

SUPERCONDUCTOR TECHNOLOGIES INC

Form POS AM

April 30, 2014

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As filed with the Securities and Exchange Commission on April 30, 2014

Registration No. 333-189006

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Post-Effective Amendment No. 2**

**to**

**Form S-1**

**on**

**Form S-3**

**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**SUPERCONDUCTOR TECHNOLOGIES INC.**

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(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**77-0158076**  
(I.R.S. Employer

Identification No.)

**460 Ward Drive**

**Santa Barbara, CA 93111-2356**

**(805) 690-4500**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Jeffrey A. Quiram**

**President and Chief Executive Officer**

**Superconductor Technologies Inc.**

**460 Ward Drive**

**Santa Barbara, CA 93111-2356**

**(805) 690-4500**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:** From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**EXPLANATORY NOTE**

On May 31, 2013, Superconductor Technologies Inc. (the Company) filed with the Securities and Exchange Commission (the Commission) a registration statement on Form S-1 (File No. 333-189006) (the Registration Statement or the Form S-1), which was amended by pre-effective amendments filed on July 8, 2013, July 30, 2013, August 2, 2013 and August 5, 2013. The Registration Statement was declared effective by the Commission on August 5, 2013.

The Form S-1 registered the offer and sale of 5,721,675 Class A Units consisting of shares of common stock and warrants to purchase shares of common stock and 954,001 Class B Units consisting of pre-funded warrants and warrants to purchase shares of common stock. The Form S-1 also registered on a continuous basis the 10,967,515 shares of common stock issuable upon exercise of the foregoing warrants comprised of 6,675,676 shares of common stock underlying Term A warrants, 3,337,848 shares of common stock underlying Term B warrants, and 954,001 shares of common stock underlying pre-funded warrants.

This Post-Effective Amendment No. 2 to Form S-1 on Form S-3 (this Post-Effective Amendment) is being filed to convert the Form S-1 into a registration statement on Form S-3. This Post-Effective Amendment covers up to 8,554,116 shares of common stock of the Company (the Securities) issuable upon exercise of unexercised warrants previously registered on the Form S-1 comprised of 6,117,383 shares of common stock underlying Term A warrants and 2,436,733 shares of common stock underlying Term B warrants. No further offering of shares of common stock or warrants will be made pursuant to this Post-Effective Amendment No. 2. All filing fees payable in connection with the registration of these Securities were previously paid by the Company in connection with the filing of the Form S-1.

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED APRIL 30, 2014**

**PROSPECTUS**

**Up to 8,554,116 shares of Common Stock  
Issuable Upon Exercise of Outstanding Warrants**

This prospectus relates to the issuance of up to 8,554,116 shares of our common stock, par value \$0.001 per share, upon the exercise of outstanding warrants, at an exercise price of \$2.57. We issued each of these warrants as part of an underwritten public offering that closed on August 9, 2013.

Our common stock is currently listed on the NASDAQ Capital Market under the symbol `SCON`. On April 28, 2014, the reported closing price per share of our common stock was \$2.22.

**Investing in our securities involves a high degree of risks. See Risk Factors beginning on page 5 to read about factors you should consider before buying our securities.**

**Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_, 2014

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**ABOUT THIS PROSPECTUS**

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and the documents incorporated by reference is accurate only as of their respective dates. Superconductor Technologies Inc.'s business, financial condition, results of operations and prospects may have changed since such dates.

We further note that the representations, warranties and covenants made by us in any document that is filed as an exhibit to the registration statement of which this prospectus is a part and in any document that is incorporated by reference herein were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

Unless the context otherwise requires, the terms Superconductor Technologies Inc., the Company, we, us, our and similar terms used in this prospectus refer to Superconductor Technologies Inc. and its subsidiaries.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains, and may incorporate by reference, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act. These forward-looking statements relate to future events or our future performance and include, but are not limited to, statements concerning our business strategy, future commercial revenues, market growth, capital requirements, new product introductions, expansion plans and the adequacy of our funding. Other statements contained in this prospectus that are not historical facts are also forward-looking statements. We have tried, wherever possible, to identify forward-looking statements by terminology such as may, will, could, should, expect, anticipate, intend, believe, seek, estimate and other comparable terminology. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections.

Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

our limited cash and a history of losses;

our ability to raise sufficient capital to fund our operations, and the impact on our strategic initiatives of any inability to raise such funds;

the impact of any such financing activity on the level of our stock price;

our limited number of potential customers;

decreases in average selling prices for our products;

rapidly advancing technology in our target markets;

our need to overcome additional technical challenges in attaining milestones to develop and manufacture commercial lengths of our Conductus<sup>®</sup> wire;

customer acceptance of our HTS wire;

the impact of competitive products, technologies and pricing;

the limited number of suppliers for some of our components;

no significant backlog from quarter to quarter;

fluctuations in sales and product demand from quarter to quarter, which can be significant;

our proprietary rights, while important to our business, are difficult and costly to protect;

manufacturing capacity constraints and difficulties;

cost and uncertainty from compliance with environmental regulations; and

local, regional, and national and international economic conditions and events, and the impact they may have on us and our customers.

We claim the protection of the safe harbor contained in the Private Securities Litigation Reform Act of 1995. We caution investors that any forward-looking statements presented in this prospectus or the documents incorporated by reference herein or therein, or those that we may make orally or in writing from time to time, are based upon management's beliefs and assumptions and are made based on information available to us as of the time made and the actual outcome will be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control or ability to predict. Although we believe that our assumptions are reasonable, they are not guarantees of future performance and some will inevitably prove to be incorrect. As a result, our actual future results can be expected to differ from our expectations, and those differences may be material. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on known results and trends at the time they are made, to anticipate future results or trends.



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### **PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere or incorporated by reference into this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our securities. You should read this entire prospectus carefully, including the Risk Factors section contained in this prospectus, and our consolidated financial statements and the related notes and the other documents incorporated by reference into this prospectus.*

#### **Business Overview**

We are a leading company in developing and commercializing high temperature superconductor ( HTS ) materials and related technologies and have a strategic focus on the commercialization of second generation HTS (2G HTS) wire for Smart Grid and other power applications. Superconductivity is the unique ability to conduct various signals or energy (e.g., electrical current or radio frequency ( RF ) signals) with little or no resistance when cooled to critical temperatures. HTS materials are a family of elements that demonstrate superconducting properties at temperatures significantly warmer than previous superconducting materials. Electric currents that flow through conventional conductors encounter resistance that requires power to overcome and generates heat. HTS materials can substantially improve the performance characteristics of electrical systems, reducing power loss, lowering heat generation, and decreasing electrical noise.

We were established in 1987 shortly after the discovery of HTS materials, a family of elements that demonstrate superconducting properties at temperatures significantly warmer than previous superconducting materials. Our stated objective was to develop products based on these materials for the commercial marketplace.

After analyzing the market opportunities available, we decided to pursue a strategic revenue opportunity developing products for the utility and telecommunications industries.

Our initial product was completed in 1998 and we began delivery to a number of wireless network providers. In the following 13 years, we continued to refine and improve the platform, with the primary focus on improving reliability, increasing performance and runtime, and most importantly, removing cost from the manufacturing process of the required subsystems. Our cost reducing efforts led to the invention of our proprietary, high-yield and high throughput HTS material deposition manufacturing process.

In the last several years we have focused our research and development efforts on adapting our successful HTS materials deposition techniques to the production of our HTS Conductus<sup>®</sup> wire for next generation power applications. While most of our current commercial product revenues come from the sale of high performance wireless communications infrastructure products, production of our Conductus wire is our principal opportunity to grow our future revenue.

#### **Commercialization**

Our development efforts over the last 26 years have yielded an extensive patent portfolio as well as critical trade secrets, unpatented technology and proprietary knowledge. We have commercialized wireless products and cryogenic coolers using our proprietary technology and are currently focusing our efforts on this technology in superconducting power applications.

*Wireless Communications.* Our current commercial products help maximize the performance of wireless telecommunications networks by improving the quality of uplink signals from mobile wireless devices. Our products increase capacity utilization, lower dropped and blocked calls, extend coverage, and enable higher wireless data throughput all while reducing capital and operating costs.

*Cryocoolers.* We developed a unique cryocooler that can efficiently and reliably cool HTS circuits to the critical temperature (77 Kelvin), and as a result, our wireless products are maintenance free and reliable enough to be deployed for many years.

*Electric Power Devices.* As discussed above, we are adapting our unique HTS materials deposition techniques to deliver our energy efficient, cost-effective and high performance Conductus wire technology for next generation power applications. We have identified several large initial target markets for our Conductus Wire including energy (wind turbines, cables, fault current limiters) and

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industrial (motors, generators) applications. We are partnering with HTS industry leaders to accelerate our development and manufacturing processes for our Conductus wire which we expect to begin commercial production in 2014.

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Our development efforts (including those described under **Our Strategic Initiatives** below) can take a significant number of years to commercialize, and we must overcome significant technical barriers and deal with other significant risks, some of which are set out in our public filings, including in particular the **Risk Factors** included in Item 1A of our most recent Annual Report on Form 10-K for the year ended December 31, 2013.

