

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 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 November 9, 2006, Capstone Turbine Corporation issued a press release announcing its financial results for the second quarter ended September 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 November 9, 2006 containing financial information for the second quarter ended September 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: November 9, 2006

By: /s/ Walter J. McBride

Executive Vice President and Chief
Financial Officer

Exhibit Index

Exhibit Number

Description of Document

99.1 *Press release of Capstone Turbine Corporation dated November 9, 2006 containing financial information for the second quarter ended September 30, 2006.*

Capstone Turbine Corporation Announces Second Quarter
Fiscal 2007 Operating Results

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

Financial Summary

Capstone's revenue for the fiscal 2007 second quarter was \$2.9 million, representing a decrease of approximately 48% from the prior year comparable quarter and a decrease of 55% from the prior quarter. Product sales to the European and Russian markets declined approximately \$2.3 million from the first quarter, although new orders of approximately \$2.5 million were received from these markets during the quarter.

Backlog at the end of the second quarter was \$6.8 million, an increase of over 26% from the prior quarter, although decreased over 45% from the end of the prior year comparable quarter. In October, after the close of the second quarter, we received a new order for 1.6 megawatts or \$1.4 million dollars from our major OEM customer.

"We are pleased with the traction we have experienced in Europe and Russia over the past year, despite lower sales this quarter. John Fink, our Executive Vice President, Sales and Service, is continuing to build momentum with our relationships in the New York market. We have increased our commitment to the New York market by expanding our lease to build out sales and service offices, warehousing, manufacturing and light component assembly work in Brooklyn," said Mark Gilbreth, Capstone's Interim President and CEO.

The reported gross loss for the second quarter was \$2.3 million, or 79% of revenue compared to \$1.1 million, or 19% of revenue from the prior year comparable quarter and \$1.2 million, or 19% of revenue from the prior quarter. The increase in the gross loss and corresponding decline in the gross loss percentage reflects lower volume and increased warranty charges.

Research and development costs were \$2.6 million for the fiscal 2007 second quarter, an improvement of \$0.1 million, or 5%, from the prior year comparable quarter and \$0.2 million, or 8% from the prior quarter. The improvement was primarily related to continued lower spending on development hardware and reduced payroll costs.

Selling general and administrative costs were \$6.1 million for the fiscal 2007 second quarter, an improvement of \$0.7 million, or 11%, from the prior year comparable quarter, of \$6.8 million. The decrease from the prior year comparable quarter is primarily attributable to lower payroll and professional fees, offset by approximately \$0.2 million of increased non-cash stock compensation charges related to the Company's adoption of SFAS 123(R). Selling, general and administrative costs increased \$0.1 million, or 2% from the prior quarter. The increase from the prior quarter is due to slightly increased sales and marketing expenses and increased administrative costs associated with our Annual Shareholders Meeting and Proxy Statement distribution.

Capstone's net loss was \$10.4 million for the fiscal 2007 second quarter, or \$0.10 per diluted common share, an increase of \$1.1 million from the \$9.3 million loss, or \$0.09 per diluted common share, reported for the first quarter of fiscal 2007.

Cash balances decreased by \$9.4 million during the second quarter of fiscal 2007. As of September 30, 2006, cash and cash equivalents were \$39.3 million.

Conference Call

The Company will host a conference call today, Thursday, November 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 millions of 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, Nottingham, 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 momentum in the New York market. 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)

	September 30, 2006	March 31, 2006
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ASSETS		
Current Assets:		
Cash and cash equivalents	\$39,329	\$58,051
Accounts receivable, net of allowance for doubtful accounts and sales returns of \$805 at September 30, 2006 and \$858 at March 31, 2006	2,532	5,869
Inventories	18,968	12,545
Prepaid expenses and other current assets	1,695	1,050
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Total current assets	62,524	77,515
Property, plant and equipment, net	6,762	7,816
Non-current portion of inventories	2,569	3,113
Intangible asset, net and other long-term assets	1,139	1,273

Total	\$72,994	\$89,717
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$8,445	\$8,144
Accrued salaries and wages	1,376	1,623
Accrued warranty reserve	6,876	6,998
Deferred revenue	688	632
Current portion of notes payable	19	19
Total current liabilities	17,404	17,416
Long-term portion of notes payable	37	47
Other long-term liabilities	592	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; 104,765,257 shares issued and 104,214,049 shares outstanding at September 30, 2006; 103,521,829 shares issued and 102,970,621 shares outstanding at March 31, 2006	104	104
Additional paid-in capital	575,663	572,787
Accumulated deficit	(520,293)	(500,542)
Deferred stock compensation	--	(208)
Treasury stock, at cost; 551,208 shares	(513)	(513)
Total stockholders' equity	54,961	71,628
Total	\$72,994	\$89,717

CAPSTONE TURBINE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
Revenue	\$2,946	\$5,705	\$9,512	\$9,512
Cost of goods sold (includes stock-based compensation of \$23, \$0, \$51 and \$0, for the periods presented, respectively)	5,282	6,768	13,084	13,992
Gross loss	(2,336)	(1,063)	(3,572)	(4,480)
Operating expenses:				
Research and development (includes stock-based compensation of \$56, \$0, \$112 and \$0, for the periods presented, respectively)	2,592	2,728	5,398	4,833
Selling, general and administrative (includes stock-based compensation of \$591, \$449, \$1,266 and \$577, for the periods presented, respectively)	6,061	6,788	11,976	12,525
Total operating expenses	8,653	9,516	17,374	17,358
Loss from operations	(10,989)	(10,579)	(20,946)	(21,838)
Interest income	571	377	1,198	773
Interest expense	(1)	(19)	(2)	(21)

Other income	--	22	1	24
<i>Loss before income taxes</i>	<i>(10,419)</i>	<i>(10,199)</i>	<i>(19,749)</i>	<i>(21,062)</i>
<i>Provision for income taxes</i>	<i>--</i>	<i>--</i>	<i>2</i>	<i>2</i>
<i>Net loss</i>	<i>\$(10,419)</i>	<i>\$(10,199)</i>	<i>\$(19,751)</i>	<i>\$(21,064)</i>
<i>Net loss per share of common stock -- Basic and Diluted</i>	<i>\$(0.10)</i>	<i>\$(0.12)</i>	<i>\$(0.19)</i>	<i>\$(0.25)</i>
<i>Weighted average shares used to calculate Basic and Diluted net loss per share</i>	<i>103,901</i>	<i>84,955</i>	<i>103,612</i>	<i>84,673</i>

CONTACT: Capstone Turbine Corporation
Investor and investment media inquiries:
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