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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported)
August 5, 2010

Active Power, Inc.
(Exact name of registrant as specified in its charter)

Delaware	000-30939	74-2961657
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2128 W. Braker Lane, BK12
Austin, Texas 78758
(Address of principal executive offices, including zip code)

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On August 5, 2010, Active Power, Inc. ("we," "us" or the "Company") entered into a Second Amended and Restated Loan and Security Agreement (the "Loan Agreement") with Silicon Valley Bank ("SVB"). This new two-year loan facility provides for a secured revolving line of credit in an aggregate amount of up to eighty percent (80%) of the facility amount of $15.625 million, or $12.5 million, subject to certain borrowing bases. In the event we have maintained cash and cash equivalents of at least $6.25 million with SVB for at least 30 consecutive days, which is referred to as being in a "Streamline Period", the borrowing base formula is based on eligible accounts receivable, eligible purchase orders and eligible inventory, subject to a sublimit of $5 million for U.K. accounts receivable, $3.5 million for inventory and $1.5 million for purchase orders. When we are not in a Streamline Period, our borrowings are limited based on accounts receivable and purchase orders that SVB has specifically agreed to finance and a borrowing base for eligible inventory. We may also request that SVB issue letters of credit on our behalf, of up to $1.5 million, as a portion of our total loan facility.

On August 5, 2010, the Company borrowed approximately $2.5 million in revolving loans, all of which was used to refinance all indebtedness owing from the Company to SVB pursuant to that certain Amended and Restated Loan and Security Agreement, dated as of October 31, 2008, by and between the Company and SVB. The new credit facility increases the total credit available from our previous loan facility with SVB, which was $6 million, and enables us to borrow against eligible inventory, foreign receivables and customer purchase orders in addition to eligible accounts receivable.

The Company will pay a finance charge on each account receivable financed by SVB at a per annum rate equal to SVB's prime rate, subject to a minimum prime rate of four percent (4.00%), plus one and one-half percent (1.50%). The Company will pay a finance charge on each purchase order financed by SVB at a per annum rate equal to SVB's prime rate, subject to a minimum prime rate of four percent (4.00%), plus one and one-quarter percent (1.25%) when a Streamline Period is not in effect or two percent (2.00%) when a Streamline Period is in effect. When we are not in a Streamline Period, these finance charges will be based on the face amount of the receivable or the purchase order, and otherwise, will be based on the amount financed by SVB.

Each advance based upon inventory accrues interest at a per annum rate equal to SVB's prime rate, subject to a minimum prime rate of four percent (4.00%), plus (i) one and one-half percent (1.50%) when we are in a Streamline Period and (ii) three and five-eighths percent (3.625%) when we are not in a Streamline Period.

Finance charges and interest are payable monthly, and all principal and interest is due on the maturity date of August 5, 2012. However, when we are not in a Streamline Period, we must repay advances based on receivables when we receive payment on the receivable that has been financed, and we must repay advances based on purchase orders within 120 days of the date of the purchase order, together with all finance charges on such advances.

The Company is also obligated to pay other customary closing fees, financing fees, collateral handling fees and bank fees for a credit facility of this size and type.

The revolving loans made to us under this loan facility will be secured by a lien on substantially all of our assets. In addition, on August 5, 2010, Active Power Solutions Limited, a wholly-owned subsidiary of the Company, entered into a Guarantee and Debenture with SVB (the "Guarantee and Debenture"), pursuant to which Active Power Solutions Limited guarantied all of the obligations of the Company under the Loan Agreement and secured its obligations under the Guarantee and Debenture with a security interest on substantially all of its assets.

The Loan Agreement includes customary affirmative covenants for a credit facility of this size and type, including delivery of financial statements, compliance with laws, maintenance of insurance and protection of intellectual property rights. Further, the Loan Agreement contains customary negative covenants for a credit facility of this size and type, including covenants that limit or restrict the Company's ability to, among other things, dispose of assets, change its business, change its CEO or CFO without replacing such person within 120 days, have a change in control, make acquisitions, be acquired, incur indebtedness, grant liens, make investments, make distributions, repurchase stock, and enter into certain transactions with affiliates. The Loan Agreement also requires the Company to maintain a minimum liquidity ratio of 1.25:1. The Company is currently in compliance with all loan covenants under the Loan Agreement.

