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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-Q**

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

For the quarterly period ended June 30, 2010

**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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

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

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

The number of Limited Liability Company Units outstanding as of July 31, 2010 was 13,971,486.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

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# ATEL CAPITAL EQUIPMENT FUND X, LLC

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**PART I. FINANCIAL INFORMATION**

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

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**BALANCE SHEETS**

**JUNE 30, 2010 AND DECEMBER 31, 2009**

(in thousands)

**(Unaudited)**

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,472	\$ 12,866
Accounts receivable, net of allowance for doubtful accounts of \$41 at June 30, 2010 and \$48 at December 31, 2009	1,175	1,032
Notes receivable, net of unearned interest income of \$374 as of June 30, 2010 and \$465 as of December 31, 2009	1,864	2,276
Due from affiliates	—	1,009
Prepaid expenses and other assets	49	121
Investment in securities	251	248
Investments in equipment and leases, net of accumulated depreciation of \$70,356 at June 30, 2010 and \$64,825 at December 31, 2009	81,092	92,520
<b>Total assets</b>	<b>\$ 95,903</b>	<b>\$ 110,072</b>
<b>LIABILITIES AND MEMBERS' CAPITAL</b>		
Accounts payable and accrued liabilities:		
Managing Member	\$ 220	\$ 122
Accrued distributions to Other Members	1,313	1,313
Other	603	679
Accrued interest payable	164	118
Interest rate swap contracts	807	967
Deposits due lessees	90	90
Non-recourse debt	28,784	30,921
Receivables funding program obligation	19,691	25,781
Unearned operating lease income	1,128	2,115
<b>Total liabilities</b>	<b>52,800</b>	<b>62,106</b>
Commitments and contingencies		
Members' capital:		
Managing Member	—	—
Other Members	43,103	47,966
<b>Total Members' capital</b>	<b>43,103</b>	<b>47,966</b>
<b>Total liabilities and Members' capital</b>	<b>\$ 95,903</b>	<b>\$ 110,072</b>

See accompanying notes.

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**STATEMENTS OF INCOME**

**THREE AND SIX MONTHS ENDED**

**JUNE 30, 2010 AND 2009**

(in thousands, except per unit data)

**(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
<b>Revenues:</b>				
Leasing activities:				
Operating leases	\$ 6,070	\$ 6,667	\$ 12,025	\$ 13,428
Direct financing leases	1,026	91	2,037	175
Interest on notes receivable	43	69	92	197
Gain on sales of assets and early termination of notes	120	107	93	118
Gain (loss) on sales of securities	14	8	16	(46)
Other interest	—	—	—	1
Other	58	4	92	13
<b>Total revenues</b>	<b>7,331</b>	<b>6,946</b>	<b>14,355</b>	<b>13,886</b>
<b>Expenses:</b>				
Depreciation of operating lease assets	4,594	5,570	9,635	11,246
Asset management fees to Managing Member	305	318	608	599
Acquisition expense	17	85	52	127
Cost reimbursements to Managing Member	298	213	620	438
Amortization of initial direct costs	91	106	191	218
Interest expense	777	680	1,618	1,381
Impairment losses	282	—	282	102
Provision (reversal of provision) for credit losses	6	(43)	(7)	(17)
Provision for losses on investment in securities	—	—	—	50
Professional fees	84	62	233	188
Franchise fees and taxes	19	35	25	36
Outside services	64	23	91	42
Other	46	47	97	92
<b>Total operating expenses</b>	<b>6,583</b>	<b>7,096</b>	<b>13,445</b>	<b>14,502</b>
Other income, net	120	528	268	695
<b>Net income</b>	<b>\$ 868</b>	<b>\$ 378</b>	<b>\$ 1,178</b>	<b>\$ 79</b>
Net income (loss):				
Managing Member	\$ 226	\$ 226	\$ 453	\$ 453
Other Members	642	152	725	(374)
	<b>\$ 868</b>	<b>\$ 378</b>	<b>\$ 1,178</b>	<b>\$ 79</b>
Net income (loss) per Limited Liability Company Unit (Other Members)	\$ 0.05	\$ 0.01	\$ 0.05	\$ (0.03)
Weighted average number of Units outstanding	13,971,486	13,971,486	13,971,486	13,971,928

See accompanying notes.

**ATEL CAPITAL EQUIPMENT FUND X, LLC**  
**STATEMENTS OF CHANGES IN MEMBERS' CAPITAL**

**YEAR ENDED DECEMBER 31, 2009**  
**AND SIX MONTHS ENDED**  
**JUNE 30, 2010**

(in thousands, except per unit data)

**(Unaudited)**

	<u>Other Members</u>		<u>Managing Member</u>	<u>Total</u>
	<u>Units</u>	<u>Amount</u>		
Balance December 31, 2008	13,975,486	\$ 59,087	\$ —	\$ 59,087
Repurchases of Units	(4,000)	(26)	—	(26)
Distributions to Other Members (\$0.80 per Unit)	—	(11,178)	—	(11,178)
Distributions to Managing Member	—	—	(906)	(906)
Net income	—	83	906	989
Balance December 31, 2009	13,971,486	47,966	—	47,966
Distributions to Other Members (\$0.40 per Unit)	—	(5,588)	—	(5,588)
Distributions to Managing Member	—	—	(453)	(453)
Net income	—	725	453	1,178
Balance June 30, 2010	<u>13,971,486</u>	<u>\$ 43,103</u>	<u>\$ —</u>	<u>\$ 43,103</u>

See accompanying notes.

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**STATEMENTS OF CASH FLOWS**

**THREE AND SIX MONTHS ENDED**

**JUNE 30, 2010 AND 2009**

(in thousands)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
<b>Operating activities:</b>				
Net income	\$ 868	\$ 378	\$ 1,178	\$ 79
Adjustment to reconcile net income to cash provided by operating activities:				
Gain on sales of lease assets and early termination of notes	(120)	(107)	(93)	(118)
Depreciation of operating lease assets	4,594	5,570	9,635	11,246
Amortization of initial direct costs	91	106	191	218
Amortization of unearned income on direct finance leases	(1,026)	(91)	(2,037)	(175)
Amortization of unearned income on notes receivable	(43)	(69)	(92)	(197)
Impairment losses	282	—	282	102
Provision (reversal of provision) for credit losses	6	(43)	(7)	(17)
Provision for losses on investment in securities	—	—	—	50
Change in fair value of interest rate swap contracts	(72)	(369)	(160)	(585)
(Gain) loss on sale of securities	(14)	(8)	(16)	46
Changes in operating assets and liabilities:				
Accounts receivable	(412)	(1,151)	(136)	(1,362)
Prepaid and other assets	56	30	72	41
Due from affiliates	—	—	5	—
Accounts payable, Managing Member	(110)	(262)	98	(342)
Accounts payable, other	(46)	(117)	(76)	(717)
Accrued interest payable	(6)	6	46	(8)
Unearned operating lease income	(208)	(414)	(987)	(333)
<b>Net cash provided by operating activities</b>	<b>3,840</b>	<b>3,459</b>	<b>7,903</b>	<b>7,928</b>
<b>Investing activities:</b>				
Purchases of equipment on operating leases	—	(729)	(149)	(1,440)
Purchase of securities	(3)	—	(3)	—
Proceeds from sales of lease assets and early termination of notes	270	782	699	960
Payments of initial direct costs	1	(2)	—	(23)
Payments received on direct finance leases	1,643	563	2,902	843
Proceeds from sale of securities	14	7	16	78
Payments received on notes receivable	236	324	502	796
<b>Net cash provided by investing activities</b>	<b>2,161</b>	<b>945</b>	<b>3,967</b>	<b>1,214</b>
<b>Financing activities:</b>				
Borrowings under acquisition facility	—	1,500	—	4,500
Repayments under acquisition facility	—	(7,000)	—	(8,000)
Borrowings under non-recourse debt	—	7,583	—	7,583
Repayments under non-recourse debt	(1,132)	(310)	(2,137)	(310)
Repayments under receivables funding program	(3,203)	(3,847)	(6,090)	(7,358)
Rescissions/repurchases of Units	—	—	—	(26)
Settlement of amount due from affiliate (transfer of lease assets)	—	—	1,004	—
Distributions to Other Members	(2,794)	(2,794)	(5,588)	(5,588)
Distributions to Managing Member	(226)	(226)	(453)	(453)
<b>Net cash used in financing activities</b>	<b>(7,355)</b>	<b>(5,094)</b>	<b>(13,264)</b>	<b>(9,652)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,354)</b>	<b>(690)</b>	<b>(1,394)</b>	<b>(510)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>12,826</b>	<b>3,230</b>	<b>12,866</b>	<b>3,050</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 11,472</b>	<b>\$ 2,540</b>	<b>\$ 11,472</b>	<b>\$ 2,540</b>
<b>Supplemental disclosures of cash flow information:</b>				
Cash paid during the period for interest	\$ 783	\$ 674	\$ 1,572	\$ 1,389

Cash paid during the period for taxes	<u>\$ 60</u>	<u>\$ 65</u>	<u>\$ 61</u>	<u>\$ 66</u>
<b>Schedule of non-cash transactions:</b>				
Distributions declared and payable to Managing Member at period-end	<u>\$ 106</u>	<u>\$ 106</u>	<u>\$ 106</u>	<u>\$ 106</u>
Distributions declared and payable to Other Members at period-end	<u>\$ 1,313</u>	<u>\$ 1,313</u>	<u>\$ 1,313</u>	<u>\$ 1,313</u>

See accompanying notes.

