

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 September 30, 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

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 Liability Company Units outstanding as of September 30, 2003 was 12,065,016.

DOCUMENTS INCORPORATED BY REFERENCE

None

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

BALANCE SHEETS

SEPTEMBER 30, 2003 AND DECEMBER 31, 2002
(Unaudited)

ASSETS

| | September 30, <u>2003</u> (Unaudited) | December 31, <u>2002</u> |
|---|---|-----------------------------|
| Cash and cash equivalents | \$ 31,875,814 | \$ 39,722,496 |
| Accounts receivable, net of allowance for doubtful accounts of \$250,000 in 2003 and none in 2002 | 856,750 | 1,197,760 |
| Notes receivable | 353,045 | 1,131,793 |
| Other assets | 420,158 | 465,157 |
| Investments in leases | <u>56,359,732</u> | <u>46,902,018</u> |
| Total assets | <u>\$ 89,865,499</u> | <u>\$ 89,419,224</u> |

LIABILITIES AND MEMBERS' CAPITAL

| | | |
|--|----------------------|----------------------|
| Accounts payable: | | |
| Managing Member | \$ 126,211 | \$ 434,516 |
| Other | 71,463 | 90,667 |
| Unearned operating lease income | <u>241,514</u> | <u>77,044</u> |
| Total liabilities | 439,188 | 602,227 |
| Members' capital | <u>89,426,311</u> | <u>88,816,997</u> |
| Total liabilities and members' capital | <u>\$ 89,865,499</u> | <u>\$ 89,419,224</u> |

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF OPERATIONS

**NINE AND THREE MONTH PERIODS ENDED
SEPTEMBER 30, 2003 AND 2002**

(Unaudited)

| | Nine Months Ended September 30, | | Three Months Ended September 30, | |
|--|------------------------------------|-------------------|-------------------------------------|--------------------|
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> |
| Revenues: | | | | |
| Leasing activities: | | | | |
| Operating leases | \$ 7,105,252 | \$ 4,270,817 | \$ 2,575,002 | \$ 2,083,130 |
| Direct financing leases | 148,133 | 84,945 | 90,342 | 31,549 |
| Gain on sales of assets | 106,694 | 107,353 | 2,321 | - |
| Interest | 608,645 | 412,256 | 97,580 | 140,755 |
| Other | 82,821 | 609 | 36,642 | 290 |
| | <u>8,051,545</u> | <u>4,875,980</u> | <u>2,801,887</u> | <u>2,255,724</u> |
| Expenses: | | | | |
| Depreciation and amortization | 6,012,351 | 3,613,275 | 2,211,792 | 1,806,628 |
| Cost reimbursements to Managing Member | 454,199 | 216,783 | 142,141 | 98,197 |
| Asset management fees to Managing Member | 401,404 | 197,910 | 144,633 | 104,217 |
| Interest expense | 289,519 | 167,237 | 122,716 | 147,974 |
| Provision for doubtful accounts | 250,000 | - | 250,000 | - |
| Insurance | 97,780 | - | 97,780 | - |
| Impairment losses | 76,634 | - | - | - |
| Professional fees | 70,749 | 68,364 | 14,103 | 35,507 |
| Other | 222,264 | 224,638 | 72,387 | 91,075 |
| | <u>7,874,900</u> | <u>4,488,207</u> | <u>3,055,552</u> | <u>2,283,598</u> |
| Net income (loss) | <u>\$ 176,645</u> | <u>\$ 387,773</u> | <u>\$ (253,665)</u> | <u>\$ (27,874)</u> |
| Net income (loss): | | | | |
| Managing Member | \$ 642,048 | \$ 330,673 | \$ 220,095 | \$ 133,332 |
| Other Members | (465,403) | 57,100 | (473,760) | (161,206) |
| | <u>\$ 176,645</u> | <u>\$ 387,773</u> | <u>\$ (253,665)</u> | <u>\$ (27,874)</u> |
| Net (loss) income per Limited Liability Company Unit | \$ (0.04) | \$ 0.01 | \$ (0.04) | \$ (0.02) |
| Weighted average number of Units outstanding | 12,021,795 | 6,435,633 | 12,065,016 | 7,831,367 |

