion of goodwill. The Company has accounted for that value on its balance sheet as of March 31, 2018. See Note 3, "Acquisition and Related Goodwill" for further details. The Company adopted ASU 2017-04 effective September 30, 2017. The Company performed its annual impairment test during the fourth quarter of fiscal 2017 and determined there was no impairment as of the annual impairment testing date and that there were no triggering events from the assessment date through March 31, 2018 requiring further impairment analysis at this time.

In February 2017, the FASB issued ASU 2017-05, Other Income - Gains and Losses from the Derecognition of Non-financial Assets (Subtopic 610-20). The amendments in ASU 2017-05 clarify the scope of Subtopic 610-20, Other Income-Gains and Losses from the Derecognition of Non-financial Assets, and to add guidance for partial sales of non-financial assets. Subtopic 610-20, which was issued in May 2014 as a part of Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), provides guidance for recognizing gains and losses from the transfer of non-financial assets in contracts with non-customers. The Company does not expect any significant changes to the consolidated financial statement results with the adoption of ASU 2017-05.

In May 2017, the FASB issued ASU 2017-09, Compensation - Stock Compensation (Subtopic 718) Scope of Modification Accounting. The amendments in ASU 2017-09 provide clarity and reduce both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation-Stock Compensation, to a change to the terms or conditions of a share-based payment award. The ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those periods. The Company does not expect any significant changes to the consolidated financial statement results with the adoption of ASU 2017-09.

In July 2017, the FASB issued ASU 2017-11, Earnings per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), and Derivatives and Hedging (Topic 815). The amendments in ASU 2017-11 provide guidance for freestanding equity-linked financial instruments, such as warrants and conversion options in convertible debt or preferred stock, and should no longer be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. The ASU is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those periods. The Company is currently evaluating the impact the adoption of ASU 2017-11 may have on its consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities. The amendments in ASU 2017-12 provide improved financial reporting of hedging relationships to better portray the economic results of an entity’s risk management activities in its financial statements. In addition, the amendments in this update make certain targeted improvements to simplify the application of the hedge accounting guidance. The ASU is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those periods. The Company is currently evaluating the impact the adoption of ASU 2017-12 may have on its consolidated financial statements.

21. Subsequent Events
The Company has performed an evaluation of subsequent events through the time of filing this Annual Report on Form 10-K with the SEC, and has determined that there are no such events to report.

86

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2018. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2018, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over our financial reporting. Internal control over financial reporting is defined in Rules 13a–15(f) and 15d–15(f) under the Exchange Act as a process designed by, or under the supervision of, a company's chief executive officer and chief financial officer, and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, an evaluation was conducted of the effectiveness of our internal control over financial reporting based on the Committee of Sponsoring Organizations of the Treadway Commission's Internal Control – Integrated Framework (2013 Edition). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of March 31, 2018.

The effectiveness of our internal control over financial reporting as of March 31, 2018 has been audited by RSM US LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during the quarter ended March 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

PART III

87

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The response to this item is contained in part under the caption “Executive Officers” in Part I of this Annual Report on Form 10-K, and in part in our Proxy Statement for the Annual Meeting of Stockholders to be held in 2018 (the “2018 Proxy Statement”) in the sections “Corporate Governance — Members of the Board,” “Other Matters — Section 16(a) Beneficial Ownership Reporting Compliance,” “Corporate Governance — Code of Business Conduct and Ethics,” “Corporate Governance —Board Committees” and “Corporate Governance — Board Committees — Audit Committee,” “Corporate Governance — Director Nomination Process”, “Corporate Governance — Board Determination of Independence”, which sections are incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

The sections of the 2018 Proxy Statement titled “Information About Executive and Director Compensation,” “Information About Executive and Director Compensation — Compensation Committee Interlocks and Insider Participation” and “Information About Executive and Director Compensation — Compensation Committee Report” are incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The sections of the 2018 Proxy Statement titled “Stock Ownership of Certain Beneficial Owners and Management” and “Information about Executive Officer and Director Compensation — Securities Authorized for Issuance Under our Equity Compensation Plans” are incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The sections of the 2018 Proxy Statement titled “Certain Relationships and Related Transactions” and “Corporate Governance —Board Determination of Independence” and “Corporate Governance — Board Committees” are incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The section of the 2018 Proxy Statement titled “Ratification of Selection of Independent Registered Public Accounting Firm (Proposal 5)” is incorporated herein by reference.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Document filed as part of this Annual Report on Form 10-K:

