

Form 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

- ☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the quarterly period ended September 30, 2004
- ☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the transition period from _____ to _____

Commission File Number 000-50687

ATEL Capital Equipment Fund X, LLC

(Exact name of registrant as specified in its charter)

California

(State or other jurisdiction of
incorporation or organization)

68-0517690

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

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

(Address of principal executive offices)

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

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

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

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

Indicate by check mark whether the registrant 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, 2004 was 9,793,295.

DOCUMENTS INCORPORATED BY REFERENCE

None

ATEL CAPITAL EQUIPMENT FUND X, LLC

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Part I. FINANCIAL INFORMATION

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ATEL CAPITAL EQUIPMENT FUND X, LLC

BALANCE SHEETS

SEPTEMBER 30, 2004 AND DECEMBER 31, 2003
(Unaudited)

ASSETS

	September 30, 2004 (Unaudited)	December 31, 2003
Cash and cash equivalents	\$ 56,243,803	\$ 22,680,652
Accounts receivable	112,880	3,179
Prepaid syndication costs	17,990	156,624
Due from Managing Member	2,060	-
Due from affiliate	-	248,428
Notes receivable	3,773,700	-
Investments in leases	20,298,132	14,726,680
Total assets	<u>\$ 80,448,565</u>	<u>\$ 37,815,563</u>

LIABILITIES AND MEMBERS' CAPITAL

Accounts payable:		
Other	\$ 11,177	\$ 127,131
Managing Member	-	472,041
Unadmitted subscription for limited liability company units	250,000	-
Deposits due to lessees	187,291	-
Unearned operating lease income	119,118	105,728
Total liabilities	567,586	704,900
Members' capital	79,880,979	37,110,663
Total liabilities and Members' capital	<u>\$ 80,448,565</u>	<u>\$ 37,815,563</u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND X, LLC

STATEMENTS OF OPERATIONS

**NINE AND THREE MONTH PERIODS ENDED
SEPTEMBER 30, 2004 AND 2003
(Unaudited)**

	Nine Months Ended September 30,		Three Months Ended September 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:				
Leasing activities:				
Operating leases	\$ 2,556,361	\$ 320,637	\$ 1,005,291	\$ 206,433
Direct financing leases	94,245	15,990	39,153	15,990
Interest:				
Interest earned on cash deposits	236,192	17,582	103,944	17,495
Interest earned on notes receivable	187,176	-	111,186	-
Other	9,378	78	6,908	78
	<u>3,083,352</u>	<u>354,287</u>	<u>1,266,482</u>	<u>239,996</u>
Expenses:				
Depreciation of operating lease assets	2,297,807	370,343	908,473	249,992
Amortization of initial direct costs	236,315	25,422	84,124	19,728
Cost reimbursements to Managing Member	222,833	15,858	108,471	13,859
Asset management fees to Managing Member	131,935	16,656	58,521	10,625
Professional fees	79,949	24,992	5,208	6,234
Franchise fees and state taxes	32,608	-	-	-
Other	104,181	71,889	42,829	42,745
	<u>3,105,628</u>	<u>525,160</u>	<u>1,207,626</u>	<u>343,183</u>
Net (loss) income	<u>\$ (22,276)</u>	<u>\$ (170,873)</u>	<u>\$ 58,856</u>	<u>\$ (103,187)</u>
Net income (loss):				
Managing Member	\$ 300,132	\$ 25,412	\$ 127,468	\$ 22,618
Other Members	(322,408)	(196,285)	(68,612)	(125,805)
	<u>\$ (22,276)</u>	<u>\$ (170,873)</u>	<u>\$ 58,856</u>	<u>\$ (103,187)</u>
Net loss per Limited Liability Company Unit	(\$0.05)	(\$0.14)	(\$0.01)	(\$0.05)
Weighted average number of Units outstanding	6,977,561	1,410,961	8,724,786	2,737,770

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND X, LLC

STATEMENT OF CHANGES IN MEMBERS' CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2003
AND FOR THE NINE MONTH PERIOD ENDED
SEPTEMBER 30, 2004
(Unaudited)