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF CHANGES IN MEMBERS' CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2002

AND FOR THE

NINE MONTH PERIOD ENDED

SEPTEMBER 30, 2003

(Unaudited)

| | <u>Other Members</u> | | <u>Managing</u> | <u>Total</u> |
|---|----------------------|-----------------------|-----------------|----------------------|
| | <u>Units</u> | <u>Amount</u> | <u>Member</u> | |
| Balance December 31, 2001 | 4,363,409 | \$ 36,550,603 | \$ - | \$ 36,550,603 |
| Capital contributions | 6,673,732 | 66,737,320 | - | 66,737,320 |
| Less selling commissions to affiliates | | (6,340,045) | - | (6,340,045) |
| Other syndication costs to affiliates | | (2,230,650) | - | (2,230,650) |
| Distributions to Other Members | | (6,015,627) | - | (6,015,627) |
| Distributions to Managing Member | | - | (487,754) | (487,754) |
| Net income | | 115,396 | 487,754 | 603,150 |
| 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 | - | (309,377) | - | (309,377) |
| Limited liability company units repurchased | (250) | (1,923) | | (1,923) |
| Distributions to Other Members | | (7,918,514) | - | (7,918,514) |
| Distributions to Managing Member | - | - | (642,048) | (642,048) |
| Net income | - | (465,403) | 642,048 | 176,645 |
| Balance September 30, 2003 | <u>12,065,016</u> | <u>\$ 178,243,308</u> | <u>\$ -</u> | <u>\$ 89,426,311</u> |

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF CASH FLOWS

**NINE AND THREE MONTH PERIODS ENDED
SEPTEMBER 30, 2003 AND 2002
(Unaudited)**

| | Nine Months Ended September 30, | | Three Months Ended September 30, | |
|--|------------------------------------|---------------------|-------------------------------------|--------------------|
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> |
| Operating activities: | | | | |
| Net income (loss) | \$ 176,645 | \$ 387,773 | \$ (253,665) | \$ (27,874) |
| Adjustments to reconcile net income (loss) to cash provided by operating activities: | | | | |
| Gain on sales of assets | (106,694) | (107,353) | (2,321) | - |
| Depreciation and amortization | 6,012,351 | 3,613,275 | 2,211,792 | 1,806,628 |
| Provision for doubtful accounts | 250,000 | - | 250,000 | - |
| Impairment losses | 76,634 | - | - | - |
| Changes in operating assets and liabilities: | | | | |
| Other assets | 44,999 | (295,000) | 15,000 | (295,000) |
| Accounts receivable | 394,071 | 386,109 | 279,223 | 548,065 |
| Accounts payable, Managing Member | (308,305) | 199,639 | (429,736) | 175,798 |
| Accounts payable, other | (19,204) | 17,848 | (17,872) | 16,451 |
| Unearned operating lease income | 164,470 | (57,657) | 103,732 | (33,350) |
| Net cash provided by operations | <u>6,684,967</u> | <u>4,144,634</u> | <u>2,156,153</u> | <u>2,190,718</u> |
| Investing activities: | | | | |
| Purchases of equipment on operating leases | (10,731,246) | (26,004,995) | (1,952,175) | (7,991,032) |
| Purchases of equipment on direct financing leases | (4,693,865) | (995,270) | (4,077,916) | (14,700) |
| Payments of initial direct costs to Managing Member | (1,462,748) | (724,535) | (402,250) | (371,726) |
| Proceeds from sales of assets | 1,107,143 | 753,263 | 19,480 | 3,855 |
| Payments received on notes receivable | 445,249 | 619,574 | 163,873 | 200,195 |
| Reduction of net investment in direct financing leases | 417,345 | 157,390 | 278,920 | 62,744 |
| Note receivable advances | (46,196) | (1,031,605) | (46,196) | - |
| Investment in residuals | - | - | - | 66,995 |
| Net cash used in investing activities | <u>(14,964,318)</u> | <u>(27,226,178)</u> | <u>(6,016,264)</u> | <u>(8,043,669)</u> |