1. Financial Statements

The following financial statements of American Superconductor Corporation, supplemental information and report of independent registered public accounting firm required by this item are included in Item 8, “Financial Statements and Supplementary Data,” in this Form 10-K:

Report of Independent Registered Public Accounting Firm	50
Consolidated Balance Sheets at March 31, 2018 and 2017	52
Consolidated Statements of Operations for the fiscal years ended March 31, 2018, 2017 and 2016	53
Consolidated Statements of Comprehensive Loss for the fiscal years ended March 31, 2018, 2017 and 2016	54
Consolidated Statements of Stockholders' Equity for the fiscal years ended March 31, 2018, 2017 and 2016	55
Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2018, 2017 and 2016	56
Notes to the Consolidated Financial Statements	57

2. Financial Statement Schedules

See "Schedule II — Valuation and Qualifying Accounts" for the fiscal years ended March 31, 2018, 2017 and 2016. All other schedules are omitted because they are not applicable, not required or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits Required by Item 601 of Regulation S-K under the Exchange Act.

See (b) Exhibits.

(b) Exhibits

The list of Exhibits filed as a part of this Annual Report on Form 10-K is set forth on the Exhibit Index immediately following Item 16, "Form 10-K Summary", and is incorporated herein by reference.

American Superconductor Corporation
Schedule II — Valuation and Qualifying Accounts
(In thousands)

	Balance, Beginning of Year	Additions	Write-offs	Recoveries and Other Adjustments	Balance, End of Year
Allowance for doubtful accounts receivable:					
Fiscal year ended March 31, 2018	$ 54	—	—	—	$54
Fiscal year ended March 31, 2017	$ 54	—	—	—	$54
Fiscal year ended March 31, 2016	$ 54	—	—	—	$54

	Balance, Beginning of Year	Additions	Write-offs	Recoveries and Other Adjustments	Balance, End of Year
Deferred tax asset valuation allowance:					
Fiscal year ended March 31, 2018	$ 315,092	24,585	(111,991)	—	$227,686
Fiscal year ended March 31, 2017	$ 301,393	22,580	(8,881)	—	$315,092
Fiscal year ended March 31, 2016	$ 294,860	9,028	(2,495)	—	$301,393

