

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) July 17, 2003

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)

(818) 734-5300

(Registrant's telephone number, including area code)

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Item 9. REGULATION FD DISCLOSURE (The following discussion is furnished under
"Item 12. Results of Operations and Financial Condition")

The following information, including the text of the press release
attached as an Exhibit to this Form 8-K, is being furnished pursuant to Item 12.
"Results of Operations and Financial Condition," under Item 9. "Regulation FD
Disclosure" in accordance with SEC Release No. 33-8216.

On July 17, 2003, Capstone Turbine Corporation (the "Company")
announced via a press release the Company's financial results for its second
quarter ended June 30, 2003. A copy of the Company's press release is attached
hereto as Exhibit 99.1. This Form 8-K and the attached exhibit are provided
under Item 12 of Form 8-K and are furnished to, but not filed with, the
Securities and Exchange Commission.

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: July 17, 2003

*By: /s/ Karen Clark
Karen Clark
Chief Financial Officer*

Exhibit Index

<i>Exhibit Number</i>	<i>Description of Document</i>
<i>99.1</i>	<i>Press Release of Registrant, dated July 17, 2003, reporting Registrant's fiscal second quarter results.</i>

Capstone Turbine Announces Second Quarter Results

CHATSWORTH, Calif.--(BUSINESS WIRE)--July 17, 2003--Capstone Turbine Corporation (Nasdaq:CPST) (www.microturbine.com), the world's leading microturbine power systems manufacturer, today reported its results for the quarter ended June 30, 2003. Revenue for the quarter was \$4.1 million as compared with \$7.4 million for the second quarter of 2002. Capstone shipped 108 units, comprised of 48 of its 60-kilowatt systems and 60 of its 30-kilowatt systems, in the second quarter of 2003.

For the second quarter of 2003, Capstone's net loss was \$9.4 million, or (\$0.12) per share compared to a net loss of \$30.8 million or (\$0.40) per share during the second quarter of 2002. The loss during the second quarter of 2002 included \$16.0 million from the impairment of marketing rights and \$1.8 million related to excess inventory charges.

Interim CEO, Emily Liggett, noted, "The soft economic environment remains challenging for distributed generation manufacturers, but we saw encouraging results in this most recent quarter. Capstone shipped 4.7 megawatts of power products during the second quarter of 2003. This is the highest quarterly shipment total since the 7.4 megawatts shipped during the second quarter of 2002. We began the second quarter with 7.0 megawatts of backlog and we begin the third quarter with a 5.1 megawatt backlog.

"We are working with our business partners to increase adoption of Capstone Microturbines around the world," said Liggett, "and some interesting applications were unveiled recently:

- An A&P Waldbaum's supermarket on Long Island held an event to showcase its C60 that not only conserves energy on the strained Long Island power grid, its exhaust is used to dehumidify the in-store air. This conserves even more energy by cutting air conditioning use;
- The Santa Fe Hilton where a Capstone Microturbine's exhaust heats an outdoor pool, and
- A Wisconsin landfill running an array of biogas-fueled microturbines."

On the company's business plan initiatives, Ms. Liggett said, "During the quarter we shipped the first commercial units of our new integrated combined heat and power product based upon our C60 system. These systems are now being deployed in commercial applications. We reached another important milestone in the second quarter by beginning testing of the power electronics for the C200 product that we target for release in 2004."

Second Quarter Financial Highlights

Gross loss in the quarter was \$2.6 million, compared to \$4.2 million for the same period in the prior year. The 2002 period included charges of \$1.8 million related to excess inventory.

Research and development ("R&D") costs increased to \$2.5 million in the period, as compared to \$1.6 million in the second quarter of 2002. R&D expenses are reported net of contract offsets. These offsets were \$0.1 million and \$1.3 million in 2003 and 2002, respectively.

Selling, general and administrative expenses decreased to \$4.7 million, less than half the \$9.7 million recorded in the second quarter of 2002.

