
**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, 2008

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 000-51858

ATEL Capital Equipment Fund XI, LLC
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of
Incorporation or organization)

20-1357935
(I. R. S. Employer
Identification No.)

600 California Street, 6th Floor, San Francisco, California 94108-2733
(Address of principal executive offices)

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

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

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

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

Indicate by check mark whether the registrant is 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
(Do not check if a 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, 2008 was 5,230,507.

DOCUMENTS INCORPORATED BY REFERENCE

None.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

ATEL CAPITAL EQUIPMENT FUND XI, LLC

BALANCE SHEETS

JUNE 30, 2008 AND DECEMBER 31, 2007

(In Thousands)

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$ 1,078	\$ 1,662
Accounts receivable, net of allowance for doubtful accounts of \$37 as of June 30, 2008 and \$125 as of December 31, 2007	229	418
Notes receivable, net of unearned interest income of \$1,139 as of June 30, 2008 and \$1,432 as of December 31, 2007	5,690	7,336
Investment in securities	452	497
Investments in equipment and leases, net of accumulated depreciation of \$18,545 as of June 30, 2008 and \$13,547 as of December 31, 2007	44,565	49,106
Due from affiliate	43	146
Other assets	10	32
Total assets	<u>\$ 52,067</u>	<u>\$ 59,197</u>
LIABILITIES AND MEMBERS' CAPITAL		
Accounts payable and accrued liabilities:		
Managing Member	\$ 101	\$ 381
Accrued distributions to Other Members	554	554
Other	333	668
Non-recourse debt	20,415	20,579
Acquisition facility obligation	1,000	4,000
Unearned operating lease income	824	1,388
Total liabilities	<u>23,227</u>	<u>27,570</u>
Commitments and contingencies		
Members' capital:		
Managing Member	—	—
Other Members	28,840	31,627
Total Members' capital	<u>28,840</u>	<u>31,627</u>
Total liabilities and Members' capital	<u>\$ 52,067</u>	<u>\$ 59,197</u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

STATEMENTS OF OPERATIONS

**FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2008 AND 2007**

(In Thousands, Except for Units and Per Unit Data)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Revenues:				
Operating lease income	\$ 2,993	\$ 2,294	\$ 5,986	\$ 4,439
Direct financing leases	—	2	1	2
Notes receivable interest income	165	194	362	397
Gain of sale of assets and early termination of notes	18	101	54	213
Gain on sale of securities	13	—	54	9
Interest income	9	23	17	42
Other	9	7	20	21
Total revenues	3,207	2,621	6,494	5,123
Expenses:				
Depreciation of operating lease assets	2,500	1,932	4,997	3,731
Asset management fees to Managing Member	154	167	343	303
Acquisition expense	(13)	161	35	426
Cost reimbursements to Managing Member	83	191	333	365
Provision (reversal of provision) for doubtful accounts	15	10	(36)	(2)
Amortization of initial direct costs	51	43	105	90
Interest expense	336	194	711	375
Professional fees	64	90	150	301
Outside services	9	23	16	51
Other	36	24	65	63
Total operating expenses	3,235	2,835	6,719	5,703
Other (expense) income, net	(12)	—	53	35
Net loss	\$ (40)	\$ (214)	\$ (172)	\$ (545)
Net income (loss):				
Managing Member	\$ 98	\$ 99	\$ 196	\$ 230
Other Members	(138)	(313)	(368)	(775)
	\$ (40)	\$ (214)	\$ (172)	\$ (545)
Net loss per Limited Liability Company Unit (Other Members)	\$ (0.03)	\$ (0.06)	\$ (0.07)	\$ (0.15)
Weighted average number of Units outstanding	5,230,507	5,232,607	5,230,507	5,232,607

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND XI, LLC
STATEMENTS OF CHANGES IN MEMBERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2007
AND FOR THE SIX MONTHS
ENDED JUNE 30, 2008
(In Thousands, Except for Units and Per Unit Data)
(Unaudited)

	<u>Other Members</u>		<u>Managing Member</u>	<u>Total</u>
	<u>Units</u>	<u>Amount</u>		
Balance December 31, 2006	5,232,607	\$38,135	\$ —	\$38,135
Repurchases of Limited Liability Company Units	(600)	(5)	—	(5)
Rescissions of capital contributions	(1,500)	(15)	—	(15)
Distributions to Other Members (\$0.93 per Unit)	—	(4,838)	—	(4,838)
Distributions to Managing Member	—	—	(426)	(426)
Net (loss) income	—	(1,650)	426	(1,224)
Balance December 31, 2007	5,230,507	31,627	—	31,627
Distributions to Other Members (\$0.46 per Unit)	—	(2,419)	—	(2,419)
Distributions to Managing Member	—	—	(196)	(196)
Net (loss) income	—	(368)	196	(172)
Balance June 30, 2008	<u>5,230,507</u>	<u>\$28,840</u>	<u>\$ —</u>	<u>\$28,840</u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

STATEMENTS OF CASH FLOWS

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2008 AND 2007

(In Thousands)

(Unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Operating activities:				
Net loss	\$ (40)	\$ (214)	\$ (172)	\$ (545)
Adjustment to reconcile net loss to cash provided by operating activities:				
Gain on sales of assets and early termination of notes	(18)	(101)	(54)	(213)
Depreciation of operating lease assets	2,500	1,932	4,997	3,731
Amortization of initial direct costs	51	43	105	90
Amortization of unearned income on direct finance leases	—	(2)	(1)	(2)
Amortization of unearned income on notes receivable	(165)	(194)	(362)	(397)
Provision (reversal of provision) for doubtful accounts	15	10	(36)	(2)
Gain on sale of securities	(13)	—	(54)	(9)
Changes in operating assets and liabilities:				
Accounts receivable	104	190	225	349
Prepaid and other assets	7	(13)	22	(22)
Accounts payable, Managing Member	(52)	5	(280)	50
Accounts payable, other	(176)	(1)	(335)	(1,428)
Due (from) to affiliates	(43)	80	103	80
Unearned operating lease income	(392)	(174)	(564)	(281)
Net cash provided by operating activities	<u>1,778</u>	<u>1,561</u>	<u>3,594</u>	<u>1,401</u>
Investing activities:				
Purchases of equipment on operating leases	—	(1,818)	(543)	(7,131)
Purchase of securities	—	(63)	—	(63)
Proceeds from early termination of notes receivable	(224)	—	793	1,191
Proceeds from sales of lease assets	—	478	—	478
Payments of initial direct costs	(3)	(28)	(12)	(55)
Payments received on direct finance leases	2	(14)	4	5
Note receivable advances	382	(62)	(375)	(921)
Proceeds from sale of securities	58	—	99	9
Payments received on notes receivable	845	799	1,635	1,676
Net cash provided by (used in) investing activities	<u>1,060</u>	<u>(708)</u>	<u>1,601</u>	<u>(4,811)</u>
Financing activities:				
Borrowings under non-recourse debt	2,738	6,569	2,738	12,314
Repayments under non-recourse debt	(1,503)	(482)	(2,902)	(576)
Borrowings under acquisition facility	—	1,500	3,000	7,000
Repayments under acquisition facility	(4,500)	(6,000)	(6,000)	(15,000)
Distributions to Other Members	(1,209)	(1,209)	(2,419)	(2,419)
Distributions to Managing Member	(98)	(99)	(196)	(230)
Net cash (used in) provided by financing activities	<u>(4,572)</u>	<u>279</u>	<u>(5,779)</u>	<u>1,089</u>
Net (decrease) increase in cash and cash equivalents	<u>(1,734)</u>	<u>1,132</u>	<u>(584)</u>	<u>(2,321)</u>
Cash and cash equivalents at beginning of period	<u>2,812</u>	<u>1,449</u>	<u>1,662</u>	<u>4,902</u>
Cash and cash equivalents at end of period	<u>\$ 1,078</u>	<u>\$ 2,581</u>	<u>\$ 1,078</u>	<u>\$ 2,581</u>
Supplemental disclosures of cash flow information:				
Cash paid during the period for interest	<u>\$ 345</u>	<u>\$ 192</u>	<u>\$ 732</u>	<u>\$ 342</u>
Cash paid during the period for taxes	<u>\$ 35</u>	<u>\$ 34</u>	<u>\$ 35</u>	<u>\$ 34</u>
Schedule of non-cash transactions:				
Distributions payable to Other Members at period-end	<u>\$ 554</u>	<u>\$ 554</u>	<u>\$ 554</u>	<u>\$ 554</u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

1. Organization and Limited Liability Company matters:

ATEL Capital Equipment Fund XI, LLC (the “Company”) was formed under the laws of the State of California on June 25, 2004. The Company was formed for the purpose of acquiring equipment to engage in equipment leasing, lending and sales activities. Also, from time to time, the Company may purchase securities of its borrowers or receive warrants to purchase securities in connection with its lending arrangements. The Managing Member of the Company is ATEL Financial Services, LLC (“AFS”), a California limited liability company. The Company may continue until December 31, 2025. Each Member’s personal liability for obligations of the Company generally will be limited to the amount of their respective contributions and rights to undistributed profits and assets of the Company.

The Company conducted a public offering of 15,000,000 Limited Liability Company Units (“Units”), at a price of \$10 per Unit. On May 31, 2005, subscriptions for the minimum number of Units (120,000, representing \$1.2 million) had been received and AFS requested that the subscriptions be released to the Company. On that date, the Company commenced operations in its primary business (acquiring equipment to engage in equipment leasing, lending and sales activities). As of July 13, 2005, the Company had received subscriptions for 958,274 Units (\$9.6 million), thus exceeding the \$7.5 million minimum requirement for Pennsylvania, and AFS requested that the remaining funds in escrow (from Pennsylvania investors) be released to the Company. The Company terminated sales of Units effective April 30, 2006. Net contributions of \$52.3 million were received through June 30, 2008, consisting of approximately \$52.8 million in gross contributions from Other Members purchasing Units under the public offering less rescissions and repurchases of \$532 thousand. As of June 30, 2008, 5,230,507 Units were 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 December 31, 2012, and (iii) provides additional distributions following the Reinvestment Period and until all equipment has been sold. The Company is governed by its Limited Liability Company Operating Agreement (“Operating Agreement”), as amended.

The Company, or AFS on behalf of the Company, has incurred costs in connection with the organization, registration and issuance of the Limited Liability Company Units (Note 5). The amount of such costs to be borne by the Company is limited by certain provisions of the Company’s Operating Agreement. The Company will pay AFS and affiliates of AFS substantial fees which may result in a conflict of interest. The Company will pay substantial fees to AFS and its affiliates before distributions are paid to investors even if the Company does not produce profits. Therefore, the financial position of the Company could change significantly.

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 instructions to Form 10-Q and Article 8 of Regulation S-X. 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. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that effect reported amounts in the financial statements and accompanying notes. Therefore, actual results could differ from those estimates. Operating results for the three and six months ended June 30, 2008 are not necessarily indicative of the results for the year ending December 31, 2008.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

The Company's 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, 2007, filed with the Securities and Exchange Commission.

Certain prior year amounts have been reclassified to conform to the current year 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.

Use of estimates:

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

Initial direct costs:

The Company capitalizes initial direct costs ("IDC") associated with the origination and funding of lease assets and investments in notes receivable as defined in Statement of Financial Accounting Standards ("SFAS") No. 91 ("SFAS No. 91") "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases." IDC includes both internal costs (e.g., the costs of employees' activities in connection with successful lease and loan originations) and external broker fees incurred with such originations. The costs are amortized on a lease by lease (or note by note) basis based on actual contract term using a straight-line method for operating leases and the effective interest rate method for direct finance leases and notes receivable. Upon disposal of the underlying lease or loan assets, both the initial direct costs and the associated accumulated amortization are relieved. Costs related to leases or notes receivable that are not consummated are not eligible for capitalization as initial direct costs and are expensed as acquisition expense.