## ATEL CAPITAL EQUIPMENT FUND X, LLC

### NOTES TO FINANCIAL STATEMENTS (Unaudited)

#### 1. 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 engaging in the sale of limited liability company investment units and acquiring equipment to engage in equipment leasing, lending and sales activities, primarily in the United States. The Managing Member of the Company is ATEL Financial Services, LLC ("AFS"), a California limited liability company. The Company may continue until December 31, 2021.

The Company conducted a public offering of 15,000,000 Limited Liability Company Units ("Units"), at a price of \$10 per Unit. On April 9, 2003, subscriptions for the minimum number of Units (120,000, representing \$1.2 million) had been received (excluding subscriptions from Pennsylvania investors) and AFS requested that the subscriptions be released to the Company. On that date, the Company commenced operations in its primary business. As of March 11, 2005, the offering was terminated. As of that date, subscriptions for 14,059,136 Units (\$140.6 million) had been received, of which 87,650 Units (\$720 thousand) were subsequently rescinded or repurchased by the Company through June 30, 2010. As of June 30, 2010, 13,971,486 Units remain issued and outstanding.

The Company's principal objectives are to invest in a diversified portfolio of equipment that (i) preserves, protects and returns the Company's invested capital; (ii) generates regular distributions to the members of cash from operations and cash from sales or refinancing, with any balance remaining after certain minimum distributions to be used to purchase additional equipment during the reinvestment period ("Reinvestment Period") (defined as six full years following the year the offering was terminated) which ends on December 31, 2011 and (iii) provides additional distributions following the Reinvestment Period and until all equipment has been sold. The Company is governed by the Limited Liability Company Operating Agreement ("Operating Agreement"), as amended.

Pursuant to the terms of the Operating Agreement, AFS receives compensation and reimbursements for services rendered on behalf of the Company (See Note 5). The Company is required to maintain reasonable cash reserves for working capital, the repurchase of Units and contingencies. The repurchase of Units is solely at the discretion of AFS.

These unaudited interim financial statements should be read in conjunction with the financial statements and notes thereto contained in the report on Form 10-K for the year ended December 31, 2009, filed with the Securities and Exchange Commission.

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

##### *Basis of presentation:*

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q as mandated by the Securities and Exchange Commission. The unaudited interim financial statements reflect all adjustments which are, in the opinion of the Managing Member, necessary for a fair statement of financial position and results of operations for the interim periods presented. All such adjustments are of a normal recurring nature. Operating results for the three and six months ended June 30, 2010 are not necessarily indicative of the results to be expected for the full year.

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on equity or net income.

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

In preparing the accompanying unaudited financial statements, the Managing Member has reviewed events that have occurred after June 30, 2010, up until the issuance of the financial statements. No events were noted which would require disclosure in the footnotes to the financial statements.

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

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

*Use of estimates:*

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

*Segment reporting:*

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

The primary geographic regions in which the Company seeks leasing opportunities are North America and Europe. The table below summarizes geographic information relating to the sources, by nation, of the Company's total revenues for the six months ended June 30, 2010 and 2009 and long-lived tangible assets as of June 30, 2010 and December 31, 2009 (in thousands):

	For the six months ended June 30,			
	2010	% of Total	2009	% of Total
<b>Revenue:</b>				
United States	\$ 13,411	93%	\$ 12,742	92%
United Kingdom	725	5%	986	7%
Canada	219	2%	158	1%
Total International	944	7%	1,144	8%
Total	\$ 14,355	100%	\$ 13,886	100%
	As of June 30,		As of December 31,	
	2010	% of Total	2009	% of Total
<b>Long-lived tangible assets:</b>				
United States	\$ 77,280	95%	\$ 87,689	95%
United Kingdom	2,646	4%	3,449	4%
Canada	1,166	1%	1,382	1%
Total International	3,812	5%	4,831	5%
Total	\$ 81,092	100%	\$ 92,520	100%

## ATEL CAPITAL EQUIPMENT FUND X, LLC

### NOTES TO FINANCIAL STATEMENTS (Unaudited)

#### 2. Summary of significant accounting policies (continued):

##### *Investment in securities:*

From time to time, the Company may purchase securities of its borrowers or receive warrants to purchase securities in connection with its lending arrangements.

##### *Purchased securities*

Purchased securities are generally not registered for public sale and are carried at cost. Such securities are adjusted to fair value if the fair value is less than the carrying value and such impairment is deemed by the Managing Member to be other than temporary. Factors considered by the Managing Member in determining fair value include, but are not limited to, available financial information, the issuer's ability to meet its current obligations and indications of the issuer's subsequent ability to raise capital. Management has concluded that there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the instruments. Accordingly, such investment is stated at cost. There were no impaired securities at June 30, 2010 and December 31, 2009.

##### *Warrants*

Warrants owned by the Company are not registered for public sale, but are considered derivatives and are carried at an estimated fair value on the balance sheet at the end of the period, as determined by the Managing Member. At June 30, 2010 and December 31, 2009, the Managing Member estimated the fair value of the warrants to be nominal in amount.

##### *Other income, net:*

The Company's other income, net for the three and six months ended June 30, 2010 and 2009 consists of the following (in thousands):

	<u>Three Months</u>		<u>Six Months</u>	
	<u>Ended June 30,</u>		<u>Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Foreign currency gain	\$ 48	\$ 159	\$ 108	\$ 110
Change in fair value of interest rate swap contracts	72	369	160	585
	<u>\$ 120</u>	<u>\$ 528</u>	<u>\$ 268</u>	<u>\$ 695</u>

##### *Per Unit data:*

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

##### *Recent accounting pronouncements:*

In July 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-20, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses." ASU 2010-20 requires entities to provide disclosures designed to facilitate financial statement users' evaluation of (i) the nature of credit risk inherent in the entity's portfolio of financing receivables, (ii) how that risk is analyzed and assessed in arriving at the allowance for credit losses and (iii) the changes and reasons for those changes in the allowance for credit losses. Disclosures must be disaggregated by portfolio segment, the level at which an entity develops and documents a systematic method for determining its allowance for credit losses, and class of financing receivable, which is generally a

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**NOTES TO FINANCIAL STATEMENTS**  
(Unaudited)

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

disaggregation of portfolio segment. The required disclosures include, among other things, a rollforward of the allowance for credit losses as well as information about modified, impaired, non-accrual and past due loans and credit quality indicators. ASU 2010-20 will be effective for the Company's financial statements as of December 31, 2010, as it relates to disclosures required as of the end of a reporting period. Disclosures that relate to activity during a reporting period will be required for the Company's financial statements that include periods beginning on or after January 1, 2011. The Company anticipates that adoption of these additional disclosures will not have a material effect on its financial position or results of operations.

In January 2010, the FASB issued ASU No. 2010-06, "Improving Disclosure about Fair Value Measurement." ASU 2010-06 requires additional disclosures related to recurring or nonrecurring fair-value measurements including significant transfers into and out of Level 1 and Level 2 fair-value measurements, and information on purchases, sales, issuances, and settlements in a rollforward reconciliation of Level 3 fair-value measurements. Except for the Level 3 reconciliation disclosures, which will be effective for fiscal years beginning after December 15, 2010, the guidance became effective for the Company beginning January 1, 2010 and was adopted during the first quarter of 2010 with no impact on the Company's financial position, results of operations or cash flows.