	<u>Initial Member</u>		<u>Managing</u>	<u>Total</u>
	<u>Units</u>	<u>Amount</u>	<u>Member</u>	
Balance December 31, 2002	50	\$ 500	\$ 100	\$ 600
Capital contributions	4,483,332	44,833,320	-	44,833,320
Less selling commissions to affiliates	-	(4,034,999)	-	(4,034,999)
Other syndication costs to affiliates	-	(2,491,736)	-	(2,491,736)
Distributions to Members	-	(937,496)	(76,013)	(1,013,509)
Net income (loss)	-	(258,926)	75,913	(183,013)
Balance December 31, 2003	4,483,382	37,110,663	-	37,110,663
Capital contributions	5,333,163	53,331,630	-	53,331,630
Less selling commissions to affiliates	-	(4,799,847)	-	(4,799,847)
Other syndication costs to affiliates	-	(1,507,753)	-	(1,507,753)
Rescissions of capital contributions	(20,000)	(200,000)	-	(200,000)
Units repurchased	(3,250)	(29,677)	-	(29,677)
Distributions to members	-	(3,701,629)	(300,132)	(4,001,761)
Net income (loss)	-	(322,408)	300,132	(22,276)
Balance September 30, 2004	9,793,295	\$ 79,880,979	\$ -	\$ 79,880,979

See accompanying notes.

STATEMENTS OF CASH FLOWS

NINE AND THREE MONTH PERIODS ENDED
SEPTEMBER 30, 2004 AND 2003
(Unaudited)

	<u>Nine Months</u>		<u>Three Months</u>	
	<u>Ended September 30,</u>	<u>2003</u>	<u>Ended September 30,</u>	<u>2003</u>
	<u>2004</u>		<u>2004</u>	
Operating activities:				
Net (loss) income	\$ (22,276)	\$ (170,873)	\$ 58,856	\$ (103,187)
Adjustments to reconcile net (loss) income to cash provided by operating activities:				
Depreciation of operating lease assets	2,297,807	370,343	908,473	249,992
Amortization of initial direct costs	236,315	25,422	84,124	19,728
Changes in operating assets and liabilities:				
Accounts receivable	(109,701)	-	(57,759)	-
Due from Managing Member	(2,060)	-	(2,060)	-
Prepaid syndication costs	138,634	(270,101)	(17,990)	320,833
Accounts payable, Managing Member	(472,041)	234,670	(530,106)	18,680
Accounts payable, other	(115,954)	36,658	(192,318)	34,043
Deposits due to lessees	187,291	-	9,858	-
Unearned operating lease income	13,390	105,584	8,082	60,977
Net cash provided by operations	2,151,405	331,703	269,160	601,066

ATEL CAPITAL EQUIPMENT FUND X, LLC

STATEMENTS OF CASH FLOWS

**NINE AND THREE MONTH PERIODS ENDED
SEPTEMBER 30, 2004 AND 2003**

(Unaudited)

(Continued)

	Nine Months Ended September 30, <u>2004</u> <u>2003</u>		Three Months Ended September 30, <u>2004</u> <u>2003</u>	
Investing activities:				
Purchases of equipment on operating leases	(7,317,106)	(4,975,351)	(233,839)	(2,793,225)
Note receivable advances	(4,030,267)	-	(623,771)	-
(Payments) recoveries of initial direct costs to Managing Member	(586,549)	(475,458)	68,137	(267,765)
Purchases of equipment on direct financing leases	(433,959)	(654,526)	(74,242)	(654,526)
Payments received on notes receivable	256,567	-	212,843	-
Due from affiliate	248,428	-	-	-
Reduction of net investment in direct financing leases	232,040	46,940	101,889	46,940
Net cash used in investing activities	<u>(11,630,846)</u>	<u>(6,058,395)</u>	<u>(548,983)</u>	<u>(3,668,576)</u>
Financing activities:				
Capital contributions received	53,331,630	30,257,390	19,461,330	17,298,200
Payment of syndication costs to Managing Member	(6,307,600)	(4,408,839)	(1,904,386)	(2,794,269)
Distributions to Other Members	(3,701,629)	(314,651)	(1,562,564)	(278,957)
Distributions to Managing Member	(300,132)	(25,512)	(127,468)	(22,618)
Unadmitted subscriptions for limited liability company units	250,000	-	250,000	-
Rescissions of capital contributions	(200,000)	-	(9,548)	-
Repurchases of units	(29,677)	-	(11,438)	-
Net cash provided by financing activities	<u>43,042,592</u>	<u>25,508,388</u>	<u>16,095,926</u>	<u>14,202,356</u>
Net increase in cash and cash equivalents	33,563,151	19,781,696	15,816,103	11,134,846
Cash and cash equivalents at beginning of period	<u>22,680,652</u>	<u>600</u>	<u>40,427,700</u>	<u>8,647,450</u>
Cash and cash equivalents at end of period	<u><u>\$ 56,243,803</u></u>	<u><u>\$ 19,782,296</u></u>	<u><u>\$ 56,243,803</u></u>	<u><u>\$ 19,782,296</u></u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND X, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004
(Unaudited)

1. Summary of significant accounting policies:

Basis of presentation:

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with 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 nine months ended September 30, 2004 are not necessarily indicative of the results for the year ending December 31, 2004.