Segment reporting:

The Company reports segment information in accordance with SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 establishes annual and interim standards for operating segments of a company. It also requires entity-wide disclosures about the products and services an entity provides, the material countries in which it holds assets and reports revenue, and its major customers. 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 Company's principal decision makers are the Managing Member's Chief Executive Officer and its Chief Operating Officer. The Company believes that its equipment leasing business operates as one reportable segment because: a) the Company measures profit and loss at the equipment portfolio level as a whole; b) the principal decision makers do not review information based on any operating segment other than the equipment leasing transaction portfolio; c) the Company does not maintain discrete financial information on any specific segment other than its equipment financing operations; d) the Company has not chosen to organize its business around different products and services other than equipment lease financing; and e) the Company has not chosen to organize its business around geographic areas.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

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, 2008 and 2007 and long-lived assets as of June 30, 2008 and December 31, 2007 (in thousands):

	For the six months ended June 30,			
	<u>2008</u>	<u>% of Total</u>	<u>2007</u>	<u>% of Total</u>
Revenue				
United States	\$ 5,966	92%	\$ 4,632	90%
United Kingdom	528	8%	491	10%
Total International	528	8%	491	10%
Total	<u>\$ 6,494</u>	<u>100%</u>	<u>\$ 5,123</u>	<u>100%</u>
	As of June 30,		As of December 31,	
	<u>2008</u>	<u>% of Total</u>	<u>2007</u>	<u>% of Total</u>
Long-lived assets				
United States	\$41,697	94%	\$45,786	93%
United Kingdom	2,868	6%	3,320	7%
Total International	2,868	6%	3,320	7%
Total	<u>\$44,565</u>	<u>100%</u>	<u>\$49,106</u>	<u>100%</u>

Investment in securities

Purchased securities

Purchased securities are not registered for public sale and are carried at cost. Securities are adjusted to fair value if the carrying value is less than fair value and such impairment is deemed by the Managing Member to be other than temporary. The Company utilizes quoted market prices to value its investments in publicly traded borrowers, and uses the borrowers' subsequent private placements, on a per share basis, to estimate the fair value of its investments in non-publicly traded borrowers. Such determination of fair value may be adjusted pursuant to other factors which include, but are not limited to, available financial information, the terms and condition of subsequent placements, the issuer's ability to meet its current obligations and indications of the issuer's subsequent ability to raise capital. The Managing Member's estimate and assumption of fair value of the private securities may differ significantly from the values that would have been used had a ready market existed, and the differences could be material. Purchased securities in publicly traded borrowers are carried at fair value. See note 11 for further discussion.

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. The fair values of the warrants are determined based either upon the Black-Scholes pricing model for warrants with borrowers who are in S-1 registration with industry recognized investment bankers, or the price per share of subsequent private placements. Such determination of fair value may be adjusted pursuant to other factors which include, but are not limited to, available financial information, the terms and condition of subsequent placements, the issuer's ability to meet its current obligations and indications of the issuer's subsequent ability to raise capital. The Managing Member's estimate and assumption of fair value of the private securities may differ significantly from the values that would have been used had a ready market existed, and the differences could be material. At June 30, 2008 and December 31, 2007, the Managing Member estimated the fair value of the warrants to be nominal in amount. See note 11 for further discussion.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Foreign currency transactions:

Foreign currency transaction gains and losses are reported in the results of operations as “other income” or “other expense” in the period in which they occur. Currently, the Company does not use derivative instruments to hedge its economic exposure with respect to assets, liabilities and firm commitments as the foreign currency transactions risks to date have not been significant. The Company recognized a net foreign currency loss of \$12 thousand for the three months ended June 30, 2008. No foreign currency gain or loss was recognized for the three months ended June 30, 2007. For the six months ended June 30, 2008 and 2007, the Company recognized net foreign currency gains of \$53 thousand and \$35 thousand, respectively. Such net foreign currency gains (losses) are reflected as other (expense) income, net.

Other income, net:

During the three and six months ended June 30, 2008 and 2007, other income, net was comprised of gains on foreign currency transactions.

Per Unit data:

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

Recent Accounting Pronouncements

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”), as an amendment to SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities.” SFAS 161 requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. The fair value of derivative instruments and their gains and losses will need to be presented in tabular format in order to present a more complete picture of the effects of using derivative instruments. SFAS 161 is effective for financial statements issued for fiscal years beginning after November 15, 2008. The Company is currently evaluating the impact of adopting this pronouncement.

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 141R, “Business Combinations” (“SFAS 141R”). SFAS 141R replaces SFAS 141 and establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non controlling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. This standard is effective for fiscal years beginning after December 15, 2008. The Company does not presently anticipate the adoption of SFAS 141R to significantly impact its financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115” (“SFAS 159”). This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board’s long-term measurement objectives for accounting for financial instruments. The Company adopted the provisions of SFAS 159 on January 1, 2008. The adoption of SFAS 159 did not have a significant effect on the Company’s financial position, results of operations or cash flows.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. The provisions of SFAS 157 were to be effective for fiscal years beginning after November 15, 2007. However, in February 2008, the FASB issued FASB Staff Position ("FSP") No. 157-2, which defers the effective date of SFAS 157 as it pertains to fair value measurements of nonfinancial assets and nonfinancial liabilities until fiscal years beginning after November 15, 2008. On January 1, 2008, the Company adopted the provisions of SFAS 157 except as it applied to its investment in equipment and leases, and other nonfinancial assets and nonfinancial liabilities as noted in FSP No. 157-2. The partial adoption of SFAS 157 did not have a significant effect on the Company's financial position, results of operations or cash flows.

3. Notes receivable:

The Company has various notes receivable from borrowers who have financed the purchase of equipment through the Company. The terms of the notes receivable generally are up to 120 months and bear interest at rates ranging from 8.5% to 17.4%. The notes are secured by the equipment financed. The notes mature from 2008 through 2016. At June 30, 2008, the Company established a \$52 thousand reserve for impairment losses related to two notes receivable. There were no impaired notes at December 31, 2007. The minimum future payments receivable as of June 30, 2008 are as follows (in thousands):

Six months ending December 31, 2008	\$ 1,397
Year ending December 31, 2009	2,091
2010	1,646
2011	467
2012	393
2013	295
Thereafter	574
	6,863
Less: portion representing unearned interest income	(1,139)
	5,724
Unamortized indirect costs	18
Less: Reserve for impairment	(52)
Notes receivable, net	\$ 5,690

IDC amortization expense related to notes receivable and the Company's operating and direct finance leases for the three and six months ended June 30, 2008 and 2007 are as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
IDC amortization - notes receivable	\$ 5	\$ 6	\$ 13	\$ 16
IDC amortization - lease assets	46	37	92	74
Total	\$ 51	\$ 43	\$ 105	\$ 90

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

4. Investment in equipment leases:

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

	<u>Balance December 31, 2007</u>	<u>Reclassifications & Additions / Dispositions</u>	<u>Depreciation/ Amortization Expense or Amortization of Leases</u>	<u>Balance June 30, 2008</u>
Net investment in operating leases	\$ 48,524	\$ 543	\$ (4,997)	\$44,070
Net investment in direct financing leases	49	—	(3)	46
Initial direct costs, net of accumulated amortization of \$365 at June 30, 2008 and \$279 at December 31, 2007	533	8	(92)	449
Total	<u>\$ 49,106</u>	<u>\$ 551</u>	<u>\$ (5,092)</u>	<u>\$44,565</u>

Additions to net investment in operating leases are stated at cost and include amounts accrued at June 30, 2008 and December 31, 2007 related to asset purchase obligations.

