
**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 000-50210

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

California
(State or other jurisdiction of
Incorporation or organization)

94-3375584
(I. R. S. Employer
Identification No.)

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

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

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

Securities registered pursuant to section 12(g) of the Act: 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 12,055,016.

DOCUMENTS INCORPORATED BY REFERENCE

None.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

ATEL CAPITAL EQUIPMENT FUND IX, LLC

BALANCE SHEETS

JUNE 30, 2010 AND DECEMBER 31, 2009

(in thousands)

(Unaudited)

| | June 30, 2010 | December 31, 2009 |
|---|--------------------------|------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 5,361 | \$ 10,189 |
| Accounts receivable, net of allowance for doubtful accounts of \$75 at June 30, 2010 and \$275 at December 31, 2009 | 1,313 | 814 |
| Notes receivable, net of unearned interest income of \$511 at June 30, 2010 and \$653 at December 31, 2009 | 2,343 | 2,628 |
| Prepaid expenses and other assets | 7 | 46 |
| Investment in securities, at cost | 70 | 70 |
| Investments in equipment and leases, net of accumulated depreciation of \$44,276 at June 30, 2010 and \$45,823 at December 31, 2009 | 41,549 | 45,466 |
| Total assets | \$ 50,643 | \$ 59,213 |
| LIABILITIES AND MEMBERS' CAPITAL | | |
| Accounts payable and accrued liabilities: | | |
| Managing Member | \$ 164 | \$ 325 |
| Due to affiliate | — | 3,595 |
| Accrued distributions to Other Members | — | 1,209 |
| Other | 1,140 | 1,340 |
| Deposits due lessees | 90 | 90 |
| Non-recourse debt | 26,992 | 28,663 |
| Interest rate swap contracts | 19 | 53 |
| Receivables funding program obligation | 1,034 | 2,405 |
| Unearned operating lease income | 691 | 585 |
| Total liabilities | 30,130 | 38,265 |
| Commitments and contingencies | | |
| Members' capital: | | |
| Managing Member | — | — |
| Other Members | 20,513 | 20,948 |
| Total Members' capital | 20,513 | 20,948 |
| Total liabilities and Members' capital | \$ 50,643 | \$ 59,213 |

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF INCOME

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2010 AND 2009

(in thousands, except per unit data)

(Unaudited)

| | Three months ended | | Six months ended | |
|---|--------------------|---------------|------------------|-----------------|
| | June 30, | | June 30, | |
| | 2010 | 2009 | 2010 | 2009 |
| Revenues: | | | | |
| Leasing activities: | | | | |
| Operating leases | \$ 2,899 | \$ 3,611 | \$ 5,493 | \$ 7,339 |
| Direct financing leases | 1,281 | 314 | 2,550 | 676 |
| Interest on notes receivable | 64 | 37 | 133 | 125 |
| Gain on sales of assets | 230 | 76 | 233 | 363 |
| Other revenue | 361 | 23 | 373 | 33 |
| Total revenues | 4,835 | 4,061 | 8,782 | 8,536 |
| Expenses: | | | | |
| Depreciation of operating lease assets | 1,573 | 2,580 | 3,268 | 5,048 |
| Asset management fees to Managing Member | 169 | 120 | 379 | 378 |
| Acquisition expense | 88 | — | 109 | — |
| Cost reimbursements to Managing Member | 156 | 155 | 327 | 314 |
| Provision (reversal of provision) for credit losses | 2 | (16) | (36) | (39) |
| Impairment losses | 218 | — | 276 | — |
| Amortization of initial direct costs | 20 | 37 | 49 | 78 |
| Interest expense | 465 | 197 | 955 | 429 |
| Professional fees | 50 | 53 | 133 | 152 |
| Outside services | 16 | 22 | 37 | 40 |
| Insurance | 23 | 4 | 57 | 40 |
| Marine vessel maintenance and other operating costs | 166 | 301 | 343 | 466 |
| Other | 68 | 99 | 125 | 211 |
| Total operating expenses | 3,014 | 3,552 | 6,022 | 7,117 |
| Other income (expense), net | 10 | (77) | 63 | (72) |
| Net income | \$ 1,831 | \$ 432 | \$ 2,823 | \$ 1,347 |
| Net income: | | | | |
| Managing Member | \$ 122 | \$ 220 | \$ 244 | \$ 440 |
| Other Members | 1,709 | 212 | 2,579 | 907 |
| | \$ 1,831 | \$ 432 | \$ 2,823 | \$ 1,347 |
| Net income per Limited Liability Company Unit (Other Members) | \$ 0.14 | \$ 0.02 | \$ 0.21 | \$ 0.08 |
| Weighted average number of Units outstanding | 12,055,016 | 12,055,016 | 12,055,016 | 12,055,016 |

