

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 29, 2004

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.)
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21211 Nordhoff Street, Chatsworth, California 91311
(Address of principal executive offices)

(818) 734-5300

(Registrant's telephone number, including area code)

Item 12. Results of Operations and Financial Condition

On July 29, 2004, Capstone Turbine Corporation (the "Company") announced via a press release the Company's financial results for the first quarter of its fiscal year 2005. 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 29, 2004

By: /s/ Karen Clark

Karen Clark
Chief Financial Officer

Exhibit Index

<i>Exhibit Number</i>	<i>Description of Document</i>
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99.1	Press Release of Capstone Turbine Corporation, dated July 29, 2004, reporting its fiscal 2005 first quarter results.

Capstone Turbine Announces First Quarter Fiscal-Year 2005 Results

CHATSWORTH, Calif.--(BUSINESS WIRE)--July 29, 2004--Capstone Turbine Corporation (Nasdaq:CPST) (www.microturbine.com) reported results for its first quarter of fiscal year 2005.

The Company reported exiting the quarter with 8 megawatts of backlog, its highest level since 2001. "We are delighted at the strength of the order rate we experienced this quarter," said John Tucker, Capstone's President and CEO. "In our last fiscal year, which ended on March 31, we sold 11.5 megawatts of product for the full year. When we shared our strategic plan for fiscal year 2005, we said we expect to at least double our sales as compared with fiscal 2004. With 2.7 megawatts of products shipped in this first quarter and the 8 megawatts existing in backlog, we believe we are on track with our plans."

Sales for the period, which included \$0.7 million from sales of parts, accessories, service and training, totaled \$3.0 million. Last year's first fiscal quarter was the strongest period that year, representing 40% of the year's total product shipments. By comparison, this year's first fiscal quarter was \$1.2 million lower in net sales, but the gross loss realized in the period was improved by \$0.5 million from \$2.6 million a year ago to \$2.1 million this quarter. "The lower costs we recognized this period for warranty and sales return reserves accounted for the difference in the gross loss," said Karen Clark, Capstone's CFO.

Operating expenses were \$8.6 million for the quarter, compared with \$7.1 million in the prior year's first quarter. The increase was driven primarily by increased spending in research and development related to the Company's C200 microturbine product that is currently in beta testing, and for higher engineering personnel costs related to the company's continuing product robustness and enhancement efforts.

For the period, Capstone's reported net loss was \$10.5 million, or \$0.13 per share, compared with \$9.4 million, or \$0.12 per share for the same period a year ago.

"Our cash usage for the first quarter was \$6.8 million," Clark said. "This is \$2.6 million less than we used last quarter, but on par with the \$6.2 million we used in the first quarter last year. We had a cash flow benefit this period from collecting a \$1.8 million receivable from the government. Two months ago, we communicated that we expected our fiscal 2005 cash usage to be slightly higher than in the last two years, as a result of our investments to reshape the Company. We believe we are still on track to those expectations."

Cash and cash equivalents at the end of the period were \$95.6 million.

Conference Call

The Company will host a conference call today, Thursday, July 29, at 2:00 p.m. Pacific Time. Access to the live broadcast and a replay of the webcast will be available until October 29, 2004 through the Company's website: 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 energy products utilizing microturbine technology, the result of more than ten years of focused research. Capstone Turbine has sold and shipped more than 2800 Capstone MicroTurbine systems to customers worldwide. These award-winning systems have logged more than 6 million hours of documented 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, among other items, its expected results of the strategic plan, including expected improvements in cash flow, and its ability to implement the plan. Forward-looking statements may be identified by words such as "expects", "objective", "intend", "targeted", "plan", "driving to" and similar phrases. 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. Many of these risks and uncertainties are described in our periodic filing with the Securities and Exchange Commission. 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.

"Capstone Turbine Corp" is a registered trademark of Capstone Turbine Corporation.

CAPSTONE TURBINE CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

June 30, 2004 March 31, 2004

Assets

Current Assets:

Cash and cash equivalents	\$95,628,000	\$102,380,000
Accounts receivable, net of allowance for doubtful accounts and sales returns of \$696,000 at June 30, 2004 and \$479,000 at March 31, 2004	1,534,000	4,170,000
Inventory	7,902,000	7,893,000
Prepaid expenses and other current assets	791,000	1,099,000
Total current assets	105,855,000	115,542,000

Equipment and Leasehold Improvements:

Machinery, equipment, and furniture	20,738,000	20,877,000
Leasehold improvements	8,501,000	8,499,000
Molds and tooling	4,360,000	4,363,000
	33,599,000	33,739,000