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. No impairment losses were recorded for the three and six months ended June 30, 2008 and 2007. Depreciation expense on property subject to operating leases and property held for lease or sale was \$2.5 million and \$1.9 million for the respective three months ended June 30, 2008 and 2007; and \$5.0 million and \$3.7 million for the respective six months ended June 30, 2008 and 2007.

All of the leased property was acquired during the years 2005 through 2008.

Operating leases:

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

	<u>Balance December 31, 2007</u>	<u>Additions</u>	<u>Reclassifications or Dispositions</u>	<u>Balance June 30, 2008</u>
Material handling	\$ 19,901	543	328	\$ 20,772
Construction	11,881	—	—	11,881
Transportation, rail	11,723	—	—	11,723
Transportation	11,122	—	—	11,122
Logging and lumber	2,001	—	—	2,001
Aviation	1,658	—	—	1,658
Manufacturing	1,499	—	(328)	1,171
Marine vessels	1,415	—	—	1,415
Research	725	—	—	725
Office furniture	146	—	—	146
	62,071	543	—	62,614
Less accumulated depreciation	(13,547)	(4,997)	—	(18,544)
Total	<u>\$ 48,524</u>	<u>\$ (4,454)</u>	<u>\$ —</u>	<u>\$ 44,070</u>

The average estimated residual value for assets on operating leases was 22% of the assets' original cost at June 30, 2008 and December 31, 2007.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

4. Investment in equipment leases (continued):

Direct financing leases:

As of June 30, 2008, investment in direct financing leases consists of material handling equipment and office furniture. The following lists the components of the Company's investment in direct financing leases as of June 30, 2008 and December 31, 2007 (in thousands):

	June 30, 2008	December 31, 2007
Total minimum lease payments receivable	\$ 42	\$ 47
Estimated residual values of leased equipment (unguaranteed)	10	10
Investment in direct financing leases	52	57
Less unearned income	(6)	(8)
Net investment in direct financing leases	<u>\$ 46</u>	<u>\$ 49</u>

At June 30, 2008, the aggregate amounts of future minimum lease payments to be received are as follows (in thousands):

	Operating Leases	Direct Financing Leases	Total
Six months ending December 31, 2008	\$ 5,690	\$ 5	\$ 5,695
Year ending December 31, 2009	10,047	10	10,057
2010	8,947	9	8,956
2011	5,977	9	5,986
2012	2,920	9	2,929
2013	1,848	—	1,848
Thereafter	1,839	—	1,839
	<u>\$37,268</u>	<u>\$ 42</u>	<u>\$37,310</u>

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

<u>Equipment category</u>	<u>Useful Life</u>
Transportation, rail	30 - 35
Aviation	20 - 30
Marine vessels	20 - 30
Manufacturing	10 - 20
Construction	7 - 10
Logging and lumber	7 - 10
Material handling	7 - 10
Office furniture	7 - 10
Research	7 - 10
Transportation, other	7 - 10

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

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. Reimbursable costs incurred by AFS are allocated to the Company based upon estimated time incurred by employees working on Company business and an allocation of rent and other costs based on utilization studies.

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

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.

During the three and six months ended June 30, 2008 and 2007, 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,	
	2008	2007	2008	2007
Administrative costs reimbursed to Managing Member and/or affiliates	\$ 83	\$ 191	\$ 333	\$ 365
Asset management fees to Managing Member and/or affiliates	154	167	343	303
Acquisition and initial direct costs paid to Managing Member	(11)	188	42	476
	\$ 226	\$ 546	\$ 718	\$ 1,144

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

6. Non-recourse Debt:

At June 30, 2008, 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 5.74% to 6.65%. The notes are secured by assignments of lease payments and pledges of assets. At June 30, 2008, the carrying value of the pledged assets is approximately \$26.1 million. The notes mature from 2008 through 2015.

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

	Principal	Interest	Total
Six months ending December 31, 2008	\$ 3,041	\$ 572	\$ 3,613
Year ending December 31, 2009	4,966	892	5,858
2010	4,766	604	5,370
2011	3,660	343	4,003
2012	1,460	183	1,643
2013	1,065	118	1,183
Thereafter	1,457	80	1,537
	<u>\$20,415</u>	<u>\$2,792</u>	<u>\$23,207</u>

7. Borrowing facilities:

The Company participates with AFS and certain of its affiliates in a financing arrangement (comprised of a working capital term loan facility to AFS, an acquisition facility and a warehouse facility to AFS, the Company and affiliates, and a venture facility available to an affiliate) with a group of financial institutions that includes certain financial covenants. The financial arrangement was originally \$75 million and expired on June 28, 2007. The facility was renewed for an additional two years with an availability of \$65 million pending redefinition of the lender base. On July 28, 2007, with a redefinition of the lender base, the facility was amended to reset availability to \$75 million. The arrangement expires in June 2009.

As of June 30, 2008 and December 31, 2007, borrowings under the facility were as follows (in thousands):

	June 30, 2008	December 31, 2007
Total available under the financing arrangement	\$75,000	\$ 75,000
Amount borrowed by the Company under the acquisition facility	(1,000)	(4,000)
Amounts borrowed by affiliated partnerships and Limited Liability Companies under the acquisition and warehouse facilities	(2,510)	(4,625)
Total remaining available under the acquisition and warehouse facilities	<u>\$71,490</u>	<u>\$ 66,375</u>

The Company is contingently liable for principal payments under the warehouse facility as borrowings are recourse jointly and severally to the extent of the pro-rata share of the Company's net worth as compared to the aggregate net worth of certain of the affiliated partnerships and limited liability companies of the Company and including AFS and ALC (which latter two entities are 100% liable). The Company and its affiliates pay an annual commitment fee to have access to this line of credit. There were no borrowings under the warehouse facility as of June 30, 2008 and December 31, 2007.