**3. Notes receivable, net:**

The Company has various notes receivable from borrowers who have financed the purchase of equipment through the Company. The terms of the notes receivable are 36 to 120 months and bear interest at rates ranging from 8% to 14%. The notes are secured by the equipment financed. The notes mature from 2010 through 2016.

Credit losses on the notes were nominal at June 30, 2010. There were no credit losses related to the notes at December 31, 2009. At June 30, 2009, the Company carried a \$479 thousand reserve for impairment losses related to a \$499 thousand note receivable. The impaired note was subsequently written-off during the third quarter of 2009. A note receivable with a net book value of \$49 thousand was on non-accrual status as of June 30, 2010; there were no notes receivable on non-accrual status as of December 31, 2009.

As of June 30, 2010, the minimum future payments receivable are as follows (in thousands):

Six months ending December 31, 2010	\$ 388
Year ending December 31, 2011	571
2012	406
2013	295
2014	221
2015	166
Thereafter	<u>188</u>
	2,235
Less: portion representing unearned interest income	<u>(374)</u>
	1,861
Unamortized indirect costs	<u>3</u>
Notes receivable, net	<u>\$1,864</u>

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

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

IDC amortization expense related to notes receivable and the Company's operating and direct financing leases for the three and six months ended June 30, 2010 and 2009 are as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
IDC amortization - notes receivable	\$ —	\$ 1	\$ 1	\$ 4
IDC amortization - lease assets	91	105	190	214
<b>Total</b>	<b>\$ 91</b>	<b>\$ 106</b>	<b>\$ 191</b>	<b>\$ 218</b>

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

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

	Balance December 31, 2009	Reclassifications, Additions / Dispositions and Impairment Losses	Depreciation/ Amortization Expense or Amortization of Leases	Balance June 30, 2010
Net investment in operating leases	\$ 71,095	\$ (903)	\$ (9,632)	\$ 60,560
Net investment in direct financing leases	20,645	95	(865)	19,875
Assets held for sale or lease, net	87	69	(3)	153
Initial direct costs, net of accumulated amortization of \$952 at June 30, 2010 and \$1,068 at December 31, 2009	693	1	(190)	504
<b>Total</b>	<b>\$ 92,520</b>	<b>\$ (738)</b>	<b>\$ (10,690)</b>	<b>\$ 81,092</b>

Additions to net investment in operating leases are stated at cost. IDC amortization expense related to operating leases and direct finance leases totaled \$91 thousand and \$105 thousand for the respective three months ended June 30, 2010 and 2009, and \$190 thousand and \$214 thousand for the respective six months ended June 30, 2010 and 2009.

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

Management periodically reviews the carrying values of its assets on leases and assets held for lease or sale. Impairment losses are recorded as an adjustment to the net investment in operating leases. During the second quarter of 2010, the Company deemed certain operating lease and off-lease equipment (assets) to be impaired. Accordingly, the Company recorded fair value adjustments totaling \$282 thousand which reduced the cost basis of the assets. There was no impaired equipment during the first quarter of 2010. During the first half of 2009, the Company recognized an approximate \$102 thousand impairment loss which reduced the residual value of a direct financing lease asset.

Depreciation expense on property subject to operating leases and property held for lease or sale was approximately \$4.6 million and \$5.6 million for the respective three months ended June 30, 2010 and 2009, and was approximately \$9.6 million and \$11.2 million for the respective six months ended June 30, 2010 and 2009 respectively.

All of the leased property was acquired in years beginning with 2003 through 2010.

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**NOTES TO FINANCIAL STATEMENTS**  
(Unaudited)

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

On April 30, 2009, a major lessee, Chrysler Corporation, filed for bankruptcy protection under Chapter 11. Under a pre-package agreement, a new company was formed to purchase the assets of old Chrysler – its plants, brands, land, equipment, as well as its contracts with the union, dealers and suppliers – from the bankruptcy court. Under this agreement, the Company had its leases with the old, bankrupt Chrysler assumed by the new Chrysler, Chrysler Group, LLC, which is 35% owned by Fiat. The Company, in accordance with its accounting policy for delinquent operating leases, has placed all operating leases with Chrysler on non-accrual status pending resumption of recurring payment activity. The new Chrysler has remitted payments relative to the affirmed leases. However, at June 30, 2010, the account remains on cash basis in accordance with Company policy as the short payment history of the new Chrysler does not yet substantiate its ability to maintain accounts current.

At June 30, 2010 and December 31, 2009, net investment in equipment underlying all lease contracts placed on a cash basis approximated \$834 thousand and \$1.0 million, all of which were related to Chrysler. The Company also considered the equipment underlying the lease contracts for impairment and believes that such equipment is not impaired as of June 30, 2010 and December 31, 2009.

*Operating leases:*

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

	Balance December 31, 2009	Additions	Reclassifications, Dispositions and Impairment Losses	Balance June 30, 2010
Materials handling	\$ 39,128	\$ 83	\$ (2,032)	\$ 37,179
Transportation, other	30,951	—	(2,381)	28,570
Transportation, rail	22,293	—	(12)	22,281
Manufacturing	12,683	—	—	12,683
Construction	10,376	66	(610)	9,832
Aircraft	4,732	—	—	4,732
Logging & lumber	4,728	—	—	4,728
Mining	3,248	—	—	3,248
Petro/natural gas	2,446	—	—	2,446
Agriculture	1,509	—	—	1,509
Research	1,443	—	—	1,443
Data processing	937	—	—	937
Other	571	—	(212)	359
	<u>135,045</u>	<u>149</u>	<u>(5,247)</u>	<u>129,947</u>
Less accumulated depreciation	(63,950)	(9,632)	4,195	(69,387)
Total	<u>\$ 71,095</u>	<u>\$ (9,483)</u>	<u>\$ (1,052)</u>	<u>\$ 60,560</u>

The average estimated residual value for assets on operating leases was 22% and 23% of the assets' original cost at June 30, 2010 and December 31, 2009, respectively. Operating leases in non-accrual status totaled \$834 thousand and \$1.0 million at June 30, 2010 and December 31, 2009, respectively.

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

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

*Direct financing leases:*

As of June 30, 2010 and December 31, 2009, investment in direct financing leases consists of railcars, manufacturing, mining and materials handling equipment. The following lists the components of the Company's investment in direct financing leases as of June 30, 2010 and December 31, 2009 (in thousands):

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Total minimum lease payments receivable	\$ 30,588	\$ 33,303
Estimated residual values of leased equipment (unguaranteed)	6,480	6,479
Investment in direct financing leases	37,068	39,782
Less unearned income	<u>(17,193)</u>	<u>(19,137)</u>
Net investment in direct financing leases	<u>\$ 19,875</u>	<u>\$ 20,645</u>

There were no investments in direct financing lease assets in non-accrual status at June 30, 2010 and December 31, 2009.

At June 30, 2010, the aggregate amounts of future minimum lease payments receivable are as follows (in thousands):

	<u>Operating Leases</u>	<u>Direct Financing Leases</u>	<u>Total</u>
Six months ending December 31, 2010	\$ 9,774	\$ 2,921	\$12,695
Year ending December 31, 2011	12,564	5,325	17,889
2012	8,233	4,946	13,179
2013	5,159	4,723	9,882
2014	2,433	4,539	6,972
2015	922	4,450	5,372
Thereafter	<u>57</u>	<u>3,684</u>	<u>3,741</u>
	<u>\$39,142</u>	<u>\$30,588</u>	<u>\$69,730</u>

The Company utilizes a straight line depreciation method for equipment in all of the categories currently in its portfolio of operating lease transactions. The useful lives for investment in leases by category are as follows (in years):

<u>Equipment category</u>	<u>Useful Life</u>
Mining	30 - 40
Transportation, rail	30 - 35
Aircraft	20 - 30
Manufacturing	10 - 20
Construction	7 - 10
Logging & lumber	7 - 10
Materials handling	7 - 10
Petro/natural gas	7 - 10
Transportation, other	7 - 10
Research	7 - 10
Agriculture	7 - 10
Data processing	3 - 5

## ATEL CAPITAL EQUIPMENT FUND X, LLC

### NOTES TO FINANCIAL STATEMENTS (Unaudited)

#### 5. Related party transactions:

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

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

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

Cost reimbursements to the Managing Member are based on its costs incurred in performing administrative services for the Company. These costs are allocated to each managed entity based on certain criteria such as total assets, number of investors or contributed capital based upon the type of cost incurred. The Operating Agreement places an annual limit and a cumulative limit for cost reimbursements to AFS and/or affiliates. Any reimbursable costs incurred by AFS and/or affiliates during the year exceeding the annual and/or cumulative limits cannot be reimbursed in the current year, though such costs may be recovered in future years to the extent of the cumulative limit. As of June 30, 2010, the Company has not exceeded the annual and/or cumulative limitations discussed above.

