

SUPERCONDUCTOR TECHNOLOGIES INC

Form 424B5

March 08, 2018

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**Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-202702**

## **PROSPECTUS SUPPLEMENT**

To Prospectus dated March 19, 2015

### **1,190,000 Shares of Common Stock and**

### **391,000 Pre-funded Warrants**

### **(391,000 Shares of Common Stock Underlying the Pre-funded Warrants)**

Pursuant to this prospectus supplement and the accompanying prospectus, we are offering 1,190,000 shares of our common stock. We are also offering to those purchasers, whose purchase of shares of our common stock in this offering would result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 9.9% of our outstanding common stock following the consummation of this offering, the opportunity to purchase, in lieu of shares of our common stock that would result in ownership in excess of 9.9%, pre-funded warrants to purchase 391,000 shares of our common stock, or pre-funded warrants. The purchase price for each pre-funded warrant would equal the per share offering price for the shares of common stock in this offering less the \$0.01 per share exercise price of the pre-funded warrant. We are also offering the shares of common stock that are issuable from time to time upon exercise of the pre-funded warrants being offered under this prospectus supplement. In a concurrent private placement, we are selling to the purchasers of shares of our common stock and pre-funded warrants offered under this prospectus supplement warrants to purchase one share of our common stock for each share of common stock or pre-funded warrant purchased in this offering, or the warrants. The warrants and the shares of our common stock issuable upon the exercise of the warrants are not being registered under the Securities Act of 1933, as amended (the Securities Act), are not being offered pursuant to this prospectus supplement and the accompanying prospectus and are being offered pursuant to the exemption provided in Section 4(a)(2) under the Securities Act and Rule 506(b) promulgated thereunder.

Our common stock is traded on the Nasdaq Capital Market under the symbol **SCON**. The warrants being issued in the concurrent private placement are not listed on any securities exchange and we do not expect to list the warrants on any securities exchange. On March 6, 2018, the last reported sale price of our common stock as reported on the Nasdaq Capital Market was \$1.14 per share.

On January 11, 2018, the aggregate market value of our common stock held by non-affiliates as of such date was \$12.46 million, based on 10,746,594 shares of outstanding common stock, of which 8,900,077 shares are held by non-affiliates. In no event will we sell securities in a primary offering in reliance on General Instruction I.B.6 of Form S-3 with a value exceeding more than one-third of our public float in any 12-month calendar period so long as our

public float remains below \$75.0 million. We have not offered any securities pursuant to General Instruction I.B.6 of Form S-3 during the 12 calendar months prior to and including the date of this prospectus supplement.

**Investing in our common stock involves a high degree of risk. Please read Risk Factors beginning on page S-6 of this prospectus supplement and the documents incorporated by reference into this prospectus supplement.**

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

We have retained H.C. Wainwright & Co., LLC to act as our exclusive placement agent (the Placement Agent) in connection with the shares of common stock and pre-funded warrants offered by this prospectus supplement. The Placement Agent has agreed to use its reasonable best efforts to arrange for the sale of the common stock and pre-funded warrants offered by this prospectus supplement. The Placement Agent is not purchasing or selling any of the shares of common stock or pre-funded warrants we are offering and the Placement Agent is not required to arrange the purchase or sale of any specific number of shares or pre-funded warrants, or dollar amount. We have agreed to pay to the Placement Agent the placement agent fees set forth in the table below, which assumes that we sell all of the common stock and pre-funded warrants we are offering.

	Per Share	Per Pre-funded Warrant	Total
Public Offering price	\$1.265	\$1.255	\$ 1,996,055.00
Placement Agent's fees (1)	\$ 0.08855	\$ 0.08855	\$ 139,997.55
Proceeds, before expenses, to us	\$ 1.17645	\$ 1.16645	\$ 1,856,057.45

(1) We have agreed to pay the Placement Agent a fee of 7% of the aggregate gross proceeds in this offering (including the remaining exercise price under the pre-funded warrants). We have also agreed to reimburse the Placement Agent for non-accountable expenses in connection with this offering in an amount equal to \$35,000 and legal expenses of up to \$50,000. We have agreed to pay a management fee equal to 1% of the aggregate gross proceeds received from the sale of our common stock and pre-funded warrants in this offering. We have also agreed to issue to the Placement Agent warrants to purchase a number of shares of common stock equal to 7% of the aggregate number of shares of common stock and pre-funded warrants sold in this offering as described under Plan of Distribution on page S-31 of this prospectus supplement.

Delivery of the shares of common stock and pre-funded warrants is expected to be made on or about March 9, 2018, subject to customary closing conditions.

**H.C. Wainwright & Co.**

**Prospectus Supplement dated March 6, 2018**

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**No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement or the accompanying prospectus. You must not rely on any unauthorized information or representations. This prospectus supplement and the accompanying prospectus are an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement and the accompanying prospectus is current only as of their respective dates.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

Unless the context otherwise requires, all references in this prospectus supplement to STI, the Company, we, us or refer to Superconductor Technologies, Inc., a Delaware corporation, and its consolidated subsidiaries.

This prospectus supplement is part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, utilizing a continuous registration process. Under this continuous registration process, we are offering to sell our common stock and pre-funded warrants using this prospectus supplement and the accompanying prospectus. Both this prospectus supplement and the accompanying prospectus include important information about us, our securities being offered and other information you should know before investing. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any free writing prospectus authorized by us. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document filed prior to the date of this prospectus supplement and incorporated by reference, the information in this prospectus supplement will control. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The information in this prospectus supplement and the accompanying prospectus is accurate only as of the date it is presented. You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference described in the section entitled *Incorporation of Certain Documents by Reference* into this prospectus supplement and the accompanying prospectus, and any free writing prospectus that we have authorized for use in connection with this offering, in their entirety before investing in our securities.

We are offering to sell, and seeking offers to buy, the securities offered by this prospectus supplement only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the securities offered by this prospectus supplement in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about, and observe any restrictions relating to, the offering of the common stock and pre-funded warrants and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information contained elsewhere in this prospectus supplement and the accompanying prospectus or incorporated by reference herein and therein and does not contain all of the information that you need to consider in making your investment decision. You should carefully read this entire prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein, including the financial statements and the risks discussed under the heading Risk Factors, before deciding to purchase securities in this offering.*

**Business Overview**

We are a leading company in developing and commercializing high temperature superconductor ( HTS ) materials and related technologies. Superconductivity is the unique ability to conduct electricity 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. This resistance requires power to overcome and generates heat. HTS materials can substantially improve the performance characteristics of electrical systems, reduce power loss, and lower heat generation providing extremely high current carrying density and zero resistance to direct current.

We were established in 1987 shortly after the discovery of HTS 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 develop 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 late 2010, we transitioned our research and development efforts to adapting our proprietary HTS material deposition techniques to the production of our HTS Conductus<sup>®</sup> wire for next generation power applications, which is our primary opportunity to grow our future revenues. We continue to generate revenue from our legacy wireless communications products. This revenue has been declining and we expect this trend to continue until we completely abandon these products.

In June 2017, we finalized negotiations on a \$4.5 million DOE contract and have begun work on this contract. Our first year goals under this contract are to increase electrical current carrying capacity and reduce production costs of our Conductus wire.

**Our Proprietary Technology**

Our development efforts over the last 30 years have yielded an extensive patent portfolio as well as critical trade secrets, unpatented technology and proprietary knowledge. We have an extensive patent portfolio in addition to critical trade secrets, unpatented technology and proprietary knowledge. In June 2016, we were awarded U.S. Patent No. 9,362,025 from the U.S. Patent and Trademark Office (USPTO) further protecting our unique capabilities for improving the performance of our Conductus<sup>®</sup> superconducting wire in applications that utilize the advantages for

operating in the presence of high magnetic field. In February 2017 we were awarded

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two patents from the USPTO: U.S. Patent No. 9,564,258, associated with U.S. Patent No. 9,362,025, providing additional protection for the foundation from which we will build high performance wire for our customers, and U.S. Patent No. 9,567,661 protecting the system design developed by STI to improve monitoring efficiency when evaporating materials in vacuum. Our current patents expire at various dates from 2018 to 2034. We enter into confidentiality and non-disclosure agreements with our employees, suppliers and consultants to protect our proprietary information.

Our strategic plan is to utilize our core proprietary technology in superconductivity and leverage our proprietary manufacturing processes to build Conductus wire for use in electrical power devices. As discussed above, we are adapting our unique HTS material deposition techniques to produce 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 superconducting wire including energy (wind turbines, cables, fault current limiters), medical (NMR (nuclear magnetic resonance) and MRI (magnetic resonance imaging)), science (high performance magnets) and industrial (motors, generators) applications. We are working with leading industry device manufactures to complete qualification and acceptance testing of Conductus wire.

Our development efforts (including those described under *Our Future Business* 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* beginning on page S-6 of this prospectus supplement.

## **Our Future Business**

We have created several unique capabilities and HTS manufacturing systems related to our Conductus wire platform that we are seeking to produce 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 high field magnets.

*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 100 s 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.

*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

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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 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 and MRI 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 (Nb<sub>3</sub>Sn). 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 Nb<sub>3</sub>Sn based materials.

**Our Corporate Information**

Our facilities and principal executive offices are located at 9101 Wall Street, Suite 1300, Austin, Texas 78754. Our telephone number is (512) 334-8900. 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 this prospectus supplement. Our common stock is currently traded on the Nasdaq Capital Market under the symbol SCON.