ATEL CAPITAL EQUIPMENT FUND IX, LLC

**STATEMENTS OF CASH FLOWS
(Continued)
NINE AND THREE MONTH PERIODS ENDED
SEPTEMBER 30, 2003
(Unaudited)**

| | Nine Months Ended September 30, | | Three Months Ended September 30, | |
|---|------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> |
| Financing activities: | | | | |
| Capital contributions received | 10,281,250 | 43,503,050 | - | 16,939,970 |
| Payment of syndication costs to Managing Member | (1,286,096) | (5,581,913) | 42,934 | (2,215,225) |
| Repurchase of limited liability company units | (1,923) | - | - | - |
| Distributions to Members | (8,560,562) | (4,371,530) | (2,934,517) | (1,740,321) |
| Net cash provided by (used in) financing activities | <u>432,669</u> | <u>33,549,607</u> | <u>(2,891,583)</u> | <u>12,984,424</u> |
| Net (decrease) increase in cash and cash equivalents | (7,846,682) | 10,468,063 | (6,751,694) | 7,131,473 |
| Cash and cash equivalents at beginning of period | 39,722,496 | 13,568,058 | 38,627,508 | 16,904,648 |
| Cash and cash equivalents at end of period | <u><u>\$ 31,875,814</u></u> | <u><u>\$ 24,036,121</u></u> | <u><u>\$ 31,875,814</u></u> | <u><u>\$ 24,036,121</u></u> |
| Supplemental disclosures of cash flow information: | | | | |
| Cash paid during the period for interest | <u><u>\$ 289,519</u></u> | <u><u>\$ 167,237</u></u> | <u><u>\$ 122,716</u></u> | <u><u>\$ 147,974</u></u> |
| Supplemental schedule of non-cash transactions: | | | | |
| Notes receivable exchanged for marketable securities | <u><u>\$ -</u></u> | <u><u>\$ 190,158</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 190,158</u></u> |
| Notes receivable reclassified to accounts receivable upon default | <u><u>\$ 303,061</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 303,061</u></u> | <u><u>\$ -</u></u> |

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003
(Unaudited)

1. Summary of significant accounting policies:

Interim financial statements:

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 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. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that effect reported amounts in the financial statements and accompanying notes. Therefore, actual results could differ from those estimates. Operating results for the three and nine months ended September 30, 2003 are not necessarily indicative of the results for the year ending December 31, 2003.

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 prior period amounts have been reclassified to conform to current period 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 Members for inclusion in their individual tax returns.

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

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003

(Unaudited)

3. Investment in leases:

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

| | Balance December 31, <u>2002</u> | <u>Additions</u> | Depreciation / Amortization Expense or Amortization of Direct Financing <u>Leases</u> | Reclassi- fications or <u>Dispositions</u> | Balance September 30, <u>2003</u> |
|--|--|----------------------|--|--|---|
| Net investment in operating leases | \$ 44,149,781 | \$ 10,731,246 | \$ (5,671,619) | \$ (983,291) | \$ 48,226,117 |
| Net investment in direct financing leases | 1,525,473 | 4,693,865 | (417,345) | (17,158) | 5,784,835 |
| Initial direct costs | 1,226,764 | 1,462,748 | (340,732) | - | 2,348,780 |
| | <u>\$ 46,902,018</u> | <u>\$ 16,887,859</u> | <u>\$ (6,429,696)</u> | <u>\$ (1,000,449)</u> | <u>\$ 56,359,732</u> |

Operating leases:

Property on operating leases consists of the following:

| | Balance December 31, <u>2002</u> | <u>Additions</u> | Depreciation Expense and Impairment <u>Losses</u> | Reclassi- fications or <u>Dispositions</u> | Balance September 30, <u>2003</u> |
|-------------------------------|--|----------------------|--|--|---|
| Mining | \$ 20,903,212 | \$ 4,618,772 | \$ - | \$ - | \$ 25,521,984 |
| Manufacturing | 15,051,966 | 1,708,142 | - | (997,875) | 15,762,233 |
| Marine vessels | 11,200,000 | - | - | - | 11,200,000 |
| Materials handling | 2,419,402 | 1,473,420 | - | - | 3,892,822 |
| Communications | 269,153 | 2,756,244 | - | - | 3,025,397 |
| Office furniture | 562,248 | 174,668 | - | - | 736,916 |
| Natural gas compressors | 696,451 | - | - | (74,943) | 621,508 |
| | <u>51,102,432</u> | <u>10,731,246</u> | <u>-</u> | <u>(1,072,818)</u> | <u>60,760,860</u> |
| Less accumulated depreciation | <u>(6,952,651)</u> | <u>-</u> | <u>(5,671,619)</u> | <u>89,527</u> | <u>(12,534,743)</u> |
| | <u>\$ 44,149,781</u> | <u>\$ 10,731,246</u> | <u>\$ (5,671,619)</u> | <u>\$ (983,291)</u> | <u>\$ 48,226,117</u> |

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003
(Unaudited)

3. Investment in leases (continued):

Direct financing leases:

As of September 30, 2003, investment in direct financing leases consists of materials handling, communications, research and office automation equipment and office furniture. The following lists the components of the Company's investment in direct financing leases:

| | September 30, <u>2003</u> | December 31, <u>2002</u> |
|--|------------------------------|-----------------------------|
| Total minimum lease payments receivable | \$ 6,150,317 | \$ 1,621,790 |
| Estimated residual values of leased equipment (unguaranteed) | <u>573,279</u> | <u>211,527</u> |
| Investment in direct financing leases | 6,723,596 | 1,833,317 |
| Less unearned income | <u>(938,761)</u> | <u>(307,844)</u> |
| Net investment in direct financing leases | <u><u>\$ 5,784,835</u></u> | <u><u>\$ 1,525,473</u></u> |

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

At September 30, 2003, the aggregate amounts of future minimum lease payments are as follows:

| | Operating <u>Leases</u> | Direct Financing <u>Leases</u> | <u>Total</u> |
|---------------------------------------|-----------------------------|--------------------------------------|-----------------------------|
| Three months ending December 31, 2003 | \$ 2,183,754 | \$ 554,289 | \$ 2,738,043 |
| Year ending December 31, 2004 | 10,380,986 | 2,108,432 | 12,489,418 |
| 2005 | 10,252,008 | 1,376,254 | 11,628,262 |
| 2006 | 8,634,270 | 1,032,878 | 9,667,148 |
| 2007 | 4,065,388 | 661,144 | 4,726,532 |
| 2008 | 2,240,268 | 305,154 | 2,545,422 |
| Thereafter | <u>1,362,923</u> | <u>112,166</u> | <u>1,475,089</u> |
| | <u><u>\$ 39,119,597</u></u> | <u><u>\$ 6,150,317</u></u> | <u><u>\$ 45,269,914</u></u> |

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003
(Unaudited)

4. Notes receivable:

The Company has various notes receivable from parties who have financed the purchase of equipment through the Company. The terms of the notes receivable are 24 to 49 months and bear interest at rates from 15.53% to 21.46%. The notes are secured by the equipment financed. The minimum payments receivable are as follows:

| | | |
|---------------------------------------|----|-----------------------|
| Three months ending December 31, 2003 | \$ | 69,944 |
| Year ending December 31, 2004 | | 158,880 |
| 2005 | | 124,828 |
| 2006 | | <u>76,716</u> |
| | | 430,368 |
| Less: Portion representing interest | | <u>(77,323)</u> |
| | \$ | <u><u>353,045</u></u> |

5. 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

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.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003
(Unaudited)