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, 2003, filed with the Securities and Exchange Commission.

2. Organization and Limited Liability Company matters:

ATEL Capital Equipment Fund X, LLC (the Company) was formed under the laws of the state of California on August 12, 2002 for the purpose of acquiring equipment to engage in equipment leasing and sales activities. The Company may continue until December 31, 2021.

The Company, or the Managing Member on behalf of the Company, will incur costs in connection with the organization, registration and issuance of the Limited Liability Company Units (Units). The amount of such costs to be borne by the Company is limited by certain provisions of the Company's Operating Agreement.

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 April 9, 2003, the Company commenced operations.

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

The Company is in its acquisition phase and is making distributions on a monthly or quarterly basis.

ATEL CAPITAL EQUIPMENT FUND X, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

(Unaudited)

3. Investment in leases:

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

	Balance December 31, <u>2003</u>	<u>Additions</u>	Depreciation / Amortization Expense or Amortization of Direct Financing <u>Leases</u>	Balance September 30, <u>2004</u>
Net investment in operating leases	\$ 12,967,263	\$ 7,317,106	\$ (2,297,807)	\$ 17,986,562
Net investment in direct financing leases	735,451	433,959	(232,040)	937,370
Initial direct costs, net of accumulated amortization of \$302,720 in 2004 and \$66,405 in 2003	1,023,966	586,549	(236,315)	1,374,200
	<u>\$ 14,726,680</u>	<u>\$ 8,337,614</u>	<u>\$ (2,766,162)</u>	<u>\$ 20,298,132</u>

Net investment in operating leases:

Property on operating leases consists of the following:

	Balance December 31, <u>2003</u>	<u>Additions</u>	Depreciation <u>Expense</u>	Balance September 30, <u>2004</u>
Materials handling	\$ 4,827,588	\$ 3,520,420	\$ -	\$ 8,348,008
Manufacturing	5,848,508	-	-	5,848,508
Mining	2,000,000	1,371,097	-	3,371,097
Transportation	-	2,392,301	-	2,392,301
Data processing	1,046,434	33,288	-	1,079,722
	<u>13,722,530</u>	<u>7,317,106</u>	<u>-</u>	<u>21,039,636</u>
Less accumulated depreciation	<u>(755,267)</u>	<u>-</u>	<u>(2,297,807)</u>	<u>(3,053,074)</u>
	<u>\$ 12,967,263</u>	<u>\$ 7,317,106</u>	<u>\$ (2,297,807)</u>	<u>\$ 17,986,562</u>

The average assumed residual values for assets on operating leases was 22% at September 30, 2004 and 20% at December 31, 2003. The weighted average term of the operating leases was 55 months at September 30, 2004 and 57 months at December 31, 2003.

ATEL CAPITAL EQUIPMENT FUND X, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004
(Unaudited)

3. Investment in leases (continued):

Net investment in direct financing leases:

The following lists the components of the Company's net investment in direct financing leases as of September 30, 2004:

Total minimum lease payments receivable	\$ 1,066,617
Estimated residual values of leased equipment (unguaranteed)	<u>46,738</u>
Investment in direct financing leases	1,113,355
Less unearned income	<u>(175,985)</u>
Net investment in direct financing leases	<u><u>\$ 937,370</u></u>

At September 30, 2004, the aggregate amounts of future minimum lease payments to be received are as follows:

	Operating <u>Leases</u>	Direct Financing <u>Leases</u>	<u>Total</u>
Three months ending December 31, 2004	\$ 1,002,667	\$ 132,317	\$ 1,134,984
Year ending December 31, 2005	4,010,668	527,375	4,538,043
2006	3,447,806	358,157	3,805,963
2007	2,809,847	48,768	2,858,615
2008	2,163,508	-	2,163,508
2009	714,512	-	714,512
2010	36,453	-	36,453
	<u><u>\$ 14,185,461</u></u>	<u><u>\$ 1,066,617</u></u>	<u><u>\$ 15,252,078</u></u>

All of the property on leases was acquired in 2003 and 2004.

