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**Form 10-Q**

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Quarterly Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934.**

For the quarterly period ended September 30, 2011

**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 000-50210

**ATEL Capital Equipment Fund IX, LLC**

(Exact name of registrant as specified in its charter)

**California**  
(State or other jurisdiction of  
Incorporation or organization)

**94-3375584**  
(I. R. S. Employer  
Identification No.)

**600 California Street, 6th Floor, San Francisco, California 94108-2733**

(Address of principal executive offices)

Registrant's telephone number, including area code **(415) 989-8800**

Securities registered pursuant to section 12(b) of the Act: **None**

Securities registered pursuant to section 12(g) of the Act: **Limited Liability Company Units**

Indicate by a 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 (§232.405 of this chapter) 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 definition of "accelerated filer, large accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

The number of Limited Liability Company Units outstanding as of October 31, 2011 was 12,055,016.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

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**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements (Unaudited).**

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**BALANCE SHEETS**

**SEPTEMBER 30, 2011 AND DECEMBER 31, 2010**

(in thousands)

**(Unaudited)**

	<u>September 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents . . . . .	\$ 5,321	\$ 2,782
Accounts receivable, net of allowance for doubtful accounts of \$144 at September 30, 2011 and \$239 at December 31, 2010 . . . . .	970	1,001
Notes receivable, net of unearned interest income of \$319 at September 30, 2011 and \$515 at December 31, 2010 . . . . .	2,110	2,712
Prepaid expenses and other assets . . . . .	15	39
Investment in securities . . . . .	—	70
Investments in equipment and leases, net of accumulated depreciation of \$41,509 at September 30, 2011 and \$42,468 at December 31, 2010 . . . . .	32,877	40,095
Total assets . . . . .	<u>\$ 41,293</u>	<u>\$ 46,699</u>
<b>LIABILITIES AND MEMBERS' CAPITAL</b>		
Accounts payable and accrued liabilities:		
Managing Member . . . . .	\$ 63	\$ 82
Due to affiliates . . . . .	3	—
Other . . . . .	615	893
Deposits due lessees . . . . .	49	90
Non-recourse debt . . . . .	22,356	25,150
Interest rate swap contracts . . . . .	—	5
Receivables funding program obligation . . . . .	—	415
Unearned operating lease income . . . . .	435	419
Total liabilities . . . . .	<u>23,521</u>	<u>27,054</u>
Commitments and contingencies		
Members' capital:		
Managing Member . . . . .	—	—
Other Members . . . . .	17,772	19,645
Total Members' capital . . . . .	<u>17,772</u>	<u>19,645</u>
Total liabilities and Members' capital . . . . .	<u>\$ 41,293</u>	<u>\$ 46,699</u>

See accompanying notes.

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**STATEMENTS OF INCOME**

**FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2011 AND 2010**

(in thousands, except per unit data)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues:				
Leasing and lending activities:				
Operating leases . . . . .	\$ 2,468	\$ 2,487	\$ 7,078	\$ 7,980
Direct financing leases . . . . .	908	1,232	3,170	3,782
Interest on notes receivable . . . . .	59	61	195	194
Gain on sales of lease assets . . . . .	89	79	640	312
(Loss) gain on sale or disposition of securities . . . . .	(2)	—	71	—
Other revenue . . . . .	62	96	137	469
Total revenues . . . . .	3,584	3,955	11,291	12,737
Expenses:				
Depreciation of operating lease assets . . . . .	1,208	1,586	3,777	4,854
Asset management fees to Managing Member . . . . .	201	181	576	560
Acquisition expense . . . . .	—	—	(2)	109
Cost reimbursements to Managing Member . . . . .	218	99	669	426
Provision (reversal of provision) for credit losses . . . . .	57	153	(95)	117
Impairment losses . . . . .	65	77	65	353
Provision for losses on investment in securities . . . . .	—	—	41	—
Amortization of initial direct costs . . . . .	9	19	28	68
Interest expense . . . . .	373	444	1,168	1,399
Professional fees . . . . .	13	21	95	154
Outside services . . . . .	13	10	32	47
Insurance . . . . .	18	32	49	89
Marine vessel maintenance and other operating costs . . . . .	196	197	534	540
Other . . . . .	91	88	355	213
Total operating expenses . . . . .	2,462	2,907	7,292	8,929
Other (expense) income, net . . . . .	(7)	(17)	(7)	46
Net income . . . . .	\$ 1,115	\$ 1,031	\$ 3,992	\$ 3,854
Net income:				
Managing Member . . . . .	\$ 147	\$ 123	\$ 440	\$ 367
Other Members . . . . .	968	908	3,552	3,487
	\$ 1,115	\$ 1,031	\$ 3,992	\$ 3,854
Net income per Limited Liability Company Unit (Other Members) . . . . .	\$ 0.08	\$ 0.08	\$ 0.29	\$ 0.29
Weighted average number of Units outstanding . . . . .	12,055,016	12,055,016	12,055,016	12,055,016

See accompanying notes.

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**  
**STATEMENTS OF CHANGES IN MEMBERS' CAPITAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**AND FOR THE NINE MONTHS ENDED**  
**SEPTEMBER 30, 2011**  
(in thousands, except per unit data)  
**(Unaudited)**

	<u>Other Members</u>		<u>Managing Member</u>	<u>Total</u>
	<u>Units</u>	<u>Amount</u>		
Balance December 31, 2009 . . . . .	12,055,016	\$ 20,948	\$ —	\$ 20,948
Distributions to Other Members (\$0.50 per Unit) . . . . .	—	(6,027)	—	(6,027)
Distributions to Managing Member . . . . .	—	—	(489)	(489)
Net income . . . . .	—	4,724	489	5,213
Balance December 31, 2010 . . . . .	12,055,016	19,645	—	19,645
Distributions to Other Members (\$0.45 per Unit) . . . . .	—	(5,425)	—	(5,425)
Distributions to Managing Member . . . . .	—	—	(440)	(440)
Net income . . . . .	—	3,552	440	3,992
Balance September 30, 2011 . . . . .	<u>12,055,016</u>	<u>\$ 17,772</u>	<u>\$ —</u>	<u>\$ 17,772</u>

See accompanying notes.

## ATEL CAPITAL EQUIPMENT FUND IX, LLC

## STATEMENTS OF CASH FLOWS

FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2011 AND 2010

(in thousands)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<b>Operating activities:</b>				
Net income . . . . .	\$ 1,115	\$ 1,031	\$ 3,992	\$ 3,854
Adjustment to reconcile net income to cash provided by operating activities:				
Gain on sales of lease assets . . . . .	(89)	(79)	(640)	(312)
Loss (gain) on sales or disposition of securities . . . . .	2	—	(71)	—
Depreciation of operating lease assets . . . . .	1,208	1,586	3,777	4,854
Amortization of initial direct costs . . . . .	9	19	28	68
Provision (reversal of provision) for credit losses . . . . .	57	153	(95)	117
Impairment losses . . . . .	65	77	65	353
Provision for losses on investment in securities . . . . .	—	—	41	—
Gain on interest rate swap contracts . . . . .	(1)	(8)	(5)	(42)
Changes in operating assets and liabilities:				
Due to affiliates . . . . .	3	59	3	138
Accounts receivable . . . . .	(45)	276	126	(187)
Prepaid expenses and other assets . . . . .	15	(52)	24	(13)
Accounts payable, Managing Member . . . . .	21	(139)	(19)	(203)
Accounts payable, other . . . . .	18	(278)	(278)	(478)
Deposits due lessees . . . . .	—	—	(41)	—
Unearned operating lease income . . . . .	(74)	(165)	(20)	(83)
<b>Net cash provided by operating activities . . . . .</b>	<b>2,304</b>	<b>2,480</b>	<b>6,887</b>	<b>8,066</b>
<b>Investing activities:</b>				
Purchases and improvements to operating leases . . . . .	—	—	(442)	(929)
Proceeds from sales of lease assets . . . . .	235	329	2,761	1,218
Proceeds from sales or dispositions of securities . . . . .	32	—	100	—
Payments of initial direct costs . . . . .	—	—	(2)	(5)
Principal payments received on direct financing leases . . . . .	285	682	1,708	1,305
Principal payments received on notes receivable . . . . .	204	138	601	426
<b>Net cash provided by investing activities . . . . .</b>	<b>756</b>	<b>1,149</b>	<b>4,726</b>	<b>2,015</b>
<b>Financing activities:</b>				
Repayments under receivables funding program . . . . .	(95)	(357)	(415)	(1,728)
Repayments of non-recourse debt . . . . .	(946)	(914)	(2,794)	(2,585)
Repayments of amount due to affiliates . . . . .	—	—	—	(3,674)
Distributions to Other Members . . . . .	(1,809)	(1,508)	(5,425)	(5,730)
Distributions to Managing Member . . . . .	(147)	(122)	(440)	(464)
<b>Net cash used in financing activities . . . . .</b>	<b>(2,997)</b>	<b>(2,901)</b>	<b>(9,074)</b>	<b>(14,181)</b>
<b>Net increase (decrease) in cash and cash equivalents . . . . .</b>	<b>63</b>	<b>728</b>	<b>2,539</b>	<b>(4,100)</b>
<b>Cash and cash equivalents at beginning of period . . . . .</b>	<b>5,258</b>	<b>5,361</b>	<b>2,782</b>	<b>10,189</b>
<b>Cash and cash equivalents at end of period . . . . .</b>	<b>\$ 5,321</b>	<b>\$ 6,089</b>	<b>\$ 5,321</b>	<b>\$ 6,089</b>
<b>Supplemental disclosures of cash flow information:</b>				
Cash paid during the period for interest . . . . .	\$ 378	\$ 449	\$ 1,184	\$ 1,354
Cash paid during the period for taxes . . . . .	\$ —	\$ 3	\$ 132	\$ 90

See accompanying notes.