### **Our Wireless Business**

Substantially all of our current revenue comes from the design, manufacture, and sale of high performance infrastructure products for wireless communication applications. We have three current product lines all of which relate to wireless base stations:

SuperLink<sup>®</sup>, a highly compact and reliable receiver front-end HTS wireless filter system to eliminate out-of-band interference for wireless base stations, combining filters with a proprietary cryogenic cooler and a cooled low-noise amplifier;

AmpLink<sup>®</sup>, a ground-mounted unit for wireless base stations that includes a high-performance amplifier and up to six dual duplexers; and

SuperPlex, a high-performance multiplexer that provides extremely low insertion loss and excellent cross-band isolation designed to eliminate the need for additional base station antennas and reduce infrastructure costs.

We sell most of our current commercial products to a small number of wireless carriers in the United States, including AT&T and Verizon Wireless. Verizon Wireless and AT&T each accounted for more than 10% of our commercial revenues in each of the last three years. Demand for wireless communications equipment fluctuates dramatically and unpredictably and recently has been trending downward. As a result of this downward trend, we have managed our inventory to historically low levels, which may result in longer delivery lead times, which may not be acceptable to our customers. If this downward trend continues, we may be compelled to refocus our manufacturing away from wireless products altogether. We continue to evaluate the various options available for our wireless business as we transform ourselves into a Conductus wire manufacture. Our commercial operations are subject to a number of significant risks, some of which are set out in our public filings, including in particular the **Risk Factors** included in Item 1A of our most recent Annual Report on Form 10-K for the year ended December 31, 2013.

### **Our Strategic Initiatives**

We have created several unique capabilities and HTS manufacturing systems related to a new Conductus wire platform, and cryocoolers that we are seeking to commercially deploy by leveraging our leadership in superconducting technologies, extensive intellectual property, and HTS manufacturing expertise.

#### ***HTS Wire Platform***

Our Conductus wire product development is focused on large markets where the advantages of HTS wire are recognized by the industry. Our initial product roadmap targets three important applications: superconducting high power transmission cable, superconducting fault current limiters (SFCL) and superconducting rotating machines such as motors and generators.

#### ***Superconducting High Power Transmission Cable:***

Superconducting high power transmission and distribution cable transmit 5 to 10 times the electrical current of traditional copper or aluminum cables with significantly improved efficiency. HTS power cable systems consist of the cable, which is comprised of hundreds of strands of HTS wire wrapped around a copper core, and the cryogenic cooling system to maintain proper operating conditions. HTS power cables are particularly suited to high load areas such as the dense urban business districts of large cities, where purchases of easements and construction costs for traditional low capacity cables may be cost prohibitive. The primary application for HTS cables is medium voltage feeds to load pockets in dense urban areas. In these high demand zones the grid is often saturated with aging infrastructure. HTS technology brings a considerable amount of power to new locations where the construction of additional transmission to distribution substations, with major transformer assets, is not feasible. Another potential use of HTS power cable is to improve grid power transmission by connecting two existing substations. In dense urban environments many substations often reach capacity limits and require redundant transformer capacity to improve reliability HTS cables can tie these existing stations together, avoiding very costly transformer upgrades and construction costs.



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### *Superconducting Fault Current Limiter (SFCL):*

With power demand on the rise and new power generation sources being added, the grid has become overcrowded and vulnerable to catastrophic faults. Faults are abnormal flows of electrical current like a short circuit. As the grid is stressed, faults and power blackouts increase in frequency and severity. SFCLs act like powerful surge protectors, preventing harmful faults from taking down substation equipment by reducing the fault current to a safer level (20 - 50% reduction) so that the existing switchgear can still protect the grid. Currently, electrical-utilities use massive 80kA circuit breakers, oversized transformers and fuses to prevent faults from damaging their equipment and protecting against surges. However, once a fault has occurred, standard circuit breakers suffer destructive failure and need to be replaced before service can be restored. In addition, Smart Grid and embedded alternative energy generation enhancements will increase the need for SCFLs. Grid operators face a major challenge in moving power safely and efficiently, from generators to consumers, through several stages of voltage transformation step downs and step ups. At each stage, valuable energy is lost in the form of waste heat. Moreover, while demands are continually rising, space for transformers and substations - especially in dense urban areas - is severely limited. Conventional oil-cooled transformers pose a fire and environmental hazard. Compact, efficient superconducting transformers, by contrast, are cooled by safe, abundant and environmentally benign liquid nitrogen. As an additional benefit, these actively-cooled devices will offer the capability of operating in overload, to twice the nameplate rating, without any loss of life to meet occasional utility peak load demands.

### *Superconducting Rotating Machines - Motors and Generators:*

Superconducting motors, generators, turbines and other rotating machines are expected to generate large future demand for our Conductus wire. Coils utilizing Conductus wire will enable electric motors and generators to operate at much higher power densities. When compared to a copper wire based electric machine with equivalent output power, future superconducting motors and generators will enable a significant size reductions for the motors with higher efficiency. One potential application for high-powered superconducting generators is expected to be 10+ megawatt offshore wind turbines. Offshore superconducting wind turbines promise to capture clean energy at a lower cost than competing renewables, while delivering power directly to growing coastal cities. Superconducting wind turbines are expected to play a unique role offshore since conventional technology cannot achieve the - power per tower - requirement.

### *Superconducting High Field magnets:*

There are a variety of applications that utilize superconducting magnets in order to capitalize on their unique ability to create extremely high magnetic fields. The NMR (Nuclear Magnetic Resonance) and MRI (Magnetic Resonance Imaging) machines of today utilize such superconducting magnets for this very reason. Currently, high-field superconducting magnets are manufactured using commercially available superconducting wire such as niobium-titanium (NbTi) or niobium-tin (Nb3Sn). NMR and MRI device manufacturers look towards advances in superconducting technologies to improve the overall performance of their systems by dramatically increasing the magnetic fields while reducing size. High demand for a robust, high performance and low cost superconducting wire has spurred rapid development of a next generation alternative. In the last 10 years, new second generation (2G) Rare Earth, Barium, Copper Oxide (ReBCO) superconducting materials have been proven to drastically increase magnetic field strengths, especially at low temperatures. These advanced ReBCO based superconductors now provide an excellent alternative to NbTi and Nb3Sn based materials.

### *Advanced RF Filters for mobile communications*

In February 2012 our newly formed subsidiary, Resonant LLC, entered into an agreement to develop its innovative Reconfigurable Resonance (RcR) technology in the rapidly growing mobile communications products industry. In July 2012, we contributed 14 patents and patents pending regarding our innovative Reconfigurable Resonance (RcR) technology, limited use of our Santa Barbara facility, experienced executive leadership and technical expertise as our minority investment in Resonant LLC. Resonant will require financing in order to commence active development, and is currently exploring financing options and there is no assurance as to whether Resonant will obtain the necessary financing. The contributed patents do not relate to either our current wireless business nor to our Conductus wire initiative.

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**Our Corporate Information**

Our executive offices are located at 9101 Wall Street, Austin, Texas 78754 and at 460 Ward Drive, Santa Barbara, California 93111, and our telephone number is (805) 690-4500. We were incorporated in Delaware on May 11, 1987. Additional information about us is available on our website at [www.suptech.com](http://www.suptech.com). The information contained on or that may be obtained from our website is not, and shall not be deemed to be, a part of or incorporated into this prospectus. Our common stock is currently traded on the NASDAQ Capital Market under the symbol **SCON**.

**Risk Factors**

An investment in our common stock involves certain risks. You should carefully consider the risks described under **Risk Factors** beginning on page 5 of this prospectus, as well as other information included or incorporated by reference into this prospectus, including our consolidated financial statements and the notes thereto, before making an investment decision.

**The Offering**

Common stock offered	Up to 8,554,116 shares of our common stock issuable upon exercise of warrants issued by us as part of an offering that closed on August 9, 2013.
Common stock to be outstanding immediately after this offering	21,673,464 shares of common stock (1)
Use of proceeds	We intend to use the net proceeds from the exercise of the warrants relating to the common stock offered by this prospectus for working capital and general corporate purposes. General corporate purposes may include capital expenditures. See <b>Use of Proceeds</b> .
Market for our common stock	Our common stock is quoted and traded on the NASDAQ Capital Market under the symbol <b>SCON</b> .

- (1) The number of shares of common stock outstanding immediately after the closing of this offering is based on 13,119,348 shares of common stock outstanding as of April 22, 2014, and, as of that date, excluded:

274,104 shares of our common stock issuable upon conversion of the 328,925 shares of outstanding Series A Convertible Preferred Stock, or Series A Preferred Stock (the conversion of our Series A Preferred Stock is subject to certain limitations. See **Description of Capital Stock** **Preferred Stock** **Series A Convertible Preferred Stock** on page 16 of this prospectus);

1,201,954 shares of our common stock issuable upon exercise of stock options under our stock plans at a weighted average exercise price of \$5.43 per share; and

1,074,906 shares of our common stock issuable upon exercise of warrants at a weighted average exercise price of \$9.27 per share.

