

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): **November 16, 2016**

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 78758
(Address of principal executive offices) (Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

INTRODUCTORY NOTE

On November 19, 2016, Active Power, Inc., a Delaware corporation (the “Company”), completed the sale of substantially all of the assets and operations of the Company (the “Disposition”) to Piller USA, Inc., a Delaware corporation (“Buyer”), a wholly owned subsidiary of Langley Holdings plc, a United Kingdom public limited company (“Langley”), pursuant to an Asset Purchase Agreement, dated as of September 29, 2016 (the “Purchase Agreement”), by and among the Company, Buyer and Langley. The events described below took place in connection with the consummation of the Disposition.

Section 1— Registrant’s Business and Operations

Item 1.01 Entry into a Material Definitive Agreement

On November 19, 2016, the Company and the Buyer and Langley entered into a letter agreement (the “Letter Agreement”) related to Disposition. The Letter Agreement provides for (i) certain foreign entities affiliated with the Buyer to be considered a “Buyer” under the Purchase Agreement in order to acquire shares of the Company’s foreign subsidiaries, (ii) the Buyer’s waiver of the requirement that counterparties to certain agreements assigned by the Company to the Buyer consent to such assignment; (iii) the Buyer’s waiver of the requirement that the Company and the Buyer enter into a sublease for the Company’s headquarters facility (iv) that Langley, rather than the Buyer, would be purchasing certain loan receivables held by the Company from its foreign subsidiaries, (v) a schedule of items to be included in the definition of Retained Assets under the Purchase Agreement and a schedule of items to be included as Retained Liabilities under the Purchase Agreement, and (vi) the Buyer’s and Langley’s acknowledgement of the presence of a certain threatened claim against the Company and waiver of the requirements of Section 5.2(ii) of the Purchase Agreement with respect to such claim. The Letter Agreement also provides that the parties will use their commercially reasonable efforts to reach a mutually agreeable solution to the issue of the Buyer’s access to the Company’s headquarters facility after closing, due to the lack of the consent of the landlord to a sublease.

The foregoing description of the Letter Agreement does not purport to be complete and is qualified in its entirety by the full text of the Letter Agreement, a copy of which is attached hereto as [Exhibit 10.1](#) and is incorporated into this report by reference in its entirety.

Item 1.02 Termination of a Material Definitive Agreement

Termination of Amended and Restated Loan and Security Agreement

On November 19, 2016, in connection with the closing of the Disposition, the Company terminated the Second Amended and Restated Loan and Security Agreement dated August 5, 2010 (as amended on March 5, 2012, August 15, 2012 and July 28, 2014, the “Loan Agreement”) with Silicon Valley Bank. No early termination penalties were incurred by the Company in connection with the termination of the Loan Agreement.

Assignment and Assumption of Lease Agreement

On November 19, 2016, in connection with the closing of the Disposition, the Company assigned to Buyer, and Buyer assumed from the Company, all of the Company’s interest in the lease agreement for the Company’s engineering facility at 11525 Stonehollow Drive, Austin, Texas. The landlord of the facility consented to the assignment in accordance with the terms of the lease.

Section 2— Financial Information

Item 2.01 Completion of Acquisition or Disposition of Assets

On November 19, 2016, pursuant to the terms of the Purchase Agreement, the Company completed the sale to Buyer of substantially all of the assets of the Company, for a nominal purchase price plus the assumption of all indebtedness, including bank debt, liabilities and customer, employee and purchase commitments going forward. There is no material relationship, other than with respect to the Disposition, between Buyer or Langley and the Company or any of the Company's affiliates, or any director or officer of the Company, or any associate of any such director or officer.