As of June 30, 2003, Capstone had \$126.4 million in cash and cash equivalents, with no long-term debt. The company's cash utilization was \$6.2 million in the second quarter of 2003, compared to \$9.2 million in the second quarter of 2002 and \$7.7 million in the first quarter of 2003.

Conference call

The company will host a conference call today, Thursday, July 17, at 2:00 p.m. Pacific Time, to further review the company's second

quarter results. Access to the live broadcast and a replay of the webcast will be available until July 31 through the company's web site: www.microturbine.com.

About Capstone Turbine

Capstone Turbine Corporation (www.microturbine.com) (Nasdaq:CPST) is the world's leading producer of low-emission microturbine systems. In 1998, Capstone was the first to offer commercial power products utilizing microturbine technology, the result of more than ten years of focused research. Capstone Turbine has sold and shipped more than 2,500 commercial production Capstone MicroTurbine systems to customers worldwide. These award-winning systems have logged more than 4 million hours of operation.

This press release contains "forward-looking statements," as that term is used in the federal securities laws, about Capstone's business, with regard to its ability to address its market challenges, maintain or strengthen its position as a leading technology, develop new products according to plans, or its ability to increase installations or build its rate of adoption. These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause Capstone's actual results to be materially different from any future results expressed or implied in such statements. Such factors include, but are not limited to:

- 1) Market acceptance and quality of Capstone's technology and products;
- 2) Limited operating history characterized by net losses;
- 3) The size, timing, shipment and pricing of individual orders;
- 4) The ability of Capstone to successfully execute its production and marketing plans;
- 5) The Company's ability to develop additional microturbine product releases; and
- 6) Other factors detailed in the Company's filings with the Securities and Exchange Commission.

Capstone cautions readers not to place undue reliance on these 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.

"Capstone Turbine Corp." is a registered trademark of Capstone Turbine Corporation. All other trademarks mentioned in this press release are the property of their respective owners.

CAPSTONE TURBINE CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2003	December 31, 2002
Assets		
Current Assets:		
Cash and cash equivalents	\$126,369,000	\$140,310,000
Accounts receivable, net of allowance for doubtful accounts and sales returns of \$589,000 at June 30, 2003 and \$194,000 at December 31, 2002	2,983,000	4,893,000
Inventory	13,299,000	9,124,000
Prepaid expenses and other current assets	2,484,000	2,331,000
Total current assets	145,135,000	156,658,000
Equipment and Leasehold Improvements:		
Machinery, equipment, and furniture	23,157,000	22,996,000
Leasehold improvements	8,482,000	8,480,000

Molds and tooling	4,281,000	4,350,000
	35,920,000	35,826,000
Less accumulated depreciation and amortization	17,442,000	15,346,000
Total equipment and leasehold improvements	18,478,000	20,480,000
Non-Current Portion of Inventory	1,147,000	6,784,000
Deposits on Fixed Assets	6,000	708,000
Other Assets	494,000	532,000
Intangible Asset, Net	1,894,000	2,029,000
Total	\$167,154,000	\$187,191,000

Liabilities and Stockholders' Equity

Current Liabilities:

Accounts payable	\$1,675,000	\$4,321,000
Accrued salaries and wages	1,648,000	2,088,000
Other accrued liabilities	1,496,000	1,132,000
Accrued warranty reserve	6,785,000	6,913,000
Deferred revenue	1,252,000	734,000
Current portion of capital lease obligations	1,253,000	1,522,000
Total current liabilities	14,109,000	16,710,000

Long-Term Portion of Capital Lease

Obligations	502,000	974,000
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Other Long-Term Liabilities	1,199,000	1,325,000
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Commitments and Contingencies	--	--
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Stockholders' Equity:

Common stock, \$.001 par value; 415,000,000 shares authorized; 81,808,455 shares issued and 81,257,247 shares outstanding at June 30, 2003; 81,635,035 shares issued and 81,437,822 shares outstanding at December 31, 2002	82,000	82,000
Additional paid-in capital	527,454,000	526,952,000
Accumulated deficit	(375,679,000)	(358,646,000)
Less Treasury stock, at cost; 551,208 shares at June 30, 2003; 197,213 shares at December 31, 2002	(513,000)	(206,000)
Total stockholders' equity	151,344,000	168,182,000
Total	\$167,154,000	\$187,191,000