## ATEL CAPITAL EQUIPMENT FUND IX, LLC

### NOTES TO FINANCIAL STATEMENTS (Unaudited)

#### 1. Organization and Limited Liability Company matters:

ATEL Capital Equipment Fund IX, LLC (the “Company”) was formed under the laws of the State of California on September 27, 2000 for the purpose of engaging in the sale of limited liability company investment units and acquiring equipment to engage in equipment leasing, lending and sales activities, primarily in the United States. The Managing Member or Manager of the Company is ATEL Financial Services, LLC (“AFS”), a California limited liability company. The Company may continue until December 31, 2020. Contributions in the amount of \$600 were received as of December 31, 2000, \$100 of which represented AFS’s continuing interest, and \$500 of which represented the Initial Member’s capital investment.

The Company conducted a public offering of 15,000,000 Limited Liability Company Units (“Units”), at a price of \$10 per Unit. On February 21, 2001, subscriptions for the minimum number of Units (120,000, representing \$1.2 million) had been received (excluding subscriptions from Pennsylvania investors) and AFS requested that the subscriptions be released to the Company. On that date, the Company commenced operations in its primary business. As of April 3, 2001, the Company had received subscriptions for 753,050 Units (\$7.5 million), thus exceeding the \$7.5 million minimum requirement for Pennsylvania, and AFS requested that the remaining funds in escrow (from Pennsylvania investors) be released to the Company.

As of January 15, 2003, the offering was terminated. As of that date, the Company had received subscriptions for 12,065,266 Units (\$120.7 million). Subsequent to January 15, 2003, Units totaling 10,250 were rescinded or repurchased and funds returned to investors (net of distributions paid and allocated syndication costs, as applicable). As of September 30, 2011, 12,055,016 Units remain issued and outstanding.

The Company’s principal objectives are to invest in a diversified portfolio of equipment that (i) preserves, protects and returns the Company’s invested capital; (ii) generates regular distributions to the members of cash from operations and cash from sales or refinancing, with any balance remaining after certain minimum distributions to be used to purchase additional equipment during the reinvestment period (“Reinvestment Period”) (defined as six full years following the year the offering was terminated), which ended on December 31, 2009 and (iii) provides additional distributions following the Reinvestment Period and until all equipment has been sold. The Company is governed by the Limited Liability Company Operating Agreement (“Operating Agreement”), as amended. On January 1, 2010, the Company commenced liquidation phase activities pursuant to the guidelines of the Operating Agreement.

Pursuant to the terms of the Operating Agreement, AFS receives compensation for services rendered and reimbursements for costs incurred on behalf of the Company (Note 6). The Company is required to maintain reasonable cash reserves for working capital, the repurchase of Units and contingencies. The repurchase of Units is solely at the discretion of AFS.

These unaudited interim financial statements should be read in conjunction with the financial statements and notes thereto contained in the report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission.

#### 2. Summary of significant accounting policies:

##### *Basis of presentation:*

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q as mandated by the Securities and Exchange Commission. The unaudited interim financial statements reflect all adjustments which are, in the opinion of the Managing Member, necessary for a fair statement of financial position and results of operations for the interim periods presented. All such adjustments are of a normal recurring nature. Operating results for the three and nine months ended September 30, 2011 are not necessarily indicative of the results to be expected for the full year.

Certain prior period amounts have been reclassified to conform to the current period presentation.

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**2. Summary of significant accounting policies: – (continued)**

During the first quarter 2011, the Company identified a misclassification in the presentation of amortization of unearned income on both direct financing leases and notes receivable on the 2010 statements of cash flows. An adjustment made to reflect proper classification results in a \$1.3 million increase in net cash from operating activities and a corresponding decrease in net cash from investing activities for the quarter ended March 31, 2010. The Company incorrectly reported these interest income activities as an increase in the payments received on both direct financing leases and notes receivable. The appropriate classification of the receipt of interest income on direct financing leases and notes receivable is to record the \$1.3 million as an inflow in the operating activities section of the statement of cash flows. Such adjustment totaled \$1.3 million and \$4.0 million for the three and nine months ended September 30, 2010, respectively. The classification adjustment does not change the Company's financial position, net income or the net reported change in cash for the three and nine months ended September 30, 2010, nor does it affect the cash balance previously reported on the balance sheet.

The Company does not believe that this classification adjustment is material to cash flows for its previously filed Annual Report on Form 10-K or Quarterly Reports on Form 10-Q for the year ended December 31, 2010. Accordingly, the Company will revise its 2010 statements of cash flows prospectively in the 2011 Quarterly Reports on Form 10-Q and Annual Report on Form 10-K.

Footnote and tabular amounts are presented in thousands, except as to Units and per Unit data.

In preparing the accompanying unaudited financial statements, the Managing Member has reviewed events that have occurred after September 30, 2011, up until the issuance of the financial statements. No events were noted which would require disclosure in the footnotes to the financial statements, or adjustments thereto.

*Use of estimates:*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Such estimates primarily relate to the determination of residual values at the end of the lease term and expected future cash flows used for impairment analysis purposes and for determination of the allowance for doubtful accounts and reserve for credit losses on notes receivable.

*Segment reporting:*

The Company is not organized by multiple operating segments for the purpose of making operating decisions or assessing performance. Accordingly, the Company operates in one reportable operating segment in the United States.

The primary geographic regions in which the Company seeks leasing opportunities are North America and Europe. The table below summarizes geographic information relating to the sources, by nation, of the Company's total revenues for nine months ended September 30, 2011 and 2010 and long-lived tangible assets as of September 30, 2011 and December 31, 2010 (dollars in thousands):

	Nine Months Ended September 30,			
	2011	% of Total	2010	% of Total
Revenue				
United States . . . . .	\$ 10,652	94%	\$ 11,832	93%
United Kingdom . . . . .	338	3%	577	4%
Canada . . . . .	301	3%	328	3%
Total International . . . . .	639	6%	905	7%
Total . . . . .	<u>\$ 11,291</u>	<u>100%</u>	<u>\$ 12,737</u>	<u>100%</u>

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**2. Summary of significant accounting policies: – (continued)**

	As of September 30,		As of December 31,	
	2011	% of Total	2010	% of Total
Long-lived assets				
United States . . . . .	\$ 31,932	97%	\$ 38,238	96%
United Kingdom . . . . .	274	1%	907	2%
Canada . . . . .	671	2%	950	2%
Total International . . . . .	945	3%	1,857	4%
Total . . . . .	\$ 32,877	100%	\$ 40,095	100%

*Investment in securities:*

*Purchased securities*

Purchased securities are generally not registered for public sale and are carried at cost. Such securities are adjusted to fair value if the fair value is less than the carrying value and such impairment is deemed by the Managing Member to be other than temporary. Factors considered by the Managing Member in determining fair value include, but are not limited to, available financial information, the issuer's ability to meet its current obligations and indications of the issuer's subsequent ability to raise capital. There was no incremental impairment to investment securities at September 30, 2011. Year-to-date, the Company had previously recorded fair value adjustments totaling \$41 thousand which reduced the cost basis of certain investments deemed impaired at March 31, 2011. Such investment securities were disposed of during the second quarter of 2011. No impairment was recorded at December 31, 2010. Gains and/or losses recognized on the net exercise of certain warrants during each of the three months ended September 30, 2011 and 2010, if any, were nominal in amount. During the first nine months of 2011, the Company recognized a \$12 thousand loss on sales and dispositions of investment securities.

*Warrants*

Warrants owned by the Company are not registered for public sale, but are considered derivatives and are carried at an estimated fair value on the balance sheet at the end of the period, as determined by the Managing Member. At September 30, 2011 and December 31, 2010, the Managing Member estimated the fair value of the warrants to be nominal in amount. Likewise, gains and/or losses recognized on the net exercise of certain warrants during each of the three months ended September 30, 2011 and 2010, if any, were nominal in amount. During the first nine months of 2011, the Company recognized an approximate \$83 thousand gain on the net exercise of warrants. By comparison, there was no warrant activity that generated a gain or loss during the prior year period.

*Other (expense) income, net:*

Other (expense) income, net consists of gains and losses on interest rate swap contracts, and gains and losses on foreign exchange transactions. The table below details the Company's other (expense) income, net for the three and nine months ended September 30, 2011 and 2010 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Foreign currency gain (loss) . . . . .	\$ (8)	\$ (25)	\$ (12)	\$ 4
Change in fair value of interest rate swap contracts . . . . .	1	8	5	42
	\$ (7)	\$ (17)	\$ (7)	\$ 46

*Per Unit data:*

Net income and distributions per Unit are based upon the weighted average number of Other Members' Units outstanding during the period.

