

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 10, 2005  
(November 10, 2005)

CAPSTONE TURBINE CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware    001-15957    95-4180883  
(State or other jurisdiction      (Commission file number)    (I.R.S. Employer  
of incorporation)    Identification No.)

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

(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)

Precommencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Precommencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On November 10, 2005, Capstone Turbine Corporation issued a press release announcing its financial results for the second quarter ended September 30, 2005. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference in its entirety.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits.

Exhibit 99.1      Press Release issued on September 10, 2005 by Capstone  
Turbine Corporation

*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 10, 2005*

*By: /s/ Walter J. McBride  
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Chief Financial Officer*

*Exhibit Index*

<i>Exhibit Number</i>	<i>Description of Document</i>
<i>99.1</i>	<i>Press release of Capstone Turbine Corporation dated November 10, 2005 containing financial information for the second quarter ended September 30, 2005.</i>

## Capstone Turbine Announces 2nd Quarter 2006 Results

CHATSWORTH, Calif.--(BUSINESS WIRE)--Nov. 10, 2005--Capstone Turbine Corporation (R) (Nasdaq:CPST) ([www.microturbine.com](http://www.microturbine.com)) reported results for the second quarter of fiscal year 2006 on Form 10-Q filed with the Securities and Exchange Commission on November 9, 2005.

Backlog increased to \$12.5 million at quarter-end, up over 120% from the prior year comparable quarter, and sequentially up 2% from the first quarter.

### Financial Summary

Capstone's revenues increased to \$5.7 million at quarter end, up approximately 46% from the prior year comparable quarter, and up 50% from the first quarter. The majority of the increase from the first quarter was due to staged shipments for rapid response to the New York market and payment from certain international customers, recognized as revenue in the second quarter.

The reported gross loss was \$1.1 million for the second quarter of fiscal 2006, an improvement of \$2.3 million from the \$3.4 million loss reported for the first quarter of fiscal 2006. Gross loss expressed as a percentage of revenue improved approximately 70 points from the prior quarter and approximately 35 points from the same quarter last fiscal year. The improvement was due to increased sales, reduced warranty costs and an increase in production activity resulting in a higher absorption of overhead costs into inventory.

Research and development costs were \$2.7 million for the quarter, up \$0.6 million from the prior quarter. The increase is attributable to a delay in the start of a government contract that provides a cost-sharing component.

Selling, general and administrative costs were \$6.8 million for the quarter, up approximately \$1.0 million from the prior quarter. The increase relates to non-recurring severance charges of \$0.5 million and the remainder was primarily due to an increase in legal and consulting fees.

Capstone's net loss was \$10.2 million or \$0.12 per share, improved from the \$10.9 million loss, or \$0.13 per share reported for the first quarter of fiscal 2006.

Cash usage in the second quarter was \$7.9 million, an improvement of \$3.7 million from the prior quarter's cash usage of \$11.6 million. The lower cash usage was primarily due to less cash used in operating activities.

Cash and cash equivalents at the end of the quarter were \$44.1 million. Additionally, in October 2005, the company completed a registered direct offering of the company's common stock resulting in gross proceeds of approximately \$41.4 million.

### Business Summary

John Tucker, Capstone's President and CEO, said "We are continuing to build our business, making progress towards our mission of becoming the world leader in distributed power generation. Additionally, we were pleased to be selected by Governor Schwarzenegger's office to participate in a business development mission. This is a week long event with stops in Beijing, Shanghai and Hong Kong. Capstone will be participating in the Made in California Expo on November 16 at the Kerry Centre Hotel in Beijing."

Listed below is a brief summary of our recent operating accomplishments:

Opened a Capstone representative office in Shanghai, China. By working with the company's China distributor, Shanghai Aerospace Energy, it is expected that China will become one of the company's leading customers in the years ahead. (Nov. 7, 2005.)

Completed registered offering of 17,000,000 shares of Capstone's common stock. The offering raised gross proceeds of approximately \$41.4 million, significantly strengthening the company's cash and liquidity position. (Oct. 24, 2005.)

Capstone's MicroTurbine fleet surpassed 10 million operating hours. Ten million hours is equivalent to more than 1,000 years worth of continuous operation, or an estimated 350,000 megawatt hours of

clean, fuel-efficient Capstone MicroTurbine operation. (Sep. 29, 2005.)

Filed Materials and Equipment Acceptance ("MEA") application with the New York City Department of Buildings MEA Division for Capstone's latest product development for emergency elevator power. Over the last fifteen months, Capstone has worked diligently to develop this specific application of a Capstone branded product for elevator and other site-specific emergency power applications. As a result of this effort, the company is the first in the industry to develop a standardized OEM solution for this special purpose. The new Capstone package will allow OEM elevator manufacturers, architects, engineers, property owners and emergency services agencies to specify this unique new product offering for emergency elevator power in their facilities or applications. (Sep. 14, 2005.)