ATEL CAPITAL EQUIPMENT FUND X, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

(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 18 to 60 months and bear interest at rates ranging from 11% to 21%. The notes are secured by the equipment financed. As of September 30, 2004, the minimum future payments receivable are as follows:

	Year ending December 31,	
Three months ending December 31, 2004	\$	287,592
Year ending December 31, 2005		1,144,318
2006		843,897
2007		535,210
2008		447,024
2009		1,818,005
		<u>5,076,046</u>
Less portion representing interest		(1,302,346)
	\$	<u><u>3,773,700</u></u>

5. Related party transactions:

The terms of the Limited Company Operating Agreement provide that AFS 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 AFS in providing services to the Company. Services provided include Company accounting, investor relations, legal counsel and lease and equipment documentation. AFS is not reimbursed for services where it is entitled to receive a separate fee as compensation for such services. Reimbursable costs incurred by AFS 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.

Each of ATEL Leasing Corporation ("ALC"), ATEL Equipment Corporation ("AEC"), ATEL Investor Services ("AIS") and ATEL Financial Services LLC is a wholly-owned subsidiary of ATEL Capital Group and performs services for the Company. Acquisition services are performed for the Company by ALC, equipment management, lease administration and asset disposition services are performed by AEC, investor relations and communications services are performed by AIS and general administrative services for the Company are performed by AFS.

Substantially all employees of AFS record time incurred in performing services on behalf of all of the Companies serviced by AFS. AFS 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 X, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

(Unaudited)

5. Related party transactions (continued):

AFS 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>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Selling commissions (equal to 9% of the selling price of the Limited Liability Company units, deducted from Other Members' capital)	\$ 4,799,847	\$ 2,723,165	\$ 1,751,520	\$ 1,556,838
Reimbursement of other syndication costs to AFS	1,507,753	1,685,674	152,866	1,237,431
Payments (recoveries) of initial direct costs to AFS	586,549	475,458	(68,137)	267,765
Costs reimbursed to AFS	222,833	15,858	108,471	13,859
Reimbursements of other costs initially paid by AFS on behalf of the Company	169,695	53,348	69,211	45,743
Asset management fees to AFS	131,935	16,656	58,521	10,625
	<u>\$ 7,418,612</u>	<u>\$ 4,970,159</u>	<u>\$ 2,072,452</u>	<u>\$ 3,132,261</u>

6. Members' capital:

As of September 30, 2004, 9,793,295 Units were issued and outstanding. The Company is authorized to issue up to 15,000,050 Units.

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 Members and 7.5% to AFS.

Distributions to the Limited Partners were as follows:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Distributions	\$ 3,701,629	\$ 314,651	\$ 1,562,564	\$ 278,957
Weighted average number of Units outstanding	6,977,561	1,410,961	8,724,786	2,737,770
Weighted average distributions per Unit	\$ 0.53	\$ 0.22	\$ 0.18	\$ 0.10

7. Commitments:

As of September 30, 2004, the Company had outstanding commitments to purchase lease equipment totaling approximately \$34,732,000.

ATEL CAPITAL EQUIPMENT FUND X, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

(Unaudited)

8. Financing arrangement:

The Company participates with AFS and certain of its affiliates in a financing arrangement (comprised of a term loan to AFS, an acquisition facility and a warehouse facility) with a group of financial institutions that includes certain financial covenants. The available financing arrangement was amended during the current quarter and the overall financing arrangement was increased by \$4,300,000 to \$70,000,000 and expires in June 2006. The availability of borrowings available to the Company under this financing arrangement is reduced by the amount AFS has outstanding as a term loan. As of September 30, 2004 borrowings under the facility were as follows:

Total amount available under the financing arrangement	\$ 70,000,000
Term loan to AFS as of September 30, 2004	(2,809,091)
Total available under the acquisition and warehouse facilities	<u>67,190,909</u>
Amount borrowed by the Company under the acquisition facility	-
Amounts borrowed by affiliated partnerships and limited liability companies under the acquisition facility	(14,300,000)
Total remaining available under the acquisition and warehouse facilities	<u><u>\$ 52,890,909</u></u>

Subsequent to quarter end the revolving line of credit was increased \$5,000,000 to an overall available credit limit of \$75,000,000.