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**2. Summary of significant accounting policies: – (continued)**

*Recent accounting pronouncements:*

In May 2011, the Financial Accounting Standards Board (“FASB”) and International Accounting Standards Board (“IASB”) (collectively the “Boards”) issued Accounting Standards Update (“ASU”) No. 2011-04, “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.” ASU 2011-04 created a uniform framework for applying fair value measurement principles for companies around the world and clarified existing guidance in US GAAP. ASU 2011-04 is effective for the first reporting annual period beginning after December 15, 2011 and shall be applied prospectively. The Company anticipates that adoption of this update will not have a material impact on its financial position or results of operations.

In April 2011, the FASB issued ASU No. 2011-02, “A Creditor’s Determination of Whether a Restructuring Is a Troubled Debt Restructuring.” ASU 2011-02 clarifies guidance on a creditor’s evaluation of whether it has granted a concession to a borrower and a creditor’s evaluation of whether a borrower is experiencing financial difficulties. The amendments in this update are effective for the first interim or annual period beginning on or after June 15, 2011, and should be applied retrospectively to the beginning of the annual period of adoption. As a result of applying these amendments, an entity may identify receivables that are newly considered impaired. For purposes of measuring impairment of those receivables, an entity should apply the amendments prospectively for the first interim or annual period beginning on or after June 15, 2011. In addition, an entity should disclose the information required by Accounting Standards Codification paragraphs 310-10-50-33 through 50-34, which was deferred by ASU 2011-01, for interim and annual periods beginning on or after June 15, 2011. The amendments in this update were adopted by the Company on July 1, 2011, and for purposes of measuring impairment, were applied retrospectively to January 1, 2011. The Company evaluated the guidance included in 2011-12 and has determined that it does not result in any new troubled debt restructurings that should be reported.

In January 2011, the FASB issued ASU No. 2011-01, “Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20.” ASU 2011-01 temporarily delays the effective date of the disclosures about troubled debt restructurings in Update 2010-20 for public entities. The delay is intended to allow the Board time to complete its deliberations on what constitutes a troubled debt restructuring. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring will then be coordinated. The guidance became effective for the first interim or annual period beginning on or after June 15, 2011, and should be applied retrospectively to the beginning of the annual period of adoption. The adoption of this update did not have a material effect on the Company’s financial position or results of operations.

**3. Notes receivable, net:**

The Company has various notes receivable from borrowers who have financed the purchase of equipment through the Company. At September 30, 2011, the original terms of the notes receivable are 36 to 120 months and bear interest rates ranging from 8.42% to 16.22%. The notes are secured by the equipment financed. The notes mature from 2013 through 2016. There were no impaired notes at September 30, 2011 and December 31, 2010. Likewise, as of the same dates, there were no notes placed in non-accrual status.

As of September 30, 2011, the minimum future payments receivable are as follows (in thousands):

Three months ending December 31, 2011	\$ 264
Year ending December 31, 2012	1,021
2013	558
2014	229
2015	165
2016	188
	2,425
Less: portion representing unearned interest income	(319)
	2,106
Unamortized initial direct costs	4
Notes receivable, net	\$ 2,110

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**3. Notes receivable, net: – (continued)**

Initial direct costs (“IDC”) amortization expense related to the notes receivable and the Company’s operating and direct financing leases for the three and nine months ended September 30, 2011 and 2010 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
IDC amortization – notes receivable. . . . .	\$ 1	\$ 1	\$ 3	\$ 3
IDC amortization – lease assets. . . . .	8	18	25	65
Total . . . . .	<u>\$ 9</u>	<u>\$ 19</u>	<u>\$ 28</u>	<u>\$ 68</u>

**4. Provision for credit losses:**

The Company’s provision for credit losses are as follows (in thousands):

	Accounts Receivable Allowance for Doubtful Accounts			Valuation Adjustments on Financing Receivables		Total Allowance for Credit Losses
	Notes Receivable	Finance Leases	Operating Leases	Notes Receivable	Finance Leases	
Balance December 31, 2009	\$ 19	\$ 150	\$ 106	\$ —	\$ —	\$ 275
Provision	—	3	125	—	—	128
Charge-offs and/or recoveries	—	(107)	(57)	—	—	(164)
Balance December 31, 2010	19	46	174	—	—	239
Reversal of provision	(19)	(33)	(43)	—	—	(95)
Balance September 30, 2011	<u>\$ —</u>	<u>\$ 13</u>	<u>\$ 131</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 144</u>

*Accounts Receivable*

Accounts receivable represent the amounts billed under operating and direct financing lease contracts, and notes receivable which are currently due to the Company.

Allowances for doubtful accounts are typically established based upon their aging and historical charge off and collection experience and the creditworthiness of specifically identified lessees and borrowers, and invoiced amounts. Accounts receivable deemed uncollectible are generally charged off against the allowance on a specific identification basis. Recoveries of amounts that were previously written-off are recorded as other income in the period received. Accounts receivable are generally placed in a non-accrual status (i.e., no revenue is recognized) when payments are more than 90 days past due. Additionally, management periodically reviews the creditworthiness of companies with lease or note payments outstanding less than 90 days. Based upon management’s judgment, such leases or notes may be placed in non-accrual status. Leases or notes placed on non-accrual status are only returned to an accrual status when the account has been brought current and management believes recovery of the remaining unpaid receivable is probable. Until such time, all payments received are applied only against outstanding principal balances.

*Financing Receivables*

In addition to the allowance established for delinquent accounts receivable, the total allowance related solely to financing receivables also includes anticipated impairment charges on notes receivable and direct financing leases.

Notes are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal and/or interest when due according to the contractual terms of the note agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest when due. If it is determined that a loan is impaired with regard to scheduled payments, the Company will perform an analysis of the note to determine if an

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**4. Provision for credit losses: – (continued)**

impairment valuation reserve is necessary. This analysis considers the estimated cash flows from the note, or the collateral value of the property underlying the note when note repayment is collateral dependent. Any required valuation reserve is charged to earnings when determined; and notes are charged off to the allowance as they are deemed uncollectible.

The asset underlying a direct financing lease contract is considered impaired if the estimated undiscounted future cash flows of the asset are less than its net book value. The estimated undiscounted future cash flows are the sum of the estimated residual value of the asset at the end of the asset's expected holding period and estimates of undiscounted future rents. The residual value assumes, among other things, that the asset is utilized normally in an open, unrestricted and stable market. Short-term fluctuations in the market place are disregarded and it is assumed that there is no necessity either to dispose of a significant number of the assets, if held in quantity, simultaneously or to dispose of the asset quickly.

As of September 30, 2011 and December 31, 2010, the Company's allowance for credit losses (related solely to financing receivables) and its recorded investment in financing receivables were as follows (in thousands):

<u>September 30, 2011</u>	<u>Notes Receivable</u>	<u>Finance Leases</u>	<u>Total</u>
<b>Allowance for credit losses:</b>			
Ending balance . . . . .	\$ —	\$ —	\$ —
Ending balance: individually evaluated for impairment. . . . .	\$ —	\$ —	\$ —
Ending balance: collectively evaluated for impairment. . . . .	\$ —	\$ —	\$ —
Ending balance: loans acquired with deteriorated credit quality . . . . .	\$ —	\$ —	\$ —
<b>Financing receivables:</b>			
Ending balance . . . . .	\$ 2,110 <sup>1</sup>	\$ 14,172 <sup>2</sup>	\$ 16,282
Ending balance: individually evaluated for impairment. . . . .	\$ 2,110	\$ 14,172	\$ 16,282
Ending balance: collectively evaluated for impairment. . . . .	\$ —	\$ —	\$ —
Ending balance: loans acquired with deteriorated credit quality . . . . .	\$ —	\$ —	\$ —

<sup>1</sup> Includes \$4 of unamortized initial direct costs.

<sup>2</sup> Includes \$42 of unamortized initial direct costs.

<u>December 31, 2010</u>	<u>Notes Receivable</u>	<u>Finance Leases</u>	<u>Total</u>
<b>Allowance for credit losses:</b>			
Ending balance . . . . .	\$ —	\$ —	\$ —
Ending balance: individually evaluated for impairment. . . . .	\$ —	\$ —	\$ —
Ending balance: collectively evaluated for impairment. . . . .	\$ —	\$ —	\$ —
Ending balance: loans acquired with deteriorated credit quality . . . . .	\$ —	\$ —	\$ —
<b>Financing receivables:</b>			
Ending balance . . . . .	\$ 2,712 <sup>3</sup>	\$ 17,288 <sup>4</sup>	\$ 20,000
Ending balance: individually evaluated for impairment. . . . .	\$ 2,712	\$ 17,288	\$ 20,000
Ending balance: collectively evaluated for impairment. . . . .	\$ —	\$ —	\$ —
Ending balance: loans acquired with deteriorated credit quality . . . . .	\$ —	\$ —	\$ —

<sup>3</sup> Includes \$6 of unamortized initial direct costs.

<sup>4</sup> Includes \$56 of unamortized initial direct costs.