#### Conference Call

The Company will host a conference call today, Thursday, November 10, at 1:45 p.m. Pacific Time. Access to the live broadcast and a replay of the webcast will be available for 90 days through the Company's website: [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, and was the first to market commercially viable microturbine energy products. Capstone Turbine has shipped more than 3,200 Capstone MicroTurbine systems to customers worldwide. These award-winning systems have logged more than 10 million documented runtime operating hours. Capstone Turbine is a member of the U.S. Environmental Protection Agency's Combined Heat and Power Partnership, which is committed to improving the efficiency of the nation's energy infrastructure and reducing emissions of pollutants and greenhouse gases. A UL-Certified ISO 9001:2000 certified company, Capstone Turbine is headquartered in the Los Angeles area with sales and/or service centers in New York, Mexico City, Milan, Shanghai and Tokyo.

"Capstone Turbine Corporation" and "Capstone MicroTurbine" are registered trademarks of Capstone Turbine Corporation. All other trademarks mentioned are the property of their respective owners.

This press release contains "forward-looking statements," as that term is used in the federal securities laws, with regard to business growth generally, increased business in China and application of Capstone products for emergency elevator power. 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 described in Capstone's filings with the Securities and Exchange Commission that may cause Capstone's actual results to be materially different from any future results expressed or implied in such statements. 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 CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

	September 30, 2005	March 31, 2005
	-----	-----
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$44,051,000	\$63,593,000
Accounts receivable, net of allowance		

for doubtful accounts and sales returns of \$702,000 at September 30, 2005 and \$536,000 at March 31, 2005	1,529,000	3,150,000
Inventory	15,933,000	11,273,000
Prepaid expenses and other current assets	1,617,000	912,000
Assets held for sale	80,000	80,000
<b>Total current assets</b>	<b>63,210,000</b>	<b>79,008,000</b>
<b>Equipment and Leasehold Improvements:</b>		
Machinery, equipment, and furniture	19,228,000	18,760,000
Leasehold improvements	8,609,000	8,563,000
Molds and tooling	3,152,000	3,096,000
	30,989,000	30,419,000
Less accumulated depreciation and amortization	21,935,000	19,890,000
<b>Total equipment and leasehold improvements, net</b>	<b>9,054,000</b>	<b>10,529,000</b>
Non-Current Portion of Inventory	2,643,000	3,990,000
Intangible Asset, net	1,293,000	1,427,000
Other Assets	228,000	236,000
<b>Total</b>	<b>\$76,428,000</b>	<b>\$95,190,000</b>

**Liabilities and Stockholders' Equity**

**Current Liabilities:**

Accounts payable	\$4,274,000	\$3,324,000
Accrued salaries and wages	1,487,000	1,442,000
Other accrued liabilities	3,396,000	2,472,000
Accrued warranty reserve	7,985,000	8,667,000
Deferred revenue	1,404,000	1,522,000
Current portion of notes payable and capital lease obligations	19,000	19,000
<b>Total current liabilities</b>	<b>18,565,000</b>	<b>17,446,000</b>

**Long-Term Portion of Notes Payable and**

Capital Lease Obligations	56,000	64,000
Other Long-Term Liabilities	740,000	1,002,000
Commitments and Contingencies	--	--

**Stockholders' Equity:**

Preferred stock, \$.001 par value; 10,000,000 shares authorized; none issued	--	--
Common stock, \$.001 par value; 415,000,000 shares authorized; 85,943,621 shares issued and 85,392,413 shares outstanding at September 30, 2005; 85,379,446 shares issued and 84,828,238 shares outstanding at March 31, 2005	86,000	85,000
Additional paid-in capital	532,309,000	530,391,000
Accumulated deficit	(474,533,000)	(453,469,000)
Less: Deferred stock compensation	(282,000)	(356,000)
Less: Treasury stock, at cost; 551,208 shares	(513,000)	(513,000)
<b>Total stockholders' equity</b>	<b>57,067,000</b>	<b>76,678,000</b>
<b>Total</b>	<b>\$76,428,000</b>	<b>\$95,190,000</b>

**CAPSTONE TURBINE CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

**Three**  
**Months Ended**  
**September 30,**

**Six**  
**Months Ended**  
**September 30,**

	----- 2005 -----	----- 2004 -----	----- 2005 -----	----- 2004 -----
Revenues	\$ 5,705,000	\$ 3,925,000	\$ 9,512,000	\$ 6,880,000
Cost of Goods Sold	6,768,000	6,039,000	13,992,000	11,470,000
Gross Loss	(1,063,000)	(2,114,000)	(4,480,000)	(4,590,000)
Operating Expenses:				
Research and development	2,728,000	2,919,000	4,833,000	6,333,000
Selling, general and administrative	6,788,000	4,779,000	12,525,000	9,646,000
Total operating expenses	9,516,000	7,698,000	17,358,000	15,979,000
Loss from Operations	(10,579,000)	(9,812,000)	(21,838,000)	(20,569,000)
Interest Income	377,000	315,000	773,000	559,000
Interest Expense	(19,000)	(15,000)	(21,000)	(35,000)
Other Income	22,000	365,000	24,000	366,000
Loss Before Income Taxes	(10,199,000)	(9,147,000)	(21,062,000)	(19,679,000)
Provision for Income Taxes	-	-	2,000	2,000
Net Loss	\$ (10,199,000)	\$ (9,147,000)	\$ (21,064,000)	\$ (19,681,000)
Weighted Average Common Shares Outstanding	84,954,753	84,358,761	84,673,382	84,299,279
Net Loss Per Share of Common Stock - Basic and Diluted	\$ (0.12)	\$ (0.11)	\$ (0.25)	\$ (0.23)

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