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

FORM 8-K

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

Date of Report (Date of earliest event reported)
February 13, 2015

Active Power, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

000-30939
(Commission File Number)

74-2961657
(IRS Employer Identification No.)

2128 W. Braker Lane, BK 12, Austin, Texas
(Address of principal executive offices)

78758
(Zip Code)

(512) 836-6464
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(d)

Appointment of Class III Director

On February 13, 2015, the Board of Directors (the “Board”) of Active Power, Inc., a Delaware corporation (the “Company”), increased the size of the Board from six to seven directors and appointed Mr. Peter Gross to the Board as a Class III Director. Mr. Gross was recommended to the Nominating and Corporate Governance Committee by our Chief Executive Officer. He is expected to be named to one or more committees at a future Board meeting. There are no family relationships between Mr. Gross and any director or executive officer of the Company, and he has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Mr. Gross will receive compensation from the Company for his service on the Board on the same terms as other non-employee members of the Board, which terms are described under the caption “Overview of Director Compensation and Procedures” in the Company’s preliminary proxy statement on Schedule 14A filed on February 17, 2015, and which terms currently include a combination of cash and stock-based incentive compensation.

(e)

Approval of 2015 Management Incentive Plan

On February 13, 2015, the Compensation Committee (the “Committee”) of the Company approved the 2015 management incentive plan (the “2015 Management Incentive Plan”) for executive officers and certain other employees of the Company. Pursuant to the 2015 Management Incentive Plan, Participants (as defined in the 2015 Management Incentive Plan) are entitled to receive cash bonuses upon achievement of bookings, adjusted EBITDA and operating cash flow goals, with 1/3 of the target bonus payable upon achievement of each goal. Each goal has a minimum threshold that must be met for the goal to be achieved and is subject to a maximum payout amount. The participation level for each Participant varies based on the role and responsibilities of such Participant. The target bonuses for the Company’s executive officers are: (1) 100% of base salary for Mr. Mark A. Ascolese and (2) 60% of base salary for Mr. James A. Powers. Mr. Adleman will not participate in the 2015 Management Incentive Plan.

The foregoing description of the 2015 Management Incentive Plan is qualified by reference in its entirety to the actual terms of the 2015 Management Incentive Plan, which is attached hereto as Exhibit 10.1 and is incorporated in this Item 5.02 by reference.

Item 7.01 Regulation FD Disclosure.

On February, 17, 2015, the Company issued a press release announcing Mr. Gross’s appointment to the Board. A copy of the Company’s press released is furnished with this Form 8-K and attached hereto as Exhibit 99.1. Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 10.1 2015 Management Incentive Plan
- 99.1 † Press Release of Active Power, Inc. dated February 17, 2015

† Furnished with this report.

SIGNATURES

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

ACTIVE POWER, INC.

Date: February 17, 2015

By: /s/ James A. Powers

James A. Powers
Chief Financial Officer and Vice President of
Finance

EXHIBIT INDEX

Exhibit No. Description

[10.1](#) 2015 Management Incentive Plan
[99.1†](#) Press Release of Active Power, Inc. dated February 17, 2015

† Furnished with this report.



ACTIVE POWER, INC.

2015 Management Incentive Plan

1. THE PLAN

1.1 **Objectives.** The Management Incentive Plan (“MIP”) of Active Power, Inc., a Delaware corporation (the “Company”), is designed to provide each Participant with financial incentives based upon Company financial results, measured in terms of Bookings, Adjusted EBITDA and Operating Cash Flow. The MIP is an annual bonus plan based on the Company’s fiscal performance in 2015. Capitalized terms not otherwise defined have the meanings assigned in Section 4.

1.2 **Plan Supersedes All Prior Short-Term Incentive Compensation Programs for Participants.** This MIP supersedes and replaces all prior cash incentive compensation programs for all Participants.

2. ELIGIBILITY

The individuals listed on the attached Schedule 1 (as may be updated from time to time as permitted by this Section 2.1, the “Participants”) are each eligible to be a Participant in the MIP. The Committee, in its business discretion, may subjectively decide to add or remove executive officers of the Company as Participants in the MIP, after consideration of the recommendations of the Company’s Chief Executive Officer. The Company’s Chief Executive Officer, in his business discretion, may subjectively decide to add any full time employees that are not executive officers of the Company as Participants in the MIP.

Participants must be employed by the Company before the beginning of the Company’s fourth fiscal quarter in order to be eligible for a payout under the MIP based on that fiscal year’s performance. No amounts will be deemed earned or payable under the MIP by any Participant whose employment with the Company commences on or after the fourth fiscal quarter of the fiscal year. Subject to the immediately preceding sentence, eligible Participants that were not employed for the entire fiscal year will receive a pro rata MIP payout. In addition, a Participant deemed to be eligible for a payout in accordance with the provisions of the MIP for a given fiscal year must be employed on the day of a bonus payout under this MIP in order to be eligible for any payout.

