

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) August 9, 2006

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)

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))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On August 9, 2006, Capstone Turbine Corporation issued a press release announcing its financial results for the first quarter ended June 30, 2006. 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 of Capstone Turbine Corporation dated August 9, 2006 containing financial information for the first quarter ended June 30, 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.

CAPSTONE TURBINE CORPORATION
(Registrant)

Date: August 9, 2006

By: /s/ Walter J. McBride

Executive Vice President and
Chief Financial Officer

Exhibit Index

<u>Exhibit Number</u>	<u>Description of Document</u>
99.1	Press release of Capstone Turbine Corporation dated August 9, 2006 containing financial information for the first quarter ended June 30, 2006.

**Capstone Turbine Corporation Announces First Quarter Fiscal 2007 Results;
First Quarter Revenue of \$6.6 Million Increases Over 70% From Prior Year
Comparable Quarter;
Gross Loss Improves 71 Points From Prior Year**

CHATSWORTH, Calif.--(BUSINESS WIRE)--Aug. 9, 2006--Capstone Turbine Corporation (Nasdaq:CPST) (www.microturbine.com) reported results for its first quarter ended June 30, 2006 in its Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 9, 2006.

Financial Summary

Capstone's revenue for the fiscal 2007 first quarter was \$6.6 million, representing an increase of over 70% from \$3.8 million for the prior year comparable quarter. However, this represents a decrease of 13% from the fourth quarter fiscal 2006 revenue of \$7.6 million.

"The year-over-year growth in revenue indicates that demand for microturbines is growing; however, new sales from the New York market are not increasing as quickly as originally planned. The delay in the MEA approval and extended product demonstrations have resulted in a longer than anticipated sales cycle. We remain confident that the New York market offers Capstone a substantial opportunity to grow; therefore, we have redoubled our efforts in this market," said Mark Gilbreth, Capstone's Interim President and CEO.

Backlog at the end of the first quarter was \$5.4 million, a decrease of over 55% from the end of the prior year comparable quarter and approximately 24% from the end of the prior quarter. The decrease in backlog reflects improved lead times from order to shipment and a relatively flat order rate for the last three quarters.

The reported gross loss for the first quarter was \$1.2 million, or 19% of revenue compared to \$3.4 million, or 90% of revenue from the prior year comparable quarter and \$3.2 million, or 43% of revenue for the fiscal 2006 fourth quarter. Over the past year Capstone improved its gross loss by 71 points and by 24 points from the prior quarter due to higher volume and improved reliability.

Research and development costs were \$2.8 million for the fiscal 2007 first quarter, an improvement of \$0.3 million, or 10%, from the prior quarter. The improvement was primarily related to lower spending on development hardware and reduced payroll costs.

Selling, general and administrative costs were \$5.9 million for the fiscal 2007 first quarter, an improvement of \$0.3 million, or 4% from the prior quarter. Included in SG&A expenses in the quarter ended June 30, 2006 was \$0.7 million of non-cash stock compensation primarily related to the Company's adoption of Statement of Financial Accounting Standards ("SFAS") 123R during the first quarter of fiscal 2007. Net of the non-cash stock compensation charges, SG&A expenses decreased approximately \$0.8 million compared to the same period last year. The improvement was primarily related to reduced payroll and related costs.

Capstone's net loss was \$9.3 million for the fiscal 2007 first quarter, or \$0.09 per diluted common share, an improvement of \$2.5 million from the \$11.8 million loss, or \$0.12 per diluted common share, reported for the fourth quarter of fiscal 2006. The first quarter fiscal 2007 net loss includes an aggregate of approximately \$0.8 million of stock-based compensation expense due primarily to the Company's adoption of SFAS 123R on April 1, 2006. Excluding the increased costs associated with the implementation of SFAS 123R, total operating expenses included in the fiscal 2007 first quarter net loss improved \$1.1 million, or 12%, over the prior quarter as a result of the Company's continuing efforts to reduce expenses.

Cash balances decreased by \$9.3 million during the first quarter of fiscal 2007. As of June 30, 2006, cash and cash equivalents were \$48.8 million.

Mr. Gilbreth, added, "The foundation for operational success is in place. The task ahead of us now is to further develop and expand our sales in our key markets."

The Company will host a conference call today, Wednesday, August 9, 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 Investor Relations page on 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, and was the first to market commercially viable microturbine energy products. Capstone Turbine has shipped more than 3,500 Capstone MicroTurbine systems to customers worldwide. These award-winning systems have logged more than 12 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 in the New York market and generally, top line growth, operational success and sales expansion. Forward-looking statements may be identified by words such as "expects," "objective," "intend," "targeted," "plan" and similar phrases. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, including the fact that certain product applications in the New York market may require further regulatory approvals, that we may not achieve the growth we currently anticipated, we may not be able to retain a permanent replacement to our former CEO, and other factors described in Capstone's filings with the Securities and Exchange Commission 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
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)
(Unaudited)

	June 30, 2006	March 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$48,755	\$58,051
Accounts receivable, net of allowance for doubtful accounts and sales returns of \$845 at June 30, 2006 and \$858 at March 31, 2006	6,303	5,869
Inventories	13,852	12,545
Prepaid expenses and other current assets	1,004	1,050
	69,914	77,515
Property, plant and equipment, net	6,967	7,816
Non-current portion of inventories	3,691	3,113
Intangible asset, net and other long-term assets	1,206	1,273
	\$81,778	\$89,717
Total		

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable and accrued expenses	\$8,295	\$8,144
Accrued salaries and wages	1,130	1,623
Accrued warranty reserve	6,936	6,998
Deferred revenue	561	632
Current portion of notes payable	19	19
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Total current liabilities	16,941	17,416
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Long-term portion of notes payable	42	47
Other long-term liabilities	607	626
Stockholders' Equity:		
Preferred stock, \$.001 par value; 10,000,000 shares authorized; none issued	--	--
Common stock, \$.001 par value; 415,000,000 shares authorized; 104,229,674 shares issued and 103,678,466 shares outstanding at June 30, 2006; 103,521,829 shares issued and 102,970,621 shares outstanding at March 31, 2006	104	104
Additional paid-in capital	574,471	572,787
Accumulated deficit	(509,874)	(500,542)
Deferred stock compensation	--	(208)
Treasury stock, at cost; 551,208 shares	(513)	(513)
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Total stockholders' equity	64,188	71,628
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Total	\$81,778	\$89,717
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CAPSTONE TURBINE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,	
	2006	2005
	-----	-----
Revenue	\$6,566	\$3,807
Cost of goods sold (includes stock-based compensation of \$28 and \$0, for 2006 and 2005, respectively)	7,802	7,224
	-----	-----
Gross Loss	(1,236)	(3,417)
Operating expenses:		
Research and development (includes stock-based compensation of \$56 and \$0, for 2006 and 2005, respectively)	2,806	2,105
Selling, general and administrative (includes stock-based compensation of \$674 and \$76, for 2006 and 2005, respectively)	5,915	5,737
	-----	-----
Total operating expenses	8,721	7,842
	-----	-----
Loss from operations	(9,957)	(11,259)
Interest income	627	396
	-----	-----
Loss before income taxes	(9,330)	(10,863)
Provision for income taxes	2	2
	-----	-----
Net loss	\$(9,332)	\$(10,865)
	=====	=====
Net loss per share of common stock -- Basic and Diluted	\$(0.09)	\$(0.13)
	=====	=====
Weighted average shares used to calculate Basic and Diluted net loss per share	103,323	84,575
	=====	=====

*Investor and investment media inquiries:
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