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**4. Provision for credit losses: – (continued)**

The Company evaluates the credit quality of its financing receivables on a scale equivalent to the following quality indicators related to corporate risk profiles:

Pass – Any account whose lessee/debtor, co-lessee/debtor or any guarantor has a credit rating on publicly traded or privately placed debt issues as rated by Moody’s or S&P for either Senior Unsecured debt, Long Term Issuer rating or Issuer rating that are in the tiers of ratings generally recognized by the investment community as constituting an Investment Grade credit rating; or, has been determined by the Manager to be an Investment Grade Equivalent or High Quality Corporate Credit per its Credit Policy or has a Not Rated internal rating by the Manager and the account is not considered by the Chief Credit Officer of the Manager to fall into one of the three risk profiles below.

Special Mention – Any traditional corporate type account with potential weaknesses (e.g. large net losses or major industry downturns) or, any growth capital account that has less than three months of cash as of the end of the calendar quarter to fund their continuing operations. These accounts deserve management’s close attention. If left uncorrected, those potential weaknesses may result in deterioration of the Fund’s receivable at some future date.

Substandard – Any account that is inadequately protected by the current worth and paying capacity of the borrower or of the collateral pledged, if any. Accounts that are so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Fund will sustain some loss as the likelihood of fully collecting all receivables may be questionable if the deficiencies are not corrected. Such accounts are on the Manager’s Credit Watch List.

Doubtful – Any account where the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. Accordingly, an account that is so classified is on the Manager’s Credit Watch List, and has been declared in default and the Manager has repossessed, or is attempting to repossess, the equipment it financed. This category includes impaired notes and leases as applicable.

At September 30, 2011 and December 31, 2010, the Company’s financing receivables by credit quality indicator and by class of financing receivables are as follows (excludes initial direct costs) (in thousands):

	Notes Receivable		Finance Leases	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
Pass . . . . .	\$ 955	\$ 1,339	\$ 14,014	\$ 16,982
Special mention . . . . .	1,151	1,367	116	250
Substandard . . . . .	—	—	—	—
Doubtful . . . . .	—	—	—	—
Total . . . . .	<u>\$ 2,106</u>	<u>\$ 2,706</u>	<u>\$ 14,130</u>	<u>\$ 17,232</u>

At September 30, 2011 and December 31, 2010, the net investment in financing receivables is aged as follows (in thousands):

September 30, 2011	30 – 59 Days	60 – 89 Days	Greater Than	Total	Current	Total	Recorded
	Past Due	Past Due	90 Days	Past Due		Financing	
						Receivables	Days and
							Accruing
Notes receivable . . . . .	\$ —	\$ 124	\$ —	\$ 124	\$ 1,982	\$ 2,106	\$ —
Finance leases . . . . .	2	12	6	20	14,110	14,130	6
Total . . . . .	<u>\$ 2</u>	<u>\$ 136</u>	<u>\$ 6</u>	<u>\$ 144</u>	<u>\$ 16,092</u>	<u>\$ 16,236</u>	<u>\$ 6</u>

  

December 31, 2010	30 – 59 Days	60 – 89 Days	Greater Than	Total	Current	Total	Recorded
	Past Due	Past Due	90 Days	Past Due		Financing	
						Receivables	Days and
							Accruing
Notes receivable . . . . .	\$ —	\$ —	\$ —	\$ —	\$ 2,706	\$ 2,706	\$ —
Finance leases . . . . .	3	2	54	59	17,173	17,232	—
Total . . . . .	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 54</u>	<u>\$ 59</u>	<u>\$ 19,879</u>	<u>\$ 19,938</u>	<u>\$ —</u>

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**4. Provision for credit losses: – (continued)**

The Company did not carry an impairment reserve on its financing receivables at both September 30, 2011 and December 31, 2010. At September 30, 2011, certain net investments in financing receivables with related accounts receivable past due more than 90 days are still on an accrual basis based on management’s assessment of the collectability of such receivables. However, these accounts receivable are fully reserved and included in the allowance for doubtful accounts presented above. There were no accounts receivable related to financing receivables placed in non-accrual status as of December 31, 2010.

**5. Investment in equipment and leases, net:**

The Company’s investment in equipment leases consists of the following (in thousands):

	Balance December 31, 2010	Reclassifications, Additions/ Dispositions and Impairment Losses	Depreciation/ Amortization Expense or Amortization of Leases	Balance September 30, 2011
Net investment in operating leases . . . . .	\$ 21,426	\$ (582)	\$ (3,772)	\$ 17,072
Net investment in direct financing leases . . . . .	17,232	(1,394)	(1,708)	14,130
Assets held for sale or lease, net . . . . .	1,349	268	(5)	1,612
Initial direct costs, net of accumulated amortization of \$101 at September 30, 2011 and \$86 at December 31, 2010 . . . . .	88	—	(25)	63
Total . . . . .	<u>\$ 40,095</u>	<u>\$ (1,708)</u>	<u>\$ (5,510)</u>	<u>\$ 32,877</u>

*Impairment of investments in leases and assets held for sale or lease:*

Management periodically reviews the carrying values of its assets on leases and assets held for lease or sale. Impairment losses are recorded as an adjustment to the net investment in operating leases. During the third quarter of 2011, the Company deemed certain off-lease assets to be impaired. Accordingly, the Company recorded adjustments totaling \$65 thousand. There were no impaired lease assets during the first half of 2011. By comparison, during the three and nine months ended September 30, 2010, the Company deemed certain property subject to operating leases and certain off-lease assets to be impaired. Accordingly, the Company recorded adjustments, totaling \$77 thousand and \$353 thousand for the respective three and nine months ended September 30, 2010, to reduce the cost basis of such assets.

On April 30, 2009, a major lessee, Chrysler Corporation filed for bankruptcy protection under Chapter 11. Under a pre-package agreement, a new company was formed to purchase the assets of old Chrysler – its plants, brands, land, equipment, as well as its contracts with the union, dealers and suppliers – from the bankruptcy court. Under this agreement, the Company had its leases with the old, bankrupt Chrysler assumed by the new Chrysler, Chrysler Group, LLC, which is 54% owned by Fiat. The new Chrysler has remitted payments relative to the affirmed leases. At April 1, 2011, Chrysler accounts were returned to accrual status.

As of September 30, 2011, there were no lease contracts placed in non-accrual status. At December 31, 2010, net investment in equipment underlying all lease contracts placed on a cash basis approximated \$306 thousand, all of which were related to Chrysler. The related accounts receivable from such contracts approximated \$40 thousand at December 31, 2010. As of the same dates, the Company has certain other leases that have related accounts receivables aged 90 days or more that have not been placed on non-accrual status. In accordance with Company policy, such receivables are fully reserved. Management continues to closely monitor these leases for any actual change in collectability status and indication of necessary valuation adjustments.

The Company utilizes a straight line depreciation method for equipment in all of the categories currently in its portfolio of operating lease transactions. Depreciation expense on the Company’s equipment was approximately \$1.2 million and \$1.6 million for the respective three months ended September 30, 2011 and 2010, and was \$3.8 million and \$4.9 million for the respective nine months ended September 30, 2011 and 2010.

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**5. Investment in equipment and leases, net: – (continued)**

All of the leased property was acquired in years beginning with 2002 through 2010.

*Operating leases:*

Property on operating leases consists of the following (in thousands):

	Balance December 31, 2010	Additions	Reclassifications, Dispositions & Impairment Losses	Balance September 30, 2011
Transportation, other . . . . .	\$ 18,001	\$ —	\$ (1,797)	\$ 16,204
Transportation, rail. . . . .	13,288	—	(1,388)	11,900
Materials handling . . . . .	10,204	—	(750)	9,454
Marine vessels . . . . .	6,816	442	—	7,258
Manufacturing. . . . .	5,014	—	(1,520)	3,494
Natural gas compressors . . . . .	1,671	—	—	1,671
Construction . . . . .	1,594	—	(10)	1,584
Agriculture . . . . .	1,151	—	—	1,151
Office furniture . . . . .	159	—	(159)	—
Other . . . . .	84	—	—	84
	<u>57,982</u>	<u>442</u>	<u>(5,624)</u>	<u>52,800</u>
Less accumulated depreciation . . . . .	<u>(36,556)</u>	<u>(3,772)</u>	<u>4,600</u>	<u>(35,728)</u>
Total . . . . .	<u>\$ 21,426</u>	<u>\$ (3,330)</u>	<u>\$ (1,024)</u>	<u>\$ 17,072</u>

The average estimated residual value for assets on operating leases was 17% and 19% of the assets' original cost at September 30, 2011 and December 31, 2010, respectively. There were no operating leases placed in non-accrual status as of September 30, 2011. By comparison, operating leases in non-accrual status totaled \$306 thousand at December 31, 2010.

The Company may earn revenues from its containers, marine vessel and certain other assets based on utilization of such assets or a fixed-term lease. Contingent rentals (i.e., short-term, operating charter hire payments) and the associated expenses are recorded when earned and/or incurred. The revenues associated with these rentals are included as a component of Operating Lease Revenues. Such revenues totaled \$59 thousand and \$161 thousand for the three and nine months ended September 30, 2011, respectively. There were no revenues from contingent rentals during the three and nine months ended September 30, 2010.