The foregoing description does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Purchase Agreement, which was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on September 30, 2016, and which is incorporated into this report by reference. The Purchase Agreement was filed to provide investors with information regarding its terms and is not intended to provide any other factual information about the Company, Buyer or Langley, or any of their respective subsidiaries or affiliates. Such information regarding the Company can be found in public filings that the Company files with the SEC. The assertions embodied in the representations and warranties contained in the Purchase Agreement are qualified by information in a confidential Seller Disclosure Schedule provided by the Company to Langley and Buyer in connection with the signing of the Purchase Agreement. This confidential Seller Disclosure Schedule contains information that modifies, qualifies and creates exceptions to the representations and warranties of the Company set forth in the Purchase Agreement. Moreover, certain representations and warranties in the Purchase Agreement were used for the purposes of allocating risk between the Company and Langley rather than establishing matters of fact. Moreover, information concerning the subject matter of the representations and warranties may change, or may have changed, after the date of the Purchase Agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. Accordingly, the representations and warranties and other provisions in the Purchase Agreement or any description of such provisions should not be relied on as characterization of the actual state of facts about the Company, Langley or Buyer.

Item 2.06 Material Impairments

The Company's management has concluded that, as of the closing of the Disposition, a loss on disposal of the Company's assets is required under generally accepted accounting principles applicable to the Company. The loss on the transaction will result in a charge of approximately \$5.0 million, the excess of the carried value of the assets purchased by the Buyer in the Disposition on the Company's balance sheet over the consideration received by the Company in the Disposition. The Company will take the loss on disposal in the fourth quarter of 2016.

Section 3— Securities and Trading Matters

Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing

In connection with the consummation of the Disposition, the Company notified The NASDAQ Stock Market ("NASDAQ") on November 21, 2016 that, upon the closing under the Purchase Agreement, the Company had disposed of substantially all of its assets, and had no significant continuing operations. On November 21, 2016, the Company also informed NASDAQ of the Company's intent to file with the SEC a Notification of Removal from Listing and/or Registration under Section 12(b) of the Securities Exchange Act of 1934 (as amended, the "Exchange Act") on Form 25 to delist the shares of the Company's common stock from NASDAQ on December 1, 2016, on which date trading in the Company's common stock will be suspended on NASDAQ. After that date, the Company's common stock will be traded solely on the OTC Pink Market operated by OTC Markets Group.

Item 8.01. Other Events.

On November 21, 2016, the Company issued a press release announcing the closing of the Disposition pursuant to the Purchase Agreement. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

On November 21, 2016, the Company also issued a press release announcing the change to the Company's corporate name and ticker symbol and the Company's intent to file with the SEC a Notification of Removal from Listing and/or Registration under Section 12(b) of the Exchange Act on Form 25 to delist the shares of the Company's common stock from NASDAQ on December 1, 2016. A copy of the press release is attached hereto as Exhibit 99.2 and is incorporated by reference herein.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(a) Pro forma financial information.

The unaudited pro forma condensed combined balance sheet as of December 31, 2015, unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015 and the nine months ended September 31, 2016, and the accompanying notes, are attached as Exhibit 99.3 to this Form 8-K.

(d) Exhibits

Exhibit No.	Description
2.1	Asset Purchase Agreement, dated September 29, 2016, by and among the Company, Buyer and Langley (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the SEC on September 30, 2016).
10.1	Letter Agreement, dated November 19, 2016, by and among the Company, Buyer and Langley(excluding Exhibits).
99.1	Press Release of the Company dated November 19, 2016, regarding the closing of Disposition.
99.2	Press Release of the Company dated November 19, 2016, regarding change in the Company's name and ticker symbol.
99.3	Unaudited pro forma condensed combined balance sheet as of December 31, 2015, unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015, and the nine months ended September 31, 2016, and the accompanying notes.

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.