CAPSTONE TURBINE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Revenues	\$4,132,000	\$7,408,000	\$6,914,000	\$11,999,000
Cost of Goods				
Sold	6,739,000	11,631,000	11,695,000	19,180,000
Gross Loss	(2,607,000)	(4,223,000)	(4,781,000)	(7,181,000)
Operating Expenses:				
Research and development	2,450,000	1,619,000	3,456,000	3,058,000
Selling, general and administrative	4,676,000	9,650,000	9,497,000	18,010,000
Impairment loss on Marketing Rights	-	15,999,000	-	15,999,000
Total operating				

expenses	7,126,000	27,268,000	12,953,000	37,067,000
Loss from Operations	(9,733,000)	(31,491,000)	(17,734,000)	(44,248,000)
Interest Income	400,000	756,000	839,000	1,579,000
Interest Expense	(64,000)	(105,000)	(137,000)	(219,000)
Other Income (Expense), net	(1,000)	5,000	1,000	25,000
Loss Before Income Taxes	(9,398,000)	(30,835,000)	(17,031,000)	(42,863,000)
Provision for Income Taxes	-	-	2,000	2,000
Net Loss	\$ (9,398,000)	\$ (30,835,000)	\$ (17,033,000)	\$ (42,865,000)
Weighted Average Common Shares Outstanding	81,231,192	77,453,602	81,289,027	77,420,588
Net Loss Per Share of Common Stock - Basic and Diluted	\$ (0.12)	\$ (0.40)	\$ (0.21)	\$ (0.55)

CAPSTONE TURBINE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Six Months Ended
June 30,
2003 2002

Cash Flows from Operating Activities:		
Net loss	\$ (17,033,000)	\$ (42,865,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,201,000	6,229,000
Impairment loss on marketing rights	-	15,999,000
Non-cash reversal of administrative expenses	(1,099,000)	
Provision for doubtful accounts and sales returns	534,000	125,000
Inventory write-down	167,000	2,853,000
Provision for warranty expenses	1,442,000	1,532,000
Loss on disposal of equipment	188,000	86,000
Non-employee stock compensation	7,000	-
Employee and director stock compensation	403,000	528,000
Changes in operating assets and liabilities:		
Accounts receivable	1,377,000	(100,000)
Other assets	-	100,000
Inventory	1,294,000	2,206,000
Prepaid expenses and other current assets	(154,000)	(1,509,000)
Accounts payable	(1,547,000)	1,953,000
Accrued salaries and wages and deferred compensation	(477,000)	466,000
Other accrued liabilities and deferred rent	276,000	(145,000)
Accrued warranty reserve	(1,569,000)	(1,056,000)
Deferred revenue	517,000	(409,000)
Net cash used in operating activities	(12,473,000)	(14,007,000)
Cash Flows from Investing Activities:		
Acquisition of and deposits on fixed assets	(561,000)	(1,289,000)
Proceeds from disposal of fixed assets	26,000	-
Net cash used in investing activities	(535,000)	(1,289,000)
Cash Flows from Financing Activities:		
Repayment of capital lease obligations	(718,000)	(654,000)
Exercise of stock options and employee stock purchases	92,000	208,000

Acquisition of treasury stock	(307,000)	-
Net cash used in financing activities	(933,000)	(446,000)
Net Decrease in Cash and Cash Equivalents	(13,941,000)	(15,742,000)
Cash and Cash Equivalents, Beginning of Period	140,310,000	170,868,000
Cash and Cash Equivalents, End of Period	\$126,369,000	\$155,126,000

Supplemental Disclosures of Cash Flow Information:

Cash paid during the period for:

Interest	\$137,000	\$219,000
Income taxes	\$2,000	\$2,000

CONTACT: Capstone Turbine Corporation

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