*Direct financing leases:*

As of September 30, 2011 and December 31, 2010, investment in direct financing leases primarily consists of mining, materials handling equipment and office furniture. The components of the Company's investment in direct financing leases as of September 30, 2011 and December 31, 2010 are as follows (in thousands):

	September 30, 2011	December 31, 2010
Total minimum lease payments receivable . . . . .	\$ 22,887	\$ 29,415
Estimated residual values of leased equipment (unguaranteed) . . . . .	<u>3,637</u>	<u>3,666</u>
Investment in direct financing leases. . . . .	26,524	33,081
Less unearned income . . . . .	<u>(12,394)</u>	<u>(15,849)</u>
Net investment in direct financing leases . . . . .	<u>\$ 14,130</u>	<u>\$ 17,232</u>
Net investment in direct financing leases placed in non-accrual status. . . . .	<u>\$ —</u>	<u>\$ 54</u>

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**5. Investment in equipment and leases, net: – (continued)**

There was no investment in direct financing lease assets in non-accrual status at September 30, 2011. However, the Company has certain direct financing leases that have related accounts receivables aged 90 days or more that have not been placed on non-accrual status. In accordance with Company policy, such receivables are fully reserved. Management continues to closely monitor these leases for any actual change in collectability status and indication of necessary valuation adjustments.

At September 30, 2011, the aggregate amounts of future minimum lease payments receivable are as follows (in thousands):

	<u>Operating Leases</u>	<u>Direct Financing Leases</u>	<u>Total</u>
Three months ending December 31, 2011	\$ 1,717	\$ 1,188	\$ 2,905
Year ending December 31, 2012	4,998	4,649	9,647
2013	3,094	4,466	7,560
2014	1,831	4,450	6,281
2015	1,033	4,450	5,483
2016	195	3,684	3,879
Thereafter	167	—	167
	<u>\$ 13,035</u>	<u>\$ 22,887</u>	<u>\$ 35,922</u>

**6. Related party transactions:**

The terms of the Operating Agreement provide that AFS and/or affiliates are entitled to receive certain fees for equipment management and resale and for management of the Company.

The Operating Agreement allows for the reimbursement of costs incurred by AFS for providing administrative services to the Company. Administrative services provided include Company accounting, finance/treasury, investor relations, legal counsel and lease and equipment documentation. AFS is not reimbursed for services whereby it is entitled to receive a separate fee as compensation for such services, such as management of equipment. The Company would be liable for certain future costs to be incurred by AFS to manage the administrative services provided to the Company.

Each of ATEL Leasing Corporation (“ALC”) and AFS is a wholly-owned subsidiary of ATEL Capital Group and performs services for the Company. Acquisition services, equipment management, lease administration and asset disposition services are performed by ALC; investor relations, communications and general administrative services for the Company are performed by AFS.

Cost reimbursements to the Managing Member are based on its costs incurred in performing administrative services for the Company. These costs are allocated to each managed entity based on certain criteria such as managed assets, number of investors or contributed capital based upon the type of cost incurred. The Operating Agreement places an annual limit and a cumulative limit for cost reimbursements to AFS and/or affiliates. Any reimbursable costs incurred by AFS and/or affiliates during the year exceeding the annual and/or cumulative limits cannot be reimbursed in the current year, though such costs may be recovered in future years to the extent of the cumulative limit. As of September 30, 2011, the Company has not exceeded the annual and/or cumulative limitations discussed above.

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**6. Related party transactions: – (continued)**

During the three and nine months ended September 30, 2011 and 2010, AFS and/or affiliates earned fees and commissions, and billed for reimbursements, pursuant to the Operating Agreement as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Costs reimbursed to Managing Member and/or affiliates . . . . .	\$ 218	\$ 99	\$ 669	\$ 426
Asset management fees to Managing Member and/or affiliates . . . . .	201	181	576	560
Acquisition and initial direct costs paid to Managing Member . . . . .	—	—	—	128
	\$ 419	\$ 280	\$ 1,245	\$ 1,114

During December 2009, operating lease assets with an original cost of \$2.7 million and investments in notes receivable totaling \$1.0 million were transferred to the Company by certain affiliates, resulting in an amount due to affiliates equivalent to the original cost of the assets. Such amounts were paid in January 2010.

**7. Non-recourse debt:**

At September 30, 2011, non-recourse debt consists of notes payable to financial institutions. The notes are due in monthly installments. Interest on the notes is at fixed rates ranging from 6.16% to 6.66%. The notes are secured by assignments of lease payments and pledges of assets. At September 30, 2011, gross operating lease rentals and future payments on direct financing leases totaled approximately \$26.0 million over the remaining lease terms; and the carrying value of the pledged assets is \$17.8 million. The notes mature from 2015 through 2017.

The non-recourse debt does not contain any material financial covenants. The debt is secured by liens granted by the Company to the non-recourse lenders on (and only on) the discounted lease transactions. The lenders have recourse only to the following collateral: the specific leased equipment; the related lease chattel paper; the lease receivables; and proceeds of the foregoing items. The non-recourse obligation is payable solely out of the respective specific security and the Company does not guarantee (nor is the Company otherwise contractually responsible for) the payment of the non-recourse debt as a general obligation or liability of the Company. Although the Company does not have any direct or general liability in connection with the non-recourse debt apart from the security granted, the Company is directly and generally liable and responsible for certain representations, warranties, and covenants made to the lenders, such as warranties as to genuineness of the transaction parties' signatures, as to the genuineness of the respective lease chattel paper or the transaction as a whole, or as to the Company's good title to or perfected interest in the secured collateral, as well as similar representations, warranties and covenants typically provided by non-recourse borrowers and customary in the equipment finance industry, and are viewed by such industry as being consistent with non-recourse discount financing obligations. Accordingly, as there are no financial covenants or ratios imposed on the Company in connection with the non-recourse debt, the Company has determined that there are no material covenants with respect to the non-recourse debt that warrant footnote disclosure.

Future minimum payments of non-recourse debt are as follows (in thousands):

	Principal	Interest	Total
Three months ending December 31, 2011	\$ 963	\$ 361	\$ 1,324
Year ending December 31, 2012	4,009	1,285	5,294
2013	4,279	1,015	5,294
2014	4,568	726	5,294
2015	4,616	420	5,036
2016	3,743	133	3,876
Thereafter	178	1	179
	\$ 22,356	\$ 3,941	\$ 26,297

## ATEL CAPITAL EQUIPMENT FUND IX, LLC

### NOTES TO FINANCIAL STATEMENTS (Unaudited)

#### 8. Receivable funding program:

Prior to August 2011, the Company had a \$60 million receivables funding program (the "RF Program") with a receivables financing company that issued commercial paper rated A1 from Standard and Poor's and P1 from Moody's Investors Service. Under the RF Program, the lender held liens against the Company's assets. The lender was in a first position against certain specified assets and was in either a subordinated or shared position against the remaining assets. The RF Program provided for borrowing at a variable interest rate; and, for the Company to enter into interest rate swap agreements with certain hedge counterparties (also rated A1/P1) to mitigate the interest rate risk associated with a variable interest rate note. The RF Program did not contain any credit risk related default contingencies. As of August 22, 2011, all advances under the RF Program were repaid in full and the program was terminated. At December 31, 2010, the Company had \$415 thousand outstanding under the RF Program.

The Company previously had interest rate swap agreements that effectively fixed the variable interest rates on its borrowings. As of August 22, 2011, all such agreements have terminated. As of December 31, 2010, the Company had interest rate swap agreements to receive or pay interest on a notional principal of \$415 thousand based on the difference between nominal rates ranging from 3.75% to 4.81% and the variable rates that ranged from 0.23% to 0.35%. No actual borrowing or lending is involved. The termination of the swaps was to coincide with the maturity of the debt. Through the swap agreements, the interest rates have been effectively fixed. The differential to be paid or received was accrued as interest rates change and was recognized as an adjustment to interest expense related to the debt. The interest rate swaps were not designated as hedging instruments and were carried at fair value on the balance sheet with unrealized gain/loss included in the statements of income in other (expense) income, net. The interest paid or received on the swap contracts were accrued as interest rates changed.

Interest paid on the RF Program was nominal during the three months ended September 30, 2011. During the three months ended September 30, 2010, the weighted average interest rate on the RF Program, including interest on the swap contracts, was 4.83%. Such weighted average interest rates were 5.31% and 5.21% during the nine months ended September 30, 2011 and 2010, respectively. The RF Program discussed above included certain financial and non-financial covenants applicable to the Company as borrower. The Company was in compliance with all covenants during 2010, and 2011 through the date of program termination.

#### 9. Commitments and Contingencies:

At September 30, 2011, the Company had no commitments to purchase lease assets or fund new loans.

##### Gain Contingency

ATEL filed a claim on behalf of certain of its Funds for the under-reporting of revenue by a fleet manager of three marine vessels, seeking to recover an approximate \$2.8 million for the years 2005 – 2007 (of which the Company's portion is an approximate \$350 thousand). Such amounts are not considered material to any of the Funds in any given year. While the Funds' recovery with respect to this matter may be substantial, there is no assurance that judgment will be rendered in favor of the Funds. The trial date for this matter has been rescheduled several times, and the suit has recently been assigned to a newly-appointed Federal Judge. The outcome of this claim remains uncertain.