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**THE OFFERING**

*The following summary contains basic information about our common stock and the offering and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete understanding of our common stock, you should read the sections of the prospectus supplement entitled *Description of Common Stock* and *Description of Securities we are Offering*.*

<b>Issuer</b>	Superconductor Technologies, Inc.
<b>Common stock offered by us</b>	1,190,000 shares of our common stock, par value \$0.001 per share
<b>Pre-funded warrants offered by us</b>	<p>We are also offering to those purchasers, whose purchase of shares of our common stock in this offering would result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 9.9% of our outstanding common stock following the consummation of this offering, the opportunity to purchase, in lieu of shares of our common stock that would result in ownership in excess of 9.9%, pre-funded warrants each to purchase one share of our common stock, or pre-funded warrants. The purchase price for each pre-funded warrant would equal the per share offering price for the shares of common stock in this offering less the \$0.01 per share exercise price of the pre-funded warrant.</p> <p>Assuming we sell all of the pre-funded warrants offered hereby, 391,000 shares of common stock will be issued upon the exercise of the pre-funded warrants to be issued in this offering.</p>
<b>Common stock outstanding immediately after this offering</b>	11,936,594 shares (1)(2)
<b>Use of proceeds</b>	We estimate that our net proceeds from this offering will be approximately \$1,700,000, after deducting placement agent fees and estimated offering expenses payable by us. We plan to use the net proceeds of this offering for general corporate purposes, working capital, and operating expenses. See <i>Use of Proceeds</i> .
<b>Risk factors</b>	You should carefully read and consider the information beginning on page S-6 of this prospectus supplement and page 5 of the accompanying prospectus set forth under the headings <i>Risk Factors</i> and all other information set forth in this prospectus supplement, the accompanying

prospectus, and the documents incorporated herein and therein by reference before deciding to invest in our common stock.

**Trading Market**

Our common stock is traded on the Nasdaq Capital Market under the symbol **SCON**.

**Concurrent Private Placement**

In a concurrent private placement, we are selling to the purchasers of shares of our common stock in this offering warrants to purchase one share of our common stock for each share of common stock and pre-funded warrant purchased in this offering, or up to 1,581,000

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warrants. We will receive gross proceeds from the concurrent private placement transaction solely to the extent such warrants are exercised for cash. The warrants will be immediately exercisable on the date of issuance at an exercise price of \$1.14 per share and will expire five and a half years from the date of issuance of the warrants. The warrants and the shares of our common stock issuable upon the exercise of the warrants are not being offered pursuant to this prospectus supplement and the accompanying prospectus and are being offered pursuant to the exemption provided in Section 4(a)(2) under the Securities Act and Rule 506(b) promulgated thereunder. See Private Placement Transaction.

**No Market for the Warrants**

There is no established public trading market for our warrants, and we do not intend to apply to list the warrants on any securities exchange or automated quotation system.

- (1) Unless otherwise stated, all information in this prospectus supplement is based on 10,746,594 shares of common stock outstanding as of March 6, 2018, and does not include the following:

1,581,000 shares of common stock issuable upon the exercise of the warrants to be issued in the concurrent private placement with an exercise price of \$1.14 per share. See Private Placement Transaction ;

18,274 shares of our common stock issuable upon conversion of the 328,925 shares of outstanding Series A Convertible Preferred Stock;

Options exercisable for an aggregate of 126,130 shares of common stock at a weighted average exercise price of \$37.03 per share; and

Warrants to purchase up to 9,294,161 shares of our common stock at a weighted average exercise price of \$3.12 per share. Of such warrants, an aggregate of 274,492 warrants originally issued in our August 2013 financing include a price adjustment mechanism whereby the exercise price of such warrants will be automatically reduced, subject to limitations, to the extent we issue shares of our common stock, or equivalents, at a price lower than the then applicable exercise price of such warrants which is currently \$1.50. As a result of this offering, the exercise price of such warrants will be adjusted to \$1.14.

- (2) Also excludes up to 110,670 shares of common stock issuable upon exercise of warrants to be issued to the placement agent in this offering with an exercise price of \$1.58 per share (see Plan of Distribution on page S-31).
- (3) Also excludes the 391,000 shares of common stock that may be issued under the pre-funded warrants to be issued in this offering. Assuming exercise of the pre-funded warrants, we would have 12,327,594 shares of common stock outstanding.

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**RISK FACTORS**

*Investing in our common stock involves risk. Before deciding whether to invest in our common stock, in addition to the other information in this prospectus supplement and accompanying prospectus, you should carefully consider the risks and uncertainties described under the heading Risk Factors in our most recent annual report on Form 10-K, which is on file with the SEC and is incorporated herein by reference, and which may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future. There may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results. If any of these risks actually occurs, our business, business prospects, financial condition or results of operations could be seriously harmed. This could cause the trading price of our common stock to decline, resulting in a loss of all or part of your investment. Please also read carefully the section in this prospectus supplement titled Special Note Regarding Forward-Looking Statements.*

**Risks Related to Our Business**

***We need to materially grow our revenues from commercial operations or raise additional capital prior to the third quarter of 2018. If we are unable to materially grow our revenues from commercial operations or raise capital our ability to implement our current business plan and ultimately our viability as a company could be adversely affected.***

At September 30, 2017, we had \$4.7 million in cash and cash equivalents compared to \$10.5 million in cash and cash equivalents as of December 31, 2016. We will need to raise additional capital to continue to implement our current business plan and maintain our viability with our forecast, as of September 30, 2017, that our existing cash resources at that time would be sufficient to fund our planned operations only through the first quarter of 2018. After giving effect to this offering, and without assuming any material growth in revenues from commercial operations, our cash revenues are only expected to be sufficient into the third quarter of 2018.

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 to grow our commercial resources, we might be forced to make changes to, or delay aspects of, our business plan, which could adversely affect our ability to implement our current business plan, and ultimately our viability as a company.

***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 2016, we incurred a net loss of \$11.1 million and had negative cash flows from operations of \$8.1 million. In 2015, we incurred a net loss of \$8.6 million and had negative cash flows from operations of \$8.5 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 may not maintain profitability, we may not realize our investment in infrastructure, and may not meet our expectations or the expectations of financial analysts who report on our stock.

***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 can 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.

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***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.***

Our plan is for commercial production of Conductus wire currently anticipated for second half of 2018 following completion of qualification orders. Conductus<sup>®</sup> wire is uniquely positioned to address three key technical challenges in the market: high performance, improved economics and commercial-scale capacity. To date, we, along with existing HTS wire manufacturers, have not overcome these challenges to allow for broad commercialization of HTS wire. 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. 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. The high demand for high performance wire available in very low volume results in a high wire price that narrows the market and limits commercial viability. We are focused on improving our mechanical stress specifications to meet customer requirements for our target applications. We have made significant progress in this area, and our primary focus is now on using this new template stack to manufacture wire that delivers the power handling performance we and customers expect. There is no guarantee we will be able to achieve this required performance on wire that has adequate mechanical strength. Such delays and other 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.

***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 limited 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 to 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 expect continued customer pressures to reduce our product pricing which may adversely affect our ability to operate on a commercially viable basis.***

We expect to face pressure to reduce prices and accordingly, the average selling price of our Conductus wire. We anticipate customer pressure on our product pricing will continue for the foreseeable future. HTS wire is currently being sold at \$250/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

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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.

***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, our competition includes American Superconductor (AMSC), SuperPower (Furukawa), SuNam, Bruker, Shanghai Superconductor, BASF, SuperOx, Fujikura, Sumitomo and THEVA. 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 the 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 may experience significant fluctuations in sales and operating results from quarter to quarter.***

Our quarterly results may 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.

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. 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 have limited 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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***Worldwide economic uncertainty may adversely affect our business, operating results and financial condition.***

The United States and global economies continue to experience a period of economic and financial uncertainty, which could result in economic volatility having direct and indirect adverse effects on 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, may delay paying us for previously purchased products, or may not pay us at all. In addition, this recent downturn has had, and may continue to have, an unprecedented negative impact on the global credit markets. 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. 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.

***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.

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***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 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.

***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.

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***Regulatory changes could substantially harm our business.***

Certain regulatory agencies in the United States and other countries set standards for operations within their territories. 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.***

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.

***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 the imposition of fines, 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.

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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 Securities and Exchange Commission. 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 Securities and Exchange Commission 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 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; and

adverse tax consequences.

**Risks Related to Our Common Stock**

*We are conducting a private placement of warrants concurrent with our registered offering of common stock and pre-funded warrants and there is limited guidance from the SEC on the requirements for such concurrent offerings under the Securities Act.*

We are conducting an offering of common stock and pre-funded warrants under a registration statement filed with the SEC and a concurrent private placement of warrants intended to comply with the requirements of

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Section 4(a)(2) under the Securities Act of 1933, as amended, and Rule 506(b) promulgated thereunder. See Private Placement Transaction.

While we are aware of many other transactions having used a concurrent public/private offering approach over recent years, there are limits on the available guidance from the SEC under the Securities Act as to whether concurrent public and private offerings and sales to the same prospective investors would adversely impact the public offering or preclude the private offering from satisfying the requirements of Rule 506(b). Unless another exemption exists, if the securities offered in our concurrent private placement do not satisfy the conditions of Rule 506(b), the offering could be deemed to be a violation of Section 5 of the Securities Act and would provide each purchaser with certain rights under the Securities Act and under state law, including the right to rescind its purchase of the securities and could expose us to fines, penalties and under actions.

