

Form 10-Q

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 March 31, 2003
- ☐ 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 333-47196

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: None

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 is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

The number of Limited Partnership Units outstanding as of March 31, 2003 was 12,065,266

DOCUMENTS INCORPORATED BY REFERENCE

None

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited).

ATEL CAPITAL EQUIPMENT FUND IX, LLC

BALANCE SHEETS

MARCH 31, 2003 AND DECEMBER 31, 2002
(Unaudited)

ASSETS

	<u>2003</u>	<u>2002</u>
Cash and cash equivalents	\$ 43,999,801	\$ 39,722,496
Accounts receivable	842,200	1,197,760
Notes receivable	925,281	1,131,793
Other assets	450,157	465,157
Investments in leases	49,787,621	46,902,018
Total assets	<u>\$ 96,005,060</u>	<u>\$ 89,419,224</u>

LIABILITIES AND MEMBERS' CAPITAL

Accounts payable:		
Managing Member	\$ 570,496	\$ 434,516
Other	42,214	90,667
Unearned operating lease income	95,254	77,044
Total liabilities	<u>707,964</u>	<u>602,227</u>
Members' capital:		
Managing member	-	-
Other members	95,297,096	88,816,997
Total members' capital	<u>95,297,096</u>	<u>88,816,997</u>
Total liabilities and members' capital	<u>\$ 96,005,060</u>	<u>\$ 89,419,224</u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF OPERATIONS

**THREE MONTH PERIODS ENDED
MARCH 31, 2003 AND 2002
(Unaudited)**

	<u>2003</u>	<u>2002</u>
Revenues:		
Leasing activities:		
Operating leases	\$ 2,150,244	\$ 951,867
Direct financing leases	48,779	21,152
Interest	230,755	106,591
Other	11,048	136
	<u>2,440,826</u>	<u>1,079,746</u>
Expenses:		
Depreciation and amortization	1,768,613	784,536
Asset management fees to Managing Member	119,965	58,256
Cost reimbursements to Managing Member	119,513	52,854
Interest expense	84,512	-
Impairment losses	76,634	-
Professional fees	32,834	24,025
Other	48,275	81,354
	<u>2,250,346</u>	<u>1,001,025</u>
Net income	<u>\$ 190,480</u>	<u>\$ 78,721</u>
Net income (loss):		
Managing member	\$ 202,784	\$ 86,510
Other members	(12,304)	(7,789)
	<u>\$ 190,480</u>	<u>\$ 78,721</u>
Net loss per Limited Liability Company Unit	\$ (0.0010)	\$ (0.0015)
Weighted average number of Units outstanding	11,914,503	5,055,796

STATEMENT OF CHANGES IN MEMBERS' CAPITAL

**THREE MONTH PERIOD ENDED
MARCH 31, 2003
(Unaudited)**

	<u>Other Members</u>		<u>Managing</u>	<u>Total</u>
	<u>Units</u>	<u>Amount</u>	<u>Member</u>	
Balance December 31, 2002	11,037,141	\$ 88,816,997	\$ -	\$ 88,816,997
Capital contributions	1,028,125	10,281,250	-	10,281,250
Less selling commissions to affiliates	-	(976,719)	-	(976,719)
Other syndication costs to affiliates	-	(311,122)	-	(311,122)
Distributions to members	-	(2,501,006)	(202,784)	(2,703,790)
Net income	-	(12,304)	202,784	190,480
Balance March 31, 2003	<u>12,065,266</u>	<u>\$ 95,297,096</u>	<u>\$ -</u>	<u>\$ 95,297,096</u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF CASH FLOWS