See accompanying notes.

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

FOR THE YEAR ENDED DECEMBER 31, 2009
AND FOR THE
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 | 12,055,016 | \$ 30,060 | \$ — | \$ 30,060 |
| Distributions to Other Members (\$0.90 per Unit) | — | (10,849) | — | (10,849) |
| Distributions to Managing Member | — | — | (880) | (880) |
| Net income | — | 1,737 | 880 | 2,617 |
| Balance December 31, 2009 | 12,055,016 | 20,948 | — | 20,948 |
| Distributions to Other Members (\$0.25 per Unit) | — | (3,014) | — | (3,014) |
| Distributions to Managing Member | — | — | (244) | (244) |
| Net income | — | 2,579 | 244 | 2,823 |
| Balance June 30, 2010 | <u>12,055,016</u> | <u>\$ 20,513</u> | <u>\$ —</u> | <u>\$ 20,513</u> |

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF CASH FLOWS

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2010 AND 2009

(in thousands)

(Unaudited)

| | Three months ended | | Six months ended June 30, | |
|--|--------------------|-----------------|---------------------------|-----------------|
| | June 30, 2010 | 2009 | 2010 | 2009 |
| Operating activities: | | | | |
| Net income | \$ 1,831 | \$ 432 | \$ 2,823 | \$ 1,347 |
| Adjustment to reconcile net income to cash provided by operating activities: | | | | |
| Gain on sales of lease assets | (230) | (76) | (233) | (363) |
| Depreciation of operating lease assets | 1,573 | 2,580 | 3,268 | 5,048 |
| Amortization of initial direct costs | 20 | 37 | 49 | 78 |
| Amortization of unearned income on direct finance leases | (1,281) | (314) | (2,550) | (676) |
| Amortization of unearned income on notes receivable | (64) | (37) | (133) | (125) |
| Provision (reversal of provision) for credit losses | 2 | (16) | (36) | (39) |
| Impairment losses | 218 | — | 276 | — |
| Change in fair value of interest rate swap contracts | (14) | (51) | (34) | (109) |
| Changes in operating assets and liabilities: | | | | |
| Due from affiliate | — | (1) | 79 | — |
| Accounts receivable | (2) | (810) | (463) | (673) |
| Prepaid and other assets | 32 | 20 | 39 | 28 |
| Accounts payable, Managing Member | 83 | (71) | (64) | (13) |
| Accounts payable, other | (162) | (18) | (200) | 548 |
| Unearned operating lease income | (76) | (207) | 82 | 135 |
| Net cash provided by operating activities | 1,930 | 1,468 | 2,903 | 5,186 |
| Investing activities: | | | | |
| Purchases of equipments | (55) | — | (929) | — |
| Proceeds from sales of lease assets | 429 | 301 | 889 | 1,035 |
| Improvements to operating lease assets | — | (1) | — | (365) |
| Payments of initial direct costs | (14) | — | (5) | — |
| Payments received on direct finance leases | 1,292 | 352 | 3,173 | 1,437 |
| Payments received on notes receivable | 197 | 98 | 421 | 308 |
| Net cash provided by investing activities | 1,849 | 750 | 3,549 | 2,415 |
| Financing activities: | | | | |
| Borrowings under acquisition facility | — | 1,500 | — | 2,500 |
| Repayments under acquisition facility | — | — | — | (1,500) |
| Repayments under receivables funding program | (824) | (1,561) | (1,371) | (2,704) |
| Repayments of non-recourse debt | (899) | (168) | (1,671) | (333) |
| Repayments of amount due to affiliates | — | — | (3,674) | — |
| Distributions to Other Members | (1,507) | (2,713) | (4,222) | (5,425) |
| Distributions to Managing Member | (122) | (220) | (342) | (440) |
| Net cash used in financing activities | (3,352) | (3,162) | (11,280) | (7,902) |
| Net increase (decrease) in cash and cash equivalents | 427 | (944) | (4,828) | (301) |
| Cash and cash equivalents at beginning of period | 4,934 | 2,785 | 10,189 | 2,142 |
| Cash and cash equivalents at end of period | \$ 5,361 | \$ 1,841 | \$ 5,361 | \$ 1,841 |
| Supplemental disclosures of cash flow information: | | | | |
| Cash paid during the period for interest | \$ 471 | \$ 204 | \$ 905 | \$ 439 |
| Cash paid during the period for taxes | \$ 87 | \$ 63 | \$ 87 | \$ 63 |
| Schedule of non-cash transactions: | | | | |
| Distributions payable to Other Members at period-end | \$ — | \$ 1,209 | \$ — | \$ 1,209 |
| Distributions payable to Managing Member at period-end | \$ — | \$ 98 | \$ — | \$ 98 |

