

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) March 10, 2011 (March 9, 2011)

**CAPSTONE TURBINE CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

001-15957  
(Commission File Number)

95-4180883  
(I.R.S. Employer  
Identification No.)

21211 Nordhoff Street, Chatsworth, California 91311  
(Address of principal executive offices and zip code)

(818) 734-5300  
(Registrant's telephone number, including area code)

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))
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**Item 1.01 Entry into a Material Definitive Agreement.**

On March 9, 2011, Capstone Turbine Corporation, a Delaware corporation (the “Company”), entered into Warrant Exercise Agreements with (i) the only two holders (the “2009 Holders”) of warrants to purchase an aggregate of 3,612,717 shares of the Company’s common stock, par value \$0.001 per share (“Common Stock”), issued by the Company on May 7, 2009 (the “2009 Warrants”) (ii) one holder (the “2008 Holder”) of warrants to purchase an aggregate of 392,191 shares of Common Stock issued by the Company on September 17, 2008 (the “2008 Warrants”) and (iii) four holders (the “2007 Holders”) of warrants to purchase an aggregate of 8,468,323 shares of Common Stock issued by the Company on January 24, 2007 (the “2007 Warrants”). Pursuant to the Warrant Exercise Agreements, the 2009 Holders agreed to exercise the 2009 Warrants at the existing exercise price of \$0.95 per share in exchange for a fee of an aggregate amount of approximately \$993,497, the 2008 Holder agreed to exercise the 2008 Warrants at the existing exercise price of \$1.60 per share in exchange for a fee of an aggregate amount of approximately \$156,876 and the 2007 Holders agreed to exercise the 2007 Warrants at the existing exercise price of \$1.17 per share in exchange for a fee of an aggregate amount of approximately \$1,185,565. The net proceeds to the Company in connection with the exercise of the 2009 Warrants, the 2008 Warrants and the 2007 Warrants, after deducting estimated expenses, is approximately \$11.2 million.

The foregoing description of the Warrant Exercise Agreements does not purport to be complete and is qualified in its entirety by reference to the Form of Warrant Exercise Agreement which is filed herewith as Exhibit 10 and incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

Exhibit 10 Form of Warrant Exercise Agreement

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**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**

Date: March 10, 2011

By: /s/ Edward I. Reich  
Edward I. Reich  
Executive Vice President and Chief Financial  
Officer

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## EXHIBIT INDEX

<b>Exhibit</b>	<b>Description</b>
10	Form of Warrant Exercise Agreement

## WARRANT EXERCISE AGREEMENT

**This Warrant Exercise Agreement** (the "Agreement"), dated March 9, 2011, relates to Warrant Number [ ] dated [ ] (the "Warrant") issued by Capstone Turbine Corporation, a Delaware corporation (the "Company"), to [Investor] (the "Holder"), pursuant to which the Holder is entitled to subscribe for and purchase up to [ ] shares (the "Warrant Shares") of the common stock, par value \$0.001 per share, of the Company (the "Common Stock").

**WHEREAS**, the Company wishes to induce the early exercise of the Warrant, and the Holder wishes to exercise the Warrant according to its terms.

**NOW, THEREFORE**, in consideration of the mutual agreements contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Exercise of the Warrant. On the date hereof, the Holder hereby exercises the Warrant for [ ] shares of Common Stock (the "Exercise") contemporaneously with the execution of this Agreement. In connection with the Exercise and concurrently with the execution and delivery of this Agreement, Holder shall deliver an executed copy of the Exercise Notice attached hereto as Exhibit A indicating a Cash Exercise of the Warrant.

2. Payment of Exercise Price. The terms of the Warrant shall remain unchanged. Upon execution and delivery of the related exercise notice, the Company shall, in accordance with the terms of the Warrant, issue a new warrant to the Holder representing the right to purchase the remaining number of Warrant Shares, if any. The Company and the Holder acknowledge that the current Exercise Price is \$[ ]. No later than one (1) Business Day after the execution of this Agreement, the Holder shall pay the sum equal to the aggregate Exercise Price payable upon exercise of the Warrant to the Company by wire transfer of immediately available funds to an account designated by the Company and shall deliver the original Warrant to the Company. The Company shall deliver the shares of Common Stock set forth above in Section 1 to the Holder in accordance with the terms of the Warrant.

3. Cash Consideration. In consideration for the Exercise, the Company hereby agrees to pay to the Holder in immediately available funds cash consideration in the amount of \$[ ] to be paid no later than one (1) Business Day after the execution of this Agreement.