During the three and six months ended June 30, 2010 and 2009, AFS and/or affiliates earned fees, commissions and reimbursements, pursuant to the Operating Agreement as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Costs reimbursed to Managing Member and/or affiliates	\$ 298	\$ 213	\$ 620	\$ 438
Asset management fees to Managing Member and/or affiliates	305	318	608	599
Acquisition and initial direct costs paid to Managing Member	17	88	52	144
	<u>\$ 620</u>	<u>\$ 619</u>	<u>\$ 1,280</u>	<u>\$ 1,181</u>

During December 2009, operating lease assets were purchased and a lease agreement entered into by the Company with an original cost of \$1.0 million. During the same month, the assets and associated lease were transferred to an affiliate of the Company resulting in an amount due from an affiliate equivalent to the original cost of the assets. The amount due from the affiliate was settled in January 2010.

#### 6. Non-recourse debt:

At June 30, 2010, non-recourse debt consists of notes payable to financial institutions. The notes are due in varying quarterly and semi-annual installments. Interest on the notes is at fixed rates ranging from 4.19% to 6.66%. The notes are secured by assignments of lease payments and pledges of assets. At June 30, 2010, gross operating lease rentals and future payments on direct financing leases totaled approximately \$34.3 million over the remaining lease terms; and the carrying value of the pledged assets is \$21.7 million. The notes mature at various dates from 2010 through 2017.

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**6. Non-recourse debt (continued):**

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Six months ending December 31, 2010	\$ 2,303	\$ 891	\$ 3,194
Year ending December 31, 2011	4,719	1,564	6,283
2012	4,931	1,264	6,195
2013	4,689	954	5,643
2014	4,013	679	4,692
2015	4,208	410	4,618
Thereafter	3,921	134	4,055
	<u>\$28,784</u>	<u>\$5,896</u>	<u>\$34,680</u>

**7. Borrowing facilities:**

The Company participates with AFS and certain of its affiliates in a revolving credit facility (the "Credit Facility") comprised of a working capital facility to AFS, an acquisition facility (the "Acquisition Facility") and a warehouse facility (the "Warehouse Facility") to AFS, the Company and affiliates, and a venture facility available to an affiliate with a syndicate of financial institutions which Credit Facility includes certain financial covenants. The Credit Facility is for an amount up to \$75 million and expires in June 2012.

As of June 30, 2010 and December 31, 2009, borrowings under the facility were as follows (in thousands):

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Total amount available under the financing arrangement	\$ 75,000	\$ 75,000
Amount borrowed by the Company under the acquisition facility	—	—
Amounts borrowed by affiliated partnerships and limited liability companies under the working capital, acquisition and warehouse facilities	(1,200)	(1,750)
Total remaining available under the working capital, acquisition and warehouse facilities	<u>\$ 73,800</u>	<u>\$ 73,250</u>

The Company and its affiliates pay an annual commitment fee to have access to this line of credit. As of June 30, 2010, the aggregate amount remaining unutilized under the Credit Facility is potentially available to the Company, subject to certain sub-facility and borrowing-base limitations. However, as amounts are drawn on the Credit Facility by each of the

## ATEL CAPITAL EQUIPMENT FUND X, LLC

### NOTES TO FINANCIAL STATEMENTS (Unaudited)

#### 7. Borrowing facilities (continued):

Company and the affiliates who are borrowers under the Credit Facility, the amount remaining available to all borrowers to draw under the Credit Facility is reduced. As the Warehousing Facility is a short term bridge facility, any amounts borrowed under the Warehousing Facility, and then repaid by the affiliated borrowers (including the Company) upon allocation of an acquisition to a specific purchaser, become available under the Warehouse Facility for further short term borrowing.

As of June 30, 2010, the Company's Tangible Net Worth requirement under the Credit Facility was \$15.0 million, the permitted maximum leverage ratio was not to exceed 1.25 to 1, and the required minimum interest coverage ratio was not to be less than 2 to 1. The Company was in compliance with these financial covenants under the Credit Facility with a minimum Tangible Net Worth, leverage ratio and interest coverage ratio, as calculated per the Credit Facility agreement of \$43.9 million, 1.11 to 1, and 8.66 to 1, respectively, as of June 30, 2010. As such, as of June 30, 2010, the Company was in compliance with all material financial covenants, and with all other material conditions of the Credit Facility. The Company does not anticipate any covenant violations nor does it anticipate that any of these covenants will restrict its operations or its ability to procure additional financing.

#### Fee and interest terms

The interest rate on the Credit Facility is based on either the LIBOR/Eurocurrency rate of 1-, 2-, 3- or 6-month maturity plus a lender designated spread, or the bank's Prime rate, which re-prices daily. Principal amounts of loans made under the Credit Facility that are prepaid may be re-borrowed on the terms and subject to the conditions set forth under the Credit Facility. The Company has no outstanding borrowings under the acquisition facility at both June 30, 2010 and December 31, 2009. The weighted average interest rate on borrowings was 2.44% during the six months ended June 30, 2009.

#### Warehouse facility

To hold the assets under the Warehousing Facility prior to allocation to specific investor programs, a Warehousing Trust has been entered into by the Company, AFS, ALC, and certain of the affiliated partnerships and limited liability companies. The Warehousing Trust is used by the Warehouse Facility borrowers to acquire and hold, on a short-term basis, certain lease transactions that meet the investment objectives of each of such entities. Each of the leasing programs sponsored by AFS and ALC currently in its acquisition stage is a pro rata participant in the Warehousing Trust, as described below. When a program no longer has a need for short term financing provided by the Warehousing Facility, it is removed from participation, and as new leasing investment entities are formed by AFS and ALC and commence their acquisition stages, these new entities are added.

As of June 30, 2010, the investment program participants were the Company, ATEL Capital Equipment Fund XI, LLC, ATEL 12, LLC and ATEL 14, LLC. Pursuant to the Warehousing Trust, the benefit of the lease transaction assets, and the corresponding liabilities under the Warehouse Facility, inure to each of such entities based upon each entity's pro-rata share in the Warehousing Trust estate. The "pro-rata share" is calculated as a ratio of the net worth of each entity over the aggregate net worth of all entities benefiting from the Warehousing Trust estate, excepting that the trustees, AFS and ALC, are both jointly and severally liable for the pro rata portion of the obligations of each of the affiliated partnerships and limited liability companies participating under the Warehouse Facility. Transactions are financed through this Warehouse Facility only until the transactions are allocated to a specific program for purchase or are otherwise disposed by AFS and ALC. When a determination is made to allocate the transaction to a specific program for purchase by the program, the purchaser repays the debt associated with the asset, either with cash or by means of proceeds of a draw under the Acquisition Facility, and the asset is removed from the Warehouse Facility collateral, and ownership of the asset and any debt obligation associated with the asset are assumed solely by the purchasing entity.

As of June 30, 2010, borrowings of \$1.2 million were outstanding under the Warehouse Facility. The Company's maximum obligation on the outstanding warehouse balance at June 30, 2010 was approximately \$311 thousand. As of December 31, 2009, there were no borrowings under the Warehouse Facility.

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**8. Receivables funding program:**

As of June 30, 2010, the Company had amounts outstanding under an \$80 million receivables funding program (the “RF Program”) with a receivables financing company that issued commercial paper rated A1 from Standard and Poor’s and P1 from Moody’s Investors Service. Under the RF Program, the lender holds liens against the Company’s assets. The lender is in a first position against certain specified assets and in either a subordinated or shared position against the remaining assets. The RF Program does not contain any credit risk related default contingencies and is scheduled to mature in July 2014 at which time advances under the RF Program are to be repaid in full.

The RF Program provides for borrowing at a variable interest rate and requires the Company to enter into interest rate swap agreements with certain hedge counterparties (also rated A1/P1) to mitigate the interest rate risk associated with a variable interest rate note. The RF Program allows the Company to have a more cost effective means of obtaining debt financing than available for individual non-recourse debt transactions.