**THREE MONTH PERIODS ENDED
MARCH 31, 2003 AND 2002
(Unaudited)**

	<u>2003</u>	<u>2002</u>
Operating activities:		
Net income	\$ 190,480	\$ 78,721
Adjustments to reconcile net income to cash provided by operating activities:		
Impairment losses	76,634	-
Depreciation and amortization	1,768,613	784,536
Changes in operating assets and liabilities:		
Accounts receivable	355,560	444,396
Other assets	15,000	-
Accounts payable, Managing Member	135,980	157,295
Accounts payable, other	(48,453)	(13,653)
Unearned operating lease income	18,210	134,798
Net cash provided by operations	<u>2,512,024</u>	<u>1,586,093</u>
Investing activities:		
Purchases of equipment on operating leases	(3,587,004)	(6,859,596)
Purchases of equipment on direct financing leases	(650,000)	(980,570)
Payments of initial direct costs to managing member	(558,747)	(126,727)
Payments received on notes receivable	129,878	347,914
Reduction of net investment in direct financing leases	141,535	34,132
Note receivable advances	-	(1,268,837)
Net cash used in investing activities	<u>(4,524,338)</u>	<u>(8,853,684)</u>
Financing activities:		
Capital contributions received	10,281,250	14,467,080
Payment of syndication costs to managing member	(1,287,841)	(1,872,261)
Distributions to members	(2,703,790)	(1,142,087)
Net cash provided by financing activities	<u>6,289,619</u>	<u>11,452,732</u>
Net increase in cash and cash equivalents	4,277,305	4,185,141
Cash and cash equivalents at beginning of period	<u>39,722,496</u>	<u>13,568,058</u>
Cash and cash equivalents at end of period	<u>\$ 43,999,801</u>	<u>\$ 17,753,199</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	<u>\$ 84,512</u>	<u>\$ -</u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2003

(Unaudited)

1. Summary of significant accounting policies:

Basis of presentation:

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with instructions to Form 10-Q and Article 10 of Regulation S-X. The unaudited interim financial statements reflect all adjustments which are, in the opinion of the Managing Member, necessary to a fair statement of financial position and results of operations for the interim periods presented. All such adjustments are of a normal recurring nature. 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, 2002, filed with the Securities and Exchange Commission.

Reclassifications:

Certain amounts have been reclassified to conform to current year presentation.

2. Organization and 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 acquiring equipment to engage in equipment leasing and sales activities. The Company may continue until December 31, 2019. The Company's offering was terminated as of January 15, 2003.

Upon the sale of the minimum amount of Units of Limited Liability Company interest (Units) of \$1,200,000 and the receipt of the proceeds thereof on February 21, 2001, the Company commenced operations.

The Company does not make a provision for income taxes since all income and losses will be allocated to the Partners for inclusion in their individual tax returns.

ATEL Financial Services, LLC, an affiliated entity, acts as the Managing Member of the Company.

3. Investment in leases:

The Company's investment in leases consists of the following:

	Balance December 31, 2002	Additions	Depreciation Expense and Amortization of Leases	Reclass- ifications and Dispositions	Balance March 31, 2003
Net investment in operating leases	\$ 44,149,781	\$ 3,587,004	\$ (1,678,545)	\$ -	\$ 46,058,240
Net investment in direct financing leases	1,525,473	650,000	(141,535)	-	2,033,938
Initial direct costs, net of accumulated amortization of \$273,930 in 2003 and \$183,862 in 2002	1,226,764	558,747	(90,068)	-	1,695,443
	<u>\$ 46,902,018</u>	<u>\$ 4,795,751</u>	<u>\$ (1,910,148)</u>	<u>\$ -</u>	<u>\$ 49,787,621</u>

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2003
(Unaudited)

3. Investment in leases (continued):

Operating leases:

Property on operating leases consists of the following:

	Balance December 31, <u>2002</u>	Additions and <u>Depreciation</u>	Reclass- ifications and <u>Dispositions</u>	Balance March 31, <u>2003</u>
Mining	\$ 20,903,212	\$ -	\$ -	\$ 20,903,212
Manufacturing	15,051,966	656,092	-	15,708,058
Marine vessels	11,200,000	-	-	11,200,000
Communications	269,153	2,756,244	-	3,025,397
Materials handling	2,419,402	-	-	2,419,402
Office furniture	562,248	174,668	-	736,916
Natural gas compressors	696,451	-	-	696,451
	<u>51,102,432</u>	<u>3,587,004</u>	<u>-</u>	<u>54,689,436</u>
Less accumulated depreciation	(6,952,651)	(1,678,545)	-	(8,631,196)
	<u>\$ 44,149,781</u>	<u>\$ 1,908,459</u>	<u>\$ -</u>	<u>\$ 46,058,240</u>

The average assumed residual values for assets on operating leases were 30% at December 31, 2002 and 29% at March 31, 2003.