By: /s/James A. Powers

Name: James A. Powers

Title: Chief Financial Officer and Vice President of Finance

Dated: November 18, 2016

EXHIBIT INDEX

2.1	Asset Purchase Agreement, dated September 29, 2016, by and among the Company, Buyer and Langley (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the SEC on September 30, 2016).
10.1	Letter Agreement, dated November 19, 2016, by and among the Company, Buyer and Langley(excluding Exhibits).
99.1	Press Release of the Company dated November 18, 2016, regarding Special Meeting and closing of Disposition.
99.2	Press Release of the Company dated November 18, 2016, regarding change in the Company's name and ticker symbol.
99.3	Unaudited pro forma condensed combined balance sheet as of December 31, 2015, unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015, and the nine months ended September 30, 2016, and the accompanying notes.



November 19, 2016

Langley Holdings plc.
Enterprise Way, Retford
Nottinghamshire, DN22 7HH, United Kingdom
Attn: Bernard A. Watson, Group Commercial Director

Piller USA, Inc.
45 Wes Warren Drive
Middletown, New York 10941-2047
Attn: A.C. Dyke, Chairman

Re: Asset Purchase Agreement dated September 29, 2016

Dear Bernard:

We refer you to that certain Asset Purchase Agreement (the “**Asset Purchase Agreement**”) dated September 29, 2016 by and among Active Power, Inc., a Delaware corporation (the “**Seller**”), Piller USA, Inc., a Delaware corporation (the “**Buyer**”) and Langley Holdings plc, a United Kingdom public limited company (the “**Parent**”). Capitalized terms used herein but not otherwise defined in this letter agreement shall have the meanings given thereto in the Asset Purchase Agreement. In connection with the closing of the transactions contemplated by the Asset Purchase Agreement, the Seller, the Buyer and the Parent hereby agree that the following shall apply:

1. Addition of Buyer Parties and Purchase of Certain Equity Interests. Piller Group GmbH, Piller Germany GmbH & Co. Kg. and Piller UK Ltd. shall each hereby be considered a “Buyer” under the Asset Purchase Agreement. Piller Group GmbH shall purchase the shares of Active Power (Hong Kong) Limited. Piller Germany GmbH & Co. Kg. shall purchase the shares of Active Power (Switzerland) AG. Piller UK Ltd. shall purchase the shares of Active Power Solutions Ltd.

2. Waiver of Consent to Assign. Pursuant to 4.2 of the Asset Purchase Agreement, prior to the Closing, the Seller is required to obtain all third party consents that are required to effectively transfer the Acquired Assets to the Buyer. The Buyer hereby waives the requirement that the counterparties to the agreements listed on Exhibit A attached hereto consent to the assignment such agreements.

3. Waiver of Requirement to Enter into a Sublease. Pursuant to Section 4.8 of the Asset Purchase Agreement, at the Closing, the Buyer and the Seller shall enter into a sublease for the Headquarters Facility. The Parties hereby waive the requirement that the Buyer and the Seller enter into a sublease for the Headquarters Facility prior to the Closing. The Parties hereby agree to

use their commercially reasonable efforts to reach a mutually agreeable solution to the issue of the Buyer's access to the premises located at the Headquarters Facility within thirty (30) days of the Closing. The Buyer hereby agrees to remit to the Seller all rent and building and facilities expenses associated with the premises located at the Headquarters Facility for each month the Buyer has access to the Headquarters Facility.

4. **Purchase of Certain Intercompany Loans.** The intercompany loan receivables held by the Seller associated with the following subsidiaries shall be purchased by Parent instead of Buyer: (i) Active Power Solutions Ltd. in the amount of \$2,651,892 as of October 31, 2016, (ii) Active Power (Germany) GmbH in the amount of \$3,368,712 as of October 31, 2016 and (iii) Active Power (Beijing) Co. Ltd. in the amount of \$2,184,261 as of October 31, 2016.

5. **Retained Assets and Retained Liabilities.** The following items listed on Exhibit B attached hereto shall be included in the definition of Retained Assets and the following items listed on Exhibit C attached hereto shall be included in the definition of Retained Liabilities.