The Company had approximately \$19.7 million and \$25.8 million outstanding under the RF Program at June 30, 2010 and December 31, 2009, respectively. During the three months ended June 30, 2010 and 2009, the Company paid program fees, as defined in the receivables funding agreement, totaling \$22 thousand and \$36 thousand, respectively. During the six months ended June 30, 2010 and 2009, the Company paid program fees, as defined in the receivables funding agreement, totaling \$46 thousand and \$74 thousand, respectively. The RF Program fees are included in interest expense in the Company’s statements of operations.

As of June 30, 2010, the Company has entered into interest rate swap agreements to receive or pay interest on a notional principal of \$19.7 million based on the difference between nominal rates ranging from 3.21% to 5.39% and variable rates that ranged from 0.23% to 0.35%. As of December 31, 2009, the Company had interest rate swap agreements to receive or pay interest on a notional principal of \$25.8 million based on the difference between the same nominal rates and variable rates that ranged from 0.24% to 0.55%. No actual borrowing or lending is involved. The termination of the swaps coincides with the maturity of the debt. Through the swap agreements, the interest rates have been effectively fixed. The differential to be paid or received is accrued as interest rates change and is recognized currently as an adjustment to interest expense related to the debt. The interest rate swaps are not designated as hedging instruments and are carried at fair value on the balance sheet with unrealized gain/loss included in the statements of operations in other income/(expense).

In conjunction with the RF Program, the lender under the RF Program has entered into an inter-creditor agreement with the lenders under the Credit Facility with the respect to priority and the sharing of collateral pools of the Company, including the Acquisition Facility and Warehouse Facility described in Note 7 above. Among the provisions of the inter-creditor agreement are cross-default provisions and acceleration provisions requiring payment before stated maturity in a default situation.

At June 30, 2010 and December 31, 2009, borrowings and interest rate swap agreements under the RF Program are as follows (in thousands):

<u>Date Borrowed</u>	<u>Original Amount Borrowed</u>	<u>Balance June 30, 2010</u>	<u>Notional Balance June 30, 2010</u>	<u>Swap Value June 30, 2010</u>	<u>Payment Rate on Interest Swap Agreement</u>
January 16, 2007	\$12,365	\$ 2,842	\$ 2,842	\$ (145)	5.15%
July 2, 2007	7,222	1,322	1,322	(60)	5.39%
September 19, 2007	6,874	2,832	2,832	(151)	4.83%
January 15, 2008	10,018	2,730	2,730	(86)	3.58%
March 27, 2008	5,410	3,465	3,465	(189)	3.21%
May 16, 2008	10,194	4,933	4,933	(136)	3.69%
May 28, 2008	5,470	1,567	1,567	(40)	3.49%
	<u>\$57,553</u>	<u>\$19,691</u>	<u>\$19,691</u>	<u>\$ (807)</u>	

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**8. Receivables funding program (continued):**

<u>Date Borrowed</u>	<u>Original Amount Borrowed</u>	<u>Balance December 31, 2009</u>	<u>Notional Balance December 31, 2009</u>	<u>Swap Value December 31, 2009</u>	<u>Payment Rate On Interest Swap Agreement</u>
January 16, 2007	\$12,365	\$ 4,054	\$ 4,054	\$ (199)	5.15%
July 2, 2007	7,222	1,917	1,917	(89)	5.39%
September 19, 2007	6,874	3,454	3,454	(183)	4.83%
January 15, 2008	10,018	3,845	3,845	(109)	3.58%
March 27, 2008	5,410	3,919	3,919	(214)	3.21%
May 16, 2008	10,194	6,257	6,257	(115)	3.69%
May 28, 2008	5,470	2,335	2,335	(58)	3.49%
	<u>\$57,553</u>	<u>\$ 25,781</u>	<u>\$ 25,781</u>	<u>\$ (967)</u>	

At June 30, 2010, the minimum repayment schedule under the Program is as follows (in thousands):

Six Months Ending December 31, 2010	\$ 5,168
Year ending December 31, 2011	6,857
2012	4,358
2013	2,528
2014	780
	<u>\$19,691</u>

At June 30, 2010, there are specific leases that are identified as collateral under the Program with expected future lease receivables of approximately \$20.1 million at their discounted present value.

During the three months ended June 30, 2010 and 2009, the weighted average interest rates on the RF Program, including interest on the swap contracts, were 5.04% and 6.23%, respectively. During the six months ended June 30, 2010 and 2009, the weighted average interest rates were 5.06% and 6.34%, respectively. The RF Program discussed above includes certain financial and non-financial covenants applicable to the Company as borrower. The Company was in compliance with all covenants as of June 30, 2010 and December 31, 2009.

**9. Commitments:**

At June 30, 2010, there were commitments to purchase lease assets totaling approximately \$1.4 million. This amount represents contract awards which may be cancelled by the prospective lessee or may not be accepted by the Company.

**10. Guarantees:**

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

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

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

**11. Member's capital:**

Units issued and outstanding were 13,971,486 at both June 30, 2010 and December 31, 2009. The Company was authorized to issue up to 15,000,000 Units in addition to the Units issued to the initial members (50 Units). The Company ceased offering Units on March 11, 2005.

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

As defined in the Operating Agreement, the Company's net income, net losses, and distributions, are to be allocated 92.5% to the Other Members and 7.5% to AFS. In accordance with the terms of the Operating Agreement, additional allocations of income were made to AFS during the respective six months ended June 30, 2010 and 2009. The amounts allocated were determined to bring AFS's ending capital account balance to zero at the end of the period.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Distributions declared	\$ 2,794	\$ 2,794	\$ 5,588	\$ 5,588
Weighted average number of Units outstanding	13,971,486	13,971,486	13,971,486	13,971,928
Weighted average distributions per Unit	\$ 0.20	\$ 0.20	\$ 0.40	\$ 0.40

**12. Fair value measurements:**

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

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

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

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

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**NOTES TO FINANCIAL STATEMENTS  
(Unaudited)**

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

At June 30, 2010 and December 31, 2009, only the fair value of the Company's interest rate swap contracts was measured on a recurring basis. In addition, at December 31, 2009, the Company measured the fair value of impaired leased and off-lease equipment on a non-recurring basis. Such estimate of measurement methodology is as follows:

*Interest rate swaps*

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

*Impaired lease and off-lease equipment*

During the second quarter of 2010, the Company deemed certain operating lease and off-lease equipment (assets) to be impaired. Accordingly, the Company recorded fair value adjustments totaling \$282 thousand which reduced the cost basis of the assets. There was no impaired equipment during the first quarter of 2010. Such fair value adjustments are non-recurring. Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the fair value of impaired lease assets are classified within Level 3 of the valuation hierarchy as the data sources utilized for the valuation of such assets reflect significant inputs that are unobservable in the market. Such valuation utilizes a market approach technique and uses inputs that reflect the sales price of similar assets sold by affiliates and/or information from third party remarketing agents not readily available in the market. During 2009, fair value adjustments related to impaired operating lease and off-lease assets approximated \$404 thousand which reduced the cost basis of the assets. In addition, the Company recognized an approximate \$102 thousand impairment loss which reduced the residual value of a direct financing lease asset.

The following table presents the fair value measurement of assets and liabilities measured at fair value on a recurring and non-recurring basis and the level within the hierarchy in which the fair value measurements fall at June 30, 2010 and December 31, 2009 (in thousands):

	<u>June 30, 2010</u>	<u>Level 1 Estimated Fair Value</u>	<u>Level 2 Estimated Fair Value</u>	<u>Level 3 Estimated Fair Value</u>
<b>Assets measured at fair value on a non-recurring basis:</b>				
Impaired lease and off-lease assets	\$ 317	\$ —	\$ —	\$ 317
<b>Liabilities measured at fair value on a recurring basis:</b>				
Interest rate swaps	\$ 807	\$ —	\$ 807	\$ —
	<u>December 31, 2009</u>	<u>Level 1 Estimated Fair Value</u>	<u>Level 2 Estimated Fair Value</u>	<u>Level 3 Estimated Fair Value</u>
<b>Assets measured at fair value on a non-recurring basis:</b>				
Impaired lease and off-lease assets	\$ 447	\$ —	\$ —	\$ 447
<b>Liabilities measured at fair value on a recurring basis:</b>				
Interest rate swaps	\$ 967	\$ —	\$ 967	\$ —

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

The Company has determined the estimated fair value amounts by using market information and valuation methodologies that it considers appropriate and consistent with the fair value accounting guidance. Considerable judgment is required to

**ATEL CAPITAL EQUIPMENT FUND X, LLC**

**NOTES TO FINANCIAL STATEMENTS  
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**12. Fair value measurements (continued):**

interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize or has realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

*Cash and cash equivalents*

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

*Notes receivable*

The fair value of the Company's notes receivable is estimated using discounted cash flow analyses, based upon current market rates for similar types of lending arrangements.