5. Related party transactions (continued):

The Managing Member and/or affiliates earned fees, commissions and reimbursements, pursuant to the Limited Liability Company Agreement as follows:

| | Nine Months Ended September 30, | | Three Months Ended September 30, | |
|---|------------------------------------|---------------------|-------------------------------------|---------------------|
| | <u>2003</u> | <u>2002</u> | <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 | \$ 4,132,790 | \$ - | \$ 1,609,297 |
| Reimbursement (refund) of other syndication costs to Managing Member, deducted from Other Members' Capital | 309,377 | 1,449,123 | (42,934) | 605,928 |
| Cost reimbursements to Managing Member | 454,199 | 216,783 | 142,141 | 98,197 |
| Asset management fees to Managing Member | 401,404 | 197,910 | 144,633 | 104,217 |
| | <u>\$ 2,141,699</u> | <u>\$ 5,996,606</u> | <u>\$ 243,840</u> | <u>\$ 2,417,639</u> |

6. Member's capital:

As of September 30, 2003, 12,065,016 Units (\$120,650,160) 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 (as defined in the Limited Liability Company Operating Agreement) are to be allocated 92.5% to the Other Members and 7.5% to the Managing Member.

Distributions to the Other Members were as follows in 2003 and 2002:

| | Nine Months Ended September 30, | | Three Months Ended September 30, | |
|--|------------------------------------|--------------|-------------------------------------|--------------|
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> |
| Distributions | \$ 7,918,514 | \$ 4,040,857 | \$ 2,714,422 | \$ 1,606,989 |
| Weighted average number of Units outstanding | 12,021,795 | 6,435,633 | 12,065,016 | 7,831,367 |
| Weighted average distributions per Unit | \$0.66 | \$0.63 | \$0.22 | \$0.21 |

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003
(Unaudited)

7. Line of credit:

The Company participates with the Managing Member and certain of its affiliates in a \$56,282,201 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 September 30, 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 | <u>24,300,000</u> |
| Total borrowings under the acquisition facility | <u>24,300,000</u> |
| Amounts borrowed by the Managing Member and its sister corporation under the warehouse facility | <u>-</u> |
| Total outstanding balance | <u><u>\$ 24,300,000</u></u> |
| | |
| Total available under the line of credit | \$ 57,282,201 |
| Total outstanding balance | <u>(24,300,000)</u> |
| Remaining availability | <u><u>\$ 32,982,201</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 September 30, 2003.

8. Commitments:

As of September 30, 2003, the Company had outstanding commitments to purchase lease equipment totaling approximately \$27,678,000.

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 nine months of 2003, our primary activity has been engaging in various equipment leasing activities. During the first nine months of 2002, our primary activities were raising funds through our offering of Limited Liability Company Units (Units) and engaging in equipment leasing activities.

During the fund raising period, our primary source of liquidity is subscription proceeds from the public offering of Units. Our liquidity 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, we have contractual obligations with a diversified group of lessees for fixed lease terms at fixed rental amounts. As the initial lease terms expire we will re-lease or sell the equipment. Our future liquidity beyond the contractual minimum rentals will depend on the our 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 \$56,282,201 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 September 30, 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 | 24,300,000 |
| Total borrowings under the acquisition facility | 24,300,000 |
| Amounts borrowed by the Managing Member and its sister corporation under the warehouse facility | - |
| Total outstanding balance | <u>\$ 24,300,000</u> |
| Total available under the line of credit | \$ 57,282,201 |
| Total outstanding balance | (24,300,000) |
| Remaining availability | <u>\$ 32,982,201</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 September 30, 2003.

We anticipate reinvesting a portion of lease payments from assets owned in new leasing transactions. These reinvestments will occur only after the payment of all obligations, including debt service (both principal and interest), the payment of management fees to the Managing Member and providing for cash distributions to the Other Members.

We currently have available adequate reserves to meet contingencies, but in the event that those reserves were found to be inadequate, we would likely be in a position to borrow against our current portfolio to meet such requirements. We envision no such requirements for operating purposes.