6. **Threatened Claim.** Pursuant to Section 5.1(ii) of the Asset Purchase Agreement, the Buyer is not obligated to consummate the transactions to be performed by it in connection with the Closing unless the representations and warranties set forth in part 2 of the Asset Purchase Agreement are true and correct as of the Closing Date. Section 2.17 of the Asset Purchase Agreement states that there are no claims, actions, suits, demands or other proceedings pending or, to the Sellers' Knowledge, threatened against the Seller or affecting the Seller or any of its property. Buyer and Parent hereby acknowledge the presence of the threatened claim as more fully described on Exhibit D attached hereto (the "Claim") and, with respect to the Claim, hereby waive the requirement of Section 5.1(ii) of the Asset Purchase Agreement.

7. **Further Assurances.** The Seller agrees to execute and deliver any further instruments and take such other action as Buyer or Parent may reasonably request with respect to the transactions contemplated by this letter agreement.

8. **Miscellaneous.** Except as amended by the provisions of this letter agreement, the terms and provisions contained in the Asset Purchase Agreement shall continue to govern the rights and obligations of the parties, and all provisions and covenants in the Asset Purchase Agreement shall remain in full force and effect as stated therein. This letter agreement and the Asset Purchase Agreement constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter thereof and hereof.

9. **Counterparts.** This letter agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of the executed signature pages by facsimile transmission or in "portable document format" shall constitute effective and binding execution and delivery of this letter agreement.

Signature page follows.

Please acknowledge that this letter agreement accurately reflects the agreement between the parties hereto regarding the matters set forth above by executing this letter agreement in the space provided below.

Sincerely,

ACTIVE POWER, INC.

By: /s/ Mark A. Ascolese
Mark A. Ascolese, CEO

Accepted and agreed as of the date
first set forth above:

PILLER USA, INC.

By: /s/ A.C. Dyke
Name: A.C. Dyke
Title: Chairman

LANGLEY HOLDINGS PLC

By: /s/ Bernard Langley
Name: Bernard Langley
Title: Director

**Signature Page to
Letter Agreement**

Active Power Sale Complete to Langley Holdings PLC

AUSTIN, Texas (Nov. 19, 2016) – Active Power (NASDAQ: ACPW), the flywheel energy storage specialist, has completed the sale of its business to Piller Power Systems, Inc. (“Piller”) pursuant to the Asset Purchase Agreement (“APA”) announced Sept. 30, 2016. The deal was approved at a special meeting of stockholders on Nov. 16, 2016.

With its installed base of more than 5,000 kinetic energy storage units worldwide, Active Power complements Piller’s business perfectly. Piller is the leading producer of large rotary uninterruptible power supply (UPS) systems and its own Power Bridge product is for higher capacity applications. Piller is now extremely well positioned in a global kinetic energy UPS market that is forecast to grow annually at nearly 9 percent between 2015 and 2024.

“We are very pleased to have completed this acquisition,” said Piller Group Managing Director - Global Businesses, Andrew Dyke. “The synergies between the two companies are clear and the products complementary, providing a solid platform from which to strengthen and grow Piller’s position in the critical power sector by combining the talents, products and services of both organizations.”

“The closing of this deal is a significant milestone,” said Mark A. Ascolese, who is continuing as president and CEO of the newly named company P10 Industries, Inc. “The financial strength and long-term approach of Langley Holdings PLC, Piller’s parent company, will serve as a significant enhancement to the ongoing Active Power business and I am confident will have a stabilizing and positive effect on it. The Active Power board firmly believes the sale of the business was the best alternative available, not only for stockholders, but also for customers, employees, vendors and other stakeholders.”

Active Power Changes Name to P10 Industries

Under the terms of the APA, Active Power was required to change its name to something other than “Active Power.” Consequently, the company is changing its name to P10 Industries, Inc. The newly named company plans to raise fresh capital and take a new direction. For more information, go to www.p10industries.com.