Direct financing leases:

As of March 31, 2003, investment in direct financing leases consists office furniture and materials handling equipment. The following lists the components of the Company's investment in direct financing leases as of March 31, 2003:

Total minimum lease payments receivable	\$ 2,191,326
Estimated residual values of leased equipment (unguaranteed)	<u>211,527</u>
Investment in direct financing leases	2,402,853
Less unearned income	<u>(368,915)</u>
Net investment in direct financing leases	<u>\$ 2,033,938</u>

All of the property on leases was acquired in 2001, 2002 and 2003.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2003
(Unaudited)

3. Investment in leases (continued):

At March 31, 2003, the aggregate amounts of future minimum lease payments are as follows:

	Operating Leases	Direct Financing Leases	Total
Nine months ending December 31, 2003	\$ 6,176,325	\$ 498,208	\$ 6,674,533
Year ending December 31, 2004	8,723,186	664,278	9,387,464
2005	8,594,209	527,062	9,121,271
2006	8,058,128	363,473	8,421,601
2007	3,572,570	135,491	3,708,061
Thereafter	2,963,127	2,814	2,965,941
	<u>\$ 38,087,545</u>	<u>\$ 2,191,326</u>	<u>\$ 40,278,871</u>

4. Related party transactions:

The terms of the Limited Company Operating Agreement provide that the Managing Member and/or Affiliates are entitled to receive certain fees for equipment acquisition, management and resale and for management of the Company.

The Limited Liability Company Operating Agreement allows for the reimbursement of costs incurred by the Managing Member in providing services to the Company. Services provided include Company accounting, investor relations, legal counsel and lease and equipment documentation. The Managing Member is not reimbursed for services where it is entitled to receive a separate fee as compensation for such services, such as acquisition and management of equipment. Reimbursable costs incurred by the Managing Member are allocated to the Company based upon actual time incurred by employees working on Company business and an allocation of rent and other costs based on utilization studies.

Substantially all employees of the Managing Member record time incurred in performing services on behalf of all of the companies serviced by the Managing Member. The Managing Member believes that the costs reimbursed are the lower of (i) actual costs incurred on behalf of the Company or (ii) the amount the Company would be required to pay independent parties for comparable administrative services in the same geographic location and are reimbursable in accordance with the Limited Liability Company Operating Agreement.

During the three month periods ended March 31, 2003 and 2002, the Managing Member and/or Affiliates earned fees, commissions and reimbursements, pursuant to the Limited Liability Company Agreement as follows:

	<u>2003</u>	<u>2002</u>
Selling commissions, equal to 9.5% of the selling price of the Limited Liability Company units, deducted from Other Members' capital	\$ 976,719	\$ 1,374,373
Reimbursement of other syndication costs to Managing Member, deducted from Other Members' capital	311,122	497,888
Asset management fees to Managing Member	119,965	58,256
Costs reimbursed to Managing Member	119,513	52,854
	<u>\$ 1,527,319</u>	<u>\$ 1,983,371</u>

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2003
(Unaudited)

5. Member's capital:

As of March 31, 2003, 12,065,266 Units (\$120,652,660) were issued and outstanding. The Company is authorized to issue up to 15,000,050 Units, including the 50 Units issued to the initial members.

The Company's Net Income, Net Losses, and Distributions are to be allocated 92.5% to the Other Members and 7.5% to the Managing Member.

6. Line of credit:

The Company participates with the Managing Member and certain of its affiliates in a \$56,191,292 revolving line of credit (comprised of an acquisition facility and a warehouse facility) with a financial institution that includes certain financial covenants. The line of credit expires on June 28, 2004. As of March 31, 2003, borrowings under the facility were as follows:

Amount borrowed by the Company under the acquisition facility	\$ -
Amounts borrowed by affiliated partnerships and limited liability companies under the acquisition facility	17,200,000
Total borrowings under the acquisition facility	<u>17,200,000</u>
Amounts borrowed by the Managing Member and its sister corporation under the warehouse facility	-
Total outstanding balance	<u><u>\$ 17,200,000</u></u>
 Total available under the line of credit	 \$ 56,191,292
Total outstanding balance	<u>(17,200,000)</u>
Remaining availability	<u><u>\$ 38,991,292</u></u>

Draws on the acquisition facility by any individual borrower are secured only by that borrower's assets, including equipment and related leases. Borrowings on the warehouse facility are recourse jointly to certain of the affiliated partnerships and limited liability companies, the Company and the Managing Member.

