

control, the executive shall be entitled to receive annual base salary plus cash incentive compensation for the year in which the change in control occurs.

In addition, Mr. Crouse will receive a 10-year stock option grant to purchase 850,000 shares of the common stock of the Company. Conditioned on continued employment, the right to exercise the option will become 25% vested after one year and, thereafter, will become vested pro rata each month over the next 36 months. The exercise price for the option will be the fair market value of the Company's common stock at the close of trading on the date his employment commences. In addition, Mr. Crouse will receive a restricted stock grant for 200,000 shares of the Company's common stock that will become 25% vested each year of service over four years.

Section 5 - Corporate Governance and Management

Item 5.02. *Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangements of Certain Officers.*

(b) *Departure of Directors or Principal Officers*

Effective January 30, 2007 and in connection with the appointment of James D. Crouse as Executive Vice President of Sales of the Company, John F. Fink, III has been appointed Vice President, Sales - Eastern Region of the Company. Mr. Fink will no longer serve as Executive Vice President of Business Development and Chief Marketing Officer.

Effective January 30, 2007, Mark Gilbreth, currently the Company's Executive Vice President and Chief Operating Officer, will become the Company's Executive Vice President and Chief Technology Officer. The Company will eliminate the position of Chief Operating Officer, allowing Mr. Gilbreth to focus on the development of product technology.

(c) *Appointment of Principal Officers*

On January 31, 2007 the Company entered into the Agreement, effective February 5, 2007, providing that James D. Crouse, 43, will serve as Executive Vice President of Sales of the Company. Prior to joining the Company, Mr. Crouse served as President of Navitas Consulting where he assisted companies with growing their businesses. Prior to Navitas Consulting, Mr. Crouse was General Manager, Gas Engine Group for Valley Power Systems, the GE Jenbacher distributor. Prior to Valley Power Systems he was President of JST Energy.

Mr. Crouse will receive an annual salary of \$220,000, opportunities for performance bonuses, a restricted stock grant of 200,000 shares of the Company's common stock and a stock option grant to purchase 850,000 shares of the Company's common stock, all as further described above under Item 1.01.

The full text of the press release issued in connection with the announcement of Mr. Crouse's employment is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Effective February 1, 2007 Robin Deyo, 48, will serve as Interim Chief Accounting Officer of the Company until a permanent Chief Accounting Officer is named. Ms. Deyo joined the Company in April 1996 and has served as Accounting Manager and Controller.

(e) *Compensatory Arrangements with Principal Executive Officer, Principal Financial Officer or Named Executive Officer*

Please refer to Item 1.01.

SIGNATURE

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.

*CAPSTONE TURBINE CORPORATION
(Registrant)*

Date: February 1, 2007

By: /s/ Walter J. McBride

*Walter J. McBride
Chief Financial Officer*

**Capstone Turbine Announces James Crouse
as Executive Vice President of Sales**

CHATSWORTH, Calif.--(BUSINESS WIRE)--Feb. 1, 2007--Capstone Turbine Corporation (www.microturbine.com) (NASDAQ:CPST), the world's leading manufacturer of microturbine energy systems, today announced that it has named James D. Crouse to the position of Executive Vice President of Sales effective February 5, 2007. In view of this addition, John Fink who was previously relocated to Capstone's New York office will now focus on sales in the Eastern region of the United States as well as overseeing sales to the U.S. Government.

"Jim will be a valuable addition to Capstone and I consider him one of the best business development, sales and marketing professionals I have met," said Darren Jamison, President and Chief Executive Officer of Capstone. "Jim will be able to contribute immediately to enhancing relationships with our current customer base as well as identifying and developing new markets and sales opportunities for our products and services on a global basis."

Prior to joining Capstone, Mr. Crouse spent more than 20 years developing distributed generation projects for customers with Stewart & Stevenson, Crown Engineering & Construction and other companies. Mr. Crouse was General Manager, Gas Engine Group for Valley Power Systems, the GE Jenbacher distributor and most recently President of Navitas Consulting where he specialized in assisting client companies with growing their businesses. Mr. Crouse has extensive experience with large installations of gas and diesel engines and has worked with clients and manufacturers in North America, Europe, South America, China and Canada.

In addition to the other terms of his employment with Capstone Turbine Corporation, Mr. Crouse will receive a 10 year stock option grant to purchase 850,000 shares of the common stock of the Company. Conditioned on continued employment, the right to exercise the option will become 25% vested after one year and, thereafter, will become vested pro rata each month over the next 36 months. The exercise price for options granted to Mr. Crouse will be the fair market value of Capstone's common stock on the date of the grant, which is expected to be the price per share on the close of market on February 5, 2007, the date of commencement of his employment. In addition, Mr. Crouse will receive a restricted stock unit grant of 200,000 shares of the Company's common stock that will become 25% vested after each year of service over four years.

About Capstone Turbine

Capstone Turbine Corporation (www.microturbine.com) (NASDAQ:CPST) is the world's leading producer of low-emission microturbine systems, and was the first to market commercially viable microturbine energy products. Capstone Turbine has shipped thousands of Capstone MicroTurbine(TM) systems to customers worldwide. These award-winning systems have logged millions of documented runtime operating hours. Capstone Turbine is a member of the U.S. Environmental Protection Agency's Combined Heat and Power Partnership, which is committed to improving the efficiency of the nation's energy infrastructure and reducing emissions of pollutants and greenhouse gases. A UL-Certified ISO 9001:2000 certified company, Capstone Turbine is headquartered in the Los Angeles area with sales and/or service centers in New York, Mexico City, Milan, Nottingham, Shanghai and Tokyo.

"Capstone Turbine Corporation" and "Capstone MicroTurbine" are registered trademarks of Capstone Turbine Corporation. All other trademarks mentioned are the property of their respective owners.

This press release contains "forward-looking statements," as that term is used in the federal securities laws, about the new Executive Vice President of Sales' ability to enhance customer relationships and to identify and develop new markets and sales opportunities.

Forward-looking statements may be identified by words such as "expects," "objective," "intend," "targeted," "plan," and similar phrases. These forward-looking statements are subject to numerous assumptions, risks and uncertainties described in Capstone's filings with the Securities and Exchange Commission that may cause Capstone's actual results to be materially different from any future results expressed or implied in such statements. Capstone cautions readers not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Capstone undertakes no obligation, and specifically disclaims any obligation, to release any revisions to any forward-looking statements to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

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