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**RISK FACTORS**

*Investment in our securities involves a high degree of risk. You should carefully consider the risks described below, as well as those risks described in the sections titled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations, each contained in our most recent Annual Report on Form 10-K for the year ended December 31, 2013, which has been filed with the Securities and Exchange Commission, or SEC, and is incorporated herein by reference in its entirety, as well as other information in this prospectus or in any other documents incorporated by reference. Each of the risks described in these sections and documents could adversely affect our business, financial condition, results of operations and prospects, and could result in a complete loss of your investment. This prospectus and the incorporated documents also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks mentioned above.*

**Risks Related to Our Business**

*We have a history of losses and may never become profitable.*

In each of our last five years, we have experienced significant net losses and negative cash flows from operations. In 2013, we incurred a net loss of \$12.2 million and had negative cash flows from operations of \$8.3 million. In 2012, we incurred a net loss of \$10.9 million and had negative cash flows from operations of \$8.2 million. Our independent registered public accounting firm has included in its audit reports an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. If we fail to increase our revenues, we may not achieve and maintain profitability and may not meet our expectations or the expectations of financial analysts who report on our stock.

*We need to raise additional capital, and if we are unable to raise capital our ability to implement our current business plan and ultimately our viability as a company could be adversely affected.*

At December 31, 2013, we had \$7.5 million in cash and cash equivalents. Our cash resources will not be sufficient to fund our business for the next twelve months. We believe the key factors to our future liquidity will be our ability to successfully use our expertise and our technology to generate revenues in various ways, including commercial operations, joint ventures and licenses. Because of the expected timing and uncertainty of these factors, we will need to raise funds to meet our working capital needs.

Additional financing may not be available on acceptable terms or at all. If we issue additional equity securities to raise funds, the ownership percentage of our existing stockholders would be reduced. New investors may demand rights, preferences or privileges senior to those of existing holders of common stock and could also require that we issue warrants in connection with sales of our stock. If we cannot raise any needed funds, we might be forced to make further substantial reductions in our operating expenses, which could adversely affect our ability to implement our current business plan and ultimately our viability as a company.

*Our strategic initiative to develop a new wire platform may not prove to be successful.*

We have spent a considerable amount of resources in developing a new wire platform for power applications. Substantial technical and business challenges remain before we have a commercially successful product introduction. We may not be able to overcome these challenges in a timely or cost effective manner, if at all. Such a failure could adversely impact our prospects, liquidity, stock price and carrying value of our fixed assets.

*There are numerous technological challenges that must be overcome in order for our Conductus wire to become commercially successful and our ability to address such technological challenges may adversely affect our ability to gain customers.*

We expect to begin commercial Conductus wire production in 2014. There are a number of technological and business challenges to overcome for broad commercialization of HTS wire. First, the current HTS wire market is supply constrained. Current producers cannot manufacture sufficient wire to meet demand; customers cannot purchase long-length wire with any reasonable confidence or guaranteed volume; and electric utilities lack confidence in product availability which leads to delays in their deployment roadmap. Secondly, HTS wire performance is currently below what many customers require. Many power applications require high performance wire with high current carrying capacity, mechanical durability, electrical integrity with low AC losses and minimal splices. Producing high performance HTS wire has proven difficult, especially at volumes required for large scale deployment. Thirdly, high demand for premium performance wire available in very low volume results in a high wire price that narrows the market and limits commercial viability. Delays in our Conductus wire development, as a result of technological challenges or other factors, may result in the introduction or commercial acceptance of our Conductus wire products later than expected.





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***The commercial uses of superconducting wire and superconducting wire related products are limited today, and a broad commercial market may not develop.***

Even if the technological hurdles are overcome, there is no certainty that a robust commercial market for unproven HTS wire products will come to fruition. To date, commercial use of HTS wire has been limited to small feasibility demonstrations, and these projects are largely subsidized by government authorities. While customer demand is high and market forecasts project large revenue opportunity for superconducting wire in power applications, the market may not develop and superconducting wire might never achieve long term, broad commercialization. In such an event, we would not be able to commercialize our Conductus wire initiative and our business could be adversely impacted.

***We have limited experience marketing and selling superconducting wire products, and our failure to effectively market and sell our superconducting wire solutions would lower our revenue and cash flow.***

We have little experience marketing and selling our Conductus wire. Once our Conductus wire is ready for commercial use, we will have to hire and develop a marketing and sales team that will effectively demonstrate the advantages of our product over both more traditional products and competing superconducting products or other adjacent technologies. We may not be successful in our efforts to market this new technology.

***We rely on a small group of customers for the majority of our commercial wireless revenues, and the loss of any one of these customers could adversely affect our business.***

We sell most of our wireless products to a small number of wireless carriers. We derived 96% of our commercial product revenues from Verizon Wireless and AT&T in 2013, down slightly from the 96% these two customers purchased in each of 2012 and 2011.

Demand for wireless communications equipment fluctuates dramatically and unpredictably and recently has been trending downward. As a result of this downward trend, we have managed our inventory to historically low levels, which may result in longer delivery lead times, which may not be acceptable to our customers. If this downward trend continues we may be compelled to refocus our manufacturing away from wireless products altogether.

In addition, the market for HTS wire would also consist of a small number of customers and would face similar challenges to those we face in our wire business.

***We expect decreases in average selling prices, requiring us to reduce product costs in order to achieve and maintain profitability.***

We face pressure to reduce prices of our wireless products and accordingly, the average selling price of our existing products has decreased over the years. We anticipate customer pressure on our product pricing will continue for the foreseeable future. In our Conductus wire initiative, wire is currently being sold at \$250-400/kiloampere-meter (kA-m). At this price, HTS wire represents more than half the cost of the end device. A price reduction is required for long term commercialization. Cryogenic systems, including cryocoolers and cryostats, have been developed but will also need to be cost optimized as HTS wire becomes available in volume. We have plans to further reduce the manufacturing cost of our products, but there is no assurance that our future cost reduction efforts will keep pace with price erosion. We will need to further reduce our manufacturing costs through engineering improvements and economies of scale in production and purchasing in order to achieve adequate gross margins. We may not be able to achieve the required product cost savings at a rate needed to keep pace with competitive pricing pressure. Additionally, we may be forced to discount future orders or may never reach commercial viability. If we fail to reach our cost saving objectives or we are required to offer future discounts, our business may be harmed.

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### ***We face competition with respect to various aspects of our technology and product development.***

Our current wireless products compete on the basis of performance, functionality, reliability, pricing, quality, and compliance with industry standards. With respect to our Conductus wire materials, we compete with American Superconductor, SuperPower, SuNam, Fujifura, and THEVA, among others. Our current and potential competitors with respect to our wireless business include conventional RF filter manufacturers, including Alcatel-Lucent, Powerwave, and RFS and both established and newly emerging companies developing similar or competing HTS technologies. In addition, we currently supply components and license technology to several companies that may eventually decide to manufacture or design their own HTS components, rather than purchasing or licensing our technology. If we are unable to compete successfully against our current or future competitors, then our business and results of operations will be adversely affected.

### ***We may not be able to compete effectively against alternative technologies.***

Our products also compete with a number of alternative approaches and technologies. Some of these alternatives may be more cost effective or offer better performance than our products and we may not succeed in competing against these alternatives.

### ***We currently rely on specific technologies and may not successfully adapt to rapidly changing market environments.***

We must overcome technical challenges to commercialize our Conductus wire. If we are able to do so, we will need to attain customer acceptance of our Conductus wire, and we cannot ensure that such acceptance will occur. We will have to continue to develop and integrate advances to our core technologies. We will also need to continue to develop and integrate advances in complementary technologies. We cannot guarantee that our development efforts will not be rendered obsolete by research efforts and technological advances made by others. Our business success depends upon our ability to keep pace with advancing technology, including materials, processes and industry standards.

### ***We experience significant fluctuations in sales and operating results from quarter to quarter.***

Our quarterly results fluctuate due to a number of factors, including:

the lack of any contractual obligation by our customers to purchase their forecasted demand for our products;

variations in the timing, cancellation, or rescheduling of customer orders and shipments; and

high fixed expenses that may disproportionately impact operating expenses, especially during a quarter with a sales shortfall.

The nature of our business requires that we promptly ship products after we receive orders. This means that we typically do not have a significant backlog of unfilled orders at the start of each quarter. Our major customers generally have no contractual obligation to purchase forecasted amounts and may cancel orders, change delivery schedules or change the mix of products ordered with minimal notice and minimal penalty. As a result of these factors, we may not be able to accurately predict our quarterly sales. Any shortfall in sales relative to our quarterly expectations or any delay of customer orders would adversely affect our revenues and results of operations.

Order deferrals and cancellations by our customers, declining average sales prices, changes in the mix of products sold, increases in inventory and finished goods, delays in the introduction of new products and longer than anticipated sales cycles for our products have, in the past, adversely affected our results of operations. Despite these factors, we maintain significant finished goods, work-in-progress and raw materials inventory to meet estimated order forecasts. If our customers purchase less than the forecasted amounts or cancel or delay existing purchase orders, there will be higher levels of inventory that face a greater risk of obsolescence. If our customers desire to purchase products in excess of the forecasted amounts or in a different product mix, there may not be enough inventory or manufacturing capacity to fill their orders.

Due to these and other factors, our past results may not be reliable indicators of our future performance in our wireless business, and has no predictive value as to our Conductus wire initiative. Future revenues and operating results may not meet the expectations of stock analysts and investors. In either case, the price of our common stock could be materially adversely affected.