The interest rate on the Master Terms Agreement 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 Master Terms Agreement that are prepaid may be re-borrowed on the terms and subject to the conditions set forth under the Master Terms Agreement. The effective interest rate on borrowings was 3.73% at June 30, 2008 and 6.11% to 6.35% at December 31, 2007. During the three months ended June 30, 2008 and 2007, the weighted average interest rate on borrowings was 4.24% and 6.47%, respectively. The weighted average interest rate on borrowings was 4.73% and 6.75% during the six months ended June 30, 2008 and 2007.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

7. Borrowing facilities (continued)

Draws on the acquisition facility by any affiliated partnership and/or limited liability company borrower are secured by a blanket lien on that borrower's assets, including but not limited to equipment and related leases.

To manage the warehousing facility for the holding of assets prior to allocation to specific investor programs, a Warehousing Trust Agreement has been entered into by the Company, AFS, ALC, and certain of the affiliated partnerships and limited liability companies. The warehousing facility is used 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 Agreement, 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, 2008, the investment program participants were ATEL Capital Equipment Fund IX, LLC, ATEL Capital Equipment Fund X, LLC, the Company and ATEL 12, LLC. Pursuant to the Warehousing Trust Agreement, the benefit of the lease transaction assets, and the corresponding liabilities under the warehouse borrowing 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 warehouse trust estate, excepting that the trustees, AFS and ALC, are both liable for their pro-rata shares of the obligations based on their respective net worth, and jointly liable for the pro rata portion of the obligations of each of the affiliated partnerships and limited liability companies participating under the borrowing facility. Transactions are financed through this warehousing 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 the acquisition facility financing, 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, 2008, the full amount remaining available under the joint acquisition and warehouse facility is potentially available to the Company. However, as amounts are drawn on the facility by each of the Company and the affiliates who are borrowers under the facility, the amount available to all 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.

Under the terms of the acquisition facility agreement, ATEL 12, LLC may only participate once its tangible net worth, as therein defined, equals or exceeds \$15 million.

The financing arrangement discussed above includes certain financial and non-financial covenants applicable to each borrower. The Company and affiliates were in compliance with all covenants as of June 30, 2008.

8. Commitments:

At June 30, 2008, the Company had no commitments to purchase lease assets.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

9. 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.

In the normal course of business, the Company enters into contracts of various types, including lease contracts, contracts for the sale or purchase of lease assets, management contracts, loan agreements, credit lines and other debt facilities. It is prevalent industry practice for most contracts of any significant value to include provisions that each of the contracting parties—in addition to assuming liability for breaches of the representations, warranties, and covenants that are part of the underlying contractual obligations—also assume an obligation to indemnify and hold the other contracting party harmless for such breaches, for harm caused by such party's gross negligence and willful misconduct, including, in certain instances, certain costs and expenses arising from the contract. The Managing Member has substantial experience in managing similar leasing programs subject to similar contractual commitments in similar transactions, and the losses and claims arising from these commitments have been insignificant, if any. Generally, to the extent these contracts are performed in the ordinary course of business under the reasonable business judgment of the Managing Member, no liability will arise as a result of these provisions. The Managing Member has no reason to believe that the facts and circumstances relating to the Company's contractual commitments differ from those it has entered into on behalf of the prior programs it has managed.

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.

10. Members' capital:

As of June 30, 2008, 5,230,507 Units were issued and outstanding. The Fund was authorized to issue up to 15,000,000 Units in addition to the Units issued to the initial members (50 Units). The Company terminated sales of Units effective April 30, 2006.

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,	
	2008	2007	2008	2007
Distributions declared	\$ 1,209	\$ 1,209	\$ 2,419	\$ 2,419
Weighted average number of Units outstanding	5,230,507	5,232,607	5,230,507	5,232,607
Weighted average distributions per Unit	\$ 0.23	\$ 0.23	\$ 0.46	\$ 0.46

11. Fair value of financial instruments:

On January 1, 2008, the Company adopted SFAS 157, "Fair Value Measurements". SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosure requirements for fair value measurements. The Company deferred the application of SFAS 157 for nonfinancial assets and nonfinancial liabilities as provided for by FSP No. 157-2, "Effective Date of FASB Statement No. 157". Issued in February 2008, FSP No. 157-2 defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for nonfinancial assets and nonfinancial liabilities, except items that are recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually).

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

11. Fair value of financial instruments (continued):

SFAS 157 defines the term “fair value” as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability.

SFAS 157 established a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad levels, considering the relative reliability of the inputs. The fair value hierarchy assigns the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of an input to the valuation that is significant to the fair value measurement.

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.

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.

Estimation of Fair Value

Fair value is based on quoted prices in an active market when available. In certain cases where a quoted price for an asset or liability is not available, the Company estimates the fair value based on various factors which include original cost, the type and risk characteristics of the asset or liability, expected cash flow and market volatilities. Such estimates of fair value cannot be determined with precision and may not be realized in an actual sale or transfer of the asset or liability in a current market exchange.

The following is a description of the valuation methodologies used for certain assets and the general classification of these instruments pursuant to the fair value hierarchy.

Purchased securities

The Company utilizes quoted market prices to value its investments in publicly traded borrowers, and uses the borrowers’ subsequent private placements, on a per share basis, to estimate the fair value of its investments in non-publicly traded borrowers. Such determination of fair value may be adjusted pursuant to other factors which include, but are not limited to, available financial information, the terms and conditions of subsequent placements, the issuer’s ability to meet its current obligations and indications of the issuer’s subsequent ability to raise capital.

Investments in shares of borrowers who have subsequently completed a public offering and are actively traded are classified as Level 1 instruments. Securities where fair value is based on subsequent private placements generally involve unobservable inputs that reflect management’s own assumptions and are classified as Level 3 instruments. At June 30, 2008, the carrying value of purchased securities approximates fair value.