The credit agreement includes certain financial covenants applicable to each borrower. The Company was in compliance with its covenants as of March 31, 2003.

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. 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.

Capital Resources and Liquidity

During the first quarters of 2003 and 2002, the Company's primary activities were raising funds through its offering of Limited Liability Company Units (Units) and engaging in equipment leasing activities. The Company's public offering of Limited Liability Company interests (Units) was completed as of January 15, 2003. As of that date, subscriptions for 12,065,266 Units (\$120,652,660) had been received and accepted, including the initial member's 50 Units (\$500). As of March 31, 2003, all of the Units were issued and outstanding.

During the funding period, the Company's primary source of liquidity is subscription proceeds from the public offering of Units. The liquidity of the Company will vary in the future, increasing to the extent cash flows from leases exceed expenses, and decreasing as lease assets are acquired, as distributions are made to the members and to the extent expenses exceed cash flows from leases.

As another source of liquidity, the Company has contractual obligations with a diversified group of lessees for fixed lease terms at fixed rental amounts. As the initial lease terms expire, the Company will re-lease or sell the equipment. The future liquidity beyond the contractual minimum rentals will depend on the Managing Member's success in re-leasing or selling the equipment as it comes off lease.

The Company participates with the Managing Member and certain of its affiliates in a \$56,191,292 revolving line of credit (comprised of an acquisition facility and a warehouse facility) with a financial institution that includes certain financial covenants. The line of credit expires on June 28, 2004. As of March 31, 2003, borrowings under the facility were as follows:

Amount borrowed by the Company under the acquisition facility	\$ -
Amounts borrowed by affiliated partnerships and limited liability companies under the acquisition facility	17,200,000
Total borrowings under the acquisition facility	<u>17,200,000</u>
Amounts borrowed by the Managing Member and its sister corporation under the warehouse facility	-
Total outstanding balance	<u>\$ 17,200,000</u>
Total available under the line of credit	\$ 56,191,292
Total outstanding balance	<u>(17,200,000)</u>
Remaining availability	<u>\$ 38,991,292</u>

Draws on the acquisition facility by any individual borrower are secured only by that borrower's assets, including equipment and related leases. Borrowings on the warehouse facility are recourse jointly to certain of the affiliated partnerships and limited liability companies, the Company and the Managing Member.

The Company anticipates reinvesting a portion of lease payments from assets owned in new leasing transactions. Such reinvestment will occur only after the payment of all obligations, including debt service (both principal and interest), the payment of management and acquisition fees to the Managing Member and providing for cash distributions to the members.

The Company currently has available adequate reserves to meet contingencies, 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. The Managing Member envisions no such requirements for operating purposes.

The credit agreement includes certain financial covenants applicable to each borrower. The Company was in compliance with its covenants as of March 31, 2003.

No commitments of capital have been or are expected to be made other than for the acquisition of additional equipment. There were a total of approximately \$20,622,000 of such commitments as of March 31, 2003.

If inflation in the general economy becomes significant, it may affect the Company inasmuch 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 rates are generally fixed for the terms of the leases without adjustment for inflation.

If interest rates increase significantly, 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.

In August 2002, the Company established a \$100 million receivables funding program with a receivables financing company that issues commercial paper rated A1 from Standard and Poors and P1 from Moody's Investor Services. In this receivables funding program, the lenders would receive liens against the Company's assets. The lender will be in a first position against certain specified assets and will be in either a subordinated or shared position against the remaining assets. The program provides for borrowing at a variable interest rate and requires the Managing Member, on behalf of 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 Managing Member anticipates that this program will allow the Company to have a more cost effective means of obtaining debt financing than available for individual non-recourse debt transactions. As of March 31, 2003, the Company had not borrowed under the facility.

