

CAPSTONE TURBINE CORP

Form 10-Q

February 11, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2007

or

o

**TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-15957

Capstone Turbine Corporation

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(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

95-4180883

(I.R.S. Employer
Identification No.)

21211 Nordhoff Street, Chatsworth, California 91311

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(Address of principal executive offices and zip code)

818-734-5300

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of outstanding shares of the registrant's common stock as of January 31, 2008 was 145,586,731.

**CAPSTONE TURBINE CORPORATION
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PART I FINANCIAL INFORMATION

Item 1. *Financial Statements*

CAPSTONE TURBINE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)
(Unaudited)

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	December 31, 2007	March 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 42,669	\$ 60,322
Accounts receivable, net of allowance for doubtful accounts and sales returns of \$819 at December 31, 2007 and \$789 at March 31, 2007	6,790	3,514
Inventories	15,881	21,283
Prepaid expenses and other current assets	1,588	1,614
Total current assets	66,928	86,733
Property, plant and equipment, net	5,413	6,256
Non-current portion of inventories	2,708	3,005
Intangible asset, net and other long-term assets	844	1,009
Total	\$ 75,893	\$ 97,003
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 4,021	\$ 5,686
Accrued salaries and wages	1,217	1,434
Accrued warranty reserve	5,315	6,554
Deferred revenue	811	937
Current portion of notes payable	13	19
Other current liabilities	4,920	
Total current liabilities	16,297	14,630
Long-term portion of notes payable	9	27
Other long-term liabilities	489	561
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; 146,225,288 shares issued and 145,586,731 shares outstanding at December 31, 2007; 144,512,997 shares issued and 143,961,789 shares outstanding at March 31, 2007		
	146	145
Additional paid-in capital	623,400	619,423
Accumulated deficit	(563,818)	(537,270)
Treasury stock, at cost; 638,557 shares at December 31, 2007 and 551,208 shares at March 31, 2007	(630)	(513)
Total stockholders' equity	59,098	81,785
Total	\$ 75,893	\$ 97,003

See accompanying notes to condensed consolidated financial statements.

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

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	Three Months Ended December 31,				Nine Months Ended December 31,			
	2007		2006		2007		2006	
Revenue	\$	9,217	\$	5,715	\$	22,051	\$	15,227
Cost of goods sold		9,257		6,191		25,320		19,275
Gross loss		(40)		(476)		(3,269)		(4,048)
Operating expenses:								
Research and development		1,761		2,021		6,943		7,419
Selling, general and administrative								