

CAPSTONE TURBINE CORP

Form 10-Q

November 09, 2009

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**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 September 30, 2009



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)

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**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**21211 Nordhoff Street,  
Chatsworth, California**

(Address of principal executive offices)

**95-4180883**

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

**91311**

(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐  
(Do not check if a smaller reporting company)

Smaller reporting company ☐

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 shares outstanding of the registrant's common stock as of October 31, 2009 was 196,268,929.

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**PART I FINANCIAL INFORMATION**



**Item 1. *Financial Statements***



**CAPSTONE TURBINE CORPORATION**

**CONDENSED CONSOLIDATED BALANCE SHEETS**



(In thousands, except per share amounts)  
(Unaudited)

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|   | September 30,<br>2009 | March 31,<br>2009 |
|---|-----------------------|-------------------|
| <b>ASSETS</b>   |                       |                   |
| Current Assets:   |                       |                   |
| Cash and cash equivalents   | \$ 24,001             | \$ 19,519         |
| Accounts receivable, net of allowance for doubtful accounts and sales returns of \$699 at September 30, 2009 and \$644 at March 31, 2009  | 14,959                | 10,871            |
| Inventories   | 21,043                | 24,379            |
| Prepaid expenses and other current assets   | 1,926                 | 1,515             |
| Total current assets  | 61,929                | 56,284            |
| Property, plant and equipment, net  | 8,823                 | 9,432             |
| Non-current portion of inventories  | 4,460                 | 5,883             |
| Intangible asset, net   | 387                   | 411               |
| Other assets  | 298                   | 319               |
| Total   | \$ 75,897             | \$ 72,329         |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                       |                   |
| Current Liabilities:  |                       |                   |
| Accounts payable and accrued expenses   | \$ 14,226             | \$ 11,484         |
| Accrued salaries and wages  | 1,490                 | 2,062             |
| Accrued warranty reserve  | 1,676                 | 2,344             |
| Deferred revenue  | 1,894                 | 1,171             |
| Revolving credit facility   | 7,940                 | 3,654             |
| Current portion of notes payable and capital lease obligations  | 138                   | 13                |
| Warrant liability   | 28,705                |                   |
| Other current liabilities   |                       | 815               |
| Total current liabilities   | 56,069                | 21,543            |
| Long-term portion of notes payable and capital lease obligations  | 117                   | 28                |
| Other long-term liabilities   | 237                   | 288               |
| Commitments and contingencies (Note 14)   |                       |                   |
| Stockholders' Equity:   |                       |                   |
| Preferred stock, \$.001 par value; 10,000,000 shares authorized; none issued  |                       |                   |
| Common stock, \$.001 par value; 415,000,000 shares authorized; 197,004,838 shares issued and 196,109,428 shares outstanding at September 30, 2009; 174,888,521 shares issued and 174,070,581 shares outstanding at March 31, 2009 | 197                   | 175               |
| Additional paid-in capital  | 674,393               | 666,357           |
| Accumulated deficit   | (654,077)             | (615,100)         |
| Treasury stock, at cost; 895,410 shares at September 30, 2009 and 817,940 shares at March 31, 2009  | (1,039)               | (962)             |
| Total stockholders' equity  | 19,474                | 50,470            |
| Total   | \$ 75,897             | \$ 72,329         |

See accompanying notes to condensed consolidated financial statements.

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**CAPSTONE TURBINE CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)  
(Unaudited)

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|                    | Three Months Ended<br>September 30, |        |      |        | Six Months Ended<br>September 30, |        |      |        |
|--------------------|-------------------------------------|--------|------|--------|-----------------------------------|--------|------|--------|
|                    | 2009                                |        | 2008 |        | 2009                              |        | 2008 |        |
| Revenue            | \$                                  | 15,522 | \$   | 13,121 | \$                                | 29,247 | \$   | 20,645 |
| Cost of goods sold |                                     | 18,520 |      | 13,448 |                                   | 35,082 |      |        |