**American Superconductor**

the decision to use debt or equity to raise money is not a decision taken lightly by management.  So when several years ago, in 2003 American Superconductor decided to raise funds through equity it was definitely a major decision that required intense discussions at the highest levels of management.

Read the article below about American Superconductor and do some of your own research.  You can also take a look at the [official American Superconductor webpage](http://www.amsuper.com/).  After doing your research, apply what you learned from the background materials and write a three page paper answering the following question:

***What are the advantages and disadvantages for AMSC to forgo their debt financing and take on equity financing?  Do you agree with their decision?***

Explain both of your answers thoroughly.  Be sure to support your opinions on these assignment questions with references to the background materials or to other articles in your paper.

[**American Superconductor switch ; Westboro company plans to raise money through a stock offering**](http://proquest.umi.com/pqdweb?index=2&did=389852771&SrchMode=1&sid=5&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1195597808&clientId=29440)

*Andi Esposito*. **Telegram & Gazette**. Worcester, Mass.: Aug 26, 2003.  pg. E.1

**Abstract** (Article Summary)

"AMSC's management and board of directors believe the decision to forgo a secured debt financing and to adopt an equity financing strategy under current market conditions is in the best interests of our shareholders," said Gregory J. Yurek, chief executive officer of AMSC. The 265-employee company has operations in Westboro and Devens and in Wisconsin.

Finally, the Northeast blackout "shined a lot of light on the problems we have been talking about as a company for three to four years," Mr. Yurek said. AMSC products, such as a system installed this year in the aging Connecticut grid and high temperature superconductor power cables and other devices bought by China for its grid, are designed to improve the cost, efficiency and reliability of systems that generate, deliver and use electric power. "We are a company with products out there solving problems today," he said.