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***We depend on the capital spending patterns of our customers, and if capital spending is decreased or delayed, our business may be harmed.***

Any substantial decrease or delay in capital spending patterns from our customers may harm our business. Demand from customers for our products depends to a significant degree upon the amount and timing of capital spending by these customers for constructing, rebuilding or upgrading their systems. Their capital spending patterns depend on a variety of factors, including access to financing, the status of federal, local and foreign government regulation and deregulation, overall demand, competitive pressures and general economic conditions. In addition, capital spending patterns can be subject to some degree of seasonality, with lower levels of spending in the first and third calendar quarters, based on annual budget cycles.

***The current worldwide uncertainty may adversely affect our business, operating results and financial condition.***

The United States and global economies continue to experience a financial downturn, with some financial and economic analysts predicting that the global economy may be entering into a prolonged economic downturn characterized by high unemployment, limited availability of credit, increased rates of default and bankruptcy and decreased consumer and business spending. These developments could negatively affect our business, operating results and financial condition in a number of ways. For example, current or potential customers may delay or decrease spending with us or may not pay us, or may delay paying us for previously purchased products. In addition, this downturn has had, and may continue to have, an unprecedented negative impact on the global credit markets. Credit has tightened significantly, resulting in financing terms that are less attractive to borrowers, and in many cases, the unavailability of certain types of debt financing. If this crisis continues or worsens, and if we are required to obtain financing in the near term to meet our working capital or other business needs, we may not be able to obtain that financing. Further, even if we are able to obtain the financing we need, it may be on terms that are not favorable to us, with increased financing costs and restrictive covenants.

***Our reliance on a limited number of suppliers and the long lead time of components for our products could impair our ability to manufacture and deliver our systems on a timely basis.***

A number of components used in our products are available from a limited number of outside suppliers due to unique designs as well as certain quality and performance requirements. There are components that we source from a single vendor due to the present volume. In addition, key components of our conventional products are manufactured by a sole foreign manufacturer. Our reliance on sole or limited source suppliers involves certain risks and uncertainties, many of which are beyond our control. These include the possibility of a shortage or the discontinuation of certain key components. Any reduced availability of these parts or components when required could impair our ability to manufacture and deliver our systems on a timely basis and result in the delay or cancellation of orders, which could harm our business.

In addition, the purchase of some of our key components involves long lead times and, in the event of unanticipated increases in demand for our solutions, we may be unable to obtain these components in sufficient quantities to meet our customers' requirements. We do not have guaranteed supply arrangements with any of these suppliers, do not maintain an extensive inventory of parts or components and customarily purchase sole or limited source parts and components pursuant to purchase orders. Business disruptions, quality issues, production shortfalls or financial difficulties of a sole or limited source supplier could materially and adversely affect us by increasing product costs, or eliminating or delaying the availability of such parts or components. In such events, our inability to develop alternative sources of supply quickly and on a cost-effective basis could impair our ability to manufacture and deliver our systems on a timely basis and could harm our business.

***Our reliance on a limited number of suppliers exposes us to quality control issues.***

Our reliance on certain single-source and limited-source components exposes us to quality control issues if these suppliers experience a failure in their production process or otherwise fail to meet our quality requirements. A failure in single-source or limited-source components or products could force us to repair or replace a product utilizing replacement components. If we cannot obtain comparable replacements or effectively return or redesign our products, we could lose customer orders or incur additional costs, which could have a material adverse effect on our gross margins and results of operations.

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***Our ability to protect our patents and other proprietary rights is uncertain, exposing us to possible losses of competitive advantage.***

Our efforts to protect our proprietary rights may not succeed in preventing infringement by others or ensure that these rights will provide us with a competitive advantage. Pending patent applications may not result in issued patents and the validity of issued patents may be subject to challenge. Third parties may also be able to design around the patented aspects of the products. Additionally, certain of the issued patents and patent applications are owned jointly with third parties. Because any owner or co-owner of a patent can license its rights under jointly-owned patents or applications, inventions made by us jointly with others are not subject to our exclusive control. Any of these possible events could result in losses of competitive advantage.

***We depend on specific patents and licenses to technologies, and we will likely need additional technologies in the future that we may not be able to obtain.***

We utilize technologies under licenses of patents from others for our products. These patents may be subject to challenge, which may result in significant litigation expense (which may or may not be recoverable against future royalty obligations). Additionally, we continually try to develop new products, and, in the course of doing so, we may be required to utilize intellectual property rights owned by others and may seek licenses to do so. Such licenses may not be obtainable on commercially reasonable terms, or at all. It is also possible that we may inadvertently utilize intellectual property rights held by others, which could result in substantial claims.

***Intellectual property infringement claims against us could materially harm results of operations.***

Our products incorporate a number of technologies, including high-temperature superconductor technology, technology related to other materials, and electronics technologies. Our patent positions, and that of other companies using high-temperature superconductor technology, is uncertain and there is significant risk that others, including our competitors or potential competitors, have obtained or will obtain patents relating to our products or technologies or products or technologies planned to be introduced by us.

We believe that patents may be or have been issued, or applications may be pending, claiming various compositions of matter used in our products. We may need to secure one or more licenses of these patents. There can be no assurances that such licenses could be obtained on commercially reasonable terms, or at all. We may be required to expend significant resources to develop alternatives that would not infringe such patents or to obtain licenses to the related technology. We may not be able to successfully design around these patents or obtain licenses to them and may have to defend ourselves at substantial cost against allegations of infringement of third party patents or other rights to intellectual property. In those circumstances, we could face significant liabilities and also be forced to cease the use of key technology.

***Other parties may have the right to utilize technology important to our business.***

We utilize certain intellectual property rights under non-exclusive licenses or have granted to others the right to utilize certain intellectual property rights licensed from a third party. Because we may not have the exclusive rights to utilize such intellectual property, other parties may be able to compete with us, which may harm our business.

***Because competition for target employees is intense, we may be subject to claims of unfair hiring practices, trade secret misappropriation or other related claims.***

Companies in the wireless telecommunications and HTS wire industries whose employees accept positions with competitors frequently claim that competitors have engaged in unfair hiring practices, trade secret misappropriation or other related claims. We may be subject to such claims in the future as we seek to hire qualified personnel, and such claims may result in material litigation. If this should occur, we could incur substantial costs in defending against these claims, regardless of their merits.

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*Our success depends on the attraction and retention of senior management and technical personnel with relevant expertise.*

As a competitor in a highly technical market, we depend heavily upon the efforts of our existing senior management and technical teams. The loss of the services of one or more members of these teams could slow product development and commercialization objectives. Due to the specialized nature of our products, we also depend upon our ability to attract and retain qualified technical personnel with substantial industry knowledge and expertise. Competition for qualified personnel is intense, and we may not be able to continue to attract and retain qualified personnel necessary for the development of our business.

*Regulatory changes could substantially harm our business.*

Certain regulatory agencies in the United States and other countries set standards for operations within their territories. Equipment marketed for use within their territories must meet specific technical standards. Our ability to sell our products is impacted by regulatory changes and requirements and depends on the ability of our customers to obtain and retain the necessary approvals and licenses. HTS wire is subject to a regulatory regime, which may become more strictly regulated if the market grows. Any failure or delay in obtaining necessary approvals could harm our business.

*We may acquire or make investments in companies or technologies that could cause loss of value to stockholders and disruption of business.*

We may explore opportunities to acquire companies or technologies in the future. Other than the acquisition of Conductus, Inc. in 2002, we have not made any such acquisitions or investments to date and, therefore, our ability as an organization to make acquisitions or investments is unproven. An acquisition entails many risks, any of which could adversely affect our business, including:

failure to integrate operations, services and personnel;

the price paid may exceed the value eventually realized;

loss of share value to existing stockholders as a result of issuing equity securities to finance an acquisition;

potential loss of key employees from either our then current business or any acquired business;

entering into markets in which we have little or no prior experience;

diversion of financial resources and management's attention from other business concerns;

assumption of unanticipated liabilities related to the acquired assets; and

the business or technologies acquired or invested in may have limited operating histories and may be subjected to many of the same risks to which we are exposed.

In addition, future acquisitions may result in potentially dilutive issuances of equity securities, or the incurrence of debt, contingent liabilities or amortization expenses or charges related to goodwill or other intangible assets, any of which could harm our business. As a result, if we fail to properly evaluate and execute acquisitions or investments, our business and prospects may be seriously harmed.

*If we are unable to implement appropriate controls and procedures to manage our potential growth, we may not be able to successfully offer our products and implement our business plan.*

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Our ability to successfully offer our products and implement our business plan in a rapidly evolving market requires an effective planning and management process. Growth in future operations would place a significant strain on management systems and resources. We expect that we would need to improve our financial and managerial controls, reporting systems and procedures, and would need to expand, train and manage our work force worldwide. Furthermore, we expect that we would be required to manage multiple relationships with various customers and other third parties.

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*Compliance with environmental regulations could be especially costly due to the hazardous materials used in the manufacturing process. In addition, we could incur expenditures related to hazardous material accidents.*

We are subject to a number of federal, state and local governmental regulations related to the use, storage, discharge and disposal of toxic, volatile or otherwise hazardous chemicals used in our business. Current or future laws and regulations could require substantial expenditures for preventative or remedial action, reduction of chemical exposure, waste treatment or disposal. Any failure to comply with present or future regulations could result in fines being imposed, suspension of production or interruption of operations. In addition, these regulations could restrict our ability to expand or could require us to acquire costly equipment or incur other significant expense to comply with environmental regulations or to clean up prior discharges.