*Investment in securities*

The Company's investment securities are not registered for public sale and are carried at cost. The investment securities are adjusted for impairment, if any, based upon factors which include, but are not limited to, available financial information, the issuer's ability to meet its current obligations and indications of the issuer's subsequent ability to raise capital. Management has concluded that there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the instruments. Accordingly, such investment is stated at cost.

*Borrowings*

Borrowings include the outstanding amounts on the Company's acquisition facility. The carrying amount of these variable rate obligations approximate fair value based on current borrowing rates for similar types of borrowings.

*Non-recourse debt*

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

*Limitations*

The fair value estimates presented herein were based on pertinent information available to the Company as of June 30, 2010 and December 31, 2009. Although the Company is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since those dates and, therefore, current estimates of fair value may differ significantly from the amounts presented herein.

The following table presents estimated fair values of the Company's financial instruments in accordance with the guidance provided by the Financial Instruments Topic of the FASB Accounting Standards Codification at June 30, 2010 and December 31, 2009 (in thousands):

	<u>June 30, 2010</u>		<u>December 31, 2009</u>	
	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
<b>Financial assets:</b>				
Cash and cash equivalents	\$ 11,472	\$ 11,472	\$ 12,866	\$ 12,866
Notes receivable	1,864	1,864	2,276	2,276
<b>Financial liabilities:</b>				
Non-recourse debt	28,784	29,332	30,921	30,653
Borrowings	19,691	19,691	25,781	25,781
Interest rate swap contracts	807	807	967	967

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

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

### **Overview**

ATEL Capital Equipment Fund X, LLC (the "Company") is a California limited liability company that was formed in August 2002 for the purpose of engaging in the sale of limited liability company investment units and acquiring equipment to generate revenues from equipment leasing and sales activities, primarily in the United States. The Managing Member of the Company is ATEL Financial Services, LLC ("AFS"), a California limited liability company.

The Company conducted a public offering of 15,000,000 Limited Liability Company Units ("Units"), at a price of \$10 per Unit. The offering was terminated in March 2005. During 2005, the Company completed its initial acquisition stage with the investment of the net proceeds from the public offering of Units. Subsequently, during the reinvestment period ("Reinvestment Period") (defined as six full years following the year the offering was terminated), the Company has utilized its credit facilities and reinvested cash flow in excess of certain amounts required to be distributed to the Other Members to acquire additional equipment. Throughout the Reinvestment Period, which ends December 31, 2011, the Company anticipates continued reinvestment of cash flow in excess of minimum distributions and other obligations.

The Company may continue until December 31, 2021. Periodic distributions will be paid at the discretion of the Managing Member.

### **Results of Operations**

*The three months ended June 30, 2010 versus the three months ended June 30, 2009*

The Company had net income of \$868 thousand and \$378 thousand for the three months ended June 30, 2010 and 2009, respectively. The results for the second quarter of 2010 reflect a reduction in total operating expenses and an increase in total revenues when compared to the prior year period.

#### *Revenues*

Total revenues for the second quarter of 2010 increased by \$385 thousand, or 6%, as compared to the prior year period. The increase was primarily due to higher direct financing lease revenues and other revenue offset, in part, by a decline in operating lease revenues.

The increase in revenues from direct financing leases totaled \$935 thousand and was primarily attributable to new leases which commenced during the second half of 2009. Other revenue increased by \$54 thousand as a result of additional billings for excess wear and tear on returned equipment.

As a partial offset to the aforementioned increases in revenues, operating lease revenues declined by \$597 thousand largely due to the termination of a significant operating lease which was subsequently renewed as a direct financing lease during the second half of 2009, continued run-off of the lease portfolio and sales of lease assets.

### *Expenses*

Total expenses for the second quarter of 2010 decreased by \$513 thousand, or 7%, as compared to the prior year period. The decrease was largely due to lower depreciation expense and acquisition expense offset, in part, by increases in impairment losses, interest expense, cost reimbursements to AFS and the provision for credit losses.

The decrease in depreciation expense totaled \$976 thousand and was largely a result of the termination of a significant operating lease during the latter half of 2009 combined with run-off and sales of lease assets. The reduction in acquisition expense totaled \$68 thousand and was primarily due to the decrease in acquisition activities as the Fund has approached full investment.

As a partial offset, impairment losses increased by \$282 thousand as the Company deemed certain property subject to operating leases and off-lease equipment to be impaired during the second quarter of 2010. There was no impaired equipment during the prior year period. Interest expense increased by \$97 thousand largely as a result of higher non-recourse debt balances. Approximately \$24.9 million of new non-recourse debt was added during the latter half of 2009 of which a portion of the proceeds were used to refurbish certain existing lease assets which were subsequently re-leased as direct financing leases. In addition, costs reimbursed to AFS increased by \$85 thousand primarily due to a refinement of cost allocation methodologies employed by the Managing Member. Finally, the provision for credit losses increased by \$49 thousand as the second quarter 2009 amount included a \$44 thousand adjustment to reduce the reserve related to delinquent receivables that were subsequently collected.

### *Other income, net*

Other income, net for the second quarter of 2010 decreased by \$408 thousand as compared to the prior year period. The net decrease in other income, net was a result of a \$297 thousand unfavorable change in the fair value of the Company's interest rate swap contracts, combined with a \$111 thousand unfavorable change in foreign currency transaction gains and losses recognized during the second quarter of 2010 as compared to the prior year period.

The decrease in the value of the interest rate swaps was mostly driven by the lower interest rate environment offset, in part, by a decline in the notional balance of outstanding contracts since June 30, 2009. The lower interest rate environment adversely impacts the Company as the fixed rate payer in the swap contracts.

The unfavorable change in foreign currency gains or losses was primarily due to the period over period strength of the U.S. currency against the British pound at the time of the transactions. The Company's foreign currency transactions are primarily denominated in British pounds.

### *The six months ended June 30, 2010 versus the six months ended June 30, 2009*

The Company had net income of \$1.2 million and \$79 thousand for the six months ended June 30, 2010 and 2009, respectively. The results for the first half of 2010 reflect a reduction in total operating expenses and an increase in total revenues when compared to the prior year period.

### *Revenues*

Total revenues for the first six months of 2010 increased by \$469 thousand, or 3%, as compared to the prior year period, on higher direct financing lease revenues and other revenue, and a favorable change in gain recognized on the disposition of securities. These increases were offset, in part, by decreases in revenues from operating leases and interest income on notes receivable.

The increase in revenues from direct financing leases totaled \$1.9 million and was primarily attributable to new leases which commenced during the second half of 2009. Other revenue increased by \$79 thousand as a result of additional billings for excess wear and tear on returned equipment; and, the favorable change in gain on sale or disposition of securities totaled \$62 thousand and was largely a result of a first half 2009 loss on the disposition of securities associated with a terminated note.

As a partial offset to the aforementioned increases in revenues, operating lease revenues declined by \$1.4 million largely due to the termination of a significant operating lease which was subsequently renewed as a direct financing lease during the second half of 2009, run-off of the lease portfolio and sales of lease assets. In addition, interest income on the notes receivable declined by \$105 thousand as a result of maturities and/or early termination of certain notes.

### *Expenses*

Total expenses for the first half of 2010 decreased by \$1.1 million, or 7%, as compared to the prior year period. The net decline in expenses was primarily due to decreases in depreciation expense and acquisition expense offset, in part, by increases in impairment losses, interest expense and cost reimbursements to AFS.

The decrease in depreciation expense totaled \$1.6 million and was largely a result of the termination of a significant operating lease during the latter half of 2009 combined with run-off and sales of lease assets; and, acquisition expense decreased by \$75 thousand primarily due to the period over period reduction in acquisition activities as the Fund has approached full investment.

