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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**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 9, 2010**

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**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, BK12**  
**Austin, Texas 78758**  
(Address of principal executive offices, including zip code)

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

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

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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 2.02. Results of Operations and Financial Condition.**

On February 9, 2010, Active Power, Inc. issued a press release reporting its preliminary results of operations for its fiscal quarter and fiscal year ended December 31, 2009. A copy of the press release is furnished herewith as Exhibit 99.1.

The information furnished in this Current Report, including under this Item 2.02 and the exhibit attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (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**

99.1 Press Release of Active Power, Inc. dated February 9, 2010.

**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 9, 2010

By: /s/ John Penver  
John Penver  
Chief Financial Officer

**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Active Power, Inc. dated February 9, 2010.



## Active Power Reports 2009 Fourth Quarter and Full Year Results

### *Fourth Quarter Revenues Up 64% Over Previous Quarter*

**AUSTIN, Texas (Feb. 9, 2010)** – Critical backup power systems manufacturer Active Power, Inc. (NASDAQ: ACPW) announced results for its fourth quarter and fiscal year ended Dec. 31, 2009.

#### **Q4 and Full Year 2009 Highlights:**

- Achieved revenue growth of 64% over the previous quarter and the second highest quarterly revenue in company history.
- Increased direct channel revenues in the fourth quarter by 69% over the previous quarter and 20% in the full year of 2009 compared to 2008.
- Service revenue in the fourth quarter increased 98% to \$2.7 million, from \$1.4 million in the previous quarter, due primarily to project revenue.
- Improved gross margins from the previous year and reduced annual operating losses by 22%.
- Received more than \$8 million in PowerHouse orders in the second half of 2009, exceeding all of the company's containerized sales in 2008.
- Shipped 86 flywheel based uninterruptible power supply (UPS) systems at an average selling price of \$90,000 per unit during the fourth quarter of 2009. This compares to 56 shipped in the previous quarter at an average selling price of \$78,000.
- Deployed single largest order in company history.

#### **Q4 and Full Year 2009 Financial Results**

Revenue for the fourth quarter increased 64% from the previous quarter to \$14.0 million, and decreased 14% from the fourth quarter of 2008. Revenue for the full year was \$40.3 million, a decrease of 6% from \$43.0 million in 2008.

Fourth quarter net loss was \$2.2 million or 3 cents per share. This compares to a net loss of \$3.0 million or 4 cents per share in the third quarter, and a net loss of \$431,000 or 1 cent per share in the same year-ago period. Net loss for the year was \$11.0 million or 17 cents per share, a reduction of 18% from the net loss of \$13.4 million or 22 cents per share in 2008.

Fourth quarter gross profit margin was 19%, as compared to 22% in the prior quarter and 32% in the fourth quarter of 2008. For the full year, gross profit margin was 23%, compared to 19% in 2008.

Cash and investments decreased by \$0.5 million during the fourth quarter to \$7.5 million at December 31, 2009. This compares to a decrease in cash and investments balance of \$3.7 million during the third quarter of 2009, and a decrease of \$0.6 million during the fourth quarter of 2008.

### **Management Commentary**

“Our strong sequential quarterly revenue growth reflects the expansion of our direct sales business, which grew by 20% in 2009,” said Jim Clissem, president and CEO of Active Power. “This expansion included introducing a new IT channel business, which offset the decline in our industrial OEM channel. These efforts allowed us to achieve a 54% sequential quarterly increase in flywheel unit sales at a 15% higher average selling price and helped us reach the higher end of our stated expectations for the fourth quarter and full year.”

“In 2010, we believe our continued aggressive marketing efforts and unique product offerings will grow our market share across all geographies and further improve our financial results. As the cost and demand for energy increases and with datacenter floor space at a premium, Active Power is well positioned to leverage these trends, offering compelling solutions that improve our customer’s overall efficiencies and reduce operating expenses.”

### **Outlook**

Active Power expects first quarter 2010 revenues, which traditionally is the slowest period of the year, to be between \$9 million and \$12 million. First quarter loss is expected to range between 2 to 4 cents per share. Cash and investments at the end of the first quarter of 2010 are expected to be unchanged from the previous year end.

### **Conference Call Details**

Active Power will host a conference call today, Tuesday, Feb. 9, 2010, at 11:00 a.m. (ET) to discuss its fourth quarter and fiscal 2009 results. Investors and interested parties may listen via Webcast [here](#). A replay of the Webcast will be available until Feb. 23, 2010, via Active Power’s Web site at [www.activepower.com](http://www.activepower.com).