In addition, although we believe that our safety procedures for the handling and disposing of hazardous materials comply with the standards prescribed by state and federal regulations, there is always the risk of accidental contamination or injury from these materials. To date, we have not incurred substantial expenditures for preventive action with respect to hazardous materials or for remedial action with respect to any hazardous materials accident, but the use and disposal of hazardous materials involves risk that we could incur substantial expenditures for such preventive or remedial actions. If such an accident were to occur, we could be held liable for resulting damages. The liability in the event of an accident or the costs of such remedial actions could exceed our resources or otherwise have a material adverse effect on our financial condition, results of operations or cash flows.

*The reliability of market data included in our public filings is uncertain.*

Since we operate in a rapidly changing market, we have in the past, and may from time to time in the future, include market data from industry publications and our own internal estimates in some of the documents we file with the SEC. The reliability of this data cannot be assured. Industry publications generally state that the information contained in these publications has been obtained from sources believed to be reliable, but that its accuracy and completeness is not guaranteed. Although we believe that the market data used in our filings with the SEC is and will be reliable, it has not been independently verified. Similarly, internal company estimates, while believed by us to be reliable, have not been verified by any independent sources.

*Our international operations expose us to certain risks.*

In 2007, we formed a joint venture with Hunchun Baoli Communication Co. Ltd. ( BAOLI ) to manufacture and sell our SuperLink interference elimination solution in China. In addition to facing many of the risks faced by our domestic business, if that joint venture or any other international operation we may have is to be successful, we (together with any joint venture partner) must recruit the necessary personnel and develop the facilities needed to manufacture and sell the products involved, learn about the local market (which may be significantly different from our domestic market), build brand awareness among potential customers and compete successfully with local organizations with greater market knowledge and potentially greater resources than we have. We must also obtain a number of critical governmental approvals from both the United States and the local country governments on a timely basis, including those related to any transfers of our technology. We must establish sufficient controls on any foreign operations to ensure that those operations are operated in accordance with our interests, that our intellectual property is protected and that our involvement does not inadvertently create potential competitors. There can be no assurance that these conditions will be met. Even if they are met, the process of building our international operations could divert financial resources and management attention from other business concerns. Finally, our international operations will also be subject to the general risks of international operations, such as:

changes in exchange rates;

international political and economic conditions;

changes in government regulation in various countries;

trade barriers;



adverse tax consequences; and

costs associated with expansion into new territories.

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### **Risks Related to the Offering**

#### ***Our stock price is volatile.***

The market price of our common stock has been, and we expect will continue to be, subject to significant volatility. The value of our common stock may decline regardless of our operating performance or prospects. Factors affecting our market price include:

our perceived prospects and liquidity;

progress or any lack of progress (or perceptions related to progress) in timely overcoming the remaining substantial technical and commercial challenges related to our Conductus wire initiative;

variations in our operating results and whether we have achieved key business targets;

changes in, or our failure to meet, earnings estimates;

changes in securities analysts' buy/sell recommendations;

differences between our reported results and those expected by investors and securities analysts;

announcements of new contracts by us or our competitors;

market reaction to any acquisitions, joint ventures or strategic investments announced by us or our competitors; and

general economic, political or stock market conditions.

Recent events have caused stock prices for many companies, including ours, to fluctuate in ways unrelated or disproportionate to their operating performance. The general economic, political and stock market conditions that may affect the market price of our common stock are beyond our control. The market price of our common stock at any particular time may not remain the market price in the future.

***If we fail to maintain the listing of our common stock with a U.S. national securities exchange, the liquidity of our common stock could be adversely affected.***

If our common stock is delisted by NASDAQ, our common stock may be eligible to trade on the OTC Bulletin Board or another over-the-counter market. Any such alternative would likely result in it being more difficult for us to raise additional capital through the public or private sale of equity securities and for investors to dispose of, or obtain accurate quotations as to the market value of, our common stock. In addition, there can be no assurance that our common stock would be eligible for trading on any such alternative exchange or markets.

***We have a significant number of outstanding warrants and options, and future sales of the shares obtained upon exercise of these options or warrants could adversely affect the market price of our common stock.***

As of December 31, 2013, we had outstanding options exercisable for an aggregate of 91,738 shares of common stock at a weighted average exercise price of \$44.18 per share and warrants to purchase up to 11,088,430 shares of our common stock at a weighted average exercise price of \$3.22 per share. We have registered the issuance of all the shares issuable upon exercise of the options and warrants, and they will be freely

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tradable by the exercising party upon issuance. The holders may sell these shares in the public markets from time to time, without limitations on the timing, amount or method of sale. As our stock price rises, the holders may exercise their warrants and options and sell a large number of shares. This could cause the market price of our common stock to decline.

***Management will have broad discretion as to the use of the proceeds from this offering, and we may not use the proceeds effectively.***

We have not designated the amount of net proceeds from this offering to be used for any particular purpose. Accordingly, our management will have broad discretion as to the application of the net proceeds from this offering and could use them for purposes other than those contemplated at the time of this offering. Our stockholders may not agree with the manner in which our management chooses to allocate and spend the net proceeds. Moreover, our management may use the net proceeds for corporate purposes that may not increase our profitability or market value.

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***Our corporate governance structure may prevent our acquisition by another company at a premium over the public trading price of our shares.***

It is possible that the acquisition of a majority of our outstanding voting stock by another company could result in our stockholders receiving a premium over the public trading price for our shares. Provisions of our restated certificate of incorporation and bylaws and of Delaware corporate law could delay or make more difficult an acquisition of our company by merger, tender offer or proxy contest, even if it would create an immediate benefit to our stockholders. For example, our restated certificate of incorporation does not permit stockholders to act by written consent, and our bylaws generally require ninety days advance notice of any matters to be brought before the stockholders at an annual or special meeting.

In addition, our board of directors has the authority to issue up to 2,000,000 shares of preferred stock and to determine the terms, rights and preferences of this preferred stock, including voting rights of those shares, without any further vote or action by the stockholders. At March 14, 2014, 1,388,477 shares of preferred stock remained unissued. The rights of the holders of common stock may be subordinate to, and adversely affected by, the rights of holders of preferred stock that may be issued in the future. The issuance of preferred stock could also make it more difficult for a third party to acquire a majority of our outstanding voting stock, even at a premium over our public trading price.

Further, our certificate of incorporation also provides for a classified board of directors with directors divided into three classes serving staggered terms. These provisions may have the effect of delaying or preventing a change in control of us without action by our stockholders and, therefore, could adversely affect the price of our stock or the possibility of sale of shares to an acquiring person. See the section in the accompanying prospectus entitled *Description of Capital Stock* *Anti-Takeover Effects of Certain Provisions of Delaware Law and Our Charter Documents*.

***We do not anticipate declaring any cash dividends on our common stock.***

We have never declared or paid cash dividends on our common stock and do not plan to pay any cash dividends in the near future. Our current policy is to retain all funds and earnings for use in the operation and expansion of our business.

***We may record a material warrant derivative liability, which could impact our ability to remain listed on the NASDAQ Capital Market .***

The price-based anti-dilution feature of the warrants (other than the pre-funded warrants) issued in our August 2013 offering create a warrant derivative liability that we are required to record in our financial statements. Similarly, a separate feature in the warrants (other than the pre-funded warrants) requires that, in connection with certain fundamental transactions (such as a sale of the Company in an all-cash transaction), a warrant holder has the option to require the Company to pay the holder cash in an amount equal to the value of the warrant determined under the Black-Scholes option pricing model. Accordingly, we have recorded a warrant derivative liability. Further, such warrant derivative liability and our net loss would likely increase and our stockholders' equity would decrease if our stock price increases. The continued listing standards of the NASDAQ Capital Market on which our stock is listed require, among other things, that we maintain at least \$2.5 million in stockholders' equity. Although the warrant derivative liability is not settled in cash, it will still reduce our stockholders' equity for purposes of this continued listing requirement and financial reporting purposes generally. Any warrant derivative liability, and particularly a large liability, will make it more difficult for us to maintain the minimum equity required for the NASDAQ Capital Market. As we continue to execute our business plan our total assets are, at least in the near term, likely to decline. Unless we are able to maintain or increase our total assets, the presence of a large warrant derivative liability will reduce our stockholders' equity over time. The warrant derivative liability will be adjusted to fair value at each reporting period (quarterly and annual basis), and could increase or decrease significantly on a periodic basis. However, assuming that the fair value of any warrant derivative liability is and remains material, then without any offsetting increase to our stockholders equity, we estimate we could be close to, or below, the Nasdaq Capital Market minimum listing standard by the first or second quarter of 2014, and earlier if our stock price were to increase significantly before that time. Failure to remain listed on the NASDAQ Capital Market could have a material adverse effect on the value and liquidity of our common stock and our warrants.

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**USE OF PROCEEDS**

We may receive up to a total of approximately \$21,984,000 in proceeds as a result of the exercise of the warrants. However, because we are unable to predict the timing or amount of potential warrant exercises, we have not allocated any proceeds of such exercises to any particular purpose. Accordingly, all such proceeds are allocated to working capital. It is possible that certain of the warrants may expire and may never be exercised.

