

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) November 6, 2003

CAPSTONE TURBINE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	001-15957	95-4180883
(State or other jurisdiction of incorporation)	(Commission file number)	(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)

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 November 6, 2003, Capstone Turbine Corporation (the "Company") announced via a press release the Company's financial results for its third quarter ended September 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: November 6, 2003*

*By: /s/ Karen Clark*

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*Karen Clark  
Chief Financial Officer*

*Exhibit Index*

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*Exhibit Number*

*Description of Document*

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*99.1*

*Press Release of Registrant, dated November 6, 2003,  
reporting Registrant's fiscal third quarter results.*

## Capstone Turbine Announces Third Quarter Results

CHATSWORTH, Calif.--(BUSINESS WIRE)--Nov. 6, 2003--Capstone Turbine Corporation (Nasdaq:CPST) ([www.microturbine.com](http://www.microturbine.com)), the world's leading microturbine power systems manufacturer, today reported its results for the quarter ended September 30, 2003.

Revenue for the quarter was \$2.3 million as compared with \$3.9 million for the third quarter of 2002. Capstone shipped 1.9 megawatts of product in the period, about 60% of the volume for the same period a year ago. Capstone's CFO, Karen Clark, said, "In September, we identified quality issues with some components used in the manufacturing of C60 products and low pressure natural gas C30s. We delayed shipping these products until the issues were remedied. Shipments resumed for the C60 products in late September and for the low pressure C30 products in mid October. It is important to note that, while shipments for the third quarter were less than we anticipated, no orders were cancelled as a result of these production delays."

For the third quarter of 2003, Capstone's net loss was \$9.0 million, or (\$0.11) per share compared to a net loss of \$10.8 million or (\$0.14) per share during the third quarter of 2002.

The Company's new CEO, John Tucker, commented, "It has been an exciting first 90 days at Capstone. My top priority was to talk with our distributors and end user customers to understand their perceptions of our products and overall performance. That provided very helpful insights. A number of common themes emerged from these conversations. There is strong support for Capstone's technology, but we have work to do to fully meet the market's expectations." Tucker outlined his immediate action plans -- to improve execution in delivering robust products to customers, to improve customer service responsiveness, to integrate the design and manufacturing processes and to inject seasoned leadership into the organization.

"Within my first three weeks, we announced significant changes at Capstone. We grouped sales, marketing and customer service under a new Senior Vice President of Sales and Service. We integrated Engineering and Operations under a new Senior Vice President of Operations and announced a new Vice President of Human Resources. Additionally, we appointed an interim Vice President of Quality. These individuals were all recruited to Capstone to lead the change process and to bring sound fundamentals and the building blocks to drive quality execution throughout the business," Tucker said.

In outlining his expectations, Tucker continued, "Our Sales and Service organization will be assessing the market opportunities, working with our distribution partners to identify those markets with strong potential for our products. Our intent is to drive our business structure and product development efforts to support these market applications and then systematically attack those targeted markets." Tucker observed, "Our approach to attacking the market isn't novel, it reflects sound business fundamentals. The key is in executing."

In summary, Tucker concluded, "There is a lot of hard work ahead, but I believe we are building the right team for the job. I am delighted to have this opportunity to lead Capstone and more than ever believe in the prospects for our business."

### Third Quarter Financial Highlights

Gross loss in the quarter was \$2.2 million, compared to \$2.4 million for the same period in the prior year. This improvement came from lower production overhead spending.

Research and development ("R&D") costs were \$2.4 million in the period, net of \$0.1 million of contract reimbursement offsets. This compared to \$1.9 million in the third quarter of 2002, net of \$1.5 million in contract offsets. While R&D spending decreased \$0.9 million between periods, the lower contract reimbursement offsets resulted in an increase in reported R&D costs of \$0.5 million.

Selling, general and administrative expenses decreased to \$4.6 million, two-thirds the amount recorded in the third quarter of 2002, reflecting lower spending rates in the current period.

As of September 30, 2003, Capstone had \$119.9 million in cash and cash equivalents, with no long-term debt. The company's cash

utilization was \$6.4 million in the third quarter of 2003, compared to a use of \$10.8 million in the third quarter of 2002.

#### Conference call

The company will host a conference call today, Thursday, November 6, at 2:00 p.m. Pacific Time, to further review the company's third quarter results. Access to the live broadcast and a replay of the webcast will be available until February 3, 2004, through the company's web site: [www.microturbine.com](http://www.microturbine.com).

#### About Capstone Turbine

Capstone Turbine Corporation ([www.microturbine.com](http://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, identify the market opportunities with strong potential, successfully attack the targeted markets, improve the robustness of its products, improve its customer service, and drive change in the business. 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 trends;
- 2) The ability to enhance the quality and reliability of Capstone's products;
- 3) The limited operating history characterized by net losses;
- 4) The abilities of new management to effect beneficial changes;
- 5) The ability of Capstone to successfully execute its production and marketing plans; 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)

September 30, December 31,  
2003                      2002

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#### Assets

##### Current Assets:

Cash and cash equivalents	\$119,949,000	\$140,310,000
Accounts receivable, net of allowance for doubtful accounts and sales returns of		

\$578,000 at September 30, 2003 and \$194,000 at December 31, 2002	2,749,000	4,893,000
Inventory	10,596,000	9,124,000
Prepaid expenses and other current assets	2,092,000	2,331,000
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Total current assets	135,386,000	156,658,000
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Equipment and Leasehold Improvements:		
Machinery, equipment, and furniture	22,996,000	22,996,000
Leasehold improvements	8,497,000	8,480,000
Molds and tooling	4,316,000	4,350,000
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	35,809,000	35,826,000
Less accumulated depreciation and amortization	18,476,000	15,346,000
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Total equipment and leasehold improvements, net	17,333,000	20,480,000
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Non-Current Portion of Inventory	3,787,000	6,784,000
Intangible Asset, net	1,828,000	2,029,000
Other Assets	492,000	1,240,000
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Total	\$158,826,000	\$187,191,000
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*Liabilities and Stockholders' Equity*