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

The market price of our common stock has been, and is expected 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.***

Our common stock is listed for trading on the Nasdaq Capital Market. Nasdaq has adopted a number of continued listing standards that are applicable to our common stock, including a requirement that the bid price of our common stock be at least \$1.00 per share. Failure to maintain the minimum bid price can result in the delisting of our common stock from the Nasdaq Capital Market. During 2017, the closing trading price of our common stock on the Nasdaq capital market has generally been between \$1.00 per share and \$2.00 per share and we have previously fallen out of compliance with the minimum bid price requirement. On July 18, 2016 we effected a one-for-fifteen reverse stock split in connection with regaining compliance with the minimum bid requirement following a notice from the Listing Qualifications Department of the Nasdaq Stock Market on October 30, 2015 and received a notice of re-compliance from the Listing Qualifications Department of the Nasdaq Stock Market on August 2, 2016. We have approximately 10,759,261 publicly held shares as of September 30, 2017. Because of Nasdaq's continued listing standard, which requires that we maintain at least

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500,000 publicly held shares, our ability to effectuate a reverse split in the future is limited to a reverse split ratio that would maintain compliance with such publicly held share requirement. This effective limit to a reverse split ratio could prevent us from remediating a minimum bid price violation under circumstances where our stock price was substantially below \$1.00 and a higher ratio was needed to remediate the noncompliance. If our common stock is delisted by Nasdaq, our common stock may be eligible to trade on the OTC Bulletin Board, OTC QB 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 September 30, 2017, we had outstanding options exercisable for an aggregate of 126,130 shares of common stock at a weighted average exercise price of \$37.03 per share and warrants to purchase up to 9,294,161 shares of our common stock at a weighted average exercise price of \$3.12 per share. Of such warrants, an aggregate of 274,492 warrants originally issued in our August 2013 financing include a price adjustment mechanism whereby the exercise price of such warrants will be automatically reduced, subject to limitations, to the extent we issue shares of our common stock, or equivalents, at a price lower than the then applicable exercise price of such warrants which is currently \$1.50. As a result of this offering, the exercise price of such warrants will be adjusted to \$1.14. We have registered the issuance of all the shares issuable upon exercise of the options and warrants, and they will be freely 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.

***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 our amended and restated bylaws, each as amended, 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 September 30, 2017, 1,374,845 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.

Furthermore, 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.

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*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.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus including the documents incorporated by reference, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934 as amended, or the Exchange Act. These statements may be made directly in this document or they may be made part of this document by reference to other documents filed with the SEC, which is known as incorporation by reference. You can find many (but not all) of these statements by looking for words such as approximates, believes, expects, anticipates, estimates, intends, plans, could, may or other similar expressions in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference.

We caution investors that any forward-looking statements presented in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference, or those which we may make orally or in writing from time to time, are based on our beliefs and assumptions, as well as information currently available to us. The actual outcome will be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control or ability to predict. Our forward-looking statements 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 from time to time, and those differences may be material. Accordingly, investors should use caution in relying on forward-looking statements, which are based on known results and trends at the time they are made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include the following:

our limited cash and a history of losses;

our need to materially grow our revenues from commercial operations and/or to raise additional capital (which financing may not be available on acceptable terms or at all) to continue to implement our current business plan and maintain our viability, with our existing cash reserves forecasted at September 30, 2017 to be sufficient to fund our planned operations through the first quarter of 2018 and after giving effect to this offering, and without assuming any material growth in revenues from commercial operations, our cash revenues only expected to be sufficient into the third quarter of 2018;

the performance and use of our equipment to produce wire in accordance with our timetable;

overcoming technical challenges in attaining milestones to develop and manufacture commercial lengths of our high temperature superconducting (HTS) wire;

the possibility of delays in customer evaluation and acceptance of our HTS wire;

the limited number of potential customers and customer pressures on the selling prices of our products;

the limited number of suppliers for some of our components and our HTS wire;

there being no significant backlog from quarter to quarter;

our market being characterized by rapidly advancing technology;

the impact of competitive products, technologies and pricing;

manufacturing capacity constraints and difficulties;

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

the dilutive impact of any issuances of securities to raise capital;

cost and uncertainty from compliance with environmental regulations;

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

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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.

For more information on the uncertainty of forward-looking statements, see **Risk Factors** in this prospectus supplement and our Annual Report on Form 10-K filed with the SEC.

This prospectus supplement, the accompanying prospectus, the documents incorporated by reference and all subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances after the dates that such statements are made.

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**USE OF PROCEEDS**

We estimate that the net proceeds from the sale of the securities offered under this prospectus, after deducting placement agent fees and estimated offering expenses payable by us will be \$1,700,000. We will receive gross proceeds from the concurrent private placement transaction of warrants solely to the extent such warrants are exercised for cash.

We anticipate that the net proceeds from the sale of the securities under this prospectus will be used for general corporate purposes. General corporate purposes may include repayment of debt, capital expenditures, and any other purposes that we may specify in any prospectus supplement. We will have discretion in the use of any net proceeds. Investors will be relying on the judgment of our management regarding the application of the proceeds of any sale of the securities. We may invest the net proceeds temporarily until we use them for their stated purpose.

Investors are cautioned that after giving effect to the sale our common stock and pre-funded warrants in this offering and our receipt of approximately \$1,700,000 million in net proceeds, we currently forecast that our cash resources will still be insufficient to fund our business for the next twelve months. We will need to raise additional funds to further continue operations. We expect that we will have to raise such additional funds through the sale of additional equity or equity back securities. Any future equity or equity linked financing that we may need may not be able available on terms favorable to us or at all.

From time to time, we evaluate these and other factors and we anticipate continuing to make such evaluations to determine if the existing allocation of resources, including the proceeds of this offering, is being optimized. Circumstances that may give rise to a change in the use of proceeds include:

a change in development plan or strategy;

the addition of new products or applications;

technical delays;

difficulty obtaining regulatory approval;

failure to achieve sales as anticipated; and

the availability of other sources of cash including cash flow from operations and new bank debt financing arrangements, if any.

**Table of Contents****CAPITALIZATION**

The following table sets forth our actual cash and cash equivalents and capitalization, each as of September 30, 2017, and as adjusted to give effect to the sale of the securities offered hereby and the use of proceeds, as described in the section titled Use of Proceeds.

	<b>As of September 30, 2017</b>	
	<b>Actual</b>	<b>As Adjusted (1)(2)</b>
	<b>(Dollars in thousands, except per share data)</b>	
Cash and cash equivalents	\$ 4,682	\$ 6,382
Total Liabilities	\$ 1,063	\$ 1,063
<b>Total stockholders equity</b>		
Preferred stock, authorized 2,000,000 shares, \$0.001 par value per share; Series A Preferred Stock 328,925 issued and outstanding; Series B Preferred Stock 0 issued and outstanding; Series C Preferred Stock 0 issued and outstanding; Series D Preferred Stock 0 issued and outstanding, actual; 328,925 as adjusted issued and outstanding	\$	\$
Common stock, authorized 250,000,000 shares, \$0.001 par value; issued and outstanding 10,759,261, actual; issued and outstanding 12,340,261 shares, as adjusted	11	12
Additional paid in capital	316,673	318,372
Retained earnings (accumulated deficit)	(309,760)	(309,760)
Total stockholders equity	\$ 6,924	\$ 8,624
Total Capitalization	\$ 7,987	\$ 9,687

- (1) Assumes that 1,190,000 shares of common stock and 391,000 pre-funded warrants are sold in this offering at the offering price of \$1.265 and \$1.255, respectively, and that the net proceeds thereof are approximately \$1,700,000 after deducting placement agent fees and our estimated expenses. As of September 30, 2017, there were 10,759,261 shares of common stock outstanding. Assuming we issue all 1,190,000 shares of common stock and 391,000 pre-funded warrants (and after giving effect to the 391,000 shares of common stock underlying the pre-funded warrants), we would have initially issued the equivalent of 1,581,000 shares of common stock, and 12,340,261 shares of common stock will be outstanding immediately after the closing of this offering based on the number of shares of common stock outstanding as of September 30, 2017, and, as of that date.
- (2) Does not include the shares of common stock that may be issued under the 391,000 pre-funded warrants offered in this offering or 1,581,000 warrants to purchase our common stock offered in the concurrent private placement.

**Table of Contents****PRICE RANGE OF OUR COMMON STOCK**

Our common stock is listed and traded on the Nasdaq Capital Market under the symbol **SCON**. The following table sets forth, for the quarters shown, the range of high and low sales prices of our common stock on the Nasdaq Capital Market.

	<b>Common Stock</b>	
	<b>High</b>	<b>Low</b>
<b>Fiscal Year Ending December 31, 2018</b>		
First quarter (through March 6, 2018)	\$ 1.49	\$ 1.06
<b>Fiscal Year Ending December 31, 2017</b>		
Fourth quarter	\$ 1.42	\$ 0.95
Third quarter	\$ 1.89	\$ 0.88
Second quarter	\$ 2.47	\$ 1.21
First quarter	\$ 1.65	\$ 1.04
<b>Fiscal Year Ending December 31, 2016</b>		
Fourth quarter	\$ 4.50	\$ 1.16
Third quarter	\$ 3.80	\$ 2.17
Second quarter	\$ 4.50	\$ 2.55
First quarter	\$ 4.80	\$ 2.25

The closing price of our common stock on the Nasdaq Capital Market on March 6, 2018 was \$1.14 per share. Immediately prior to this offering, we had 10,746,594 shares of common stock outstanding, which were held by approximately 20 stockholders of record and more than 5,000 beneficial owners of our common stock.

**DIVIDEND POLICY**

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. Payment of future dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs and plans for expansion.