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### **DESCRIPTION OF CAPITAL STOCK**

The following is a brief description of our capital stock. This summary does not purport to be complete in all respects. This description is subject to and qualified entirely by the terms of our restated certificate of incorporation, as amended, or our certificate of incorporation, and our restated bylaws, or our bylaws, copies of which have been filed with the SEC and are also available upon request from us, and by the General Corporation Law of the State of Delaware.

#### **Authorized Capitalization**

We have 252,000,000 shares of capital stock authorized under our certificate of incorporation, consisting of 250,000,000 shares of common stock and 2,000,000 shares of preferred stock, of which 706,829 have been designated as Series A Convertible Preferred Stock, par value \$0.001 per share, or Series A Preferred Stock. As of April 22, 2014, we had 13,119,348 shares of common stock and 328,925 shares of Series A Preferred Stock outstanding. Our authorized shares of common stock and preferred stock are available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. If the approval of our stockholders is not so required, our board of directors may determine not to seek stockholder approval.

On March 11, 2013, we effected a 1-for-12 reverse stock split of our common stock, or the Reverse Stock Split. As a result of the Reverse Stock Split, every twelve shares of our pre-Reverse Stock Split common stock were combined and reclassified into one share of our common stock.

#### **Common Stock**

Holders of our common stock are entitled to such dividends as may be declared by our board of directors out of funds legally available for such purpose, subject to any preferential dividend rights of any then outstanding preferred stock. The shares of common stock are neither redeemable nor convertible. Holders of common stock have no preemptive or subscription rights to purchase any of our securities.

Each holder of our common stock is entitled to one vote for each such share outstanding in the holder's name. No holder of common stock is entitled to cumulate votes in voting for directors.

In the event of our liquidation, dissolution or winding up, the holders of our common stock are entitled to receive pro rata our assets that are legally available for distribution, after payments of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding. All of the outstanding shares of our common stock are fully paid and non-assessable. The shares of common stock offered by this prospectus and the shares of common stock underlying the warrants offered by this prospectus will be fully paid and non-assessable.

Our common stock is listed on the NASDAQ Capital Stock Market under the symbol `SCON`. The transfer agent and registrar for our common stock is Registrar & Transfer Company. Its address is 10 Commerce Drive, Cranford, NJ 07016, and its telephone number is (800) 866-1340.

#### **Preferred Stock**

Our certificate of incorporation permits us to issue up to 2,000,000 shares of preferred stock in one or more series and with rights and preferences that may be fixed or designated by our board of directors without any further action by our stockholders. We currently have 706,829 shares of preferred stock designated as Series A Preferred Stock, of which, as of April 22, 2014, 328,925 shares of Series A Preferred Stock outstanding.

Subject to the limitations prescribed in our certificate of incorporation and under Delaware law, our certificate of incorporation authorizes the board of directors, from time to time by resolution and without further stockholder action, to provide for the issuance of shares of preferred stock, in one or more series, and to fix the designation, powers, preferences and other rights of the shares and to fix the qualifications, limitations and restrictions thereof. The issuance of preferred stock could adversely affect the rights of holders of our common stock, including with respect to voting, dividends and liquidation and, by issuing shares of preferred stock with certain voting, conversion and/or redemption rights. Such issuance of preferred stock may have the effect of delaying, deferring or preventing a change of control.

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Preferred stock could thus be issued quickly with terms calculated to delay or prevent a change in control of us or to make removal of management more difficult. Additionally, the issuance of preferred stock may decrease the market price of our common stock. The number of authorized shares of preferred stock may be increased or decreased, but not decreased below the number of shares then outstanding, by the affirmative vote of the holders of a majority of our common stock without a vote of the holders of preferred stock, or any series of preferred stock, unless a vote of any such holder is required pursuant to the terms of such series of preferred stock.

### ***Series A Convertible Preferred Stock***

In October 2007, in connection with entering into an amended investment agreement with Hunchun BaoLi Communication Co. Ltd., or BAOLI, our board of directors authorized the designation and issuance of 706,829 shares of Series A Preferred Stock. The terms of the investment agreement were subsequently amended and, in February 2008, we issued to BAOLI and two related purchasers (collectively, BAOLI), a total of approximately 258,447 shares of our common stock and 611,523 shares of our Series A Preferred Stock (convertible under certain conditions into approximately 509,602 shares of our common stock).

Subject to the terms and conditions of our Series A Preferred Stock and to customary adjustments to the conversion rate, each share of our Series A Preferred Stock is convertible into ten shares of our common stock so long as the number of shares of our common stock beneficially owned by BAOLI following such conversion does not exceed 9.9% of our outstanding common stock. Except for a preference on liquidation of \$0.01 per share, each share of Series A Preferred Stock is the economic equivalent of the ten shares of common stock into which it is convertible. Except as required by law, the Series A Preferred Stock will not have any voting rights. For a complete description of the terms of the Series A Preferred Stock, please see the certificate of designations, which is incorporated by reference into the registration statement of which this prospectus is a part.

### **Anti-Takeover Effects of Certain Provisions of Delaware Law and Our Charter Documents**

The following is a summary of certain provisions of Delaware law, our certificate of incorporation and our bylaws. This summary does not purport to be complete and is qualified in its entirety by reference to the corporate law of Delaware and our certificate of incorporation and bylaws.

*Effect of Delaware Anti-Takeover Statute.* We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

prior to that date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares of voting stock outstanding (but not the voting stock owned by the interested stockholder) those shares owned by persons who are directors and officers and by excluding employee stock plans in which employee participants do not have the right to determine whether shares held subject to the plan will be tendered in a tender or exchange offer; or

on or subsequent to that date, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines "business combination" to include the following:

any merger or consolidation involving the corporation and the interested stockholder;

any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;



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subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or

the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation, or who beneficially owns 15% or more of the outstanding voting stock of the corporation at any time within a three-year period immediately prior to the date of determining whether such person is an interested stockholder, and any entity or person affiliated with or controlling or controlled by any of these entities or persons.

*Our Charter Documents.* Our charter documents include provisions that may have the effect of discouraging, delaying or preventing a change in control or an unsolicited acquisition proposal that a stockholder might consider favorable, including a proposal that might result in the payment of a premium over the market price for the shares held by our stockholders. Certain of these provisions are summarized in the following paragraphs.

*Classified Board of Directors.* Pursuant to our certificate of incorporation, the number of directors is fixed by our board of directors. Our directors are divided into three classes, each class to serve a three-year term and to consist as nearly as possible of one-third of the total number of directors. Pursuant to our bylaws, directors elected by stockholders at an annual meeting of stockholders will be elected by a plurality of all votes cast.

*No Stockholder Action by Written Consent.* Our bylaws provide that a special meeting of stockholders may be called only by the chairman of the board, a majority of the entire board of directors or the president. Stockholders are not permitted to call, or to require that the board of directors call, a special meeting of stockholders. Moreover, the business permitted to be conducted at any special meeting of stockholders is limited to the business brought before the meeting pursuant to the notice of the meeting given. In addition, our certificate of incorporation provides that any action taken by our stockholders must be effected at an annual or special meeting of stockholders and may not be taken by written consent instead of a meeting. Our bylaws establish an advance notice procedure for stockholders to nominate candidates for election as directors or to bring other business before meetings of our stockholders.

*Change in Control Agreements.* A number of our executives have agreements with us that entitle them to payments in certain circumstances following a change in control.

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### **DESCRIPTION OF WARRANTS**

The following is a brief description of the Term A and Term B warrants issued in our August 2013 offering which relate to the shares of our common stock being offered by this prospectus upon exercise of such warrants. This summary does not purport to be complete in all respects. This description is subject to and qualified entirely by the terms of the forms of warrant filed as an exhibit to the registration statement of which this prospectus is a part.

#### **Common Stock**

The material terms of our common stock and our other capital stock are described in the section of this prospectus entitled "Description of Capital Stock" beginning on page 15 of this prospectus.

#### **Warrants to Purchase Common Stock**

The Term A and Term B warrants were issued on August 9, 2013 at an exercise price of \$2.57 per share. Each warrant will be exercisable from their date of issuance and at any time up to the date that is five years after their original date of issuance in the case of the Term A warrants and two years after their original issuance in the case of the Term B warrants. A warrant may not be exercised by the holder to the extent that the holder, together with its affiliates, would beneficially own, after such exercise more than 4.99% of the shares of common stock then outstanding (subject to the right of the holder to increase or decrease such beneficial ownership limitation upon not less than 61 days prior notice provided that such limitation cannot exceed 9.99%).

The warrants are exercisable for cash or, solely in the absence of an effective registration statement or prospectus registering the issuance of the common stock thereunder, by cashless exercise.

The exercise price of the warrants is subject to adjustment in the case of stock dividends or other distributions on shares of common stock or any other equity or equity equivalent securities payable in shares of common stock, stock splits, stock combinations, reclassifications or similar events affecting our common stock, and also, subject to limitations, upon any distribution of assets, including cash, stock or other property to our stockholders.