As a partial offset, interest expense increased by \$237 thousand largely as a result of higher non-recourse debt balances. Approximately \$24.9 million of new non-recourse debt was added during the latter half of 2009 of which a portion of the proceeds were used to refurbish certain existing lease assets which were subsequently re-leased as direct financing leases. In addition, impairment losses increased by \$180 thousand as the Company deemed certain property subject to operating leases and off-lease equipment to be impaired and recognized a fair value adjustment totaling \$282 thousand during the first half of 2010 to reduce the value of the assets. During the first six months of 2009, the Company recognized an approximate \$102 thousand impairment loss which reduced the residual value of a direct financing lease asset. Finally, costs reimbursed to AFS increased by \$182 thousand primarily due to a refinement of cost allocation methodologies employed by the Managing Member.

### *Other income, net*

Other income, net for the first half of 2010 decreased by \$427 thousand as compared to the prior year period. The net decrease in other income, net was primarily a result of a \$425 thousand unfavorable change in the fair value of the Company's interest rate swap contracts.

The decrease in the value of the interest rate swaps was mostly driven by the lower interest rate environment offset, in part, by a decline in the notional balance of outstanding contracts since June 30, 2009. The lower interest rate environment adversely impacts the Company as the fixed rate payer in the swap contracts.

### **Capital Resources and Liquidity**

The liquidity of the Company varies, increasing to the extent cash flows from leases and proceeds of asset sales exceed expenses and decreasing as lease assets are acquired, as distributions are made to the Members and to the extent expenses exceed cash flows from leases and proceeds from asset sales.

The primary source of liquidity for the Company is its cash flow from leasing activities. As the 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 remarketing or selling the equipment as it comes off rental.

The changes in the Company's cash flow for the three and six months ended June 30, 2010 as compared to the three and six months ended June 30, 2009 are as follows:

#### *The three months ended June 30, 2010 versus the three months ended June 30, 2009*

- *Operating Activities*

Net cash provided by operating activities during the second quarter of 2010 increased by \$381 thousand as compared to the prior year period. The net increase in cash flow was mainly due to a favorable year over year three-month change in both accounts receivable and accounts payable activities, coupled with an increase in unearned operating lease income. These increases in cash flow were partially offset by a decline in results of operations, as adjusted for non-cash revenue and expense items such as gains on sales of assets and depreciation expense.

The favorable change in accounts receivable activities improved cash flow by \$739 thousand and was primarily attributable to a higher level of billings accrued at June 30, 2009. A large portion of the June 2009 accrual was related to a significant lease that subsequently terminated during the first quarter of 2010. The favorable change in accounts payable and accrued liabilities further improved cash flow by \$211 thousand and was attributable to higher period-end accruals at June 30, 2009. Such accruals primarily related to costs reimbursable to AFS. The increase in unearned operating lease income improved cash flow by \$206 thousand and was a result of a period over period increase in prepaid rents.

As a partial offset, the decrease in operating results, as adjusted for non-cash items, reduced cash flow by \$801 thousand and was mainly a result of the decline in operating lease revenue and the increase in interest expense.

- *Investing Activities*

Net cash provided by investing activities during the second quarter of 2010 increased by \$1.2 million as compared to the prior year period. The net increase in cash flow was mainly due to a \$1.1 million increase in payments received on direct financing leases and a \$729 thousand decline in cash used to purchase lease assets. These increases were partially offset by a \$512 thousand decrease in proceeds from sales of lease assets and an \$88 thousand decline in payments received on notes receivable.

Payments received on direct financing leases increased primarily due to new leases which commenced during the second half of 2009. Purchases of lease assets decreased as a result of the decline in acquisition phase activity as the Fund has approached full investment.

As partial offsets, proceeds from sales of lease assets decreased largely due to the change in the mix of assets sold; and payments received on notes receivable declined mainly due to run-off and early termination of certain notes.

- *Financing Activities*

Net cash used in financing activities during the second quarter of 2010 increased by \$2.3 million as compared to the prior year period. The increase in cash used (decrease in cash flow) was largely due to a \$2.3 million decrease in net borrowing activity comprised of a \$9.1 million decrease in cash flow resulting from the absence of Company borrowings during the current quarter partially offset by a \$6.8 million reduction in repayments.

*The six months ended June 30, 2010 versus the six months ended June 30, 2009*

- *Operating Activities*

Net cash provided by operating activities during the first half of 2010 decreased by \$25 thousand as compared to the prior year period. The net decrease in cash flow was mainly due to a reduction in results of operations, as adjusted for non-cash revenue and expense items such as gains on sales of assets and depreciation expense, and a decline in unearned operating lease income. These decreases in cash flow were partially offset by a favorable year over year six-month change in accounts receivable and accounts payable activities.

The decrease in operating results, as adjusted for non-cash items, reduced cash flow by \$1.7 million and was mainly a result of the decline in operating lease revenue and the increase in interest expense. Likewise, the decrease in unearned operating lease income reduced cash flow by \$654 thousand and was attributable to a period over period reduction in advance billings and increased amortization of prepaid rents received in prior periods.

Partially offsetting the aforementioned decreases in cash flow were increases totaling \$1.2 million and \$1.1 million from the favorable change in accounts receivable and accounts payable activities, respectively. The change in accounts receivable was mainly due to higher amounts of 2009 year-end billings as compared to year-end 2008, which resulted in higher amounts of receivables collected during the first half of 2010 as compared to the prior year. The change in accounts payable was largely due to higher 2008 year-end accruals when compared to 2009. Such accruals related to higher amounts of asset purchase obligations and costs reimbursable to AFS. Accordingly, this resulted in higher amounts of payables paid during the first half of 2009 as compared to the first half of 2010.

- *Investing Activities*

Net cash provided by investing activities during the first half of 2010 increased by \$2.8 million as compared to the prior year period. The net increase in cash flow was mainly due to a \$2.1 million increase in payments received on direct financing leases and a \$1.3 million decline in cash used to purchase lease assets. These increases were partially offset by a \$294 thousand decline in payments received on notes receivable and a \$261 thousand decrease in proceeds from sales of lease assets.

Payments received on direct financing leases increased primarily due to new leases which commenced during the second half of 2009. Purchases of lease assets decreased as a result of the decline in acquisition phase activity as the Fund has approached full investment.

As partial offsets, payments received on notes receivable declined mainly due to run-off and early termination of certain notes; and, proceeds from sales of lease assets decreased largely due to the decline in number of assets and the change in the mix of assets sold.

- *Financing Activities*

Net cash used in financing activities during the first half of 2010 increased by \$3.6 million as compared to the prior year period. The increase in cash used (decrease in cash flow) was largely due to a \$4.6 million decrease in net borrowing activity comprised of a \$12.0 million decrease in cash flow resulting from the absence of Company borrowings during the current quarter partially offset by a \$7.4 million reduction in repayments.

The aforementioned decrease in cash flow was offset, in part, by the receipt of a \$1.0 million settlement related to a December 31, 2009 reassignment of certain operating lease assets to an affiliate.

Throughout the reinvestment period, the Company anticipates reinvesting a portion of lease payments from assets owned, and/or payments received on notes receivable, in new leasing or financing transactions. Such reinvestment will occur only after the payment of all current obligations including debt (both principal and interest), the payment of management and acquisition fees to AFS and providing for cash distributions to the members.

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

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

#### Revolving credit facility

The Company participates with AFS and certain of its affiliates in a revolving credit facility (the "Credit Facility") comprised of a working capital facility to AFS, an acquisition facility (the "Acquisition Facility") and a warehouse facility (the "Warehouse Facility") to AFS, the Company and affiliates, and a venture facility available to an affiliate, with a syndicate of financial institutions.

#### Receivable funding program

In addition to the Credit Facility, as of June 30, 2010, the Company had amounts outstanding under an \$80 million receivables funding program (the "RF Program") with a receivables financing company that issued commercial paper rated A1 from Standard and Poor's and P1 from Moody's Investor Services. Under the RF Program, the lender holds liens against the Company's assets. The lender is in a first position against certain specified assets and is in either a subordinated or shared position against the remaining assets. The ability to draw down on the RF Program terminated on July 31, 2008, and the RF Program matures in July 2014 upon repayment in full of all outstanding amounts due under the Program.