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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 amended and 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, 10,000 have been designated as Series B Convertible Preferred Stock, par value \$0.001 per share, or Series B Preferred Stock, 1,500 have been designated as Series C Convertible Preferred Stock, par value \$0.001 per share, or Series C Preferred Stock, and 8,000 have been designated as Series D Convertible Preferred Stock, par value \$0.001 per share, or Series D Preferred Stock. As of September 30, 2017, we had 10,759,261 shares of common stock, 328,925 shares of Series A Preferred Stock, 0 shares of Series B Preferred Stock, 0 shares of Series C Preferred Stock, and 0 shares of Series D 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 July 18, 2016, we effected a 1-for-15 reverse stock split of our common stock, or the Reverse Stock Split. As a result of the Reverse Stock Split, every fifteen shares of our pre-Reverse Stock Split common stock were combined and reclassified into one share of our common stock. Previously, effective March 11, 2013, we effected a 1-for-12 reverse stock split of our common stock, or the March 2013 Reverse Stock Split. As a result of the March 2013 Reverse Stock Split, every twelve shares of our pre-March 2013 Reverse Stock Split common stock were combined and reclassified into one share of our common stock.

All share and per share data in this prospectus for periods prior to March 11, 2013 have been retroactively adjusted to reflect the 1-12 reverse split of our common stock that was effective on March 11, 2013 and, for periods prior to July 18, 2016, retroactively adjusted to reflect a 1-for-15 reverse stock split of our common stock that was effective on July 18, 2016.

**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.

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Our common stock is listed on the Nasdaq Capital Stock Market under the symbol **SCON**. Computershare is the transfer agent and registrar for our common stock. Its address is 250 Royall Street, Canton, MA 02021.

## **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, 10,000 shares of preferred stock designated as Series B Preferred Stock, 1,500 shares of preferred stock designated as Series C Preferred Stock and 8,000 shares of preferred stock designated as Series D Preferred Stock, of which, as of September 30, 2017, 328,925 shares of Series A Preferred, 0 shares of Series B Preferred, 0 shares of Series C Preferred, and 0 shares of Series D Preferred were outstanding, respectively.

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.

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 17,230 shares of our common stock and 611,523 shares of our Series A Preferred Stock (convertible under certain conditions into approximately 33,974 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, shares of our Series A Preferred Stock are convertible into 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 Registration Statement No. 333-214433.

### ***Series B Convertible Preferred Stock***

In October 2015, in connection with a registered direct offering, our board of directors authorized the designation and issuance of 10,000 shares and 4,750.0005 shares, respectively, of Series B Preferred Stock.

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Subject to the terms and conditions of our Series B Preferred Stock and to customary adjustments to the conversion rate, each share of our Series B Preferred Stock is convertible into shares of our common stock at a conversion price equal to \$5.25 per share of common stock. Except as required by law, the Series B Preferred Stock generally will not have any voting rights. For a complete description of the terms of the Series B Preferred Stock, please see the certificate of designations, which is incorporated by reference into Registration Statement No. 333-214433.

The Series B Preferred may not be converted by the holder into shares of common stock unless the holder will, following such conversion, remain in compliance with certain beneficial ownership limitations. A holder will not have the right to convert any Series B Preferred if the holder (together with its affiliates and certain related parties) would hold more than 4.99% of the number of shares of our common stock outstanding, which limitation, subject to increase or decrease upon at least 60 days' notice by a holder, cannot be increased above 9.99%.

### ***Series C Convertible Preferred Stock***

In July 2016, in connection with a registered direct offering, our board of directors authorized the designation and issuance of 1,500 shares and 1,295 shares, respectively, of Series C Preferred Stock.

Subject to the terms and conditions of our Series C Preferred Stock and to customary adjustments to the conversion rate, each share of our Series C Preferred Stock is convertible into shares of our common stock at a conversion price equal to \$3.08375 per share of common stock. Except as required by law, the Series C Preferred Stock generally will not have any voting rights. For a complete description of the terms of the Series C Preferred Stock, please see the certificate of designations, which is incorporated by reference into Registration Statement No. 333-214433.

The Series C Preferred may not be converted by the holder into shares of common stock unless the holder will, following such conversion, remain in compliance with certain beneficial ownership limitations. A holder will not have the right to convert any Series C Preferred if the holder (together with its affiliates and certain related parties) would hold more than 4.99% of the number of shares of our common stock outstanding, which limitation, subject to increase or decrease upon at least 60 days' notice by a holder, cannot be increased above 9.99%.

### ***Series D Convertible Preferred Stock***

In December 2016, in connection with a registered direct offering, our board of directors authorized the designation and issuance of 8,000 shares and 7,586.82 shares, respectively, of Series D Preferred Stock.

Subject to the terms and conditions of our Series D Preferred Stock and to customary adjustments to the conversion rate, each share of our Series D Preferred Stock is convertible into shares of our common stock at a conversion price equal to the stated value of the Series D Preferred of \$1,000 divided by \$1.50. Except as required by law, the Series D Preferred Stock generally will not have any voting rights. For a complete description of the terms of the Series D Preferred Stock, please see the certificate of designations, which is incorporated by reference into Registration Statement No. 333-214433.

The Series D Preferred may not be converted by the holder into shares of common stock unless the holder will, following such conversion, remain in compliance with certain beneficial ownership limitations. A holder will not have the right to convert any Series D Preferred if the holder (together with its affiliates and certain related parties) would hold more than 4.99% of the number of shares of our common stock outstanding, which limitation, subject to increase or decrease upon at least 60 days' notice by a holder, cannot be increased above 9.99%.



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

We currently have warrants outstanding representing the right to acquire 9,294,161 shares of our common stock at a weighted average exercise price of \$3.12 per share. Of such warrants, an aggregate of 274,492 warrants originally issued in our August 2013 financing include a price adjustment mechanism whereby the exercise price of such warrants will be automatically reduced, subject to limitations, to the extent we issue shares of our common stock, or equivalents, at a price lower than the then applicable exercise price of such warrants which is currently \$1.50. Accordingly, based on the offering price of \$1.14 for the warrants, the exercise price of the warrants originally issued in our August 2013 financing will be reduced to \$1.14.

### **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 <sup>2</sup>/<sub>3</sub>% 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;

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.

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*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 SECURITIES WE ARE OFFERING**

We are offering 1,190,000 shares of common stock at an offering price of \$1.265 per share and 391,000 pre-funded warrants at an offering price of \$1.255 per pre-funded warrants (exercisable for shares of common stock at an exercise price of \$0.01 per share of our common stock).

**Common Stock**

The material terms of our common stock our other capital stock are described in the section of this prospectus supplement titled Description of Capital Stock beginning on page S-21 of this prospectus supplement.

**Pre-Funded Warrants to Purchase Common Stock**

*The material terms of the pre-funded warrants to be issued are summarized below. This summary does not purport to be complete in all respects. This description is subject to and qualified entirely by the terms of the form of pre-funded warrant filed as an exhibit to our Current Report on Form 8-K being filed with the SEC in connection with this offering and the Private Placement.*

The pre-funded warrants will have an initial exercise price of \$0.01 per share and are exercisable at any time following the issuance date.

The pre-funded warrants 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 9.99% 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 pre-funded warrants are exercisable for cash or, solely in the absence of an effective registration statement or prospectus, by cashless exercise.

The exercise price of the pre-funded 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 exchanged 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 pre-funded warrants will be entitled to receive upon exercise of the pre-funded warrants the same kind and amount of securities, cash or property which the holders would have received had they exercised the pre-funded warrants immediately prior to such fundamental transaction. Any successor to us or surviving entity shall assume the obligations under the pre-funded warrants.

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

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**Table of Contents****DILUTION**

If you invest in our common stock, your interest will be diluted to the extent of the difference between the price per share you pay in this offering and the net tangible book value per share of our common stock immediately after this offering.

Our net tangible book value of our common stock as of September 30, 2017 was approximately \$6.1 million, or approximately \$0.57 per share of common stock. Net tangible book value is total assets minus the sum of liabilities and intangible assets. Net tangible book value per share is net tangible book value divided by the total number of shares outstanding.

After giving effect to the sale of 1,581,000 shares of common stock (including shares of common stock underlying the pre-funded warrants) in this offering at an offering price of \$1.265 per share of common stock (or equivalent), and after deducting the placement agent fees and estimated offering expenses payable by us, our net tangible book value as of September 30, 2017 would have been approximately \$7.8 million, or approximately \$0.64 per share of common stock based on 12,340,261 shares of common stock outstanding on a pro forma basis at that time. This represents an immediate increase in net tangible book value of \$0.07 per share to our existing stockholders and an immediate dilution of approximately \$0.625 per share to new investors participating in this offering, as illustrated by the following table:

Offering price per share of common stock (or equivalent)	\$ 1.265
Net tangible book value per share of common stock as of September 30, 2017	\$ 0.57
Increase in net tangible book value per share of common stock attributable to the offering	\$ 0.07
Pro forma net tangible book value per share of common stock as of September 30, 2017 after giving effect to the offering	\$ 0.64
Dilution in net tangible book value per share of common stock to new investors in the offering	\$ 0.625

The above discussion and table are based on 10,759,261 shares of our common stock outstanding as of September 30, 2017 and does not include:

1,581,000 shares of common stock issuable upon the exercise of the warrants to be issued in the concurrent private placement at an exercise price of \$1.14 per share. See Private Placement Transaction ;

18,274 shares of our common stock issuable upon conversion of the 328,925 shares of outstanding Series A Convertible Preferred Stock;

Options exercisable for an aggregate of 101,164 shares of common stock at a weighted average exercise price of \$45.51 per share; and

Warrants to purchase up to 9,294,161 shares of our common stock at a weighted average exercise price of \$3.12 per share. Of such warrants, an aggregate of 274,492 warrants originally issued in our August 2013 financing include a price adjustment mechanism whereby the exercise price of such warrants will be automatically reduced, subject to limitations, to the extent we issue shares of our common stock, or equivalents, at a price lower than the then applicable exercise price of such warrants which is currently \$1.50. As a result of this offering, the exercise price of such warrants will be adjusted to \$1.14.