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 AFS.

The credit agreement includes certain financial covenants applicable to each borrower. The Company was in compliance with its covenants as of September 30, 2004.

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 nine and three month periods ended September 30, 2004 and 2003, the Company's primary activities were raising funds through its offering of Limited Liability Company Units (Units) and engaging in equipment leasing activities. Through September 30, 2004, the Company had received subscriptions for 9,841,545 Units (\$98,415,450). As of September 30, 2004, 9,793,295 Units (\$97,932,950) 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 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 AFS's success in re-leasing or selling the equipment as it comes off lease.

The Company participates with AFS and certain of its affiliates in a financing arrangement (comprised of a term loan to AFS, an acquisition facility and a warehouse facility) with a group of financial institutions that includes certain financial covenants. The available financing arrangement was amended during the current quarter and the overall financing arrangement was increased by \$4,300,000 to \$70,000,000 and expires in June 2006. The availability of borrowings available to the Company under this financing arrangement is reduced by the amount AFS has outstanding as a term loan. As of September 30, 2004 borrowings under the facility were as follows:

Total amount available under the financing arrangement	\$ 70,000,000
Term loan to AFS as of September 30, 2004	<u>(2,809,091)</u>
Total available under the acquisition and warehouse facilities	67,190,909
Amount borrowed by the Company under the acquisition facility	-
Amounts borrowed by affiliated partnerships and limited liability companies under the acquisition facility	<u>(14,300,000)</u>
Total remaining available under the acquisition and warehouse facilities	<u><u>\$ 52,890,909</u></u>

Subsequent to quarter end the revolving line of credit was increased \$5,000,000 to an overall available credit limit of \$75,000,000.

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 AFS.

The Company anticipates reinvesting a portion of lease payments from owned assets on lease 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 AFS 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. AFS envisions no such requirements for operating purposes.

No commitments of capital have been or are expected to be made other than for the acquisition of additional equipment. As of September 30, 2004, such commitments totaled approximately \$34,732,000.

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.

Cash Flows

The Company is raising additional capital through its public offering of Units and is actively acquiring additional lease assets and is investing in additional notes receivable. As a result, the cash flows of the Company in the three and nine month periods ended September 30, 2004 and 2003 are not expected to be comparable.

During the nine and three month periods ended September 30, 2004 and 2003, the Company's primary source of liquidity was the proceeds of its public offering of Units.

During the three and nine month periods ended September 30, 2004 and 2003, the Company's primary source of cash from operating activities was operating lease rents.

During 2004, sources of cash from investing activities consisted of collections of amounts due from an affiliate and cash flows from direct financing leases and notes receivable. In 2003, sources of cash flows from investing activities consisted of cash flows from direct financing leases. In 2004 and 2003 we used cash to purchase assets on operating leases and direct financing leases and to pay initial direct costs to AFS. In 2004, we also used cash to make note receivable advances.

In 2004 and 2003, financing sources of cash flows consisted solely of the proceeds of our public offering of Units. We used cash to pay for the costs of the offering and to make distributions to the Members. In 2004, we also used cash to repurchase Units from investors and to rescind a purchase of Units.

Results of operations

As of April 9, 2003, subscriptions for the minimum amount of the offering (\$1,200,000) had been received and accepted by the Company. As of that date, the Company commenced operations in its primary business (leasing activities). Because of the fact that the initial portfolio acquisitions were not completed at September 30, 2004, the results of operations in 2004 are not expected to be comparable to future periods. After the Company's public offering and its initial asset acquisition stage terminate, the results of operations are expected to change significantly.

Operations resulted in a net loss of \$22,276 for the nine month period ended September 30, 2004 and net income of \$58,856 for the three month period then ended. In 2003, operations resulted in a net losses of \$170,873 and \$103,187 for the nine and three month periods, respectively. The Company's primary source of revenues is from operating leases. We expect that operating leases will continue to be the primary source of revenues and that the amounts earned will increase as we continue to acquire additional lease assets. Our depreciation expense is directly related to the assets we have on operating leases. We also expect that depreciation expense and amortization of initial direct costs will increase in future periods as we acquire more assets.