Cash Flows

During the first quarters of 2003 and 2002, the Company's primary source of liquidity was the proceeds of its offering of Units.

In the first quarters of 2003 and 2002, the primary source of cash from operations was rents from operating leases.

Rents from direct financing leases accounted for as reductions in the Company's net investment in direct financing leases and payments received on notes receivable were the primary sources of cash from investing activities in both the first quarters of 2003 and 2002. Uses of cash for investing activities consisted of cash used to purchase operating and direct financing lease assets, payments of initial direct costs associated with the lease asset purchases and advances on notes receivable.

In the first quarters of 2003 and 2002, the primary source of cash from financing activities was the proceeds of the Company's public offering of Units of Limited Liability Company interest of \$10,281,250 and \$14,467,080, respectively. Financing uses of cash consisted of payments of syndication costs associated with the offering and making distributions to the members.

Results of Operations

On February 21, 2001, the Company commenced operations. Operations resulted in net income of \$190,480 in the quarter ended March 31, 2003 compared to \$78,721 in the quarter ended March 31, 2002. The Company's primary source of revenues is from operating leases. Depreciation and amortization was \$119,965 and \$58,256 during the quarters ended March 31, 2003 and 2002, respectively, and is related to operating lease assets and thus, to operating lease revenues. They are expected to increase in future periods as acquisitions continue.

Asset management fees were \$119,513 and \$52,584 for the quarters ended March 31, 2003 and 2002, respectively, and are based on the gross lease rents of the Company plus proceeds from the sales of lease assets. They are limited to certain percentages of lease rents, distributions to members and certain other items. As assets are acquired, lease rents are collected and distributions are made to the members, these fees are expected to increase.

Interest expense of \$84,512 for the first quarter of 2003 related to maintaining the availability of the receivables funding facility established in August 2002. There was no interest expense or debt in the first quarter of 2002.

Results of operations in future periods are expected to vary considerably from those of the first quarter of 2003 and 2002 as the Company continues to acquire significant amounts of lease assets.

Item 3. Quantitative and Qualitative Disclosures of Market Risk.

The Company, like most other companies, is exposed to certain market risks, including primarily changes in interest rates. The Company believes its exposure to other market risks, including foreign currency exchange rate risk, commodity risk and equity price risk, are insignificant to both its financial position and results of operations.

In general, the Company expects to manage its exposure to interest rate risk by obtaining fixed rate debt. The fixed rate debt is structured so as to match the cash flows required to service the debt to the payment streams under fixed rate lease receivables. The payments under the leases are assigned to the lenders in satisfaction of the debt. Furthermore, the Managing Member has historically been able to maintain a stable spread between its cost of funds and lease yields in both periods of rising and falling interest rates. Nevertheless, the Company expects to frequently fund leases with its floating interest rate line of credit and will, therefore, be exposed to interest rate risk until fixed rate financing is arranged, or the floating interest rate line of credit is repaid. As of March 31, 2003, there was no outstanding balance on the floating interest rate line of credit.

Also, as described in the caption "Capital Resources and Liquidity," the Company entered into a receivables funding facility in 2002. Since interest on the outstanding balances under the facility will vary, the Company will be exposed to market risks associated with changing interest rates. To hedge its interest rate risk, the Company expects to enter into interest rate swaps, which will effectively convert the underlying interest characteristic on the facility from floating to fixed. Under the swap agreements, the Company expects to make or receive variable interest payments to or from the counterparty based on a notional principal amount. The net differential paid or received by the Company is recognized as an adjustment to interest expense related to the facility balances. The amount paid or received will represent the difference between the payments required under the variable interest rate facility and the amounts due under the facility at the fixed (hedged) interest rate. There were no borrowings under this facility as of March 31, 2003.

In general, it is anticipated that these swap agreements will eliminate the Company's interest rate risk associated with variable rate borrowings. However, the Company would be exposed to and would manage credit risk associated with the counterparty by dealing only with institutions it considers financially sound.

Item 4. Controls and procedures.