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Also excludes up to 110,670 shares of common stock issuable upon exercise of warrants issued to the placement agent in this offering at an exercise price of \$1.58 per share (see Plan of Distribution on page S-31)

Because there is no minimum offering amount required as a condition to the closing of this offering, the dilution per share to new investors may be more than that indicated above in the event that the actual number of shares sold, if any, is less than the maximum number of shares of our common stock we are offering.

The above illustration of dilution per share to investors participating in this offering assumes no exercise of outstanding options to purchase our common stock or outstanding warrants to purchase shares of our common stock. The exercise of outstanding options and warrants having an exercise price less than the offering price will increase dilution to new investors.

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**PRIVATE PLACEMENT TRANSACTION**

In a concurrent private placement (the Private Placement Transaction), we are selling to purchasers of our common stock in this offering warrants (the warrants) to purchase one share of our common stock for each share of common stock (or common stock equivalent) purchased in this offering. We will receive gross proceeds from the concurrent private placement transaction solely to the extent such warrants are exercised for cash.

The warrants and the shares of our common stock issuable upon the exercise of the warrants are not being registered under the Securities Act, are not being offered pursuant to this prospectus supplement and the accompanying prospectus and are being offered pursuant to the exemption provided in Section 4(a)(2) under the Securities Act and Rule 506(b) promulgated thereunder. Accordingly, purchasers may only sell shares of common stock issued upon exercise of the warrants pursuant to an effective registration statement under the Securities Act covering the resale of those shares, an exemption under Rule 144 under the Securities Act or another applicable exemption under the Securities Act.

The warrants will be issued as individual warrants to each of the investors. You should review a copy of the form of warrant, which is attached as an exhibit to our Current Report on Form 8-K being filed with the SEC in connection with the Private Placement Transaction, for a complete description of the terms and conditions of the warrants.

Each warrant will be immediately exercisable on the date of its issuance at an exercise price of \$1.14 per share, subject to adjustment, and will remain exercisable for five and a half years from the date of issuance, but not thereafter. If a registration statement registering the issuance of the shares of common stock underlying the warrants under the Securities Act is not then effective or available, the holder may exercise the warrant through a cashless exercise, in whole or in part, in which case the holder would receive upon such exercise the net number of shares of common stock determined according to the formula set forth in the warrant. No fractional shares of common stock will be issued in connection with the exercise of a warrant. In lieu of fractional shares, we will either pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price or round up to the next whole share. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common stock.

A holder will not have the right to exercise any portion of the warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of shares of our stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days after such notice to us.

In the event of a fundamental transaction, as described in the warrants and generally including any reorganization, recapitalization or reclassification of our common stock, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the holders of the warrants will be entitled to receive upon exercise of the warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the warrants immediately prior to such fundamental transaction.

We have also agreed to file a registration statement within 30 days of the date that the Company enters into the securities purchase agreement with investors purchasing warrants in the Private Placement Transaction with respect to the warrants and the shares of common stock issuable under the warrants. In the event we do not timely file such registration statement or that the registration does not timely become effective, we have agreed to pay certain penalties. We have agreed to keep the registration effective until the earlier of (x) all securities

covered by such registration statement having been sold, thereunder or pursuant to Rule 144, or (y) that may be

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sold without volume or manner-of-sale restrictions pursuant to Rule 144 and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144.

Except as otherwise provided in the warrants or by virtue of such holder's ownership of shares of our common stock, the holder of a warrant will not have the rights or privileges of a holder of our common stock, including any voting rights, until the holder exercises the warrant.

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Table of Contents**PLAN OF DISTRIBUTION**

We engaged H.C. Wainwright & Co., LLC ( H.C. Wainwright or the Placement Agent ) to act as our exclusive placement agent to solicit offers to purchase the securities offered by this prospectus supplement. H.C. Wainwright is not purchasing or selling any shares or pre-funded warrants, nor is it required to arrange for the purchase and sale of any specific number or dollar amount of shares or pre-funded warrants, other than to use its reasonable best efforts to arrange for the sale of shares and pre-funded warrants by us. Therefore, we may not sell the entire amount of shares or pre-funded warrants being offered. We will enter into a securities purchase agreement directly with investors who purchase our common stock and pre-funded warrants in this offering. H.C. Wainwright may engage one or more sub-placement agents or selected dealers to assist with the offering.

Upon the closing of this offering, we will pay the Placement Agent a cash transaction fee equal to 7.0% of the gross proceeds to us from the sale of the shares of our common stock and pre-funded warrants in the offering and we will issue to the Placement Agent the Placement Agent Warrant as outlined below. We will also pay H.C. Wainwright a management fee in an amount equal to 1% of the aggregate gross proceeds raised from the sale of common stock and pre-funded warrants in the offering and we have agreed to reimburse H.C. Wainwright up to \$85,000 for its legal fees and expenses and non-accountable expenses.

The following table shows the per share and total placement agent fees we will pay in connection with the sale of the securities in this offering, assuming the purchase of all of the securities we are offering.

Per share of common stock placement agent cash fees	\$ 0.08855
Per pre-funded warrant placement agent cash fees	\$ 0.08855
<b>Total</b>	<b>\$ 139,997.55</b>

We estimate the total expenses of this offering, which will be payable by us, excluding the placement agent fees, will be approximately \$300,000. After deducting the fees due to the placement agent and our estimated offering expenses, we expect the net proceeds from this offering to be approximately \$1,700,000.

In addition, we agreed to grant compensation warrants to the Placement Agent (the Placement Agent Warrant ) to purchase a number of shares of our common stock equal to 7% of the aggregate number of shares of common stock and pre-funded warrants sold to the investors in this offering (or 110,670 shares of our common stock). The compensation warrants will have an exercise price of \$1.58 (125% of the offering price per share of common stock) and will terminate on the five year anniversary of the effective date of the offering. Pursuant to FINRA Rule 5110(g), the compensation warrants and any shares issued upon exercise of the compensation warrants shall not be sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the securities by any person for a period of 180 days immediately following the date of effectiveness or commencement of sales of this offering, except the transfer of any security:

by operation of law or by reason of reorganization of our company;

to any FINRA member firm participating in the offering and the officers or partners thereof, if all securities so transferred remain subject to the lock-up restriction set forth above for the remainder of the time period;

if the aggregate amount of securities of our company held by the holder of the compensation warrants or related persons do not exceed 1% of the securities being offered;

that is beneficially owned on a pro-rata basis by all equity owners of an investment fund, provided that no participating member manages or otherwise directs investments by the fund, and participating members in the aggregate do not own more than 10% of the equity in the fund; or

the exercise or conversion of any security, if all securities received remain subject to the lock-up restriction set forth above for the remainder of the time period.

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In addition, we have granted a right of first refusal to H.C. Wainwright pursuant to which H.C. Wainwright has the right to act as the exclusive advisor, manager or underwriter or agent, as applicable, if the Company or its subsidiaries sell or acquire a business, finance any indebtedness using an agent, or raise capital through a public or private offering of equity or debt securities at any time prior to March 9, 2019.

The Placement Agent may be deemed to be an underwriter within the meaning of Section 2(a)(11) of the Securities Act and any commissions received by it and any profit realized on the sale of the securities by it while acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act. The placement agent will be required to comply with the requirements of the Securities Act and the Exchange Act of 1934, as amended (the Exchange Act ), including, without limitation, Rule 10b-5 and Regulation M under the Exchange Act. These rules and regulations may limit the timing of purchases and sales of our securities by the Placement Agent. Under these rules and regulations, the Placement Agent may not (i) engage in any stabilization activity in connection with our securities; and (ii) bid for or purchase any of our securities or attempt to induce any person to purchase any of our securities, other than as permitted under the Exchange Act, until they have completed their participation in the distribution.

We have agreed to indemnify the Placement Agent and the purchasers against certain liabilities relating to or arising out of the offer. We have also agreed to contribute to payments Placement Agent may be required to make in respect of such liabilities.

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**LEGAL MATTERS**

Certain legal matters relating to the validity of the shares of our common stock offered by this prospectus supplement and the accompanying prospectus will be passed upon for us by Manatt, Phelps & Phillips, LLP, Los Angeles, California. Certain partners of Manatt, Phelps & Phillips, LLP or their affiliates own shares of our common stock representing less than 0.1% of our outstanding common stock as of the date of this prospectus supplement.

**EXPERTS**

The consolidated financial statements of Superconductor Technologies Inc., as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K of Superconductor Technologies Inc. for the year ended December 31, 2016 have been so incorporated in reliance on the report (which contains an explanatory paragraph related to 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. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC also maintains a web site that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC at <http://www.sec.gov>. In addition, we maintain a web site that contains information about us at <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 this prospectus.

We have filed with the SEC a registration statement on Form S-3, of which this prospectus supplement is a part, including exhibits, schedules and amendments filed with, or incorporated by reference in, this registration statement, under the Securities Act, with respect to the securities registered thereby. This prospectus supplement does not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to our company and the securities registered thereby, reference is made to the registration statement, including the exhibits to the registration statement. Statements contained in this prospectus supplement as to the contents of any contract or other document referred to in, or incorporated by reference in, this prospectus are not necessarily complete and, where that contract is an exhibit to the registration statement, each statement is qualified in all respects by the exhibit to which the reference relates. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined and copied (upon payment of applicable fees) at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The registration statement is also available to you on the SEC's web site, <http://www.sec.gov>.