ATEL CAPITAL EQUIPMENT FUND XI, LLC

NOTES TO FINANCIAL STATEMENTS

11. Fair value of financial instruments (continued):

Warrants

Warrants owned by the Company are not registered for public sale. The fair values of the warrants are determined based either upon the Black-Scholes pricing model for warrants with borrowers who are in S-1 registration with industry recognized investment bankers, or the price per share of subsequent private placements. Such determination of fair value may be adjusted pursuant to other factors which include, but are not limited to, available financial information, the terms and conditions of subsequent placements, the issuer's ability to meet its current obligations and indications of the issuer's subsequent ability to raise capital.

Warrants on shares of borrowers who are in S-1 registration are generally classified as Level 2 instruments. Warrants where fair value is based on subsequent private placements generally involve unobservable inputs that reflect management's own assumptions and are classified as Level 3 instruments. At June 30, 2008 and December 31, 2007, the Managing Member estimated the fair value of the warrants to be nominal in amount.

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, 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 XI, LLC (the "Company") is a California limited liability company that was formed in June 2004 for the purpose of engaging in the sale of limited liability company investment units and acquiring equipment to generate revenues from equipment leasing, lending and sales activities, primarily in the United States.

The 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 April 2006. During 2006, 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 reinvested cash flow in excess of certain amounts required to be distributed to the Other Members and/or utilized its credit facilities to acquire additional equipment. Throughout the Reinvestment Period, which ends December 31, 2012, the Company anticipates continued reinvestment of cash flow in excess of minimum distributions and other obligations. The Company is governed by its Limited Liability Company Operating Agreement ("Operating Agreement"), as amended.

The Company may continue until December 31, 2025. Periodic distributions are paid at the discretion of the Managing Member.

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 Company participates with AFS and certain of its affiliates in a financing arrangement (comprised of a working capital term loan facility to AFS, an acquisition facility and a warehouse facility to AFS, the Company and affiliates, and a venture facility available to an affiliate) with a group of financial institutions that includes certain financial covenants. The financial arrangement was originally \$75 million and expired on June 28, 2007. The facility was renewed for an additional two years with an availability of \$65 million pending redefinition of the lender base. On July 28, 2007, with a redefinition of the lender base, the facility was amended to reset availability to \$75 million. The arrangement expires in June 2009.

Borrowings under the facility as of June 30, 2008 were as follows (in thousands):

Total available under the financing arrangement	\$75,000
Amount borrowed by the Company under the acquisition facility	(1,000)
Amounts borrowed by affiliated partnerships and Limited Liability Companies under the acquisition and warehouse facilities	<u>(2,510)</u>
Total remaining available under the acquisition and warehouse facilities	<u>\$71,490</u>

The Company is contingently liable for principal payments under the warehouse facility as borrowings are recourse jointly and severally to the extent of the pro-rata share of the Company's net worth as compared to the aggregate net worth of certain of the affiliated partnerships and limited liability companies of the Company and including AFS and ALC (which latter two entities are 100% liable). The Company and its affiliates pay an annual commitment fee to have access to this line of credit. There were no borrowings under the warehouse facility as of June 30, 2008.

The interest rate on the Master Terms Agreement 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 Master Terms Agreement that are prepaid may be re-borrowed on the terms and subject to the conditions set forth under the Master Terms Agreement. The effective interest rate on borrowings at June 30, 2008 was 3.73%.

Draws on the acquisition facility by any affiliated partnership and/or limited liability company borrower are secured by a blanket lien on that borrower's assets, including but not limited to equipment and related leases.

To manage the warehousing facility for the holding of assets prior to allocation to specific investor programs, a Warehousing Trust Agreement has been entered into by the Company, AFS, ALC, and certain of the affiliated partnerships and limited liability companies. The warehousing facility is used 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 Agreement, 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, 2008, the investment program participants were ATEL Capital Equipment Fund IX, LLC, ATEL Capital Equipment Fund X, LLC, the Company and ATEL 12, LLC. Pursuant to the Warehousing Trust Agreement, the benefit of the lease transaction assets, and the corresponding liabilities under the warehouse borrowing 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 warehouse trust estate, excepting that the trustees, AFS and ALC, are both liable for their pro-rata shares of the obligations based on their respective net worth, and jointly liable for the pro rata portion of the obligations of each of the affiliated partnerships and limited liability companies participating under the borrowing facility. Transactions are financed through this warehousing 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 the acquisition facility financing, 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, 2008, the full amount remaining available under the joint acquisition and warehouse facility is potentially available to the Company. However, as amounts are drawn on the facility by each of the Company and the affiliates who are borrowers under the facility, the amount available to all 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.

Under the terms of the acquisition facility agreement, ATEL 12, LLC may only participate once its tangible net worth, as therein defined, equals or exceeds \$15 million.

The financing arrangement discussed above includes certain financial and non-financial covenants applicable to each borrower. The Company and affiliates were in compliance with all covenants as of June 30, 2008.

Throughout the Reinvestment Period (as defined in the Operating Agreement), 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 obligations, including debt service (both principal and interest), the payment of management fees to AFS and providing for cash distributions to the Members.

AFS or an affiliate may purchase equipment in its own name, the name of an affiliate or the name of a nominee, a trust or otherwise and hold title thereto on a temporary or interim basis for the purpose of facilitating the acquisition of such equipment or the completion of manufacture of the equipment or for any other purpose related to the business of the Company, provided, however that: (i) the transaction is in the best interest of the Company; (ii) such equipment is purchased by the Company for a purchase price no greater than the cost of such equipment to AFS or affiliate (including any out-of-pocket carrying costs), except for compensation permitted by the Operating Agreement; (iii) there is no difference in interest terms of the loans secured by the equipment at the time acquired by AFS or affiliate and the time acquired by the Company; (iv) there is no benefit arising out of such transaction to AFS or its affiliate apart from the compensation otherwise permitted by the Operating Agreement; and (v) all income generated by, and all expenses associated with, equipment so acquired will be treated as belonging to the Company.

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.

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.