### Compliance with covenants

The Credit Facility and the RF Program (collectively, the “Facilities”) include certain financial and non-financial covenants applicable to each borrower, including the Company. Such covenants include covenants typically found in credit facilities of the size and nature of the Facilities, such as accuracy of representations, good standing, absence of liens and material litigation, etc. The Company was in compliance with all covenants under the Facilities as of June 30, 2010. The Company considers certain financial covenants to be material to its ongoing use of the Facilities and these covenants are described below.

### Material financial covenants

Under the Credit Facility, the Company is required to maintain a specific tangible net worth, to comply with a leverage ratio and an interest coverage ratio, and to comply with other terms expressed in the Credit Facility, including limitation on the incurrence of additional debt and guaranties, defaults, and delinquencies. The material financial covenants are summarized as follows:

Under both the RF Program and Credit Facility:

Minimum Tangible Net Worth: \$15 million

Leverage Ratio (leverage to Tangible Net Worth): not to exceed 1.25 to 1

Under the Credit Facility Only:

Collateral Value: Collateral value under the Warehouse Facility must exceed outstanding borrowings under that facility.

EBITDA to Interest Ratio: Not less than 2 to 1 for the four fiscal quarters just ended.

“EBITDA” is defined under the Credit Facility as, for the relevant period of time (1) gross revenues (all payments from leases and notes receivable) for such period minus (2) expenses deducted in determining net income for such period plus (3) to the extent deducted in determining net income for such period (a) provision for income taxes and (b) interest expense, and (c) depreciation, amortization and other non-cash charges. Extraordinary items and gains or losses on (and proceeds from) sales or dispositions of assets outside of the ordinary course of business are excluded in the calculation of EBITDA. “Tangible Net Worth” is defined as, as of the date of determination, (i) the net worth of the Company, after deducting therefrom (without duplication of deductions) the net book amount of all assets of the Company, after deducting any reserves and other amounts for assets which would be treated as intangibles under accounting principles generally accepted in the United States of America (“GAAP”), and after certain other adjustments permitted under the agreements.

The financial covenants referred to above are applicable to the Company only to the extent that the Company has borrowings outstanding under the Facilities. As of June 30, 2010, the Company’s Tangible Net Worth requirement under the Credit Facility was \$15 million and under the RF Program was \$15 million, the permitted maximum leverage ratio under the Facilities was 1.25 to 1, and under the Credit Facility, the required minimum interest coverage ratio (EBITDA/interest expense) was 2 to 1. The Company was in compliance with each of these financial covenants with a minimum Tangible Net Worth, leverage ratio and (EBITDA) interest coverage ratio, as calculated per the Credit Facility agreement of \$43.9 million, 1.11 to 1, and 8.66 to 1, respectively, as of June 30, 2010. As such, as of June 30, 2010, the Company was in compliance with all such material financial covenants.

### Reconciliation to GAAP of EBITDA

For purposes of compliance with the Credit Facility covenants, the Company uses a financial calculation of EBITDA which is not in accordance with GAAP. The EBITDA is utilized by the Company to calculate one of its debt covenant ratios.

The following is a reconciliation of EBITDA to net income for the six months ended June 30, 2010 (in thousands):

Net income - GAAP basis	\$ 1,178
Interest expense	1,618
Depreciation and amortization	9,635
Amortization of initial direct costs	191
Impairment loss	282
Reversal of provision for credit losses	(7)
Change in fair value of interest rate swap contracts	(160)
Payments received on direct finance leases	2,902
Payments received on notes receivable	502
Amortization of unearned income on direct finance leases	(2,037)
Amortization of unearned income on notes receivable	(92)
EBITDA (for Credit Facility financial covenant calculation only)	<u>\$14,012</u>

#### Events of default, cross-defaults, recourse and security

The terms of both of the Facilities include standard events of default by the Company which, if not cured within applicable grace periods, could give lenders remedies against the Company, including the acceleration of all outstanding borrowings and a demand for repayment in advance of their stated maturity. If a breach of any material term of either of the Facilities should occur, the lenders may, at their option, increase borrowing rates, accelerate the obligations in advance of their stated maturities, terminate the facility, and exercise rights of collection available to them under the express terms of the facility, or by operation of law. The lenders also retain the discretion to waive a violation of any covenant at the Company's request.

The Company is currently in compliance with its obligations under the Facilities. In the event of a technical default (e.g., the failure to timely file a required report, or a one-time breach of a financial covenant), the Company believes it has ample time to request and be granted a waiver by the lenders, or, alternatively, cure the default under the existing provisions of its debt agreements, including, if necessary, arranging for additional capital from alternate sources to satisfy outstanding obligations.

The lending syndicate providing the Credit Facility has a blanket lien on all of the Company's assets as collateral for any and all borrowings under the Acquisition Facility, and on a pro-rata basis under the Warehouse Facility.

In conjunction with the RF Program, the lender under the RF Program has entered into an inter-creditor agreement with the lenders under the Credit Facility with respect to priority and the sharing of collateral pools of the Company, including under the Acquisition Facility and Warehouse Facility. Among the provisions of the inter-creditor agreement are cross-default provisions among the Credit Facility and the RF Program.

The Acquisition Facility is generally recourse solely to the Company, and is not cross-defaulted to any other obligations of affiliated companies under the Credit Facility, except as described in this paragraph, and in connection with the RF Program, as noted above. The Facilities are cross-defaulted to a default in the payment of any debt (other than non-recourse debt) or any other agreement or condition beyond the period of grace (not exceeding 30 days), the effect of which would entitle the lender under such agreement to accelerate the obligations prior to their stated maturity in an individual or aggregate principal amount in excess of 15% of the Company's consolidated Tangible Net Worth with respect to the Credit Facility, and \$2.5 million with respect to the RF Program. Also, a bankruptcy of AFS will trigger a default for the Company under the Credit Facility.

The Operating Agreement limits aggregate borrowings to 50% of the total cost of equipment. For detailed information on the Company's debt obligations, see Notes 6 through 8 in Item 1. Financial Statements.

Due to the bankruptcy of a major lessee, Chrysler Corporation, in April 2009, the Company, in accordance with its accounting policy for allowance for doubtful accounts, has placed all operating and direct financing leases with Chrysler on non-accrual status pending resumption of recurring payment activity. As a result, the Company has provided for its related billed, but not yet paid, lease payments as of June 30, 2010 through its results of operations. The Company also considered the net book value of the equipment underlying the lease contracts of \$834 thousand for impairment and believes that, as of June 30, 2010, no probable impairment exists.

The Company commenced periodic distributions, based on cash flows from operations, beginning with the month of April 2003. The first distribution payment was made in May 2003 and additional monthly and/or quarterly distributions have been consistently made through June 2010.

At June 30, 2010, there were commitments to purchase lease assets totaling approximately \$1.4 million (see Note 9, Commitments, as set forth in Item 1. Financial Statements).

**Item 4T. Controls and procedures.**

**Evaluation of disclosure controls and procedures**

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

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

**Changes in internal control**

There were no changes in the Managing Member's internal control over financial reporting, as it is applicable to the Company, during the quarter ended June 30, 2010 that have materially affected, or are reasonably likely to materially affect, the Managing Member's internal control over financial reporting, as it is applicable to the Company.

## **PART II. OTHER INFORMATION**

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

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

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

None.

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

None.

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

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

None.

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

Documents filed as a part of this report:

1. Financial Statement Schedules

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

2. Other Exhibits

31.1 Certification of Dean L. Cash

31.2 Certification of Paritosh K. Choksi

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

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

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 11, 2010

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 ATEL Financial  
Services, LLC (Managing Member)

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

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

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

I, Dean L. Cash, certify that:

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

Date: August 11, 2010

/s/ Dean L. Cash

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

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

I, Paritosh K. Choksi, certify that:

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

Date: August 11, 2010

/s/ Paritosh K. Choksi

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

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

In connection with the Quarterly Report of ATEL Capital Equipment Fund X, LLC (the "Company") on Form 10-Q for the period ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dean L. Cash, President and Chief Executive Officer of ATEL Financial Services, LLC, Managing Member of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 11, 2010

/s/ Dean L. Cash

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Dean L. Cash

President and Chief Executive Officer of  
ATEL Financial Services, LLC (Managing Member)

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

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

In connection with the Quarterly Report of ATEL Capital Equipment Fund X, LLC (the "Company") on Form 10-Q for the period ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paritosh K. Choksi, Executive Vice President and Chief Financial Officer and Chief Operating Officer of ATEL Financial Services, LLC, Managing Member of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 11, 2010

/s/ Paritosh K. Choksi

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

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