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**INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

The SEC allows us to incorporate by reference information from other documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and information we file later with the SEC will automatically update and supersede this information as of the date of filing of such information. We incorporate by reference any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of this offering. We incorporate by reference into this prospectus supplement or the accompanying prospectus and the registration statement of which this prospectus supplement is a part the information or documents listed below that we have filed with the SEC (Commission File No. 001-33609):

our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the SEC on March 30, 2017;

our Quarterly Reports on Form 10-Q filed for the quarter ended April 1, 2017 filed with the SEC on May 16, 2017, for the quarter ended July 1, 2017 filed with the SEC on August 14, 2017, for the quarter ended September 30, 2017 filed with the SEC on November 9, 2017;

our Current Reports on Form 8-K filed with the SEC on September 28, 2017 and December 28, 2017;

our Definitive Proxy Statement on Schedule 14A filed with the SEC on August 17, 2017; and

the description of our shares of 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. 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. Requests for this information should be submitted in writing to our Secretary, at our principal executive offices at Superconductor Technologies Inc., 9101 Wall Street, Suite 1300 Austin, Texas 78754 or by telephone at (512) 334-8900.

This prospectus supplement or the accompanying prospectus may contain information that updates, modifies or is contrary to information in the document incorporated by reference herein or therein. To the extent that any statements contained in a document incorporated by reference are modified or superseded by any statements contained in this prospectus supplement or the accompanying prospectus, such statements shall not be deemed incorporated in this prospectus supplement or the accompanying prospectus except as so modified or superseded. Reports we file with the SEC after the date of this prospectus supplement may also contain information that updates, modifies or is contrary to information in this prospectus supplement, the accompanying prospectus or in a document incorporated by reference.

Investors should review these reports as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus supplement. Certain of the documents summarized in this prospectus supplement or incorporated by reference into this prospectus supplement contain representations and warranties which statements are not for the benefit of any party other than the parties to such agreement and are not intended as a document for investors (to the extent they are not a party to such agreement) or the public generally to obtain factual information about us.

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**PROSPECTUS**

**\$50,000,000**

**Common Stock**

**Preferred Stock**

**Warrants**

**Units**

We may offer, from time to time, separately or together in any combination, common stock, preferred stock, warrants or units consisting of all of some of such securities having an aggregate offering price of up to \$50,000,000.

We may offer the securities in one or more series, in amounts, at prices and on terms determined at the time of offering. We will provide the specific terms of any securities we actually offer for sale in supplements to this prospectus.

We may sell these securities directly, through agents, dealers or underwriters as designated from time to time, or through a combination of these methods. We reserve the sole right to accept, and together with our agents, from time to time, to reject in whole or in part any proposed purchase of securities to be made directly or through agents. If our agents or any dealers or underwriters are involved in the sale of securities, the applicable prospectus supplement will set forth the names of the agents, dealers or underwriters and any applicable commissions or discounts.

You should read carefully this prospectus, each prospectus supplement and the documents incorporated by reference into this prospectus and any prospectus supplement before you invest in any of our securities. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

Our common stock is traded on the Nasdaq Capital Market under the symbol **SCON**. On March 10, 2015, the closing sale price of our common stock on the Nasdaq Capital Market was \$1.83 per share and the aggregate market value of the common stock held by non-affiliates as of such date was \$21.7 million, based on 15,180,899 shares of outstanding common stock, of which 11,869,844 shares are held by non-affiliates. We have not sold any securities pursuant to General Instruction I.B.6 of Form S-3 during the 12 calendar months prior to and including the date hereof.

**Investing in our Securities involves risks. You should carefully consider the risk factors included under the heading Risk Factors in the applicable prospectus supplement and under that heading or similar headings in the other documents incorporated by reference in this prospectus or any prospectus supplement before making a decision to purchase our securities.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities described in this prospectus or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is March 19, 2015.**

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under the shelf registration process, using this prospectus, together with a prospectus supplement, we may sell, from time to time, in one or more offerings, any combination of the securities described in this prospectus in a dollar amount that does not exceed \$50,000,000 in the aggregate. This prospectus provides you with a general description of the securities we may offer. Each time we offer securities, a prospectus supplement will be provided that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. To the extent that any statement we make in a prospectus supplement is inconsistent with statements made in this prospectus, the statements made in this prospectus will be deemed modified or superseded by those made in the prospectus supplement.

You should read this prospectus, the applicable prospectus supplement and the information incorporated by reference in this prospectus or any prospectus supplement before making an investment in our securities. See Documents Incorporated by Reference and Where You Can Find More Information for more information. You should rely only on the information contained in or incorporated by reference in this prospectus or a prospectus supplement. We have not authorized anyone to provide you with different information. This document may be used only in jurisdictions where offers and sales of these securities are permitted. You should not assume that information contained in this prospectus, in any supplement to this prospectus, or in any document incorporated by reference is accurate as of any date other than the date on the front page of the document that contains the information, regardless of when this prospectus or a prospectus supplement is delivered or when any sale of our securities occurs.

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**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.*

**Our Company**

We are a leading company in developing and commercializing high temperature superconductor ( HTS ) materials and related technologies. Superconductivity is the unique ability to conduct electricity 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, reduce power loss, and lowering heat generation providing extremely high current carrying density and zero resistance to direct current.

We were established in 1987 shortly after the discovery of HTS 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 develop 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 late 2010, we transitioned our research and development efforts to adapting our proprietary HTS material deposition techniques to the production of our HTS Conductus<sup>®</sup> wire for next generation power applications, which is our primary opportunity to grow our future revenues. We continue to generate revenue from our legacy wireless communications products. This revenue has been declining and we expect this trend to continue until we completely abandon these products.

**Our Proprietary Technology**

Our development efforts over the last 27 years have yielded an extensive patent portfolio as well as critical trade secrets, unpatented technology and proprietary knowledge. We have an extensive patent portfolio in addition to critical trade secrets, unpatented technology and proprietary knowledge. Our current patents expire at various dates from 2015 to 2031. We enter into confidentiality and non-disclosure agreements with our employees, suppliers and consultants to protect our proprietary information.

Our strategic plan is to utilize our core proprietary technology in superconductivity and leverage our proprietary manufacturing processes to build Conductus wire for use in electrical power devices. As discussed above, we are adapting our unique HTS material deposition techniques to produce 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 superconducting wire including energy (wind turbines, cables,

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fault current limiters), medical (NMR and MRI), science (high performance magnets) and industrial (motors, generators) applications. We are working with leading industry device manufactures to complete qualification and acceptance testing of Conductus wire. We expect to begin commercial production of Conductus wire in late 2015.

### **Our Future Business**

We have created several unique capabilities and HTS manufacturing systems related to our Conductus wire platform that we are seeking to produce 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 100 s 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.

*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

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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 (Nb<sub>3</sub>Sn). 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 Nb<sub>3</sub>Sn based materials.

### **Corporate Information**

Our facilities and principal executive offices are located at 9101 Wall Street, Suite 1300, Austin, Texas 78754. Our telephone number is (512) 334-8900. 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 this prospectus. Our common stock is currently traded on the Nasdaq Capital Market under the symbol **SCON**.

### **The Securities We May Offer**

With this prospectus, we may offer common stock, preferred stock, warrants and units consisting of some or all of such securities, separately or together in any combination of the foregoing. The aggregate initial offering price of all securities we sell in the primary offerings under this prospectus will not exceed \$50,000,000. Each time we offer securities with this prospectus, we will provide offerees with a prospectus supplement that will contain the specific terms of the securities being offered. The following is a summary of the securities we may offer with this prospectus.

We may sell the securities to or through underwriters, dealers or agents or directly to purchasers. We, as well as any agents acting on our behalf, reserve the sole right to accept and to reject in whole or in part any proposed purchase of securities. Each prospectus supplement will set forth the names of any underwriters, dealers or agents involved in the

sale of securities described in that prospectus supplement and any applicable fee, commission or discount arrangements with them.

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### ***Common Stock***

We may offer shares of our common stock, par value \$0.001 per share, either alone or underlying other registered securities convertible into or exchangeable for our common stock. Holders of our common stock are entitled to such dividends as our board of directors may declare from time to time out of legally available funds, subject to the preferential rights of the holders of any shares of our preferred stock that are outstanding or that we may issue in the future. Currently, we do not pay any dividends. Each holder of our common stock is entitled to one vote per share. Holders of our common stock have no preemptive rights. In this prospectus, we provide a general description of, among other things, our dividend policy and the transfer and voting restrictions that apply to holders of our common stock.

### ***Preferred Stock***

We may issue shares of preferred stock in one or more classes or series. Our board of directors or a committee designated by our board of directors will determine the dividend, voting and conversion rights and other provisions at the time of sale. The particular terms of each class or series of preferred stock, including redemption privileges, liquidation preferences, voting rights, dividend rights and/or conversion rights, will be more fully described in the applicable prospectus supplement relating to the preferred stock offered thereby.

### ***Warrants***

We may offer warrants for the purchase of shares of preferred or common stock. We may issue the warrants by themselves or together with preferred stock or common stock and the warrants may be attached to or separate from any offered securities. Each series of warrants may be issued under a separate warrant agreement to be entered into between us and a warrant agent. Our board of directors or a committee designated by our board of directors will determine the terms of the warrants at the time of sale. This prospectus contains only general terms and provisions of the warrants. The applicable prospectus supplement will describe the particular terms of the warrants being offered thereby.