If interest rates increase significantly, the rates that the Company can obtain on future lease or financing transactions will be expected to increase as the cost of capital is a significant factor in the pricing of leases 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 also has access to certain sources of non-recourse debt financing, which the Company will use on a transaction basis as a means of mitigating credit risk. During the first six months of 2008, the Company utilized such sources of non-recourse debt financing and at June 30, 2008, had \$20.4 million of non-recourse debt outstanding consisting of notes payable to financial institutions. For detailed information on the Company's debt obligations, see Notes 6 and 7 to the financial statements as set forth in Part I, Item 1, Financial Statements.

The Company commenced periodic distributions, based on cash flows from operations, beginning with the month of June 2005. Additional distributions have been consistently made through June 30, 2008.

At June 30, 2008, the Company had no commitments to purchase lease assets.

Cash Flows

The three months ended June 30, 2008 versus the three months ended June 30, 2007

Operating Activities

The Company's primary source of cash from operations has been rents from operating leases. Additionally, its cash flows are impacted by changes in certain operating assets and liabilities.

Cash provided by operating activities increased by \$217 thousand for the second quarter of 2008 as compared to the second quarter of 2007. The net increase in cash flow was primarily attributable to improved operating results as adjusted for non-cash revenue and expense such as gains on sales of assets and depreciation expense offset, in part, by increased payments made against accounts payable and accrued liabilities, and a decline in unearned operating lease income.

The increase in operating results, as adjusted for non-cash items, benefited cash flow by \$856 thousand and was mainly due to a 30% increase in operating lease revenue offset, in part, by increased interest expense on the Company's outstanding debt.

Partially offsetting the aforementioned increase in cash flow were decreases of \$355 thousand and \$218 thousand related to increased payments made against accounts payable and accrued liabilities, and decreased unearned operating lease income. The increase in payments made against accounts payable and accrued liabilities was primarily due to higher sales tax payments and a refund of a lessee overpayment. The decline in unearned operating lease income was primarily due to a period over period increase in amortization of unearned rents.

Investing Activities

Cash provided by investing activities totaled \$1.1 million for the second quarter of 2008 compared to cash used in investing activities totaling \$708 thousand during the second quarter of 2007, a \$1.8 million improvement. The net improvement in cash flow was primarily a result of a \$1.8 million reduction in purchases of lease assets and a \$220 thousand benefit from increased proceeds from notes receivable activity partially offset by a \$478 thousand decline in cash as a result of decreased proceeds from sales of lease assets.

The reduction in purchases of lease assets was a result of the continued decline in acquisition phase activity. Proceeds from notes receivable activity increased primarily due to the period over period rise in prepayments of notes receivables.

Partially offsetting the aforementioned increases is an absence of proceeds from sales of lease assets attributable to a diminished level of lease assets available for sale due to a period over period reduction in terminating lease assets.

Financing Activities

Net cash used in financing activities totaled \$4.6 million for the second quarter of 2008 compared to cash provided by financing activities of \$279 thousand for the second quarter of 2007, a decrease of \$4.9 million. The net decrease in cash flow was primarily due to a reduction in net proceeds from borrowings during the comparative periods.

The six months ended June 30, 2008 versus the six months ended June 30, 2007

Operating Activities

Cash provided by operating activities increased by \$2.2 million for the first six months of 2008 as compared to the first six months of 2007. The net increase in cash flow was primarily attributable to improved operating results as adjusted for non-cash revenue and expense such as gains on sales of assets and depreciation expense, and reduced payments made against accounts payable and accrued liabilities offset, in part, by a decline in unearned operating lease income.

The increase in operating results, as adjusted for non-cash items, benefited cash flow by \$1.8 million and was mainly due to a 35% increase in operating lease revenue offset, in part, by increased interest expense on the Company's outstanding debt. The net reduction in payments made against accounts payable and accrued liabilities improved cash flow by \$786 thousand. Total payments during the first six months of 2007 were significantly higher primarily due to the payment of approximately \$1.5 million of 2006 accruals related to asset purchases. This was partially offset by higher sales tax payment and a refund of a lessee overpayment during the second quarter of 2008.

The aforementioned increases in cash flow were partially offset by a \$283 thousand decrease resulting from a decline in unearned operating lease income. The decline in unearned operating lease income was primarily due to a period over period increase in amortization of unearned rents.

Investing Activities

Cash provided by investing activities totaled \$1.6 million for the first six months of 2008 compared to cash used in investing activities totaling \$4.8 million for the first six months of 2007, a \$6.4 million improvement. The net improvement in cash flow was primarily a result of a \$6.6 million reduction in purchases of lease assets and a \$546 thousand decrease in cash used to fund investments in notes receivable offset, in part, by a \$478 thousand and \$398 thousand decline in cash as a result of decreased proceeds from sales of lease assets and proceeds from the early termination of notes receivable, respectively.

The reduction in purchases of lease assets and the funding of investments in notes receivable was attributable to the continued decline in acquisition phase activity.

Partially offsetting the aforementioned increases is an absence of proceeds from sales of lease assets attributable to a diminished level of lease assets available for sale due to a period over period reduction in terminating lease assets, as well as a period over period decrease in prepayments of notes receivable.

Financing Activities

Net cash used in financing activities totaled \$5.8 million for the first six months of 2008 compared to cash provided by financing activities of \$1.1 million for the first six months of 2007, a decrease of \$6.9 million. The net decrease in cash flow was primarily due to a reduction in net proceeds from borrowings during the comparative periods.

Results of Operations

The three months ended June 30, 2008 versus the three months ended June 30, 2007

The Company had net losses of \$40 thousand and \$214 thousand for the three months ended June 30, 2008 and 2007, respectively. Results for the second quarter of 2008 reflect increases in both total revenues and operating expenses when compared with results for the second quarter of 2007.

Revenues

Total revenues for the second quarter of 2008 increased by \$586 thousand, or 22%, as compared to the second quarter of 2007. The net growth in total revenues was primarily due to a \$699 thousand increase in operating lease revenue offset, in part, by an \$83 thousand decrease in net gains on sales of lease assets and early terminations of notes receivable.

The period over period increase in operating lease revenue was mainly due to revenues derived from the \$14.2 million of lease assets purchased since June 30, 2007. The decrease in net gains on sales of lease assets and early terminations of notes receivable was mainly due to an absence of lease asset sales activity during the second quarter of 2008 when compared to the second quarter of 2007 and a period over period decrease in prepayment of notes, respectively.