Less accumulated depreciation and amortization	19,695,000	18,718,000
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Total equipment and leasehold improvements	13,904,000	15,021,000
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Non-Current Portion of Inventory	3,574,000	3,936,000
Intangible Asset, Net	1,627,000	1,694,000
Other Assets	352,000	352,000

Total	\$125,312,000	\$136,545,000
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Liabilities and Stockholders' Equity

Current Liabilities:

Accounts payable	\$3,220,000	\$2,790,000
Accrued salaries and wages	1,553,000	1,664,000
Other accrued liabilities	1,603,000	2,043,000
Accrued warranty reserve	11,316,000	11,695,000
Deferred revenue	1,059,000	1,166,000
Current portion of capital lease obligations	358,000	582,000
Total current liabilities	19,109,000	19,940,000

Long-Term Portion of Capital Lease Obligations	--	13,000
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Other Long-Term Liabilities	1,003,000	1,149,000
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Commitments and Contingencies	--	--
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Stockholders' Equity:

Common stock, \$.001 par value;

415,000,000 shares authorized; 85,278,839 shares issued and 84,727,631 shares outstanding at June 30, 2004; 85,025,817 shares issued and 84,474,609 shares outstanding at March 31, 2004	85,000	85,000
Additional paid-in capital	530,649,000	530,394,000
Accumulated deficit	(424,554,000)	(414,020,000)
Deferred stock compensation	(467,000)	(503,000)
Less treasury stock, at cost; 551,208 shares	(513,000)	(513,000)
Total stockholders' equity	105,200,000	115,443,000
Total	\$125,312,000	\$136,545,000

CAPSTONE TURBINE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,	
	2004	2003
Revenues	\$2,955,000	\$4,132,000
Cost of Goods Sold	5,090,000	6,739,000
Gross Loss	(2,135,000)	(2,607,000)
Operating Costs and Expenses:		
Research and development	3,414,000	2,450,000
Selling, general and administrative	5,208,000	4,676,000
Total operating costs and expenses	8,622,000	7,126,000
Loss from Operations	(10,757,000)	(9,733,000)
Interest Income	244,000	400,000
Interest Expense	(20,000)	(64,000)
Other Income	1,000	(1,000)
Loss Before Income Taxes	(10,532,000)	(9,398,000)
Provision for Income Taxes	2,000	-
Net Loss	\$ (10,534,000)	\$ (9,398,000)
Weighted Average Common Shares Outstanding	84,239,797	81,231,192
Net Loss Per Share of Common Stock -- Basic and Diluted	\$ (0.13)	\$ (0.12)

CAPSTONE TURBINE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended June 30,	
	2004	2003
Cash Flows from Operating Activities:		
Net loss	\$ (10,534,000)	\$ (9,398,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,353,000	1,628,000
Provision for doubtful accounts and sales returns	217,000	314,000
Inventory write-down	49,000	(76,000)

Provision for warranty expenses	697,000	1,056,000
Loss on disposal of equipment	30,000	188,000
Non-employee stock compensation	24,000	3,000
Employee deferred stock-based compensation	37,000	-
Employee and director stock compensation	4,000	193,000
Changes in operating assets and liabilities:		
Accounts receivable	2,419,000	451,000
Inventory	303,000	2,163,000
Prepaid expenses and other current assets	309,000	(1,143,000)
Accounts payable	430,000	(481,000)
Accrued salaries and wages and deferred compensation	(210,000)	147,000
Other accrued liabilities and deferred rent	(488,000)	330,000
Accrued warranty reserve	(1,075,000)	(928,000)
Deferred revenue	(107,000)	(1,000)
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Net cash used in operating activities	(6,542,000)	(5,554,000)
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Cash Flows from Investing Activities:		
Acquisition of and deposits on fixed assets	(203,000)	(290,000)
Proceeds from disposal of fixed assets	1,000	26,000
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Net cash used in investing activities	(202,000)	(264,000)
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Cash Flows from Financing Activities:		
Repayment of capital lease obligations	(234,000)	(375,000)
Exercise of stock options and employee stock purchases	226,000	70,000
Acquisition of treasury stock	-	(92,000)
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Net cash used in financing activities	(8,000)	(397,000)
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Net Decrease in Cash and Cash Equivalents	(6,752,000)	(6,215,000)
Cash and Cash Equivalents, Beginning of Period	102,380,000	132,584,000
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Cash and Cash Equivalents, End of Period	\$95,628,000	\$126,369,000
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Supplemental Disclosures of Cash Flow Information:

Cash paid during the period for:

Interest	\$20,000	\$64,000
Income taxes	\$2,000	\$-

CONTACT: Capstone Turbine Corporation

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