3. MIP Payouts

3.1 **Payout Calculation.** Subject to the sole discretion of the plan administrator to make adjustments, MIP payouts are based on each Participant’s base salary, target bonus percentage, and Company performance multiplier, calculated as follows:

<i>Base salary</i>	X	<i>Participant’s target bonus %</i>	X	<i>Company Performance multiplier</i>	=	<i>Participant’s payout</i>
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The administrator of the MIP has the sole discretion and authority to change the payout calculation, the performance metrics and to increase or decrease the amount of the payout under the MIP.

2015 Management Incentive Plan
 Approved February 12, 2015

3.2 **Company Performance Multiplier Calculation.** The Company performance multiplier is based on the Company’s performance for three financial metrics – Bookings, Adjusted EBITDA, and Operating Cash Flow. Based on the Company’s performance, the Company performance multiplier could range from 0% (in which case there would be no payout under the MIP) up to 200%. The Company Performance multiplier is equally weighted among each of the three financial metrics. The portion of the payout attributed to a metric will be 0% if the minimum threshold for that metric is not met. If the applicable minimum threshold is met, the 1/3 portion of the payout attributable to a metric will range from 25% to 200%, based on Company performance. However, if the Adjusted EBITDA minimum threshold is not met and the Bookings minimum threshold is met, the payout for the Bookings metric will be a straight-line calculation up to a cap of 150%. Subject to the limitation in the immediately preceding sentence, if the minimum threshold is met the multiplier for a metric rises pro rata incrementally based on actual Company performance in each of the Bookings, Adjusted EBITDA, and Operating Cash Flow financial metrics subject to upper limit caps, all as shown in the chart below:

Financial Metric	Weighting	Company performance multiplier (3)			% of Plan Target (2)		
		Threshold	Plan	Cap	Minimum Threshold	Plan	Upside
Bookings	1/3	25%	50%	150% or 200% (1)	90%	100%	120%
Adjusted EBITDA	1/3	25%	50%	200%	80%	100%	150%
Operating Cash Flow	1/3	25%	50%	200%	80%	100%	150%

Notes:

1. If the Adjusted EBITDA minimum threshold is not met and the Bookings minimum threshold is met, the Bookings multiplier will be a straight-line calculation up to 150%.
2. Targets are set excluding the financial bonus accrual. Actual performance will be measured by excluding the amount of bonus accrual in order to determine performance achieved.
3. Each multiplier is capped at 200% (or 150% for Bookings if the Adjusted EBITDA minimum threshold is not met) if actual performance exceeds the upside.

For clarification, if none of the financial metric thresholds are met, no amounts will be payable under the MIP for the fiscal year.

4. DEFINITIONS

“Adjusted EBITDA” – means net loss before impairment of long-lived assets, depreciation, interest, and non-cash stock based compensation, but shall be as determined by the Company, in its sole discretion, with the assistance of its accountants.

“Bookings” – means anticipated revenue from (a) unfulfilled product orders and (b) from service work not yet performed under signed contracts, in each case, that the Company believes to be firm and that are received or signed, as applicable, after December 31, 2014, and before January 1, 2016, as determined by the Company in its sole discretion. For clarification, it is understood that “Bookings” will not include revenue relating to any equipment or services the delivery of which has been cancelled by the customer.

“Committee” – means the Compensation Committee of the Company’s Board of Directors or such other committee as may from time to time succeed or perform the functions of that Committee.

“Operating Cash Flow” – means the Company’s “Net cash used in operating activities” for fiscal 2015, as determined by the Company, in its sole discretion, with the assistance of its accountants.

5. OTHER CONDITIONS

5.1 No Assignment of Awards. Payouts under this MIP may not be sold, assigned or otherwise transferred before they are received by the Participant.

5.2 No Right of Employment. Neither the MIP nor any action taken under the MIP shall be construed, expressly or by implication, as either giving to any Participant the right to be retained in the employ of the Company or any affiliate, or altering or limiting the employment-at-will relationship between the Company and any Participant.

5.3 Taxes, Withholding. The Company or any affiliate shall have the right to deduct from any payout under the MIP any applicable federal, state or local taxes or other amounts required by applicable law, rule, or regulation to be withheld with respect to such payment.

5.4 Plan Administration; Effectiveness for any Fiscal Year. With respect to those Participants that are executive officers of the Company, the MIP shall be administered by or under the authority of the Committee which shall have the full discretionary power to administer and interpret this MIP and to establish rules for its administration. With respect to those Participants that are not executive officers of the Company, the MIP shall be administered by or under the authority of the Company's Chief Executive Officer who shall have the full discretionary power to administer and interpret this MIP and to establish rules for its administration.