In addition, in the event we consummate a merger or consolidation with or into another person or other reorganization event in which our common shares are converted or exchange for securities, cash or other property, or we sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of our assets or we or another person acquire 50% or more of our outstanding common shares, then following such event, the holders of the warrants will be entitled to receive upon exercise of the warrants the same kind and amount of securities, cash or property which the holders would have received had they exercised the warrants immediately prior to such fundamental transaction. Any successor to us or surviving entity shall assume the obligations under the warrants.

Prior to the exercise of any warrants to purchase common stock, holders of the warrants will not have any of the rights of holders of the common stock purchasable upon exercise, including voting right, however, the holders of the warrants will have certain rights to participate in distributions or dividends paid on our common stock to the extent set forth in the warrants.

We do not plan on applying to list any of the warrants on the NASDAQ Capital Market, any other national securities exchange or any other nationally recognized trading system.

The Term A and Term B warrants contain a price-based anti-dilution adjustment mechanism which provides that if we sell shares of our common stock or common stock equivalents at an effective per share price less than the then exercise price of such warrants, that the exercise price of the Term A and Term B warrants will be reset to such lower price. This feature will terminate when the volume-weighted average price of our common stock as reported by our principal trading market exceeds 300% of the then exercise price of the warrant for thirty consecutive trading days and does not apply to certain exempt issuances, including, in certain circumstances, issuances under equity incentive plans, securities issued upon exercise or conversion of existing securities or securities issued in connection with acquisitions or strategic transactions.

The Term A and Term B warrants provide that if, at any time while such warrants are outstanding, we (1) consolidate or merge with or into another corporation, (2) sell all or substantially all of our assets or (3) are subject to or complete a tender or exchange offer pursuant to which holders of our common stock are permitted to tender or exchange their shares for other securities, cash or



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property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (4) effect any reclassification, reorganization or recapitalization of our common stock or any compulsory share exchange pursuant to which our common stock is converted into or exchanged for other securities, cash or property, or (5) engage in one or more transactions with another party that results in that party acquiring more than 50% of our outstanding shares of common stock (each, a Fundamental Transaction ), then the holder of such warrants shall have the right thereafter to receive, upon exercise of the warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of warrant shares then issuable upon exercise of the warrant, and any additional consideration payable as part of the Fundamental Transaction. Any successor to us or surviving entity shall assume the obligations under the warrant. In the event of a Fundamental Transactions that is an all cash transaction, a Rule 13e-3 transaction as defined in Rule 13e-3 under the Exchange Act, or a Fundamental Transaction involving a person or entity not traded on a national securities exchange, the holders of the warrants will be entitled to receive, in lieu of our common stock and at the holders' option, cash in an amount equal to the value of the remaining unexercised portion of the warrant on the date of the transaction determined using Black-Scholes option pricing model with an expected volatility equal to the greater of 100% and the 100-day historical price volatility obtained by Bloomberg L.P. as of the trading day immediately following the public announcement of the transaction.

The provisions of the Term A and Term B warrants may be amended as a single class if we have obtained the written consent of holders representing not less than a majority of shares of our common stock then exercisable under the Term A and B warrants collectively (in which case such amendments shall be binding on all holders of Term A and Term B warrants). However, the number of shares of our common stock exercisable, the exercise price or the exercise period may not be amended without the written consent of the holder of each such warrant.

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**PLAN OF DISTRIBUTION**

We will deliver shares of our common stock offered hereby upon exercise of the warrants we issued on August 9, 2013. As of the date of this prospectus, these warrants were exercisable for a total of up to 8,554,116 shares of our common stock, and no more of these warrants will be issued. We will not issue fractional shares upon exercise of these warrants. Each of these warrants contains instructions for exercise. In order to exercise any of these warrants, the holder must deliver to us or our transfer agent the information required in the warrants, along with payment for the exercise price of the shares to be purchased. We will then deliver shares of our common stock in the manner described above in the section titled "Description of Warrants."

**LEGAL MATTERS**

Certain legal matters relating to the validity of our securities offered by this prospectus will be passed upon for us by Manatt, Phelps & Phillips, LLP, Los Angeles, California.

**EXPERTS**

The consolidated financial statements of Superconductor Technologies Inc., incorporated in this prospectus by reference to the 2013 Annual Report on Form 10-K of Superconductor Technologies Inc., as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013, have been so incorporated in reliance on the report (which contains an explanatory paragraph that raises substantial doubt about the Company's ability to continue as a going concern) of Marcum LLP, independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly, and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at [www.sec.gov](http://www.sec.gov) and on the investor relations page of our website at [www.suptech.com](http://www.suptech.com). Information on our web site is not part of this prospectus. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street N.E., Washington, D.C. 20549. You can also obtain copies of the documents upon the payment of a duplicating fee to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

**INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

The SEC allows us to incorporate by reference information that we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and the information that we file later with the SEC will automatically update and supersede this information. The following documents have been previously filed by us with the SEC pursuant to the Exchange Act and are hereby incorporated by reference in this prospectus and the registration statement of which this prospectus forms a part:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the SEC on March 28, 2014;

Our Current Reports on Form 8-K and Form 8-K/A filed with the SEC on March 7, 2014 and April 14, 2014;

The description of our common stock contained in our registration statement on Form 8-A filed with the SEC on January 4, 1993. Certain Current Reports on Form 8-K dated both prior to and after the date of this prospectus are or will be furnished to the SEC and shall not be deemed filed with the SEC and will not be incorporated by reference into this prospectus. However, all other reports and documents filed by us after the date of this prospectus under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act prior to the termination of the offering of the securities covered by this prospectus will also be deemed incorporated by reference in this prospectus and considered to be part of this prospectus from the date those documents are filed.



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If you make a request, orally or in writing, for any information that has been incorporated by reference into this prospectus but not delivered with this prospectus, we will provide you, without charge, a copy of any or all of that information. You may request a copy of these filings, at no cost, by writing or telephoning us at:

Superconductor Technologies Inc.

460 Ward Drive

Santa Barbara, CA 93111-2310

(805) 690-4500

**Table of Contents****PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION**

The following table sets forth the various expenses to be incurred in connection with the sale and distribution of our securities being registered hereby, all of which will be borne by us (except any underwriting discounts and commissions and expenses incurred for brokerage, accounting, tax or legal services or any other expenses incurred in disposing of the shares). All amounts shown are estimates except the SEC registration fee and the FINRA filing fee.

SEC registration fee*	\$ 6,138
FINRA filing fee*	7,250
Printing and engraving expenses	
Legal fees and expenses	15,000
Accounting fees and expenses	10,000
Transfer Agent Fees	1,000
Miscellaneous fees and expenses	612
 Total	 \$ 40,000

\* Previously paid

**ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Section 145 of the Delaware General Corporation Law, or the Delaware Law, provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses including attorneys' fees, judgments, fines and amounts paid in settlement in connection with specified actions, suits or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation a derivative action), if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. Under Section 145, a corporation shall indemnify an agent of the corporation for expenses actually and reasonably incurred if and to the extent such person was successful on the merits in a proceeding or in defense of any claim, issue or matter therein.

We may from time to time be subject to Section 2115 of the California Corporations Code, or the California Code, according to which Section 317 of the California Code applies to the indemnification of our officers and directors. Under Section 317 of the California Code, permissible indemnification by a corporation of its officers and directors is substantially the same as permissible indemnification under Section 145 of the Delaware Law, except that (i) permissible indemnification does not cover actions the person reasonably believed were not opposed to the best interests of the corporation, as opposed to those the person believed were in fact in the best interests of the corporation, (ii) the Delaware Law permits advancement of expenses to agents other than officers and directors only upon approval of the board of directors, (iii) in a case of stockholders approval of indemnification, the California Code requires certain minimum votes in favor of such indemnification and excludes the vote of the potentially indemnified person and (iv) the California Code only permits independent counsel to approve indemnification if an independent quorum of directors is not obtainable, while the Delaware Law permits the directors in any circumstances to appoint counsel to undertake such determination.

Section 145 of the Delaware Law and Section 317 of the California Code provide that they are not exclusive of other indemnification that may be granted by a corporation's charter, bylaws, disinterested director vote, stockholders vote, agreement or otherwise. The limitation of liability contained in our restated certificate of incorporation, as amended, and the indemnification provision included in our amended and restated



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bylaws, as amended, are consistent with Delaware Law Sections 102(b)(7) and 145 and California Code Section 317. We have purchased directors and officers liability insurance.

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Section 145 of the Delaware Law authorizes court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933. Our restated certificate of incorporation, as amended, and amended and restated bylaws, as amended, provide for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware Law. In addition, we have entered into indemnification agreements with our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling our company pursuant to such provisions, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in such Act and is therefore unenforceable.

## **ITEM 16. EXHIBITS**

- (a) *Exhibits.* The exhibits are incorporated by reference from the Exhibit Index attached hereto.

## **ITEM 17. UNDERTAKINGS**

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

- (a) To include any prospectus required by Section 10(a)(3) of the Securities Act;
- (b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;
- (c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Provided, however, that paragraphs (1)(a), (b) and (c) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Securities and Exchange Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of this registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

- (4) That, for the purpose of determining liability under the Securities Act to any purchaser:

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(i) each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of

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prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser: (i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424; (ii) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant; (iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and (iv) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) The undersigned registrant hereby undertakes that:

(i) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus as filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(ii) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the indemnification provisions described herein, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 2 on Form S-3 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Austin, State of Texas, on this 30<sup>th</sup> day of April, 2014.