Intent to Voluntarily Delist Common Stock

Active Power/P10 intends to notify NASDAQ of its intention to voluntarily delist its common stock from The NASDAQ Capital Market, as the company no longer meets NASDAQ’s continued listing requirements. The company anticipates trading of its common stock will be suspended on The NASDAQ Capital Market on Dec. 1, 2016.

P10 anticipates its common stock will begin trading on the OTC Pink Market, which is operated by OTC Markets Group, a centralized electronic quotation service for over-the-counter securities, after Dec. 1, 2016. The P10 common stock will trade

under its new trading symbol "PIOI." The company intends to issue unaudited financial and operational summaries on a quarterly basis and audited financial statements on an annual basis.

About Piller

Piller Power Systems GmbH is a world leader in power protection technology. The company builds electrical systems for mission critical applications worldwide. Clients include many of the world's central and commercial banks, stock exchanges and other financial institutions, as well as broadcasters, telecommunications networks, airports, government departments and co-location operators. Founded by the German engineer Anton Piller in 1909, more than a century on Piller is still headquartered and produces in Osterode and nearby Bilshausen, although today the company has subsidiaries across Europe, the Americas, Asia and Australia and employs over 800 people worldwide. Piller is a division of the privately owned British engineering and industrial group, Langley Holdings PLC. www.piller.com.

About Langley Holdings PLC

Langley Holdings PLC is a diverse, privately owned engineering and industrial group based in the United Kingdom with principal operating divisions located in Germany and France and more than 80 subsidiaries worldwide. The group's companies produce equipment ranging from electrical systems for data centers, machinery for cement and steel plants to food packaging systems, automotive welding equipment and printing presses. The group was founded in 1975 by the current chairman, Tony Langley, and employs around 4,300 people worldwide. www.langleyholdings.com

Active Power and Driven by Motion are now registered trademarks of Piller Power Systems, Inc. The Active Power logo is now a trademark of Piller Power Systems, Inc.

Langley Holdings PLC Press Contact:

Crista Baxter
Head of Group Marketing
+44 (0) 1623 514 902
crista.baxter@langleyholdings.com



Active Power Begins New Business Model to Support Monetization of Intellectual Property and Create Long-Term Stockholder Value

*Company Changes Name to P10 Industries
Following Completion of Asset Sale*

AUSTIN, Texas (Nov. 19, 2016) – Active Power (NASDAQ: ACPW) today announced it is changing its name to P10 Industries, Inc., following the previously disclosed sale of substantially all of its operating assets and liabilities to Piller Power Systems, Inc. (formerly known as Piller USA, Inc.), a subsidiary of Langley Holdings PLC.

With the disposition now complete, P10 seeks to maximize long-term stockholder value through the monetization of non-core intellectual property assets not purchased by Piller and acquiring well managed, profitable businesses. The company's patent portfolio includes innovative thermal and compressed air storage technology, which can and has been used in critical backup power applications, for example. For more information regarding P10's patent portfolio, visit www.p10industries.com/patent-licensing.

"We are announcing a significant milestone in our evolution today," said Mark A. Ascolese, who is continuing with the company as president and CEO of P10. "With completion of the sale to Langley behind us, we will focus on monetizing our non-core patents and acquiring and operating profitable businesses. We are aiming to raise additional capital to support our ongoing working capital needs and acquisition strategy by the end of 2016. This capital should enable us to strengthen our balance sheet, aggressively market and generate value from our patents and begin acquiring well managed businesses, ultimately leading to greater shareholder value."

P10 anticipates its stock will begin trading on the OTC Pink Market, which is operated by OTC Markets Group, a centralized electronic quotation service for over-the-counter securities, on Dec. 1, 2016. P10 will trade its common stock under its new trading symbol "PIOI." The company intends to issue unaudited financial and operational summaries on a quarterly basis and audited financial statements on an annual basis.

About P10 Industries, Inc.