#### 10. Guarantees:

The Company enters into contracts that contain a variety of indemnifications. The Company's maximum exposure under these arrangements is unknown. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

The Managing Member knows of no facts or circumstances that would make the Company's contractual commitments outside standard mutual covenants applicable to commercial transactions between businesses. Accordingly, the Company believes that these indemnification obligations are made in the ordinary course of business as part of standard commercial and industry practice, and that any potential liability under the Company's similar commitments is remote. Should any such indemnification obligation become payable, the Company would separately record and/or disclose such liability in accordance with GAAP.

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**11. Members' capital:**

As of September 30, 2011 and December 31, 2010, 12,055,016 Units were issued and outstanding. The Company was authorized to issue up to 15,000,000 Units in addition to the Units issued to the initial members (50 Units).

The Company has the right, exercisable in the Manager's discretion, but not the obligation, to repurchase Units of a Unitholder who ceases to be a U.S. Citizen, for a price equal to 100% of the holder's capital account. The Company is otherwise permitted, but not required, to repurchase Units upon a holder's request. The repurchase of Fund Units is made in accordance with Section 13 of the Amended and Restated Limited Liability Company Operating Agreement. The repurchase would be at the discretion of the Manager on terms it determines to be appropriate under given circumstances, in the event that the Manager deems such repurchase to be in the best interest of the Company; provided, the Company is never required to repurchase any Units. Upon the repurchase of any Units by the Fund, the tendered Units are cancelled. Units repurchased in prior periods were repurchased at amounts representing the original investment less cumulative distributions made to the Unitholder with respect to the Units. All Units repurchased during a quarter are deemed to be repurchased effective the last day of the preceding quarter, and are not deemed to be outstanding during, or entitled to allocations of net income, net loss or distributions for the quarter in which such repurchase occurs.

As defined in the Operating Agreement, the Company's Net Income, Net Losses, and Distributions are to be allocated 92.5% to the Members and 7.5% to AFS. In accordance with the terms of the Operating Agreement, additional allocations of income were made to AFS during three and nine months ended September 30, 2011 and 2010. The amounts allocated were determined to bring AFS's ending capital account balance to zero at the end of each period.

Distributions to the Other Members were as follows (in thousands, except as to Units and per Unit data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Distributions declared . . . . .	\$ 1,809	\$ 1,507	\$ 5,425	\$ 4,521
Weighted average number of Units outstanding . . . . .	12,055,016	12,055,016	12,055,016	12,055,016
Weighted average distributions per Unit. . .	\$ 0.15	\$ 0.13	\$ 0.45	\$ 0.38

**12. Fair value measurements:**

Fair value measurements and disclosures are based on a fair value hierarchy as determined by significant inputs used to measure fair value. The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis, generally on a national exchange.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuations in which all significant inputs are observable in the market.

Level 3 – Valuation is modeled using significant inputs that are unobservable in the market. These unobservable inputs reflect the Company's own estimates of assumptions that market participants would use in pricing the asset or liability.

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**12. Fair value measurements: – (continued)**

As a result of the termination of all of its interest rate swap contracts in August 2011, the Company had no assets or liabilities that require measurement at fair value on a recurring basis at September 30, 2011. At December 31, 2010, the Company had to measure the fair value of its interest rate swap contracts on a recurring basis. In addition, at both September 30, 2011 and December 31, 2010, the Company measured the fair value of impaired operating lease and off-lease equipment on a non-recurring basis. Such estimate of measurement methodology is as follows:

*Interest rate swaps*

The fair value of interest rate swaps is estimated using a valuation method (discounted cash flow) with inputs that are defined or that can be corroborated by observable market data. The discounted cash flow approach utilizes each swap's notional amount, payment and termination dates, swap coupon, and the prevailing market rate and pricing data to determine the present value of the future swap payments. Accordingly, such swap contracts are classified within Level 2 of the valuation hierarchy.

*Impaired operating lease and off-lease equipment*

At September 30, 2011, the Company deemed certain off-lease equipment to be impaired. Accordingly, the Company recorded fair value adjustments totaling \$65 thousand which reduced the cost basis of the equipment. At December 31, 2010, fair value adjustments related to impaired lease and off-lease equipment totaled \$353 thousand. Such fair value adjustments are non-recurring. Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the fair value of impaired lease assets are classified within Level 3 of the valuation hierarchy as the data sources utilized for the valuation of such assets reflect significant inputs that are unobservable in the market. Such valuation utilizes a market approach technique and uses inputs that reflect the sales price of similar assets sold by affiliates and/or information from third party remarketing agents not readily available in the market.

The following table presents the fair value measurement of assets and liabilities measured at fair value on a recurring and non-recurring basis and the level within the hierarchy in which the fair value measurements fall at September 30, 2011 and December 31, 2010 (in thousands):

	<b>September 30, 2011</b>	<b>Level 1 Estimated Fair Value</b>	<b>Level 2 Estimated Fair Value</b>	<b>Level 3 Estimated Fair Value</b>
Assets measured at fair value on a non-recurring basis:				
Impaired operating lease and off-lease assets . . . . .	\$ 88	\$ —	\$ —	\$ 88
	<b>December 31, 2010</b>	<b>Level 1 Estimated Fair Value</b>	<b>Level 2 Estimated Fair Value</b>	<b>Level 3 Estimated Fair Value</b>
Assets measured at fair value on a non-recurring basis:				
Impaired operating lease and off-lease assets . . . . .	\$ 297	\$ —	\$ —	\$ 297
Liabilities measured at fair value on a recurring basis:				
Interest rate swaps . . . . .	\$ 5	\$ —	\$ 5	\$ —

The following disclosure of the estimated fair value of financial instruments is made in accordance with the guidance provided by the Financial Instruments Topic of the FASB Accounting Standards Codification. Fair value estimates, methods and assumptions, set forth below for the Company's financial instruments, are made solely to comply with the requirements of the Financial Instruments Topic and should be read in conjunction with the Company's financial statements and related notes.

The Company has determined the estimated fair value amounts by using market information and valuation methodologies that it considers appropriate and consistent with the fair value accounting guidance. Considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize or has realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

**ATEL CAPITAL EQUIPMENT FUND IX, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**12. Fair value measurements: – (continued)**

*Cash and cash equivalents*

The recorded amounts of the Company's cash and cash equivalents approximate fair value because of the liquidity and short-term maturity of these instruments.

*Notes receivable*

The fair value of the Company's notes receivable is estimated using either third party appraisals of collateral or discounted cash flow analyses based upon current market rates for similar types of lending arrangements, with adjustments for non-accrual loans as deemed necessary.

*Investment in securities*

The Company's investment securities are not registered for public sale and are carried at cost which management believes approximates fair value, as appropriately adjusted for impairment.

*Non-recourse debt*

The fair value of the Company's non-recourse debt is estimated using discounted cash flow analyses, based upon current market borrowing rates for similar types of borrowing arrangements.

*Receivables funding program*

The carrying amount of these variable rate obligations approximate fair value based on current borrowing rates for similar types of borrowings.

*Commitments and Contingencies*

Management has determined that the fair value of contingent liabilities (or guarantees) is not considered material because management believes there has been no event that has occurred wherein a guarantee liability has been incurred or will likely be incurred.

*Limitations*

The fair value estimates presented herein were based on pertinent information available to the Company as of September 30, 2011 and December 31, 2010. Although the Company is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since those dates and, therefore, current estimates of fair value may differ significantly from the amounts presented herein.

The following table presents estimated fair values of the Company's financial instruments in accordance with the guidance provided by the Financial Instruments Topic of the FASB Accounting Standards Codification at September 30, 2011 and December 31, 2010 (in thousands):

	September 30, 2011		December 31, 2010	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and cash equivalents . . . . .	\$ 5,321	\$ 5,321	\$ 2,782	\$ 2,782
Notes receivable . . . . .	2,110	2,110	2,712	2,712
Investment in securities . . . . .	—	—	70	70
Financial liabilities:				
Non-recourse debt . . . . .	22,356	24,204	25,150	26,076
Receivables funding program . . . . .	—	—	415	415
Interest rate swap contracts . . . . .	—	—	5	5

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Statements contained in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this Form 10-Q, which are not historical facts, may be forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. In particular, the economic recession and changes in general economic conditions, including, fluctuations in demand for equipment, lease rates, and interest rates, may result in delays in investment and reinvestment, delays in leasing, re-leasing, and disposition of equipment, and reduced returns on invested capital. The Company's performance is subject to risks relating to lessee defaults and the creditworthiness of its lessees. The Company's performance is also subject to risks relating to the value of its equipment at the end of its leases, which may be affected by the condition of the equipment, technological obsolescence and the market for new and used equipment at the end of lease terms. Investors are cautioned not to attribute undue certainty to these forward-looking statements, which speak only as of the date of this Form 10-Q. We undertake no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect the occurrence of unanticipated events, other than as required by law.

### **Overview**

ATEL Capital Equipment Fund IX, LLC (the "Company") is a California limited liability company that was formed in September 2000 for the purpose of engaging in the sale of limited liability company investment units and acquiring equipment to generate revenues from equipment leasing, lending and sales activities, primarily in the United States. The Managing Member of the Company is ATEL Financial Services, LLC ("AFS"), a California limited liability company.

The Company conducted a public offering of 15,000,000 Limited Liability Company Units ("Units"), at a price of \$10 per Unit. The offering was terminated in January 2003. During early 2003, the Company completed its initial acquisition stage with the investment of the net proceeds from the public offering of Units. Subsequently, during the reinvestment period ("Reinvestment Period") (defined as six full years following the year the offering was terminated), the Company has utilized its credit facilities and reinvested cash flow in excess of certain amounts required to be distributed to the Other Members to acquire additional equipment.

