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

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FORM 8-K

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CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 10, 2006

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ACTIVE POWER, INC.  
(Exact Name of Registrant as Specified in Its Charter)

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Delaware (State of Other Jurisdiction of Incorporation)	000-30939 (Commission File Number)	74-2961657 (IRS Employer Identification No.)
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2128 W. Braker Lane, BK12, Austin, Texas (Address of Principal Executive Offices)	78758 (Zip Code)
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(512) 836-6464  
(Registrant's Telephone Number, Including Area Code)

N/A  
(Former Name or Former Address, If Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registration under any of the following provisions (see General Instruction A.2. below):

- 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 May 10, 2006, Active Power, Inc. announced that Jim Clishem was appointed to the position of Chief Executive Officer, effective May 10, 2006, succeeding Joseph F. Pinkerton as Chief Executive Officer. The information with respect to Mr. Clishem's compensation provided under Item 5.02 below is incorporated herein by reference.

Also on May 10, 2006, Active Power announced that Mr. Pinkerton would continue to serve as Chairman of the Board and as an employee of Active Power. The information with respect to Mr. Pinkerton's compensation provided under Item 5.02 below is incorporated herein by reference.

ITEM 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS.

On May 10, 2006, Active Power appointed Jim Clishem as its Chief Executive Officer. Mr. Clishem has previously served as Active Power's President and Chief Operating Officer and he will retain his role as President. Joseph F. Pinkerton, III will continue to serve as Chairman of the Board and as an employee of Active

Power, focusing his attention on his duties as Chairman of the Board and on Active Power's long-range planning and on maintaining the company's technology leadership position.

Mr. Clishem has served as Active Power's President and Chief Operating Officer since November 2005 and as its Vice President of Business Development from May 2005 to November 2005. From August 2004 to May 2005, Mr. Clishem served as Vice President of Business Development for Peregrine Systems, a privately-held enterprise software company where he focused primarily on global alliances. From October 1999 to January 2004, Mr. Clishem served as Chief Executive Officer of XodiAx, a managed IT services business that he founded. Mr. Clishem remained the Chairman of XodiAx until July 2004. From August 1995 to September 1999, Mr. Clishem served as Vice President of Data Services for Broadwing Communications, LLC, and other entities later acquired by Broadwing. Mr. Clishem holds a BSEE and MSEE from the University of Louisville and an executive MBA from Southern Methodist University.

Mr. Clishem will receive an annual base salary of \$300,000 and his annual bonus target under Active Power's Executive Compensation Plan will be 100% of his annual base salary. Mr. Clishem also was granted, effective May 10, 2006, an option to purchase 200,000 shares of Active Power common stock at an exercise price equal to the per-share fair market value on the date of grant, which shall vest at a rate of 25% per year over four years.

Mr. Clishem will continue to participate in Active Power's employee benefit programs and will be entitled to a severance payment equal to six months of his then current salary in the event his employment is terminated by Active Power for reasons other than cause.

Mr. Pinkerton will receive an annual base salary of \$90,000 and his annual bonus target under Active Power's Executive Compensation Plan will be 100% of his annual base salary. Mr. Pinkerton will continue to participate in Active Power's employee benefit programs.

ITEM 7.01 REGULATION FD DISCLOSURE.

On May 10, 2006, Active Power issued a press release which is attached hereto as Exhibit 99.1. This exhibit is furnished, not filed, pursuant to Regulation FD.

ITEM 9.01. EXHIBITS AND FINANCIAL STATEMENTS.

(d) EXHIBITS

Exhibit 99.1 Press Release dated May 10, 2006

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.

ACTIVE POWER, INC.

Dated: May 10, 2006

By: /s/ John Penver

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John Penver  
Vice President, Chief Financial  
Officer and Secretary

## [LOGO OF ACTIVE POWER]

## ACTIVE POWER NAMES JIM CLISHEM CHIEF EXECUTIVE OFFICER

Austin, Texas (May 10, 2006) -- Active Power, Inc. (NASDAQ: ACPW), the leader in battery-free critical power solutions, announced today that Jim Clishem has been promoted to Chief Executive Officer. Joseph Pinkerton, the company's founder, will continue in his role as Chairman of the Board.

This promotion recognizes the efforts of Mr. Clishem since taking over as President and COO in November 2005, and will afford Mr. Pinkerton greater opportunity to focus on long-range planning and on maintaining the company's technology leadership position. Mr. Clishem will continue concentrating on the day-to-day operations of the business, with an increased emphasis on the company's sales and marketing efforts on a worldwide basis.

"I couldn't be more pleased about this transition," said Joe Pinkerton. "Jim and I have been in lock-step since he joined us, and this natural progression will allow each of us to focus on the areas that play to our respective strengths. Active Power has clearly established itself as the technology leader in the \$10 billion backup power industry. Now it's time to fully capitalize on these innovative products and Jim is poised to lead the charge."

Mr. Pinkerton formed the company in 1992 as Magnetic Bearing Technologies, Inc. In 1995 the company began developing a flywheel energy system specifically tailored to meet the needs of the backup power market and was renamed Active Power in 1996. Active Power went public in 2000, and has gone on to forge strong relationships with industry leaders including Caterpillar, GE, and Eaton Powerware. The company's environmentally friendly products have accumulated over 21 million hours of customer runtime in 39 countries.

"I'm pleased with the amount of confidence that our chairman Joe Pinkerton and the board have placed in me," said Jim Clishem. "Active Power is well-positioned to execute upon an expanded product line with a compelling service offering in an evermore energy aware market as a global provider of battery-free power quality solutions. What Joe and his team have built is something to be very proud of, and I look forward to a bright future as we continue with the tradition of excellence for which Active Power has become known."

## ABOUT ACTIVE POWER:

Active Power, Inc. ([www.activepower.com](http://www.activepower.com)) designs, manufactures and markets battery-free power quality products that provide the consistent, reliable electric power required by today's digital economy. An ISO 9001-registered company, Active Power is the first to commercialize a flywheel energy storage system, CleanSource(R), that provides a highly reliable, low-cost and non-toxic replacement for lead-acid batteries used in conventional power quality installations. Active Power has also recently developed a new battery-free extended runtime product line (CoolAir(TM)) based on its proprietary thermal and compressed air storage technology. For more information visit [www.activepower.com](http://www.activepower.com), e-mail [info@activepower.com](mailto:info@activepower.com) or call toll free 877-BUYACPW (289-2279).

## 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 delays in new product development, product performance and quality issues and the acceptance of our current and new products by the power quality market. 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.

Active Power and our Active Power logo and CleanSource are registered trademarks of Active Power, Inc. All other trademarks are the properties of their respective companies.

## ACTIVE POWER CONTACTS:

Tom Price, Public Relations for Active Power, 512.327.2195,  
[tprice@bernardgroup.com](mailto:tprice@bernardgroup.com)  
 Michael Chibib, Investors, 512.744.9453, [mchibib@activepower.com](mailto:mchibib@activepower.com)  
 Derek Jones, Corporate Communications, 512.744.9210, [djones@activepower.com](mailto:djones@activepower.com)