Internal Controls

As of March 31, 2003, an evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and CFO of the Managing Member, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the CEO and CFO of the Managing Member, concluded that the Company's disclosure controls and procedures were effective as of March 31, 2003. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to March 31, 2003.

Changes in internal controls

There have been no significant changes in our internal controls or in other factors that could significantly affect our disclosure controls and procedures subsequent to the evaluation date, nor were there any significant deficiencies or material weaknesses in our internal controls.

Evaluation of disclosure controls and procedures

Under the supervision and with the participation of our management, including the CEO and CFO, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 240.13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 was performed as of a date within ninety days before the filing date of this quarterly report. Based upon this evaluation, the CEO and CFO of the Managing Member concluded that, as of the evaluation date, our disclosure controls and procedures were effective for the purposes of recording, processing, summarizing and timely reporting information required to be disclosed by us in the reports that we file under the Securities Exchange Act of 1934 and that such information is accumulated and communicated to our management in order to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

No material legal proceedings are currently pending against the Company or against any of its assets. The following is a discussion of legal matters involving the Company, but which do not represent claims against the Company or its assets.

Silicon Access Networks, Inc.:

Silicon Access Networks, Inc. (the "Debtor") advised the Managing Member on July 8, 2002, that due to a further decline in expectations of future demand for the Debtor's products by potential customers in its target markets, the Debtor's Board of Directors had directed management to close a branch office located in North Carolina, which occurred in July 2002. As the Debtor was current on its Notes Payable payment obligation to the Company, the Managing Member of the Company declared a technical default in early July on the basis of the termination of operations. As of December 31, 2002, the Debtor's account was current, except for late charges.

The Company is monitoring the Debtor's cash position quarterly as the Debtor will run out of cash sometime in the summer of 2003, unless the Debtor raises new equity or debt. If there is no sign the Debtor will receive a cash infusion in the latter half of the second quarter of 2003, and the Debtor's cash position falls below a certain amount, the Company will likely move for a Writ of Attachment and continue to pursue its claim against the Debtor. The Company's likelihood of success in recovering the full amount of its claims remains uncertain.

Photuris, Inc.:

Photuris, a Debtor of the Company, was on the verge of ceasing operations as it was unable to secure new equity under favorable terms when the Company commenced negotiations with the Debtor. As of March 31, 2003, no legal action has been initiated against the debtor; however, the account has been restructured. In concert with several other lessors and lenders, the Company concluded negotiations and executed a Settlement Agreement with the Debtor. Under the terms of the Settlement Agreement, the Company received an initial \$200,000 in cash in July 2002. The Company is carrying a promissory note from the Debtor for \$300,000 that is payable interest only at prime plus 1.25% from August 1, 2002 to October 2003, at which time payments will convert to an equal principal plus interest basis, spread over 36 months.

The Company has been granted \$200,000 worth of new equity shares in Photuris as the final part of the settlement. The Company still retains its perfected first priority lien on the equipment financed by the Company. As of early October 2002, the Company became aware that Photuris had not yet closed on receiving additional equity and was in danger of running out of operating capital in early November 2002. The Company has confirmed with the lead investor in Photuris' latest equity round that the investors have agreed to provide additional equity to allow Photuris to continue to operate; however, this commitment, for up to \$15 million, is being provided in stages on a quarterly basis if certain milestones are met. The Company has confirmed that Photuris received the first stage of this new equity in November 2002. Another round, which would allow Photuris to continue operations for at least two to four months, closed in February 2003. Continued receipt of such funds would allow Photuris to operate an additional six to seven months.

Item 2. Changes In Securities.

Inapplicable.

Item 3. Defaults Upon Senior Securities.

Inapplicable.

Item 4. Submission Of Matters To A Vote Of Security Holders.

Inapplicable.

Item 5. Other Information.