### ***Units***

We may offer units consisting of some or all of our preferred stock, common stock and warrants. The units may be issued in the form of a unit agreement and/or unit certificate. This prospectus contains only general terms and provisions of the units. The applicable prospectus supplement will describe the particular terms of the warrants being offered thereby.



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**RISK FACTORS**

We have included discussions of cautionary factors describing risks relating to our business and an investment in our securities in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference into this prospectus. See *Where You Can Find More Information* for an explanation of how to get a copy of this report. Additional risks related to our securities may also be described in a prospectus supplement. Before purchasing our securities, you should carefully consider the risk factors we describe in any prospectus supplement or in any report incorporated by reference into this prospectus or such prospectus supplement, including our Annual Report on Form 10-K for the year ended December 31, 2014, or any Annual Report on Form 10-K or Quarterly Report on Form 10-Q that is incorporated by reference into this prospectus or such prospectus supplement after the date of this prospectus. Although we discuss key risks in those risk factor descriptions, additional risks not currently known to us or that we currently deem immaterial also may impair our business. Our subsequent filings with the SEC may contain amended and updated discussions of significant risks. We cannot predict future risks or estimate the extent to which they may affect our financial performance.

**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, and Section 21E of the Securities Exchange Act of 1934, as amended. We claim the protection of the safe harbor contained in the Private Securities Litigation Reform Act of 1995 for these forward looking statements. Our 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 and in any applicable prospectus supplement 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*, *expects*, *anticipates*, *intends*, *plans*, *believes*, *seeks*, *comparable terminology*.

We caution investors that any forward-looking statements presented in this prospectus or in any applicable prospectus supplement or the other documents incorporated by reference herein or therein, or that we may make orally or in writing from time to time, are based on the beliefs of, assumptions made by, and information currently available to, us. Such statements are based on assumptions 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.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include the following:

our limited cash and a history of losses;

our need to materially grow our revenues from commercial operations and/or raise additional capital (which financing may not be available on acceptable terms or at all) in the very near future,

before cash reserves are depleted (which reserves are expected to be sufficient well into the second quarter of 2015), to implement our current business plan and maintain our viability;

the performance and use of our equipment to produce wire in accordance with our timetable;

our need to overcome additional technical challenges in attaining milestones to develop and manufacture commercial lengths of our HTS wire;

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the possibility of delays in customer evaluation and acceptance of our HTS wire;

the limited number of potential customers;

customer pressures on the decreases in average selling prices of our products;

limited number of suppliers for some of our components;

no significant backlog from quarter to quarter;

our market being characterized by rapidly advancing technology;

the impact of competitive products, technologies and pricing;

manufacturing capacity constraints and difficulties;

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

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

the cost and uncertainty from compliance with environmental regulations;

the impact on our strategic wire initiative of any inability to raise additional capital;

the impact of any financing activity on the level of our stock price, which may decline in connection with the sales under registered direct offerings or otherwise and the dilutive impact of any issuances of securities to raise capital; and

local, regional, 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 any prospectus supplement 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. We undertake no obligation to publicly update or revise any forward-looking statements included or

incorporated by reference in this prospectus or any prospectus supplement or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise, except to the extent required by federal securities laws. Forward-looking statements may be contained in this prospectus or any prospectus supplement (and the documents incorporated by reference herein or therein) under

Risk Factors, or may be contained in our Annual Report on Form 10-K or in our Quarterly Reports on Form 10-Q under headings such as Management's Discussion and Analysis of Financial Conditions and Results of Operations and Business, or in our Current Reports on Form 8-K, among other places. Any investor in us should consider all risks and uncertainties disclosed in our filings with the SEC described below under the heading Where You Can Find More Information, all of which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **USE OF PROCEEDS**

Unless otherwise indicated in the applicable prospectus supplement, we anticipate that the net proceeds from the sale of the securities under this prospectus will be used for general corporate purposes. General corporate purposes may include repayment of debt, capital expenditures, and any other purposes that we may specify in any prospectus supplement. In addition, we may use a portion of any net proceeds to acquire complementary products, technologies or businesses. We will have significant discretion in the use of any net proceeds. Investors will be relying on the judgment of our management regarding the application of the proceeds of any sale of the securities. We may invest the net proceeds temporarily until we use them for their stated purpose.

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**DESCRIPTION OF CAPITAL STOCK**

The following description of our common stock and preferred stock, together with the additional information we include in any applicable prospectus supplement, summarizes the material terms and provisions of the common stock and the preferred stock that we may offer pursuant to this prospectus. While the terms we have summarized below will apply generally to any future common stock or preferred stock that we may offer, we will describe the particular terms of any class or series of these securities in more detail in the applicable prospectus supplement. For the complete terms of our common stock and preferred stock, please refer to our restated certificate of incorporation, as amended, or our certificate of incorporation, and our amended and restated bylaws, as amended, or our bylaws, which are exhibits to the registration statement of which this prospectus is a part. The terms of these securities may also be affected by the General Corporation Law of the State of Delaware. The summary below and that contained in any prospectus supplement is qualified in its entirety by reference to our certificate of incorporation and our bylaws, as either may be amended from time to time after the date of this prospectus, but before the date of any such prospectus supplement.

**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 March 1, 2015, we had 15,180,899 shares of common stock outstanding and 328,925 shares of our 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.

**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, and the shares of common stock issued upon the conversion of any securities convertible into our common stock will be, fully paid and non-assessable. The shares of common stock offered by this prospectus or upon the conversion of any preferred stock or debt securities or exercise of any warrants offered pursuant to this prospectus, when issued and paid for, will also be, fully paid and non-assessable.

Our common stock is listed on the Nasdaq Capital Market under the symbol `SCON`. Computershare is the transfer agent and registrar for our common stock. Its address is 250 Royall Street, Canton, MA 02021].

**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

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further action by our stockholders. We currently have 706,829 shares of our Series A Preferred Stock designated, and as of March 1, 2015, we had 328,925 shares of our 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, 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.

Preferred stock could thus be issued quickly with terms calculated to delay or prevent a change in control of our company 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.

The following description sets forth certain general terms and provisions of the preferred stock we may issue. If we offer convertible preferred stock, such stock will be convertible into shares of our common stock. With respect to any convertible preferred stock or preferred stock (each referred to herein as preferred stock) we may choose to offer, the specific designations and rights will be described in the prospectus supplement relating to the preferred stock offered, including the following terms. Each time that we issue a new series of preferred stock, we will file with the SEC a definitive certificate of designations that will state the designation, powers, preferences, rights and qualifications, limitations and restrictions of that series of preferred stock. In addition, the prospectus supplement relating to that new series of preferred stock will specify the particular amount, price and other terms of that new series. These terms will include:

the designation of the series, which may be by distinguishing number, letter or title;

the number of shares of the series, which number the board of directors may thereafter (except where otherwise provided in the preferred stock designation) increase or decrease (but not below the number of shares thereof then outstanding);

the price at which the preferred stock will be issued;

the dividend rate, the dates on which the dividends will be payable, if any, whether dividends shall be cumulative or noncumulative and other terms relating to the payment of dividends on the preferred stock;

whether the preferred stock is redeemable or subject to a sinking fund, and the terms and amount of such sinking fund provided for the purchase or redemption of shares of the series;

the amounts payable on shares of the series, and the special or relative rights of such shares, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of our company;

whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of our company or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion price or prices or rate or rates, any adjustments thereof, the date or dates as of which such shares shall be convertible and all other terms and conditions upon which such conversion may be made;



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any listing of the preferred stock on any securities exchange;

the relative ranking and preferences of the preferred stock as to dividend rights and rights upon liquidation and dissolution or winding up;

restrictions on the issuance of shares of the same series or of any other class or series;

the voting rights, if any, of the holders of shares of the series, provided that no share of preferred stock of any series will be entitled to more than one vote per share of preferred stock; and

any additional rights, preferences, qualifications, limitations and restrictions of the preferred stock.

Any prospectus supplement filed in connection with an offering of preferred stock will describe all material terms of such series of preferred stock and all material terms of any common stock, if any, issuable upon conversion of such preferred stock. However, the description of the terms of the preferred stock to be set forth in an applicable prospectus supplement will not be complete and will be subject to and qualified in its entirety by reference to the certificate of designations or the certificate of amendment to our certificate of incorporation relating to the applicable series of preferred stock, together with our bylaws. The registration statement of which this prospectus forms a part currently does or will in the future include the certificate of designations or the certificate of amendment and our bylaws as exhibits or incorporate them by reference.

The preferred stock will, if and when issued, be fully paid and non-assessable. The holders of the preferred stock will not have preemptive rights.

***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 our Series A Preferred Stock. On January 8, 2008, the terms of the investment agreement with BAOLI were amended, and we issued to BAOLI and two related purchasers a total of 3,101,361 shares of common stock and 611,523 shares of Series A Preferred 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 twelfths of a share 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 ten twelfths of a share 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, filed with, and incorporated by reference into, this prospectus.

**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;

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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;

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

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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.

## **DESCRIPTION OF WARRANTS**

We may issue warrants for the purchase of preferred stock or common stock. Warrants may be issued independently or together with preferred stock, common stock or units and may be attached to or separate from any offered securities. Each series of warrants may be issued under a separate warrant agreement to be entered into between us and a warrant agent. The warrant agreement may provide that, in certain circumstances, we and the warrant agent will be permitted to amend the warrant agreement without the consent of the holders of warrants. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any registered holders of warrants or beneficial owners of warrants. This summary of certain provisions of the warrants is not complete. You should refer to the warrant agreement, including the forms of warrant certificate representing the warrants, relating to the specific warrants being offered for the complete terms of the warrant agreement and the warrants. The warrant agreement, together with the terms of warrant certificate and warrants, will be filed with the SEC in connection with the offering of the specific warrants.