SUPERCONDUCTOR TECHNOLOGIES INC.

By: /s/ Jeffrey A. Quiram  
Jeffrey A. Quiram

President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jeffrey A. Quiram	President, Chief Executive Officer and	April 30, 2014
Jeffrey A. Quiram	Director (Principal Executive Officer)	
/s/ William J. Buchanan	Chief Financial Officer	April 30, 2014
William J. Buchanan	(Principal Accounting Officer)	
	(Principal Financial Officer)	
	Director	April 30, 2014
Dan L. Halvorson		
*	Director	April 30, 2014
Lynn J. Davis		
*	Chairman of the Board	April 30, 2014
Martin A. Kaplan		
*By /s/ Jeffrey A. Quiram		April 30, 2014
Jeffrey A. Quiram		
Attorney-in-fact		

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**EXHIBIT INDEX**

**EXHIBIT**

<b>NUMBER</b>	<b>DESCRIPTION OF DOCUMENT</b>
1.1	Form of Underwriting Agreement.*
3.1	Restated Certificate of Incorporation of Registrant as amended through March 1, 2006. (15)
3.2	Amendment to Restated Certificate of Incorporation of Registrant as amended through March 11, 2013. (25)
3.3	Amended and Restated Bylaws of Registrant. (15)
3.4	Amendment adopted March 29, 2010 to Amended and Restated Bylaws of Registrant. (16)
4.1	Form of Common Stock Certificate. (24)
4.2	Certificate of Designations of Registrant of Series A Convertible Preferred Stock of Registrant filed November 13, 2007. (13)
4.3	Form of Warrant to Purchase Common Stock issued by Registrant on February 22, 2012. (18)
4.4	Form of Warrant to Purchase Common Stock issued by Registrant on November 20, 2012. (22)
4.5	Form of Warrant to Purchase Common Stock issued by Registrant on December 18, 2012. (23)
4.6	Forms of Series A and Series B Warrants to Purchase Common Stock issued by Registrant on April 26, 2013. (26)
4.7	Form of Pre-funded Warrant to Purchase Common Stock.*
4.8	Form of Term A and Term B Warrant to Purchase Common Stock.*
4.9	Form of Warrant to be issued to the Underwriter.*
5.1	Opinion of Manatt, Phelps & Phillips, LLP regarding the validity of the common stock being registered.*
10.1	Form of Change in Control Agreement dated March 28, 2003. (2)***
10.2	Form of Amendment No. 1 to Change in Control Agreement dated as of May 24, 2005. (8)***
10.3	Form of Amendment No. 2 to Change in Control Agreement dated as of December 31, 2006. (10)***
10.4	Patent License Agreement by and between Registrant and Lucent Technologies GRL LLC. (3)**
10.5	License Agreement between Registrant and Sunpower dated May 2, 2005. (4)**
10.6	Employment Agreement between Registrant and Jeffrey Quiram dated as of February 14, 2005. (5)***
10.7	Stock Option Grant and 2003 Equity Incentive Plan Option Agreement between Registrant and Jeffrey Quiram dated February 14, 2005. (5)***
10.8	Amendment to Employment Agreement between Registrant and Jeffrey Quiram dated as of December 31, 2006. (10)***
10.9	2003 Equity Incentive Plan As Amended May 25, 2005. (7)***
10.10	Form of Notice of Grant of Stock Options and Option Agreement for 2003 Equity Incentive Plan. (5)***
10.11	Management Incentive Plan (July 24, 2006). (9)***
10.12	Compensation Policy for Non-Employee Directors dated March 18, 2005. (6)***
10.13	Form of Director and Officer Indemnification Agreement. (8)***

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10.14 Lease Agreement between the Registrant and 1200 Enterprises LLC dated as of June 1, 2001. (1)

10.15 First Amendment to Lease between Registrant and 1200 Enterprises LLC dated October 1, 2007. (17)

10.16 Second Amendment to Lease Agreement between the Registrant and 1200 Enterprises LLC dated January 19, 2009. (15)

10.17 Third Amendment to Lease between the Registrant and 1200 Enterprises LLC dated October 26, 2011. (19)

10.18 Lease Agreement between the Registrant and Prologis Texas III LLC dated December 5, 2011. (19)

10.19 First Amendment to Lease Agreement between the Registrant and Prologis Texas III LLC dated August 23, 2012. (21)

10.20 Agreement between Registrant and Hunchun BaoLi Communication Co., Ltd. ( BAOLI ) dated August 17, 2007. (11)

10.21 First Amendment to Agreement between Registrant and BAOLI dated November 1, 2007. (12)

10.22 Second Amendment to Agreement between Registrant and BAOLI dated January 7, 2008. (12)

10.23 Framework Agreement between Registrant and BAOLI dated November 8, 2007. (12)

10.24 Sino-Foreign Equity Joint Venture Contract between Superconductor Investments (Mauritius) Limited and BAOLI dated December 8, 2007 (Exhibit A to Framework Agreement with BAOLI). (12)

10.25 Form of Technology and Trademark License Agreement between Superconductor Investments (Mauritius) Limited, Registrant and BAOLI (Exhibit B to Framework Agreement). (12)

10.26 Consulting agreement between Registrant and John Lockton dated May 5, 2012. (20)

10.27 Consulting agreement between Registrant and Dennis Horowitz dated May 6, 2012. (20)

10.28 2013 Equity Incentive Plan Adopted October 25, 2013. (27)

21 List of Subsidiaries. (24)

23.1 Consent of Marcum, LLP, Independent Registered Public Accounting Firm.v

23.2 Consent of Manatt, Phelps & Phillips, LLP (included in Exhibit 5.1).\*

24.1 Powers of Attorney (included in the signature pages to the Registration Statement).\*

- (1) Incorporated by reference from Registrant s Quarterly Report on Form 10-Q for the quarter ended March 30, 2002, filed May 6, 2002.
- (2) Incorporated by reference from Registrant s Quarterly Report on Form 10-Q for the quarter ended March 29, 2003, filed May 13, 2003.
- (3) Incorporated by reference from Registrant s Annual Report on Form 10-K for the year ended December 31, 2003, filed March 11, 2004.
- (4) Incorporated by reference from Registrant s Quarterly Report on Form 10-Q for the quarter ended October 2, 2004, filed November 10, 2004.
- (5) Incorporated by reference from Registrant s Annual Report on Form 10-K for the year ended December 31, 2004, filed March 16, 2005.
- (6) Incorporated by reference from Registrant s Quarterly Report on Form 10-Q for the quarter ended April 2, 2005, filed May 6, 2005.
- (7) Incorporated by reference from Registrant s Current Report on Form 8-K filed May 27, 2005.
- (8) Incorporated by reference from Registrant s Annual Report on Form 10-K for the year ended December 31, 2005, filed March 8, 2006.
- (9) Incorporated by reference from Registrant s Current Report on Form 8-K filed July 28, 2006.
- (10) Incorporated by reference from Registrant s Annual Report on Form 10-K for the year ended December 31, 2006, filed April 2, 2007.

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- (11) Incorporated by reference from Registrant s Quarterly Report on Form 10-Q for the quarter ended September 29, 2007, filed November 13, 2007.
- (12) Incorporated by reference from Registrant s Annual Report on Form 10-K for the year ended December 31, 2007, filed March 27, 2008.
- (13) Incorporated by reference from Registrant s Current Report on Form 8-K/A filed February 25, 2008.
- (14) Reserved.
- (15) Incorporated by reference from Registrant s Annual Report on Form 10-K for the year ended December 31, 2009, filed March 17, 2010.
- (16) Incorporated by reference from Registrant s Current Report on Form 8-K filed April 2, 2010.
- (17) Incorporated by reference from Registrant s Annual Report on Form 10-K for the year ended December 31, 2010, filed March 21, 2011.
- (18) Incorporated by reference from Registrant s Current Report on Form 8-K/A filed February 22, 2012.
- (19) Incorporated by reference from Registrant s Annual Report on Form 10-K for the year ended December 31, 2011, filed March 30, 2012.
- (20) Incorporated by reference from Registrant s Current Report on Form 8-K filed May 10, 2012.
- (21) Incorporated by reference from Registrant s Quarterly Report on Form 10-Q for the quarter ended September 29, 2012, filed November 9, 2012.
- (22) Incorporated by reference from Registrant s Current Report on Form 8-K filed November 27, 2012.
- (23) Incorporated by reference from Registrant s Current Report on Form 8-K filed December 19, 2012.
- (24) Incorporated by reference from Registrant s Annual Report on Form 10-K for the year ended December 31, 2013, filed March 28, 2014.
- (25) Incorporated by reference from Registrant s Current Report on Form 8-K filed March 14, 2013.
- (26) Incorporated by reference from Registrant s Current Report on Form 8-K filed April 30, 2013.
- (27) Incorporated by reference to Exhibit A to Registrant s Form DEF 14A filed October 31, 2013.
  - v Filed herewith.
  - \* Previously filed.
  - \*\* Confidential treatment has been previously granted for certain portions of these exhibits.
  - \*\*\* This exhibit is a management contract or compensatory plan or arrangement.