4. Representations and Warranties of the Company. The Company represents, warrants and agrees that:

4.1 it has all the requisite authority and power to enter into and consummate the transactions contemplated herein and such transactions shall not contravene any organizational documents, contractual, regulatory, statutory or other obligation or restriction applicable to the Company;

4.2 this Agreement has been duly and validly authorized, executed and delivered by the Company, and shall constitute a legal, valid, and binding obligation of the Company, enforceable against it in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and general equitable principles whether in a proceeding in equity or at law;

4.3 it has a sufficient number of authorized and unissued shares of voting common stock to consummate the Exercise of the Warrant; and

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4.4 any shares issued to Holder pursuant to the Exercise of the Warrant shall be unlegended Common Stock, validly issued, fully paid and non-assessable and free from all preemptive or similar rights, taxes, liens, charges and other encumbrances with respect to the issue thereof, that may be sold into the public market under the Company's effective shelf registration statement on Form S-3 (File No. 333-156459) (the "Registration Statement", and the prospectus set forth therein, the "Prospectus"), subject to the accuracy of Holder's representations below. Upon receipt of the shares of Common Stock set forth above in Section 1, the Holder will have good and marketable title to such shares.

4.5 at the time the Registration Statement and any amendments thereto became effective and as of the date hereof the Registration Statement and any amendments thereto complied and will comply in all material respects with the requirements of the Securities Act and did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus and any amendments or supplements thereto, at the time the Prospectus or any amendment or supplement thereto was issued and as of the date hereof, complied, and will comply, in all material respects with the requirements of the Securities Act and did not, and will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Registration Statement is effective and available for the issuance of the shares of Common Stock set forth above in Section 1 thereunder and the Company has not received any notice that the Securities and Exchange Commission (the "SEC") has issued or intends to issue a stop-order with respect to the Registration Statement or that the SEC otherwise has suspended or withdrawn the effectiveness of the Registration Statement, either temporarily or permanently, or intends or has threatened in writing to do so. The "Plan of Distribution" section under the Registration Statement permits the issuance and sale of the shares of Common Stock set forth above in Section 1 hereunder. The Registration Statement and any prospectus included therein, including the Prospectus and the Prospectus Supplement, complied in all material respects with the requirements of the 1933 Act and the Securities Exchange Act of 1934, as amended and the rules and regulations of the SEC promulgated thereunder and all other applicable laws and regulations.

5. Representations and Warranties of the Holder. The Holder represents and warrants that:

5.1 it has the authority to enter into the transactions and consummate the transactions contemplated herein and such transactions shall not contravene any contractual, regulatory, statutory or other obligation or restriction applicable to the Holder;

5.2 this Agreement has been duly and validly authorized, executed and delivered by the Holder, and shall constitute a legal, valid, and binding obligation of the Holder, enforceable against it in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and general equitable principles whether in a proceeding in equity or at law;

5.3 it is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

5.4 it has sufficient knowledge and experience in financial and business matters so as to be capable of bearing the economic risks of participation in this Agreement, and it is capable of evaluating the merits and risks of participating in this Agreement, including any risks associated with surrendering certain rights related to the Warrant;

5.5 it has received any and all information requested by the Holder for the Holder to make a decision to enter into this Agreement and the transactions contemplated hereby. The Holder has

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had an opportunity to discuss the Company's business, management and financial affairs with the Company and its representatives and has had the opportunity to review the Company's operations. The Holder has also had a full opportunity to ask questions of and receive answers from the Company and its management in connection with the transactions contemplated hereby. Except as expressly set forth in this Agreement, the Holder acknowledges and agrees that the Company has made no other representation or warranty regarding the operations, business, prospects or condition (financial or otherwise) of the Company or its affiliates;

5.6 it acknowledges that it is not relying, and has not relied, upon any statement, advice (whether legal, tax, financial, accounting or other), representation or warranty made by any entity or person including, without limitation, the Company or any of its affiliates or representatives, Lazard Frères & Co. LLC or Lazard Capital Markets LLC, except for (a) the publicly available filings made by the Company with the Commission under the Exchange Act, and (b) the statements, representations and warranties made by the Company in this Agreement;

5.7 it is the sole legal and beneficial owner of the Warrant, and has good, valid and marketable title to the Warrant, free and clear of any mortgage, lien, pledge, charge, security interest, encumbrance, title retention agreement, option, equity or other adverse claim thereto. It has not, in whole or in part, (a) assigned, transferred, hypothecated, pledged or otherwise disposed of the Warrant or its rights in the Warrant, or (b) given any person or entity any transfer order, power of attorney or other authority of any nature whatsoever with respect to the Warrant; and

5.8 it is not an affiliate of the Company as such term is defined in Rule 144 promulgated under the Securities Act.

6. Miscellaneous.

6.1 This Agreement may be executed in multiple original counterparts, each of which shall be an original, but all of which shall constitute one and the same Agreement. This Agreement and all rights, obligations and liabilities hereunder shall be governed by, and construed in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflicts of law that would require the application of the laws of any other jurisdiction.

6.2 On or before 9:00 a.m., New York City time, on the first (1st) Business Day following the date of this Agreement, the Company shall file a Current Report on Form 8-K in the form required by the Exchange Act describing the material terms of the transactions contemplated hereby.

6.3 Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**[HOLDER]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CAPSTONE TURBINE CORPORATION**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_





**Exhibit A**

**Exercise Notice**