We do not expect to make commitments of capital, nor have we made any commitments of capital, except for the acquisition of additional equipment. As of September 30, 2003, we had made commitments totaling approximately \$27,678,000.

If inflation in the general economy becomes significant, it may affect us in that the residual (resale) values and rates on re-leases of our leased assets may increase as the costs of similar assets increase. However, our revenues from existing leases would not increase, as these rates are generally fixed for the terms of the leases without adjustment for inflation.

If interest rates increase significantly, the lease rates that we 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. Our leases already in place, for the most part, would not be affected by changes in interest rates.

Cash Flows

During the first three quarters of 2003 and 2002, our primary source of liquidity was the proceeds of our offering of Units.

In 2003 and 2002, operating lease rents were our primary source of cash from operations.

In 2003, proceeds from sales of lease assets was our largest source of cash from investing activities. In both 2003 and 2002, rents from direct financing leases and payments received on notes receivable were also primary sources of cash from investing activities. We used cash in investing activities to purchase operating and direct financing lease assets, to pay of initial direct costs associated with the lease asset purchases and to make advances on notes receivable.

Our primary source of cash from financing activities was the proceeds of our public offering of Units of Limited Liability Company interest. We used cash in financing activities to pay syndication costs associated with the offering and to make distributions to our Members.

Results of operations

On February 21, 2001, we commenced operations. In 2002, our operations resulted in net income of \$387,773 for the nine month period and in a net loss of \$27,874 for the three month period. In 2003, our operations resulted in net income of \$176,645 for the nine month period and a net loss of \$253,665 for the three month period. Our primary source of revenues is rents from operating leases. Depreciation is related to operating lease assets and thus, to operating lease revenues. We expect these to increase in future periods as we continue to acquire lease assets.

Asset management fees are based on our gross lease rents 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 we have acquired lease assets, lease rents are collected and distributions made to the members have increased. This has led to increases in management fees.

Interest expense in 2003 and 2002 relates primarily to a credit facility which has been established to provide long-term financing for lease asset acquisitions. To date, we have not borrowed under this credit facility. Charges were incurred in order to maintain the availability of the credit facility and were included in interest expense.

The results of our operations are expected to vary considerably in future periods from those of the first nine months of 2003 and 2002 as we continue 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 September 30, 2003, there was no outstanding balance on the floating interest rate line of credit.

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 September 30, 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 September 30, 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 September 30, 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 September 30, 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., ("SAN") advised the Company on July 8, 2002, that, due to a further decline in expectations of future demand for SAN's products by potential customers in its target markets, SAN's Board of Directors had directed management to cease operations, which occurred in July 2002. As SAN was current on its note payable payment obligation to the Company, the Company declared a technical default in early July on the basis of the termination of operations. As of September 30, 2002, SAN's account was current, except for late charges. The Company filed suit, on the basis of the technical default, and moved for a Writ of Attachment, which was denied. The Company's motions were denied, due in large part to the fact that SAN's account was still current.

On advice of counsel, the Company withdrew the initial suit, as it became apparent that the court will continue to deny any Writ of Attachment until and unless SAN actually defaults on its payment obligation. SAN defaulted in September 2003 for failure to make the payments due September 1, 2003. The Company declared default and refiled a lawsuit and also filed for a Writ of Attachment. As SAN was very low on cash and had no new equity or debt funding arranged, the court granted the Company a Writ of Attachment for the majority of SAN's assets. The Company levied SAN's bank accounts and found they had less than \$5,000 in them.

The Company has filed its Attachment lien against SAN's intellectual property, including several patents on file with the federal government. The Company has also notified a former officer of SAN who owes SAN several hundred thousand dollars (and that SAN holds a promissory note secured by a second deed of trust against the maker's home for repayment of such amounts), that all proceeds due under that note are to be paid to the Company.