5.5 Reservation of Rights; Governing Law; Contract Disclaimer. The Company reserves the right to amend or cancel the MIP in whole or in part at any time without notice. There can be no guaranty that the MIP will be in effect in any subsequent fiscal year. The Company also reserves the right to decide all questions and issues arising under the MIP and its decisions are final. The MIP shall be construed in accordance with and governed by the laws of the State of Texas. The MIP is a statement of the Company's intentions and does not constitute a guarantee that any particular MIP payment amount will be paid. The MIP does not create a contractual relationship or any contractually enforceable rights between the Company or its wholly-owned subsidiaries and the Participant.



Active Power Appoints Peter Gross to Board of Directors

30 Year Industry Leader Brings Deep Experience in Design and Build of Mission Critical Facilities and Modular Projects

AUSTIN, Texas (Feb. 17, 2015) – Active Power (NASDAQ: ACPW), a manufacturer of uninterruptible power supply (UPS) systems and modular infrastructure solutions (MIS), today announced its board of directors has named Peter Gross to the company’s board effective Feb. 13, 2015. Gross currently serves as vice president of Mission Critical Systems for Bloom Energy, a leading manufacturer of solid-oxide fuel cells. Gross becomes the seventh director to the company’s board.

“We are honored to have Peter join our board,” said Dr. Ake Almgren, chairman of Active Power’s board of directors. “He brings a proven track record as an experienced technology leader and strategist in mission critical design and innovation for more than three decades. We look forward to benefit from his insights and counsel as we grow the business.”

“Peter is a highly respected industry leader in the mission critical and modular design space, having led the design and build of mission critical facilities worldwide for some of the largest companies in the world,” said Mark A. Ascolese, president and CEO, for Active Power. “He is intimately familiar with what our customers’ value in terms of power system design and electrical infrastructure. Peter’s enthusiasm and forward thinking will add unique perspective to help drive Active Power’s strategy.”

“This is an exciting time for Active Power,” said Gross. “With elegant flywheel based products, a compelling value proposition, and a growing customer base, I’m thrilled to join the board and to help propel the business forward.”

Peter Gross Bio

Peter Gross has more than 30 years of experience in the engineering and design of power systems for applications in data centers, trading floors, command and control centers, and telecommunication and broadcasting facilities. He currently leads the Mission Critical Systems group at Bloom Energy.

Prior to joining Bloom Energy, Gross was managing partner for Carbon, Power, and Critical Facilities Services at Hewlett Packard (HP) where he was responsible for strategic technology planning and business development. Prior to that, he was the co-founder and CEO of EYP Mission Critical Facilities, Inc., a consulting and engineering firm dedicated to the design and operations of data centers until its acquisition by HP in January 2008.

Gross currently serves on the board of advisors at the Institute of the Environment and Sustainability at the University of California Los Angeles, an organization dedicated to promoting sustainability science in academia, policy, and commerce. He also serves on the board of directors at Asetek A/S, a leading provider of liquid cooling systems for data centers, servers, workstations, gaming, and high performance PCs listed on the Oslo Stock Exchange.

About Active Power

Founded in 1992, Active Power (NASDAQ: ACPW) is a global leader in flywheel energy and power technology for mission critical applications. The company's products and solutions are unique because of its patented flywheel and power electronics technology that delivers critical power to leading innovators across multiple industries. The combined benefits of its products' power density, reliability, and total cost of ownership are unmatched in the market. The company's products and solutions are built with pride in Austin, Texas, at a state-of-the-art, ISO 9001:2008 registered manufacturing and test facility. Global customers are served via Austin and three regional operations centers located in the United Kingdom, Germany, and China, that support the deployment of systems in more than 50 countries. For more information, visit www.activepower.com.

Active Power is a registered trademark of Active Power, Inc. The Active Power logo is a trademark of Active Power, Inc. All other trademarks are the properties of their respective companies.

Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by references to future periods, and include statements we make regarding:

- growing the business and delivering value for our customers and shareholders
- driving Active Power's strategy
- having a unique product offering, a compelling value proposition, and a growing customer base, and
- that the combined benefits of our products' power density, reliability, and total cost of ownership are unmatched in the market.

Actual results and the outcomes of future events could differ materially from those expressed or implied by these forward-looking statements because of a number of risks and uncertainties including: the deferral or cancellation of sales commitments as a result of general economic conditions or uncertainty; risks related to our international operations and the fluctuation of currency exchange rates; product performance and quality issues; the level of acceptance of our current and future products in the market; seasonality of customer demand; significant competition; and delays in new product development. For more information on the risk factors that could cause actual results to differ from these forward looking statements, please refer to Active Power's filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2013, its Quarterly Reports on Form 10-Q, and its Current Reports on Form 8-K filed since then. Active Power assumes no obligation to update any forward-looking statements or information.

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