The Loan Agreement contains customary events of default that include, among other things, non-payment defaults, covenant defaults, material adverse change defaults, insolvency defaults, material judgment defaults and inaccuracy of representations and warranty defaults. The occurrence of an event of default could result in the acceleration of obligations under the Loan Agreement, in which case the Company must repay all loans and related charges, fees and amounts then due and payable, and our subsidiary may be required to pay any such amounts under the Guarantee and Debenture. At the election of SVB, upon the occurrence and during the continuance of an event of default, finance charges or interest rates, as applicable, will increase an additional five percentage points (5.00%) per annum above the rate that is otherwise applicable thereto upon the occurrence of such event of default, and the collateral handling fees will increase by one-half percent (0.50%).

A copy of the press release issued by the Company on August 11, 2010 with respect to this matter is attached hereto as Exhibit 99.1.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01, “Entry into a Material Definitive Agreement,” is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release of Active Power, Inc. dated August 11, 2010.

SIGNATURES

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

ACTIVE POWER, INC.

Date: August 11, 2010

By: /S/ JAMES A. CLISHEM

James A. Clishem
Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release of Active Power, Inc. dated August 11, 2010.

Exhibit 99.1

**Active Power Secures $12.5 Million Bank Credit Facility
with Silicon Valley Bank**

***Facility Provides Greater Financial Flexibility to Meet Working Capital
Requirements and Ability to Quickly Respond to Large Customer Orders***

AUSTIN, Texas (Aug. 11, 2010) – To improve the company's overall financial flexibility and supplement a recent equity offering, critical power solutions provider Active Power, Inc. (NASDAQ: ACPW) has secured a new multi-year credit facility through Silicon Valley Bank. The facility provides a line of credit up to $12.5 million and replaces a $6 million credit facility with Silicon Valley Bank set to expire in the fourth quarter of 2010.

"Active Power is a great example of an ideal customer: one that can grow with us throughout each stage of their evolving business," said Phillip Wright, Relationship Manager, Silicon Valley Bank. "As a rapidly growing technology firm with unique working capital requirements, we were able to tailor a package specifically to meet Active Power's needs. We look forward to continuing our five-year relationship with Active Power and providing the working capital to fund their growth."

Borrowings against the facility are based on eligible accounts receivable, including certain foreign receivables, inventory and purchase orders, making the facility scalable. This structure allows Active Power to obtain liquidity at all stages of the company's sales cycle – from order, to inventory and receivables – and to borrow based on international operations. It also enables Active Power to quickly respond to higher value customer orders by having greater liquidity available.

"Silicon Valley Bank was able to structure a flexible and unique working capital facility for Active Power," said John Penver, Active Power's chief financial officer. "This new facility, in tandem with our recent equity raise, has materially improved our capital position to meet the growing demand of our solutions and services and the needs of our expanding distribution channels. It also enables us to grow our revenues without the need for additional financial resources."

Austin, Texas-based Focus-Strategies Investment Banking served as a financial advisor to Active Power in this transaction.

About Active Power

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

About Silicon Valley Bank

Silicon Valley Bank is the premier commercial bank for companies in the technology, life science, venture capital, private equity and premium wine industries. SVB provides a comprehensive suite of financing solutions, treasury management, corporate investment and international banking services to its clients worldwide. Through its focus on specialized markets and extensive knowledge of the people and business issues driving them, Silicon Valley Bank provides a level of service and partnership that measurably impacts its clients' success. Founded in 1983 and headquartered in Santa Clara, Calif., the company serves clients around the world through 26 U.S. offices and international operations in China, India, Israel and the United Kingdom. Silicon Valley Bank is a member of global financial services firm SVB Financial Group (Nasdaq: SIVB), with SVB Analytics, SVB Capital, SVB Global and SVB Private Client Services. More information on the company can be found at www.svb.com.

Silicon Valley Bank is the California bank subsidiary and the commercial banking operation of SVB Financial Group. Banking services are provided by Silicon Valley Bank, a member of the FDIC and the Federal Reserve System. SVB Private Client Services is a division of Silicon Valley Bank. SVB Financial Group is also a member of the Federal Reserve System.

Cautionary Note Regarding Forward-Looking Statements

This release may contain forward-looking statements that involve risks and uncertainties. Any forward-looking statements and all other statements that may be made in this news release that are not historical facts are subject to a number of risks and uncertainties, and actual results may differ materially. Specific risks include the impact of an increase in sales, particularly of our PowerHouse products, on our liquidity, risks related to our international operations, and factors that may cause our financial results to vary significantly from quarter to quarter. Please refer to Active Power filings with the Securities and Exchange Commission for more information on the risk factors that could cause actual results to differ.

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