Item 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

		Incorporated by Reference				
Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
3.1	Restated Certificate of Incorporation of the Registrant, as amended.	S-3	333-191153	3.1	9/13/2013	
3.2	Certificate of Amendment of Restated Certificate of Incorporation of the Registrant, dated March 24, 2015.	8-K	000-19672	3.1	3/24/2015	
3.3	Amended and Restated By-Laws of the Registrant.	S-3	333-191153	3.2	9/13/2013	
4.1	Amended and Restated Warrant Agreement, dated as of December 19, 2014, between the Registrant and Hercules Technology Growth Capital, Inc.	8-K	000-19672	4.1	12/22/2014	
4.2	Form of Indenture, between the Registrant and Wilmington Trust, National Association.	S-3	333-198851	4.1	9/19/2014	
4.3	Form of Warrant Agreement, by and between the Registrant and the American Stock Transfer and Trust Company, dated November 13, 2014, and Form of Warrant.	8-K	000-19672	4.1	11/13/2014	
10.1+	2007 Stock Incentive Plan, as amended.	8-K	000-19672	10.1	8/2/2016	
10.2+	Form of Incentive Stock Option Agreement under 2007 Stock Incentive Plan, as amended.	8-K	000-19672	10.2	8/7/2007	
10.3+	Form of Non-statutory Stock Option Agreement under 2007 Stock Option Plan, as amended.	8-K	000-19672	10.3	8/7/2007	
10.4+	Form of Restricted Stock Agreement Regarding Awards to Executive Officers under 2007 Stock Option Plan, as amended.	8-K	000-19672	10.4	8/7/2007	
10.5+	Form of Restricted Stock Agreement Regarding Awards to Employees, under 2007 Stock Option Plan, as amended.	8-K	000-19672	10.5	8/7/2007	
10.6+	Form of Restricted Stock Agreement (regarding performance-based awards to executive officers and employees) under 2007 Stock Incentive Plan, as amended.	8-K	000-19672	10.1	5/20/2008	
10.7+	Amended and Restated 2007 Director Stock Plan.	8-K	000-19672	10.2	8/2/2016	
10.8+	Form of Non-statutory Stock Option Agreement Under Amended and Restated 2007 Director Stock Plan.	8-K	000-19672	10.7	8/7/2007	
10.9+	Executive Incentive Plan for the fiscal year ended March 31, 2017.	10-Q	000-19672	10.1	8/9/2016	
10.10+	Executive Incentive Plan for fiscal year ended March 31, 2018.	10-Q	000-19672	10.1	8/8/2017	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
10.11+	Form of Employee Nondisclosure and Developments Agreement.	S-1	333-43647	10.16	1/7/1991	
10.12+	Amended and Restated Executive Severance Agreement, dated as of May 24, 2011, between the Registrant and Daniel P. McGahn.	8-K	000-19672	10.2	5/24/2011	
10.13+	Amended and Restated Executive Severance and Consulting Services Agreement, dated as of June 30, 2017, between the Registrant and David A. Henry.	8-K	000-19672	10.1	7/3/2017	
10.14+	Amended and Restated Executive Severance Agreement, dated as of September 20, 2013, between the Registrant and James F. Maguire.	8-K	000-19672	10.1	9/25/2013	
10.15+	First Amendment to Amended and Restated Executive Severance Agreement, dated April 6, 2018, between the Registrant and James F. Maguire					*
10.16+	Executive Severance Agreement, dated as of January 13, 2012, between the Registrant and John W. Kosiba.	8-K	000-19672	10.1	4/4/2017	
10.17+	First Amendment to Executive Severance Agreement, effective as of July 31, 2017, between the Registrant and John W. Kosiba.	10-Q	000-19672	10.1	11/7/2017	
10.18†	Supply Contract, effective as of February 8, 2013, by and between the Registrant and Inox Wind Limited.	8-K	000-19672	—	2/14/2013	
10.19†	Supply Contract, effective as of June 2, 2014, by and between the Registrant and Inox Wind Limited.	8-K	000-19672	10.1	6/5/2014	
10.20†	Amendment No.1 to Supply Contract (dated June 2, 2014), by and between the Registrant and Inox Wind Limited, entered into by the Registrant on August 26, 2015.	10-Q	000-19672	10.1	11/3/2015	
10.21†	Amendment No.2 to Supply Contract (dated June 2, 2014), by and between the Registrant and Inox Wind Limited, entered into by the Registrant on December 14, 2015.	10-Q	000-19672	10.3	2/9/2016	
10.22†	Amendment No.3 to Supply Contract (dated June 3, 2014), by and between the Registrant and Inox Wind Limited, entered into on February 18, 2016.	10-K	000-19672	10.41	5/31/2016	
10.23†	Supply Contract, effective as of August 15, 2014, by and between the Registrant and Inox Wind Limited.	10-Q	000-19672	10.1	11/6/2014	
10.24†	Amendment No.1 to Supply Contract (effective as of August 15, 2014), by and between the Registrant and Inox Wind Limited, entered into by the Registrant on February 25, 2015.	10-Q	000-19672	10.2	11/3/2015	
10.25†	Amendment No.2 to Supply Contract (effective as of August 15, 2014), by and between the Registrant and Inox Wind Limited, entered into by the Registrant on August 26, 2015.	10-Q	000-19672	10.3	11/3/2015	

Explanation of Responses:

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
10.26†	Amendment No.3 to Supply Contract (effective as of August 15, 2014), by and between the Registrant and Inox Wind Limited, entered into on November 19, 2015.	10-Q	000-19672	10.30	2/9/2016	
10.27†	Amendment No.4 to Supply Contract (effective as of August 15, 2014), by and between the Registrant and Inox Wind Limited, entered into on February 18, 2016.	10-K	000-19672	10.46	5/31/2016	
10.28†	Supply Contract, dated December 16, 2015, by and between the Registrant and Inox Wind Limited.	10-Q	000-19672	10.1	2/9/2016	
10.29††	Amendment No. 1 to Supply Contract, entered into as of March 14, 2018 and effective as of November 8, 2017, by and between the Registrant and Inox Wind Limited.					*
10.30††	Amendment No. 2 to Supply Contract, entered into on May 21, 2018, by and between the Registrant and Inox Wind Limited.					*
10.31†	Technology License Agreement, dated December 16, 2015, by and among AMSC Austria GMBH, the Registrant and Inox Wind Limited.	10-Q	000-19672	10.2	2/9/2016	
10.32†	License and Sublicense Agreement, dated March 4, 2016, by and between the Registrant and BASF Corporation.	10-K	000-19672	10.49	5/31/2016	
10.33†	Disclosure Letter, dated March 4, 2016, by and between the Registrant and BASF Corporation.	10-K	000-19672	0.01	5/31/2016	
10.34†	Joint Development Agreement, dated March 4, 2016, by and between the Registrant and BASF Corporation.	10-K	000-19672	0.01	5/31/2016	
10.35	At Market Issuance Sales Agreement, by and between the Registrant and FBR Capital Markets & Co.	8-K	000-19672	10.1	1/27/2017	
10.36	Purchase and Sale Agreement, dated as of February 1, 2018, by and between ASC Devens LLC and 64 Jackson, LLC.	8-K	000-19672	10.1	2/1/2018	
10.37	Subordinated Secured Commercial Promissory Note of Jackson 64 MGI, LLC in favor of ASC Devens LLC dated March 28, 2018.	8-K	000-19672	10.1	4/3/2018	
10.38	Assignment of Purchase and Sale Agreement, dated as of March 26, 2018, by and among ASC Devens LLC, 64 Jackson, LLC and Jackson 64 MGI, LLC.	8-K	000-19672	10.2	4/3/2018	
10.39	Subordinated Second Mortgage of Jackson 64 MGI, LLC in favor of ASC Devens LLC effective March 28, 2018.	8-K	000-19672	10.3	4/3/2018	
10.40	Subordinated Second Assignment of Leases and Rents by Jackson 64 MGI, LLC to ASC Devens LLC dated	8-K	000-19672	10.4	4/3/2018	

March 28, 2018.

10.41	Intercreditor, Subordination and Standstill Agreement by and among East Boston Savings Bank, ASC Devens LLC and Jackson 64 MGI, LLC dated March 28, 2018.	8-K	000-19672	10.5	4/3/2018	
21.1	Subsidiaries.					*
23.1	Consent of RSM US LLP					*
31.1	Chief Executive Officer — Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
31.2	Chief Financial Officer — Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
32.1	Chief Executive Officer — Certification pursuant to Rule13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
32.2	Chief Financial Officer — Certification pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
101.INS	XBRL Instance Document.*					
101.SCH	XBRL Taxonomy Extension Schema Document.*					
101.CAL	XBRL Taxonomy Calculation Linkbase Document.*					
101.DEF	XBRL Taxonomy Definition Linkbase Document.*					
101.LAB	XBRL Taxonomy Label Linkbase Document.*					
101.PRE	XBRL Taxonomy Presentation Linkbase Document.*					

† Confidential treatment previously requested and granted with respect to certain portions, which portions were omitted and filed separately with the Commission.

†† Confidential treatment has been requested with respect to certain portions of this exhibit, which portions have been filed separately with the Securities and Exchange Commission.

\+ Management contract or compensatory plan or arrangement required to be filed as an Exhibit to this Form 10-K.

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN SUPERCONDUCTOR CORPORATION

BY:	/S/ DANIEL P. MCGAHN Daniel P. McGahn President, Chief Executive Officer, and Director

Date: June 6, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/S/ DANIEL P. MCGAHN Daniel P. McGahn	President, Chief Executive Officer, and Director (Principal Executive Officer)	June 6, 2018
/S/ JOHN W. KOSIBA, JR. John W. Kosiba, Jr.	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	June 6, 2018
/S/ JOHN W. WOOD, JR. John W. Wood, Jr.	Chairman of the Board	June 6, 2018
/S/ VIKRAM S. BUDHRAJA Vikram S. Budhraja	Director	June 6, 2018
/S/ ARTHUR H. HOUSE Arthur H. House	Director	June 6, 2018
/S/ PAMELA F. LENEHAN. Pamela F. Lenehan	Director	June 6, 2018
/S/ DAVID R. OLIVER, JR. David R. Oliver, Jr.	Director	June 6, 2018