### **About Active Power**

Active Power (NASDAQ: ACPW) provides efficient, reliable and green critical power solutions and uninterruptible power supply (UPS) systems to enable business continuity in the event of power disturbances. Founded in 1992, Active Power’s flywheel based UPS systems protect critical operations in datacenters, healthcare facilities, manufacturing plants, broadcast stations and governmental agencies in more than 40 countries. With expert power system engineers and worldwide services and support, Active Power ensures organizations have the power to perform. For more information, please visit [www.activepower.com](http://www.activepower.com).

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**Cautionary Note Regarding Forward-Looking Statements**

This release may contain forward-looking statements that involve risks and uncertainties, including statements relating to Active Power's current expectations of operating results for the first quarter of 2010, its future operating results and customers' current intentions. Any forward-looking statements and all other statements that may be made in this news release that are not historical facts are subject to a number of risks and uncertainties, and actual results may differ materially. Factors that could cause the actual results to differ materially from the results predicted include, among others, the completion of the audit of the fiscal year 2009 financial results. Specific risks and uncertainties include the deferral or cancellation of sales commitments as a result of general economic conditions or uncertainty, risks related to our international operations, and product performance and quality issues. For more information on the risk factors that could cause actual results to differ from these forward looking statements, please refer to Active Power filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the ended December 31, 2008 and its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed since such year ended. Active Power assumes no obligation to update any forward-looking statements or information which are in effect as of their respective dates.

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**ACTIVE POWER, INC.**  
**CONDENSED STATEMENTS OF OPERATIONS**  
(Thousands, except per share amounts)  
(unaudited)

	Three Months Ended Dec. 31,		Year Ended Dec. 31,	
	2009	2008	2009	2008
Product revenue	\$10,974	\$13,739	\$ 32,837	\$ 35,772
Service and other revenue	3,030	2,472	7,474	7,213
Total revenue	<u>14,004</u>	<u>16,211</u>	<u>40,311</u>	<u>42,985</u>
Cost of product revenue	8,953	9,443	25,827	29,380
Cost of service and other revenue	2,440	1,628	5,254	5,617
Total cost of revenue	<u>11,393</u>	<u>11,071</u>	<u>31,081</u>	<u>34,997</u>
Gross profit	2,611	5,140	9,230	7,988
Operating expenses:				
Research and development	916	1,213	4,170	5,116
Selling and marketing	2,869	3,039	11,431	11,839
General & administrative	1,075	1,434	4,592	5,119
Total operating expenses	<u>4,860</u>	<u>5,686</u>	<u>20,193</u>	<u>22,074</u>
Operating loss	<u>(2,249)</u>	<u>(546)</u>	<u>(10,963)</u>	<u>(14,086)</u>
Interest income (expense)	(21)	125	(69)	348
Other income (expense)	(14)	(10)	(45)	296
Pre-tax loss	<u>(2,284)</u>	<u>(431)</u>	<u>(11,077)</u>	<u>(13,442)</u>
Income tax benefit	44	—	44	—
Net loss	<u>\$ (2,240)</u>	<u>\$ (431)</u>	<u>\$ (11,033)</u>	<u>\$ (13,442)</u>
Net loss per share, basic & diluted	\$ (0.03)	\$ (0.01)	\$ (0.17)	\$ (0.22)
Shares used in computing net loss per share, basic & diluted	66,329	60,124	63,854	60,124
Comprehensive loss:				
Net loss	\$ (2,240)	\$ (431)	\$ (11,033)	\$ (13,442)
Translation loss on subsidiaries in foreign currencies	625	(461)	502	(640)
Unrealized gain (loss) on investments in marketable securities	—	1	—	(5)
Comprehensive loss	<u>\$ (1,615)</u>	<u>\$ (891)</u>	<u>\$ (10,531)</u>	<u>\$ (14,087)</u>



**ACTIVE POWER, INC.**  
**CONDENSED BALANCE SHEETS**  
(In thousands)

	December 31	
	2009	2008
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,489	\$ 10,468
Short-term investments in marketable securities	—	703
Accounts receivable, net	11,529	9,450
Inventories	6,629	6,689
Prepaid expenses and other	418	470
Total current assets	26,065	27,780
Property and equipment, net	2,903	4,492
Deposits and other	376	399
Total assets	\$ 29,344	\$ 32,671
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 5,155	\$ 2,414
Accrued expenses	4,957	5,425
Deferred revenue	1,713	1,490
Revolving line of credit	2,559	2,000
Total current liabilities	14,384	11,329
Long-term liabilities	468	521
Stockholders' equity:		
Common stock	66	60
Treasury stock	(73)	(59)
Additional paid-in capital	264,554	260,344
Accumulated deficit	(249,876)	(238,843)
Other accumulated comprehensive income (loss)	(179)	(681)
Total stockholders' equity	14,492	20,821
Total liabilities and stockholders' equity	\$ 29,344	\$ 32,671

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