The Company may continue until December 31, 2020. However, pursuant to the guidelines of the Limited Liability Company Operating Agreement ("Operating Agreement"), the Company commenced liquidation phase activities subsequent to the end of the Reinvestment Period which ended on December 31, 2009. Periodic distributions will be paid at the discretion of the Managing Member.

### **Results of Operations**

#### ***The three months ended September 30, 2011 versus the three months ended September 30, 2010***

The Company had net income of \$1.1 million and \$1.0 million for the three months ended September 30, 2011 and 2010, respectively. The results for the third quarter of 2011 reflect a decrease in total operating expenses offset, in part, by a decrease in total revenues when compared to the prior year period.

#### ***Revenues***

Total revenues for the third quarter of 2011 decreased by \$371 thousand, or 9%, as compared to the prior year period. The net reduction in total revenues was primarily a result of decreases in direct financing lease revenues and other revenue.

Direct financing lease revenues declined by \$324 thousand primarily as a result of an early termination of a direct financing lease contract at the end of the second quarter of 2011. Other revenue decreased by \$34 thousand as the prior year period amounts included revenues associated with legal, collection and late fees assessed on certain terminated leases, combined with a reduction in additional billings for excess wear and tear on returned equipment.

#### ***Expenses***

Total expenses for the third quarter of 2011 decreased by \$445 thousand, or 15%, as compared to the prior year period. The net decline in expenses was primarily due to decreases in depreciation expense, provision for credit losses, and interest expense offset, in part, by an increase in costs reimbursed to AFS.

The decrease in depreciation expense totaled \$378 thousand and was primarily attributable to run-off and sales of lease assets. The provision for credit losses declined by \$96 thousand as the current year provision was more than offset by recovery of amounts previously reserved. Moreover, interest expense was reduced by \$71 thousand largely as a result of a \$4.4 million net decrease in outstanding borrowings since September 2010.

Partially offsetting the aforementioned decreases in expenses was an increase in costs reimbursed to AFS totaling \$119 thousand. The increase in costs reimbursed to AFS was primarily due to a refinement of cost allocation methodologies employed by the Managing Member to better allocate costs to the Company based upon its current operations.

#### *Other*

The Company recorded other expense, net totaling \$7 thousand and \$17 thousand for the three months ended September 30, 2011 and 2010, respectively. The \$10 thousand favorable variance represents the net impact of a \$17 thousand favorable change in foreign currency transaction gains and losses and a \$7 thousand unfavorable change in the fair value of the Company's interest rate swap contracts.

The favorable change in foreign currency transaction gains and losses was due to the period over period weakness of the U.S. currency against the British pound at the time of the transactions. The Company's foreign currency transactions are primarily denominated in British pounds. The unfavorable change in the value of the interest rate swaps was mostly driven by the lower interest rate environment, which adversely impacts the Company as the fixed rate payer in the swap contracts.

#### ***The nine months ended September 30, 2011 versus the nine months ended September 30, 2010***

The Company had net income of \$4.0 million and \$3.9 million for the nine months ended September 30, 2011 and 2010, respectively. The results for the first nine months of 2011 reflect a decrease in total operating expenses offset, in part, by a decrease in total revenues when compared to the prior year period.

#### *Revenues*

Total revenues for the first nine months of 2011 decreased by \$1.4 million, or 11%, as compared to the prior year period. The net reduction in total revenues was primarily a result of decreases in operating lease revenues, direct financing lease revenues and other revenue offset, in part, by increases in gain on sales of lease assets and in gain on sales or dispositions of investment securities.

The decrease in operating lease revenues totaled \$902 thousand and was primarily a result of continued run-off and dispositions of lease assets. Direct financing lease revenues declined by \$612 thousand mainly due to run-off of the portfolio, and the early termination of a contract at the end of the second quarter of 2011. Other revenue decreased by \$332 thousand largely due to a significant reduction in additional billings for excess wear and tear on returned equipment. In addition, the prior year period amounts included revenues associated with legal, collection and late fees assessed on certain terminated leases.

Partially offsetting the aforementioned decreases in revenues were increases in gains recognized on sales of lease assets and on sales or dispositions of investment securities totaling \$328 thousand and \$71 thousand, respectively.

Gain on sales of lease assets increased largely due to a period over period increase in volume and, a change in the mix of assets sold. Gain on sales or dispositions of investment securities increased primarily as a result of the net exercise of warrants associated with shares of a venture company coupled with the disposition of warrants relative to certain notes receivable during the first nine months of 2011. By comparison, there were no warrants exercised or disposed of during the prior year period.

#### *Expenses*

Total expenses for the first nine months of 2011 decreased by \$1.6 million, or 18%, as compared to the prior year period. The net decline in expenses was primarily due to decreases in depreciation, impairment losses, interest expense, provision for credit losses and acquisition expense offset, in part, by increases in costs reimbursed to AFS and in other expense.

The decrease in depreciation expense totaled \$1.1 million and was primarily attributable to run-off and lease asset sales since September 30, 2010. Impairment losses related to certain equipment deemed impaired by the Company declined by \$288 thousand as the Company's overall exposure to impairment risk diminished primarily as a result of sales of both leased and off-lease assets. In addition, the carrying values of the Company's remaining equipment at September 30, 2011 were more in line with the market.

Interest expense was reduced by \$231 thousand mainly due to an approximate \$4.4 million net decrease in outstanding borrowings since September 2010. The provision for credit losses declined by \$212 thousand primarily due to a period over period decrease in delinquent receivables coupled with an increase in recovery of amounts previously reserved; and, acquisition expense decreased by \$111 thousand due to the absence of lease asset acquisitions during the first nine months of 2011, consistent with a fund in liquidation.

Partially offsetting the aforementioned decreases in expenses were increases in costs reimbursed to AFS and in other expense totaling \$243 thousand and \$142 thousand, respectively. Costs reimbursed to AFS increased primarily due to a refinement of cost allocation methodologies employed by the Managing Member to better allocate costs to the Company based upon its current operations. Other expense increased largely as a result of higher state taxes and franchise fees and increases in railcar maintenance costs, freight and shipping costs, property taxes and bank charges.

#### *Other*

The Company recorded other expense, net totaling \$7 thousand and other income, net totaling \$46 thousand for the nine months ended September 30, 2011 and 2010, respectively. The \$53 thousand unfavorable variance reflects the net impact of a \$37 thousand unfavorable change in the fair value of the Company's interest rate swap contracts and a \$16 thousand unfavorable change in foreign currency transaction gains and losses.

The decline in the value of the interest rate swaps was mostly driven by the lower interest rate environment, which adversely impacts the Company as the fixed rate payer in the swap contracts; and, the unfavorable change in foreign currency transaction gains and losses was due to the period over period strength of the U.S. currency against the British pound at the time of the transactions. The Company's foreign currency transactions are primarily denominated in British pounds.

#### **Capital Resources and Liquidity**

At September 30, 2011 and December 31, 2010, the Company's cash and cash equivalents totaled \$5.3 million and \$2.8 million, respectively. The liquidity of the Company varies, increasing to the extent cash flows from leases and proceeds of asset sales exceed expenses and decreasing as lease assets are acquired, as distributions are made to the Other Members and to the extent expenses exceed cash flows from leases and proceeds from asset sales.

The primary source of liquidity for the Company is its cash flow from leasing activities. As initial lease terms expire, the Company re-leases or sells the equipment. The future liquidity beyond the contractual minimum rentals will depend on the Company's success in remarketing or selling the equipment as it comes off rental.

In a normal economy, if inflation in the general economy becomes significant, it may affect the Company in as much as the residual (resale) values and rates on re-leases of the Company's leased assets may increase as the costs of similar assets increase. However, the Company's revenues from existing leases would not increase; as such leasing rents and payments are generally fixed for the terms of the leases without adjustment for inflation. In addition, if interest rates increase significantly under such circumstances, the lease rates that the Company can obtain on future leases will be expected to increase as the cost of capital is a significant factor in the pricing of lease financing. Leases already in place, for the most part, would not be affected by changes in interest rates.

The Company currently believes it has available adequate reserves to meet its immediate cash requirements and those of the next twelve months, but in the event those reserves were found to be inadequate, the Company would likely be in a position to borrow against its current portfolio to meet such requirements. AFS envisions no such requirements for operating purposes.

## Cash Flows

The following table sets forth summary cash flow data (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net cash provided by (used in):				
Operating activities . . . . .	\$ 2,304	\$ 2,480	\$ 6,887	\$ 8,066
Investing activities . . . . .	756	1,149	4,726	2,015
Financing activities . . . . .	(2,997)	(2,901)	(9,074)	(14,181)
Net increase (decrease) in cash and cash equivalents . . . . .	<u>\$ 63</u>	<u>\$ 728</u>	<u>\$ 2,539</u>	<u>\$ (4,100)</u>

### ***The three months ended September 30, 2011 versus the three months ended September 30, 2010***

During the third quarters of 2011 and 2010, the Company's primary source of liquidity was cash flow from its portfolio of operating and direct financing lease contracts, and its investments in notes receivable. In addition, the Company realized \$235 thousand and \$329 thousand of proceeds from sales or dispositions of equipment during the respective three month periods ended September 30, 2011 and 2010.