Depreciation expense increased from \$370,343 for the nine month period ended September 30, 2003 to \$2,297,807 for the comparable period in 2004. For the three month periods in those years, depreciation expense increased from \$249,992 to \$908,473. Amortization expense increased from \$25,422 for the nine month period ended September 30, 2003 to \$236,315 for the comparable period in 2004. For the three month periods in those years, amortization expense increased from \$19,728 to \$84,124. Under the terms of the Limited Liability Company Operating Agreement, AFS is entitled certain fees and reimbursements of costs. Asset management fees for the nine and three month periods ended September 30, 2004 were \$131,935 and \$58,521, respectively and \$16,656 and \$10,625 in the comparable periods in 2003. Costs reimbursements were \$222,833 and \$108,471 for the nine and three month periods ended September 30, 2004, respectively. Cost reimbursements were \$15,858 and \$13,859 for the comparable periods in 2003. These amounts are expected to increase in future periods as the operations of the Company expand.

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 will be 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 will be 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 a 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, 2004, there was no outstanding balance on the floating interest rate line of credit.

Item 4. Controls and procedures.

Evaluation of disclosure controls and procedures

Under the supervision and with the participation of our management (ATEL Financial Services, LLC as Managing Member of the registrant, including the chief executive officer and chief financial officer), 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) under the Securities Exchange Act of 1934] was performed as of the date of this report. Based upon this evaluation, the chief executive officer and the chief financial officer concluded that, as of the evaluation date, except as noted below, 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.

As disclosed in the Form 10-K for the year ended December 31, 2003, the chief executive and chief financial officer of the Managing Member of the Company had identified certain enhanced controls needed to facilitate a more effective closing of the Company's financial statements. During the first quarter of 2004 and since the end of the quarter, the Managing Member hired a new controller, added additional accounting staff personnel, and has instituted or revised existing procedures in order to ensure that the Company's ability to execute internal controls in accounting and reconciliation in the closing process is adequate in all respects. The Managing Member will continue to review its accounting procedures and practices to determine their effectiveness and adequacy and will take such steps as deemed necessary in the opinion of the Managing Member's chief executive and chief financial officers to ensure the adequacy of the Company's accounting controls and procedures.

The Managing Member's chief executive officer and chief financial officer have determined that no weakness in financial and accounting controls and procedures had any material effect on the accuracy and completeness of the Company's financial reporting and disclosure included in this report.

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, except as described in the prior paragraphs.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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

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

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: March 12, 2003; File Number: 333-100452
- (2) Offering commenced: March 12, 2003
- (3) The offering did not terminate before any securities were sold.
- (4) The offering has not been terminated prior to the sale of all of the securities.
- (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 September 30, 2004:

<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	9,793,245	\$ 97,932,450

(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	\$ 1,468,987	\$ 7,344,934	\$ 8,813,921
Other expenses	-	4,020,414	4,020,414
Total expenses	<u>\$ 1,468,987</u>	<u>\$ 11,365,348</u>	<u>\$ 12,834,335</u>

(9) Net offering proceeds to the issuer after the total expenses in item 8: \$ 85,098,115

(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	\$ 1,676,920	\$ 26,623,765	\$ 28,300,685
Working capital	-	56,797,430	56,797,430
	<u>\$ 1,676,920</u>	<u>\$ 83,421,195</u>	<u>\$ 85,098,115</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.

(a) Documents filed as a part of this report

1. Financial Statement Schedules

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

2. Other Exhibits

- 31.1 Certification of Paritosh K. Choksi
- 31.2 Certification of Dean L. Cash
- 32.1 Certification Pursuant to 18 U.S.C. section 1350 of Dean L. Cash
- 32.2 Certification Pursuant to 18 U.S.C. section 1350 of Paritosh K. Choksi

(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 11, 2004

ATEL CAPITAL EQUIPMENT FUND X, 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
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 X, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within the entity, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 11, 2004

/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 X, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within the entity, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 11, 2004

/s/ Dean L. Cash

Dean L. Cash

President and Chief Executive Officer of
Managing Member

CERTIFICATION

I, Dean L. Cash, Chief Executive Officer of ATEL Financial Services, LLC, Managing Member of ATEL Capital Equipment Fund X, LLC (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m);
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 11/11/2004

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

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

CERTIFICATION

I, Paritosh K. Choksi, Executive Vice President of ATEL Financial Services, LLC, Managing Member of ATEL Capital Equipment Fund X, LLC (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m);
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 11/11/2004

/s/ Paritosh K. Choksi

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

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