Expenses

Total expenses for the second quarter of 2008 increased by \$400 thousand, or 14%, as compared to the second quarter of 2007. The net increase in total expenses was primarily due to increases of \$568 thousand in depreciation expense and \$142 thousand in interest expense offset, in part, by decreases of \$174 thousand in acquisition expense, \$108 thousand in costs reimbursed to AFS and a combined \$40 thousand in professional fees and outside services expense.

The period over period increase in depreciation and interest expense was primarily due to the \$14.2 million growth in depreciable assets since June 30, 2007 and a net increase of \$8.2 million in the Company's outstanding borrowings since June 30, 2007, respectively.

Partly offsetting the aforementioned increases in expenses, acquisition expense declined due primarily to the period over period decline in asset acquisitions – there were no lease assets purchased during the second quarter of 2008 versus \$1.8 million purchased during the second quarter of 2007. Costs reimbursed to AFS also declined as certain administrative expenses were deferred due to the annual and cumulative limit for cost reimbursements to AFS and/or affiliates placed by the Partnership Agreement as discussed in Note 5 to the financial statements, Related Party Transactions.

In addition, professional fees and outside services decreased primarily due to the elimination of costs associated with the audit and restatement of the Company's prior year financial statements, which were largely completed during the second quarter of 2007.

The six months ended June 30, 2008 versus the six months ended June 30, 2007

The Company had net losses of \$172 thousand and \$545 thousand for the six months ended June 30, 2008 and 2007, respectively. Results for the first six months of 2008 reflect increases in both total revenues and operating expenses when compared with results for the first six months of 2007.

Revenues

Total revenues for the first six months of 2008 increased by \$1.4 million, or 27%, as compared to the first six months of 2007. The net growth in total revenues was primarily due to a \$1.5 million increase in operating lease revenue and a \$45 thousand gain on the sale of securities offset, in part, by a \$159 thousand decrease in net gains on sales of lease assets and early terminations of notes receivable.

The period over period increase in operating lease revenue was mainly due to revenues derived from the incremental change in the Company's portfolio of lease assets since June 30, 2007. The gain on the sale of securities reflects compensation for preferred securities and warrants associated with the early termination of notes receivable during the first six months of 2008.

The decrease in net gains on sales of lease assets and early terminations of notes receivable was mainly due to an absence of lease asset sales activity during the first six months of 2008 when compared to the same period in 2007 and a period over period decrease in prepayment of notes, respectively.

Expenses

Total expenses for the first six months of 2008 increased by \$1.0 million, or 18%, as compared to the first six months of 2007. The net increase in total expenses was primarily due to increases totaling \$1.3 million and \$336 thousand in depreciation expense and interest expense, respectively, partially offset by decreases of \$391 thousand in acquisition expense, a combined \$186 thousand in professional fees and outside services expense, and \$34 thousand in the provision for doubtful accounts.

The period over period increase in depreciation and interest expense was mainly due to the growth in depreciable assets since June 30, 2007 and the incremental increase in the Company's outstanding borrowings since June 30, 2007, respectively.

Partially offsetting the aforementioned increases in expenses was a decline in acquisition expense as a result the period over period decline in asset acquisition activity. In addition, professional fees and outside services decreased primarily due to the elimination of costs associated with the audit and restatement of the Company's prior year financial statements, which were largely completed during the second quarter of 2007; and the provision for doubtful accounts decreased as a result of a second quarter 2008 adjustment to reduce the reserve as payments were received on previously reserved delinquent invoices.

Item 4. Controls and procedures.

Evaluation of disclosure controls and procedures

The Company's Managing Member's 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, the Chief Executive Officer and Executive Vice President and Chief Financial Officer and Chief Operating Officer 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, who 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, 2008 that has materially affected, or it is 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.

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

- (1) Effective date of the offering: April 11, 2005; File Number: 333-120276
- (2) Offering commenced: April 11, 2005
- (3) The offering did not terminate before any securities were sold.
- (4) The offering was terminated on April 30, 2006.
- (5) The managing underwriter is ATEL Securities Corporation.
- (6) The title of the registered class of securities is "Units of Limited Liability Company Interest."
- (7) Aggregate amount and offering price of securities registered and sold as of June 30, 2008 (dollars in thousands):

<u>Title of Security</u>	<u>Amount Registered</u>	<u>Aggregate price of offering amount registered</u>	<u>Units sold</u>	<u>Aggregate price of offering amount sold</u>
Units of Limited Company Interest	15,000,000	\$ 150,000	5,231,107	\$ 52,311

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

	<u>Direct or indirect payments to directors, officers, Managing Member of the issuer or its associates, to persons owning ten percent or more of any class of equity securities of the issuer; and to affiliates of the issuer</u>	<u>Direct or indirect payments to others</u>	<u>Total</u>
Underwriting discounts and commissions	\$ 790	\$ 3,949	\$ 4,739
Other expenses	1,405	1,267	2,672
Total expenses	\$ 2,195	\$ 5,216	\$ 7,411

- (9) Net offering proceeds to the issuer after the total expenses in item 8 (in thousands): \$44,900

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

	Direct or indirect payments to directors, officers, Managing Member of the issuer or its associates, to persons owning ten percent or more of any class of equity securities of the issuer; and to affiliates of the issuer	Direct or indirect payments to others	Total
Purchase and installation of machinery and equipment	\$ 610	\$ 33,476	\$34,086
Investments in notes receivable	68	10,746	10,814
	<u>\$ 678</u>	<u>\$ 44,222</u>	<u>\$44,900</u>

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

Item 3. Defaults Upon Senior Securities.

None.

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

None.

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 not applicable, and therefore have been omitted.

2. Other Exhibits

- 31.1 Rule 13a-14(a)/ 15d-14(a) Certification of Dean L. Cash
- 31.2 Rule 13a-14(a)/ 15d-14(a) 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 12, 2008

ATEL CAPITAL EQUIPMENT FUND XI, 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 XI, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 preparations 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 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 officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies 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 12, 2008

/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 XI, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 preparations 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 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 officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies 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 12, 2008

/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)

**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 XI, LLC (the "Company") on Form 10-Q for the period ended June 30, 2008 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 12, 2008

/s/ Dean L. Cash

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 XI, LLC (the "Company") on Form 10-Q for the period ended June 30, 2008 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 12, 2008

/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)

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.