During the same periods, cash was primarily used to pay distributions to both the Other Members and the Managing Member, totaling a combined \$2.0 million and \$1.6 million for the three months ended September 30, 2011 and 2010. Cash was also used to partially pay down \$1.0 million and \$1.3 million of debt during the respective third quarters of 2011 and 2010; and, to pay invoices related to management fees and expenses, and other payables.

### ***The nine months ended September 30, 2011 versus the nine months ended September 30, 2010***

During the nine months ended September 30, 2011 and 2010, the Company's primary source of liquidity was cash flow from its portfolio of operating and direct financing lease contracts, and its investments in notes receivable. In addition, proceeds from sales or dispositions of lease assets totaled \$2.8 million and \$1.2 million for the respective nine month periods ended September 30, 2011 and 2010.

During the same periods, cash was primarily used to pay distributions to both the Other Members and the Managing Member, totaling a combined \$5.9 million and \$6.2 million for the nine month periods ended September 30, 2011 and 2010. Moreover, cash was used to partially pay down \$3.2 million and \$4.3 million of debt during the respective first nine months of 2011 and 2010; and, to pay invoices related to management fees and expenses, and other payables. During the first nine months of 2010, an approximate \$1.0 million was also used to purchase lease assets. There were no such purchases during the current year period consistent with a Fund in liquidation. However, the Company used \$442 thousand to pay for capitalized improvements on its marine vessel during the first nine months of 2011.

## Non-Recourse Long-Term Debt

As of September 30, 2011, the Company had non-recourse long-term debt totaling \$22.4 million. Such non-recourse notes payable do not contain any material financial covenants. The notes are secured by a lien granted by the Company to the non-recourse lenders on (and only on) the discounted lease transactions. The lenders have recourse only to the following collateral: the specific leased equipment; the related lease chattel paper; the lease receivables; and proceeds of the foregoing items.

The Operating Agreement limits aggregate borrowings to 50% of the total cost of equipment. For detailed information on the Company's non-recourse debt obligation, see Note 7 in Item 1. Financial Statements.

## Receivable funding program

Prior to August 2011, the Company had a \$60 million receivables funding program (the "RF Program") with a receivables financing company that issued commercial paper rated A1 from Standard and Poor's and P1 from Moody's Investors Service. Under the RF Program, the lender held liens against the Company's assets. The lender was in a first position against certain specified assets and was in either a subordinated or shared position against the remaining assets. The ability to draw down on the RF Program terminated on July 31, 2008. As of August 22, 2011, all advances under the RF Program were repaid in full and the program was terminated. At December 31, 2010, the Company had \$415 thousand outstanding under the RF Program.

### Distributions

The Company commenced periodic distributions, based on cash flows from operations, beginning with the month of February 2001. The monthly distributions were discontinued in 2010 as the Company entered its liquidation phase. The rates and frequency of periodic distributions paid by the Fund during its liquidation phase are solely at the discretion of the Manager.

### Other

Due to the bankruptcy of a major lessee, Chrysler Corporation, the Company, in accordance with its accounting policy for allowance for doubtful accounts, has placed all operating leases with Chrysler on non-accrual status pending resumption of recurring payment activity. The Company also considered the equipment underlying the lease contracts for impairment and believes that such equipment is not impaired as of December 31, 2010. At April 1, 2011, Chrysler accounts were returned to accrual status.

As of September 30, 2011 and December 31, 2010, the Company has certain other leases that have related receivables aged 90 days or more that have not been placed on non-accrual status. In accordance with Company policy, such receivables are fully reserved. Management continues to closely monitor these leases for any actual change in collectability status and indication of necessary valuation adjustments.

### **Commitments and Contingencies and Off-Balance Sheet Transactions**

#### *Commitments and Contingencies*

At September 30, 2011, the Company had no commitments to purchase lease assets or fund new loans.

#### Gain Contingency

ATEL filed a claim on behalf of certain of its Funds for the under-reporting of revenue by a fleet manager of three marine vessels, seeking to recover an approximate \$2.8 million for the years 2005 – 2007 (of which the Company's portion is an approximate \$350 thousand). Such amounts are not considered material to any of the Funds in any given year. While the Funds' recovery with respect to this matter may be substantial, there is no assurance that judgment will be rendered in favor of the Funds. The trial date for this matter has been rescheduled several times, and the suit has recently been assigned to a newly-appointed Federal Judge. The outcome of this claim remains uncertain.

#### *Off-Balance Sheet Transactions*

None.

### **Recent Accounting Pronouncements**

Information regarding recent accounting pronouncements is included in Note 2 to the financial statements, Summary of significant accounting policies, as set forth in Part I, Item 1, Financial Statements (Unaudited).

### **Critical Accounting Policies and Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates, which are based upon historical experiences, market trends and financial forecasts, and upon various other assumptions that management believes to be reasonable under the circumstances and at that certain point in time. Actual results may differ, significantly at times, from these estimates under different assumptions or conditions.

The Company's critical accounting policies are described in its Annual Report on Form 10-K for the year ended December 31, 2010. There have been no material changes to the Company's critical accounting policies since December 31, 2010.

#### **Item 4. Controls and Procedures.**

##### **Evaluation of disclosure controls and procedures**

The Company's Managing Member's President and Chief Executive Officer, and Executive Vice President and Chief Financial Officer and Chief Operating Officer ("Management"), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on the evaluation of the Company's disclosure controls and procedures, Management concluded that as of the end of the period covered by this report, the design and operation of these disclosure controls and procedures were effective.

The Company does not control the financial reporting process, and is solely dependent on the Management of the Managing Member, which is responsible for providing the Company with financial statements in accordance with generally accepted accounting principles in the United States. The Managing Member's disclosure controls and procedures, as it is applicable to the Company, were effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

##### **Changes in internal control**

There were no changes in the Managing Member's internal control over financial reporting, as it is applicable to the Company, during the quarter ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, the Managing Member's internal control over financial reporting, as it is applicable to the Company.

## PART II. OTHER INFORMATION

### **Item 1. Legal Proceedings.**

In the ordinary course of conducting business, there may be certain claims, suits, and complaints filed against the Company. In the opinion of management, the outcome of such matters, if any, will not have a material impact on the Company's financial position or results of operations. No material legal proceedings are currently pending against the Company or against any of its assets.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

### **Item 3. Defaults Upon Senior Securities.**

None.

### **Item 4. [Removed and Reserved].**

### **Item 5. Other Information.**

None.

### **Item 6. Exhibits.**

Documents filed as a part of this report:

1. Financial Statement Schedules

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

2. Other Exhibits

31.1 Certification of Dean L. Cash

31.2 Certification of Paritosh K. Choksi

32.1 Certification Pursuant to 18 U.S.C. section 1350 of Dean L. Cash

32.2 Certification Pursuant to 18 U.S.C. section 1350 of Paritosh K. Choksi

**SIGNATURES**

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 thereunto duly authorized.

Date: November 14, 2011

**ATEL CAPITAL EQUIPMENT FUND IX, LLC  
(Registrant)**

By: ATEL Financial Services, LLC  
Managing Member of Registrant

By: /s/ Dean L. Cash  
Dean L. Cash  
President and Chief Executive Officer of  
ATEL Financial Services, LLC (Managing Member)

By: /s/ Paritosh K. Choksi  
Paritosh K. Choksi  
Executive Vice President and Chief Financial Officer and  
Chief Operating Officer of ATEL Financial Services, LLC  
(Managing Member)

By: /s/ Samuel Schussler  
Samuel Schussler  
Vice President and Chief Accounting Officer of  
ATEL Financial Services, LLC (Managing Member)

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dean L. Cash, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ATEL Capital Equipment Fund IX, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2011

/s/ Dean L. Cash

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Dean L. Cash  
President and Chief Executive Officer of  
ATEL Financial Services, LLC (Managing Member)

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paritosh K. Choksi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ATEL Capital Equipment Fund IX, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2011

/s/ Paritosh K. Choksi

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Paritosh K. Choksi  
Executive Vice President and  
Chief Financial Officer and Chief Operating Officer of  
ATEL Financial Services, LLC (Managing Member)

**CERTIFICATION PURSUANT TO 18 U.S.C. §1350,  
AS ADOPTED PURSUANT TO  
§906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ATEL Capital Equipment Fund IX, LLC (the “Company”) on Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dean L. Cash, President and Chief Executive Officer of ATEL Financial Services, LLC, Managing Member of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2011

/s/ Dean L. Cash

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Dean L. Cash  
President and Chief Executive Officer of  
ATEL Financial Services, LLC (Managing Member)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO 18 U.S.C. §1350,  
AS ADOPTED PURSUANT TO  
§906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ATEL Capital Equipment Fund IX, LLC (the “Company”) on Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Paritosh K. Choksi, Executive Vice President and Chief Financial Officer and Chief Operating Officer of ATEL Financial Services, LLC, Managing Member of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2011

/s/ Paritosh K. Choksi

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Paritosh K. Choksi  
Executive Vice President and Chief Financial  
Officer and Chief Operating Officer of  
ATEL Financial Services, LLC (Managing Member)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.