P10 Industries is a public company led by proven, experienced business leaders aimed at monetizing highly valued intellectual property assets and acquiring profitable businesses in the commercial and

industrial markets to generate profit and positive cash flows, ultimately creating long-term shareholder value. P10's current business commenced on November 19, 2016, following completion of an asset acquisition of its Active Power assets by Piller Power Systems, Inc. (formerly known as Piller USA, Inc.), a subsidiary of Langley Holdings PLC. Active Power changed its name to P10 Industries pursuant to the terms of the acquisition agreement. For more information, visit www.p10industries.com.

The P10 Industries logo is a trademark of P10 Industries.

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, without limitation, statements we make regarding:

- our ability to create and maximize stockholder value;
- our ability to raise additional capital;
- the timing of any capital raise;
- our ability to identify and acquire profitable businesses at a reasonable price; and
- our ability to monetize our intellectual property assets.

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: financial results that may vary significantly from quarter to quarter due to our inability to monetize our non-core intellectual property assets or acquire businesses; our ability to obtain sufficient working capital to fund our operations; significant competition; and our ability to raise capital as needed to support the business.

P10 Press and Investor Contact:

Jay Powers
CFO and Vice President, Finance
jpowers@p10industries.com

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma combined condensed balance sheet and statement of operations adjusts the balance sheet data and the statement of operations data for the Company as of September 30, 2016 and the statement of operations data for the Company for the year ended December 31, 2015, as if the Disposition had been completed on December 31, 2015. The pro forma financial information is based upon the historical consolidated financial statements of the Company and the assumptions, estimates, and adjustments described in the notes to the unaudited pro forma combined financial statements. The assumption, estimates, and adjustments are preliminary and have been made solely for purposes of developing such pro forma information. The unaudited pro forma combined financial statements include adjustments that have been made to reflect the preliminary purchase price allocations. The preliminary allocations represent estimates made for purpose of these pro forma financial statements and are subject to change upon a final determination of fair value.

The unaudited pro forma combined financial statements are presented for illustrative purposes only and are not necessarily indicative of the consolidated financial position and consolidated results of operations of the Company that would have been reported had the Disposition occurred on the dates indicated, nor do they represent a forecast of the consolidated results of operations of the Company for any future period. The unaudited pro forma combined financial statements should be read in conjunction with the audited consolidated financial statements and related notes, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's Annual Report on Form 10-K for the period ended December 31, 2015 and the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2016, which are on file with the SEC.

Active Power, Inc.
Pro Forma Condensed Consolidated Balance Sheet
September 30, 2016 (unaudited)
(in thousands, except par value)

	<u>Active Power, Inc.</u> <u>Historical (a)</u>	<u>Pro Forma</u> <u>Adjustments (e)</u>	<u>Active Power, Inc.</u> <u>Pro Forma</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,629	\$ (6,685)	\$ 1,944
Restricted cash	37	(37)	—
Accounts receivable	4,963	(4,963)	—
Inventories, net	7,266	(7,266)	—
Prepaid expenses and other	601	(404)	197
Total current assets	<u>21,496</u>	<u>(19,355)</u>	<u>2,141</u>
Property and equipment, net	1,301	(1,301)	—
Deposits and other	267	(94)	173
Total assets	<u>\$ 23,064</u>	<u>\$ (20,750)</u>	<u>\$ 2,314</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 1,726	\$ (1,726)	\$ —
Accrued expenses	3,753	(3,552)	201
Deferred revenue	4,580	(4,580)	—
Revolving line of credit	5,535	(5,535)	—
Total current liabilities	<u>15,594</u>	<u>(15,393)</u>	<u>201</u>
Long-term liabilities	357	(357)	—
Commitments and contingencies			
Stockholders' equity:			
Preferred stock - \$0.001 par value; 2,000 shares authorized	—	—	—
Common stock	23	—	23
Treasury stock	(241)	—	(241)
Additional paid-in capital	305,045	—	305,045
Accumulated deficit	(297,678)	5,000 (d)	(302,678)
Other accumulated comprehensive income	(36)	—	(36)
Total stockholders' equity	<u>7,113</u>	<u>5,000</u>	<u>2,113</u>
Total liabilities and stockholders' equity	<u>\$ 23,064</u>	<u>\$ (20,750)</u>	<u>\$ 2,314</u>