The particular terms of any issue of warrants will be described in the prospectus supplement relating to the issue. Those terms may include:

the title of such warrants;

the aggregate number of such warrants;

the price or prices at which such warrants will be issued;

the currency or currencies (including composite currencies) in which the price of such warrants may be payable;

the amount and terms of the securities purchasable upon exercise of such warrants and the procedures and conditions relating to the exercise of such warrants;

the purchase price of each of the securities purchasable upon exercise of such warrants;

the date on which the right to exercise such warrants will commence and the date on which such right shall expire;

any provisions for adjustment of the number or amount of securities to be received upon exercise of the warrants or of the exercise price of the warrants;

if applicable, the minimum or maximum amount of such warrants that may be exercised at any one time;

if applicable, the designation and terms of the securities with which such warrants are issued and the number of such warrants issued with each such security;

if applicable, the date on and after which such warrants and the related securities will be separately transferable;

information with respect to book-entry procedures, if any; and

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any other terms of such warrants, including terms, procedures, conditions and limitations relating to the exercise of such warrants.

The prospectus supplement relating to any warrants to purchase equity securities may also include, if applicable, a discussion of certain U.S. federal income tax and ERISA considerations.

Warrants for the purchase of preferred stock and/or common stock will be offered and exercisable for U.S. dollars only. Warrants will be issued in registered form only.

Each warrant will entitle its holder to purchase the number of shares of preferred stock or common stock at the exercise price set forth in, or calculable as set forth in, the applicable prospectus supplement. The applicable prospectus supplement will also describe the circumstances pursuant to which the exercise price and/or the number or amount of the securities to be issued upon exercise of the warrants would be adjusted and the method of making and notifying the holder of any such adjustment.

After the close of business on the applicable expiration date, unexercised warrants will become void. We will specify the place or places where, and the manner in which, warrants may be exercised in the applicable prospectus supplement.

Upon receipt of payment and the warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement, we will, as soon as practicable, issue and deliver the purchased securities in the manner described in the applicable prospectus supplement. If less than all of the warrants represented by the warrant certificate are exercised, a new warrant certificate will be issued for the remaining unexpired warrants.

Prior to the exercise of any warrants to purchase preferred stock or common stock, holders of the warrants will not have any of the rights of holders of the preferred stock or common stock purchasable upon exercise, including the right to vote or to receive any payments of dividends on the preferred stock or common stock purchasable upon exercise.

## **DESCRIPTION OF UNITS**

We may issue units consisting of any combination of our common stock, preferred stock and warrants. We will issue each unit so that the holder of the unit is also the holder of each security included in the unit. As a result, the holder of a unit will have the rights and obligations of a holder of each included security. The unit agreement under which a unit is issued may provide that the securities included in the unit may not be held or transferred separately, at any time or at any time before a specified date. This summary of certain provisions of the units is not complete. You should refer to the unit agreement and/or unit certificate, and depositary arrangements, relating to the specific units being offered for the complete terms of the units. The unit agreement and/or unit certificate, and depositary arrangements, as applicable, will be filed with the SEC in connection with the offering of the specific units.

The particular terms of any issue of units will be described in the prospectus supplement relating to the issue. Those terms may include:

the designation and terms of the units and of the securities comprising the units, including whether and under what circumstances those securities may be held or transferred separately;

any provisions for the issuance, payment, settlement, transfer, or exchange of the units or of the securities composing the units;

whether the units will be issued in fully registered or global form; and

any other terms of the units.



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**PLAN OF DISTRIBUTION**

We may sell the securities being offered hereby in one or more of the following ways from time to time:

through agents to the public or to investors;

to underwriters for resale to the public or to investors;

directly to investors; or

through a combination of any of these methods of sale.

We will set forth in a prospectus supplement the terms of that particular offering of securities, including:

the name or names of any agents or underwriters;

the purchase price of the securities being offered and the proceeds we will receive from the sale;

any over-allotment options under which underwriters may purchase additional securities from us;

any agency fees or underwriting discounts and other items constituting agents or underwriters compensation;

any initial public offering price;

any discounts or concessions allowed or reallocated or paid to dealers; and

any securities exchanges or markets on which such securities may be listed.

**Agents**

We may designate agents who agree to use their reasonable efforts to solicit purchases of our securities for the period of their appointment or to sell our securities on a continuing basis.

**Underwriters**

If we use underwriters for a sale of securities, the underwriters will acquire the securities for their own account. The underwriters may resell the securities in one or more transactions, including negotiated transactions, at a fixed public

offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase the securities will be subject to the conditions set forth in the applicable underwriting agreement. The underwriters will be obligated to purchase all the securities of the series offered if they purchase any of the securities of that series. We may change from time to time any initial public offering price and any discounts or concessions the underwriters allow or reallow or pay to dealers.

### **Direct Sales**

We may also sell securities directly to one or more purchasers without using underwriters or agents. Underwriters, dealers and agents that participate in the distribution of the securities may be underwriters as defined in the Securities Act, and any discounts or commissions they receive from us and any profit on their resale of the securities may be treated as underwriting discounts and commissions under the Securities Act. To the extent known to us, we will identify in the applicable prospectus supplement any underwriters, dealers or agents and will describe their compensation.

### **Derivative Securities**

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the

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applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and will be identified in the applicable prospectus supplement (or a post-effective amendment).

## **Trading Markets and Listing of Securities**

Unless otherwise specified in the applicable prospectus supplement, each class or series of securities will be a new issue with no established trading market, other than our common stock, which is listed on the Nasdaq Capital Market. We may elect to list any other class or series of securities on any exchange or market, but we are not obligated to do so. It is possible that one or more underwriters may make a market in a class or series of securities, but the underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We cannot give any assurance as to the liquidity of the trading market for any of the securities.

## **Stabilization Activities**

Any underwriter may engage in overallotment, stabilizing transactions, short covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Overallotment involves sales in excess of the offering size, which create a short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Short covering transactions involve purchases of the securities in the open market after the distribution is completed to cover short positions. Penalty bids permit the underwriters to reclaim a selling concession from a dealer when the securities originally sold by the dealer are purchased in a covering transaction to cover short positions. Those activities may cause the price of the securities to be higher than it would otherwise be. If commenced, the underwriters may discontinue any of these activities at any time.

## **Passive Market Making**

Any underwriters who are qualified market makers on the Nasdaq Capital Market may engage in passive market making transactions in the securities on the Nasdaq Capital Market in accordance with Rule 103 of Regulation M, during the business day prior to the pricing of the offering, before the commencement of offers or sales of the securities. Passive market makers must comply with applicable volume and price limitations and must be identified as passive market makers. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for such security. If all independent bids are lowered below the passive market maker's bid, however, the passive market maker's bid must then be lowered when certain purchase limits are exceeded.

## **Material Relationships**

We may use underwriters, dealers and agents with whom we have a material relationship. To the extent required, we will describe the nature of any such relationship in any prospectus supplement naming any such underwriter, dealer or agent. Underwriters, dealers and agents may engage in transactions with or perform services for us in the ordinary course of their businesses, and we will include in any prospectus supplement any required disclosure related to such transactions or services. We may have agreements with the underwriters, dealers and agents to indemnify them against specified civil liabilities, including liabilities under the Securities Act.

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**LEGAL MATTERS**

Certain legal matters relating to the validity of the 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., as of December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014, incorporated in this prospectus by reference to the Annual Report on Form 10-K of Superconductor Technologies Inc. for the year ended December 31, 2014 have been so incorporated in reliance on the report (which contains an explanatory paragraph related to 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.

**DOCUMENTS INCORPORATED 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, 2014 filed with the SEC on March 12, 2015;

our Current Report on Form 8-K filed with the SEC on February 17, 2015.

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. 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. Requests for this information should be submitted in writing to our Secretary, at our principal executive offices at Superconductor Technologies Inc., 9101 Wall Street, Suite 1300 Austin, Texas 78754 or by telephone at (512) 334-8900.

This prospectus is part of a registration statement we have filed with the SEC. You should rely only on the information incorporated by reference or provided in this prospectus, or any applicable prospectus supplement. No one else is authorized to provide you with different information. You should not rely on any other representations. We

are not making an offer of these securities in any state where the offer is not permitted. Our affairs may change after this prospectus or any prospectus supplement is distributed. You should not assume that the information in or incorporated by reference into this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents. You should read all information supplementing or incorporated by reference into this prospectus or any prospectus supplement.

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**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC also maintains a web site that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC at <http://www.sec.gov>. In addition, we maintain a web site that contains information about us at <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 this prospectus.

We have filed with the SEC a registration statement on Form S-3, of which this prospectus is a part, including exhibits, schedules and amendments filed with, or incorporated by reference in, this registration statement, under the Securities Act, with respect to the securities registered thereby. This prospectus does not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to our company and the securities registered thereby, reference is made to the registration statement, including the exhibits to the registration statement. Statements contained in this prospectus as to the contents of any contract or other document referred to in, or incorporated by reference in, this prospectus are not necessarily complete and, where that contract is an exhibit to the registration statement, each statement is qualified in all respects by the exhibit to which the reference relates. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined and copied (upon payment of applicable fees) at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The registration statement is also available to you on the SEC's web site, <http://www.sec.gov>.

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**1,190,000 Shares of Common Stock and  
391,000 Pre-funded Warrants  
(391,000 Shares of Common Stock Underlying the Pre-funded Warrants)**

**PROSPECTUS SUPPLEMENT**

**H.C. Wainwright & Co.**

**March 6, 2018**