Current Liabilities:		
Accounts payable	\$1,726,000	\$4,321,000
Accrued salaries and wages	1,420,000	2,088,000
Other accrued liabilities	1,314,000	1,132,000
Accrued warranty reserve	6,196,000	6,913,000
Deferred revenue	1,817,000	734,000
Current portion of capital lease obligations	1,158,000	1,522,000
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Total current liabilities	13,631,000	16,710,000
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Long-Term Portion of Capital Lease Obligations	251,000	974,000
Other Long-Term Liabilities	1,232,000	1,325,000
Commitments and Contingencies	--	--
Stockholders' Equity:		
Common stock, \$.001 par value; 415,000,000 shares authorized; 83,631,310 shares issued and 83,080,102 shares outstanding at September 30, 2003; 81,635,035 shares issued and 81,437,822 shares outstanding at December 31, 2002	84,000	82,000
Additional paid-in capital	529,389,000	526,952,000
Accumulated deficit	(384,671,000)	(358,646,000)
Less Deferred stock compensation	(577,000)	--
Less Treasury stock, at cost; 551,208 shares at September 30, 2003; 197,213 shares at December 31, 2002	(513,000)	(206,000)
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Total stockholders' equity	143,712,000	168,182,000
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Total	\$158,826,000	\$187,191,000
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CAPSTONE TURBINE CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Months Ended September 30,		Months Ended September 30,	
	2003	2002	2003	2002
Revenues	\$ 2,347,000	\$ 3,887,000	\$ 9,261,000	\$ 15,886,000
Cost of Goods Sold	4,551,000	6,301,000	16,246,000	25,481,000
Gross Loss	(2,204,000)	(2,414,000)	(6,985,000)	(9,595,000)
Operating Expenses:				
Research and development	2,402,000	1,880,000	5,858,000	4,938,000
Selling, general and administrative	4,643,000	7,057,000	14,140,000	25,067,000
Impairment loss on marketing rights	-	-	-	15,999,000
Total operating costs and expenses	7,045,000	8,937,000	19,998,000	46,004,000
Loss from Operations	(9,249,000)	(11,351,000)	(26,983,000)	(55,599,000)
Interest Income	309,000	687,000	1,148,000	2,266,000
Interest Expense	(52,000)	(97,000)	(189,000)	(316,000)
Other Income	-	3,000	1,000	28,000
Loss Before Income Taxes	(8,992,000)	(10,758,000)	(26,023,000)	(53,621,000)
Provision for Income Taxes	-	-	2,000	2,000
Net Loss	\$ (8,992,000)	\$ (10,758,000)	\$ (26,025,000)	\$ (53,623,000)
Weighted Average Common Shares Outstanding	82,116,448	77,526,602	81,959,287	77,455,926
Net Loss Per Share of Common Stock - Basic and Diluted	\$ (0.11)	\$ (0.14)	\$ (0.32)	\$ (0.69)

CAPSTONE TURBINE CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Nine Months Ended September 30,	
	2003	2002
Cash Flows from Operating Activities:		
Net loss	\$ (26,025,000)	\$ (53,623,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,790,000	8,065,000
Impairment loss on marketing rights	--	15,999,000
Non-cash reversal of administrative expenses	(1,099,000)	--
Provision for doubtful accounts and sales returns	556,000	169,000
Inventory write-down	62,000	3,002,000
Provision for warranty expenses	2,011,000	2,364,000
Loss on disposal of equipment	217,000	86,000
Non-employee stock compensation	28,000	--
Employee and director stock compensation	537,000	780,000
Changes in operating assets and liabilities:		
Accounts receivable	1,589,000	2,028,000

Inventory	1,462,000	1,883,000
Prepaid expenses and other current assets	238,000	(1,220,000)
Other assets	--	(267,000)
Accounts payable	(1,496,000)	(110,000)
Accrued salaries and wages and deferred compensation	(704,000)	319,000
Other accrued liabilities	125,000	(55,000)
Accrued warranty reserve	(2,728,000)	(2,239,000)
Deferred revenue	1,083,000	(838,000)
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Net cash used in operating activities	(19,354,000)	(23,657,000)
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<b>Cash Flows from Investing Activities:</b>		
Acquisition of and deposits on fixed assets	(950,000)	(2,116,000)
Proceeds from disposal of fixed assets	26,000	--
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Net cash used in investing activities	(924,000)	(2,116,000)
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<b>Cash Flows from Financing Activities:</b>		
Repayment of capital lease obligations	(1,073,000)	(976,000)
Exercise of stock options and employee stock purchases	1,297,000	214,000
Acquisition of treasury stock	(307,000)	--
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Net cash used in financing activities	(83,000)	(762,000)
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Net Decrease in Cash and Cash Equivalents	(20,361,000)	(26,535,000)
Cash and Cash Equivalents, Beginning of Period	140,310,000	170,868,000
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Cash and Cash Equivalents, End of Period	\$119,949,000	\$144,333,000
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**Supplemental Disclosures of Cash Flow Information:**

**Cash paid during the period for:**

Interest	\$189,000	\$316,000
Income taxes	\$2,000	\$2,000

**CONTACT: Capstone Turbine Corporation**

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