Active Power, Inc.
Pro Forma Condensed Consolidated Statement of Operations
For the Nine Months Ended September 30, 2016 (unaudited)
(in thousands, except per share amounts)

	<u>Active Power, Inc.</u> <u>Historical (a)</u>	<u>Pro Forma</u> <u>Adjustments (b)</u>	<u>Active Power, Inc.</u> <u>Pro Forma</u>
Revenues:			
Product revenue	\$ 17,690	\$ (17,690)	\$ —
Service and other revenue	8,895	(8,895)	—
Total revenue	26,585	(26,585)	—
Cost of goods sold:			
Cost of product revenue	14,626	(14,626)	—
Cost of service and other revenue	5,289	(5,289)	—
Total cost of goods sold	19,915	(19,915)	—
Gross profit	6,670	(66,780)	—
Operating expenses:			
Research and development	3,405	(3,405)	—
Selling and marketing	5,996	(5,996)	—
General and administrative	4,214	(4,214)	—
Total operating expenses	13,615	(13,615)	—
Loss from operations	(6,945)	6,945	—
Interest expense	(255)	255	—
Other income (expense), net	(24)	24	—
Net loss	\$ (7,224)	\$ 7,224	\$ —
Net loss per share, basic and diluted	\$ (0.31)	\$ 0.31	\$ —
Shares used in computing net loss per share, basic and diluted	23,141	23,141	23,141

Active Power, Inc.
Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 2015 (unaudited)
(in thousands, except per share amounts)

	Active Power, Inc.	Pro Forma	Active Power, Inc.
	Historical ^(a)	Adjustments ^(b)	Pro Forma
Revenues:			
Product revenue	\$ 43,247	\$ (43,247)	\$ —
Service and other revenue	14,174	(14,174)	—
Total revenue	57,421	(57,421)	—
Cost of goods sold:			
Cost of product revenue	32,017	(32,017)	—
Cost of service and other revenue	8,587	(8,587)	—
Total cost of goods sold	40,604	(40,640)	—
Gross profit	16,817	(16,817)	—
Operating expenses:			
Research and development	5,723	(5,723)	—
Selling and marketing	10,589	(10,589)	—
General and administrative	6,565	(6,565)	—
Total operating expenses	22,877	(22,877)	—
Loss from operations	(6,060)	606	—
Interest expense	(375)	375	—
Other income (expense), net	(24)	24	—
Net loss	\$ (6,459)	\$ 6,459	\$ —
Net loss per share, basic and diluted			
	\$ (0.28)	\$ 0.28	\$ —
Shares used in computing net loss per share, basic and diluted			
	23,134	23,134	23,134

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The unaudited pro forma condensed consolidated financial statements are based on Active Power's historical consolidated financial statements adjusted to give effect to the sale of the assets and liabilities to Piller. The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2015 give effect to the sale as if it had occurred on December 31, 2015. The unaudited pro forma condensed consolidated balance sheet as of September 30, 2016 gives effect to the sale as if it occurred on September 30, 2016.

Note 2 - Pro Forma Adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the pro forma condensed consolidated financial information.

- (a) Reflects the historical operating results.
- (b) Reflects the elimination of revenues, cost of goods sold and expenses associated with the sale of our assets and liabilities to Piller.
- (c) Reflects the assets and liabilities being sold to Piller, which excludes director and officer prepaid insurance, the deposit on the leased manufacturing building, and the deferred rent and accrued state franchise taxes.
- (d) Reflects the loss of approximately \$5.0 million arising from the transaction, which is reflected in the balance sheet.