SAN has ceased operations and has retained a consulting firm to attempt to liquidate its assets outside of the bankruptcy court. As the Company has a pre-judgment lien against virtually all significant assets of SAN, the Company has first right to any asset liquidation proceeds. Other creditors of SAN are objecting to the Company's having this superior position and may force SAN into bankruptcy if SAN does not file bankruptcy on its own. If SAN ends up in bankruptcy within 90 days of the Company having been granted the Writ of Attachment, then the Company's Writ of Attachment will be voided and the Company's claims against SAN will be pari passu with the other creditors.

The Company has recovered the equipment it financed that was located at SAN's location in California and it will be sold at a public auction on October 30, 2003. The Company is making arrangements to recover other equipment the Company financed that was located at SAN's offices in Canada which the Company will then remarket. The amount that the Company will ultimately recover from this account is highly uncertain at present.

All amounts due under the notes receivable from SAN were reclassified to accounts receivable upon default and have been properly reserved to reflect the estimated recoverable amounts still outstanding, approximately \$53,000.

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. The Company commenced negotiations with Photuris to restructure its note terms. As of this date, no legal action has been initiated against Photuris; however, the account has been restructured. In concert with several other lessors and lenders the Company concluded negotiations and executed a Settlement Agreement with Photuris. Under the terms of the Settlement Agreement, the Company received an initial payment of \$200,000 in July 2002.

The Company is carrying a promissory note 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 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 some additional equity and was in danger of running out of operating capital in early November 2002. The Company confirmed with the lead investor in Photuris' latest equity round that the investors had 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 confirmed that Photuris received the first stage of this new equity in November 2002. Follow on rounds, which have allowed Photuris to continue operations for a few more months at a time, have closed in February and May 2003. The final round of equity was to have been funded by August 15, 2003.

Photuris received a term sheet from a large, publicly traded telecommunications firm to purchase Photuris. While negotiations were underway over the price and other terms, the investors requested, and the Company granted, a thirty day extension on putting in their equity. Negotiations have stalled and the investors have requested permission to inject their final commitment as debt subordinated to the amounts due to the Company, instead of as equity, and to put in their money in three more tranches beginning the end of September 2003, so that Photuris may continue operating and negotiating a sale with the original offeror as well as with new ones that have emerged in recent weeks.

The Company has agreed to this, with the condition that, at the first of those final fundings, the Company be paid the first three installments of principal payment that are due to commence October 2003, all in one payment. Photuris refused to do this and went ahead with its subordinated debt versus equity transaction and received its first round of debt in late September 2003. As the Company did not grant its permission for this change, Photuris is technically in default for failure to close on the last tranche of equity. The account is current as of October 24, 2003. Photuris will need to have arranged a sale of the company or for further equity or debt by calendar year end in order to continue in business beyond January 31, 2004.

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.

Inapplicable.

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, September 30, 2003 and December 31, 2002.

Statements of operations for the nine and three month periods ended September 30, 2003 and 2002.

Statements of changes in members' capital for the year ended December 31, 2002 and for the nine month period ended September 30, 2003.

Statements of cash flows for the nine and three month periods ended September 30, 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.

3. Other Exhibits

99.1 Certification of Paritosh K. Choksi

99.2 Certification of Dean L. Cash

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

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

(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:
November 12, 2003

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 Managing Member

By: /s/ PARITOSH K. CHOKSI
Paritosh K. Choksi
Executive Vice President of
Managing Member, 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)
 - 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: November 12, 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)
 - 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: November 12, 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 10Q of ATEL Capital Equipment Fund IX, LLC, (the "Company") for the period ended September 30, 2002 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: November 12, 2003

/s/ DEAN L. CASH
Dean L. Cash
President and Chief Executive
Officer of Managing Member
November 12, 2003

**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 10Q of ATEL Capital Equipment Fund IX, LLC, (the "Company") for the period ended September 30, 2002 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: November 12, 2003

/s/ PARITOSH K. CHOKSI

Paritosh K. Choksi
Executive Vice President of Managing
Member, Principal financial officer of registrant