Information provided pursuant to § 228.701 (Item 701(f))(formerly included in Form SR):

- (1) Effective date of the offering: January 16, 2001; File Number: 333-47196
- (2) Offering commenced: January 16, 2001
- (3) The offering did not terminate before any securities were sold.
- (4) The offering was terminated prior to the sale of all of the securities on January 15, 2003.
- (5) The managing underwriter is ATEL Securities Corporation.
- (6) The title of the registered class of securities is "Units of Limited Liability Company interest."
- (7) Aggregate amount and offering price of securities registered and sold as of January 15, 2003:

<u>Title of Security</u>	<u>Amount Registered</u>	<u>Aggregate price of offering amount registered</u>	<u>Amount sold</u>	<u>Aggregate price of offering amount sold</u>
Limited Company units	15,000,000	\$ 150,000,000	12,065,266	\$ 120,652,660

(8) Costs incurred for the issuers account in connection with the issuance and distribution of the securities registered for each category listed below:

	Direct or indirect payments to directors, officers, general partners of the issuer or their associates; to persons owning ten percent or more of any class of equity securities of the issuer; and to affiliates of <u>the issuer</u>	Direct or indirect payments to <u>others</u>	<u>Total</u>
Underwriting discounts and commissions	\$ 1,809,790	\$ 9,652,213	\$ 11,462,003
Other expenses	-	4,752,576	4,752,576
Total expenses	<u>\$ 1,809,790</u>	<u>\$ 14,404,788</u>	<u>\$ 16,214,578</u>

(9) Net offering proceeds to the issuer after the total expenses in item 8: \$ 104,438,082

(10) The amount of net offering proceeds to the issuer used for each of the purposes listed below:

	Direct or indirect payments to directors, officers, general partners of the issuer or their associates; to persons owning ten percent or more of any class of equity securities of the issuer; and to affiliates of <u>the issuer</u>	Direct or indirect payments to <u>others</u>	<u>Total</u>
Purchase and installation of machinery and equipment	\$ 1,969,373	\$ 101,865,445	\$ 103,834,818
Working capital	-	603,263	603,263
	<u>\$ 1,969,373</u>	<u>\$ 102,468,709</u>	<u>\$ 104,438,082</u>

(11) The use of the proceeds in Item 10 does not represent a material change in the uses of proceeds described in the prospectus.

Item 6. Exhibits And Reports On Form 8-K.

(a) Documents filed as a part of this report

1. Financial Statements

Included in Part I of this report:

Balance Sheets, March 31, 2003 and December 31, 2002.

Statements of Operations for the three month periods ended March 31, 2003 and 2002.

Statement of Changes in Partners' Capital for the three month period ended March 31, 2003.

Statements of Cash Flows for the three month periods ended March 31, 2003 and 2002.

Notes to the Financial Statements.

2. 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.

(b) Report on Form 8-K

None

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:

May 13, 2003

ATEL CAPITAL EQUIPMENT FUND IX, LLC (Registrant)

By: ATEL Financial Corporation
Managing Member of Registrant

By: /s/ Dean L. Cash
Dean L. Cash
President and Chief Executive Officer
of Managing Member

By: /s/ Paritosh K. Choksi
Paritosh K. Choksi
Principal Financial Officer
of Registrant

By: /s/ Donald E. Carpenter
Donald E. Carpenter
Principal Accounting
Officer of Registrant

CERTIFICATIONS

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 quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

/s/ Paritosh K. Choksi

Paritosh K. Choksi
Principal Financial Officer of Registrant,
Executive Vice President of Managing Member

CERTIFICATIONS

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 quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

/s/ Dean L. Cash

Dean L. Cash

President and Chief Executive Officer of
Managing Member

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

In connection with the Quarterly report on Form 10-Q of ATEL Capital Equipment Fund IX, LLC, (the "Company") for the period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, I, Dean L. Cash, Chief Executive Officer of ATEL Financial Services, LLC, managing member of the Company, hereby certify 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: May 13, 2003

/s/ Dean L. Cash
Dean L. Cash
President and Chief Executive
Officer of Managing Member

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

In connection with the Quarterly report on Form 10-Q of ATEL Capital Equipment Fund IX, LLC, (the "Company") for the period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, I, Paritosh K. Choksi, Chief Financial Officer of ATEL Financial Services, LLC, managing member of the Company, hereby certify 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: May 13, 2003

/s/ Paritosh K. Choksi
Paritosh K. Choksi
Executive Vice President of Managing
Member, Principal Financial Officer of Registrant