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. Organization and Limited Liability Company matters:

ATEL Capital Equipment Fund IX, LLC (the "Company") was formed under the laws of the State of California on September 27, 2000 for the purpose of 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, 2020. Contributions in the amount of \$600 were received as of December 31, 2000, \$100 of which represented AFS's continuing interest, and \$500 of which represented the Initial Member's capital investment.

The Company conducted a public offering of 15,000,000 Limited Liability Company Units ("Units"), at a price of \$10 per Unit. On February 21, 2001, 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 April 3, 2001, the Company had received subscriptions for 753,050 Units (\$7.5 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.

As of January 15, 2003, the offering was terminated. As of that date, the Company had received subscriptions for 12,065,266 Units (\$120.7 million). Subsequent to January 15, 2003, units totaling 10,250 were rescinded or repurchased and funds returned to investors. As of June 30, 2010, 12,055,016 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 ended on December 31, 2009 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. On January 1, 2010, the Company commenced liquidation phase activities pursuant to the guidelines of the Operating Agreement.

Pursuant to the terms of the Operating Agreement, AFS receives compensation and reimbursements for services rendered on behalf of the Company (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.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

**NOTES TO FINANCIAL STATEMENTS
(Unaudited)**

2. Summary of significant accounting policies (continued):

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.

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 for 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):

| | <u>For the six months ended June 30,</u> | | | |
|--------------------------|--|-------------------|---------------------------|-------------------|
| | <u>2010</u> | <u>% of Total</u> | <u>2009</u> | <u>% of Total</u> |
| Revenue | | | | |
| United States | \$ 8,127 | 93% | \$ 7,702 | 90% |
| United Kingdom | 436 | 5% | 676 | 8% |
| Canada | 219 | 2% | 158 | 2% |
| Total International | 655 | 7% | 834 | 10% |
| Total | <u>\$ 8,782</u> | <u>100%</u> | <u>\$ 8,536</u> | <u>100%</u> |
| | | | | |
| | <u>As of June 30,</u> | | <u>As of December 31,</u> | |
| | <u>2010</u> | <u>% of Total</u> | <u>2009</u> | <u>% of Total</u> |
| Long-lived assets | | | | |
| United States | \$ 39,259 | 95% | \$ 42,552 | 94% |
| United Kingdom | 1,016 | 2% | 1,532 | 3% |
| Canada | 1,274 | 3% | 1,382 | 3% |
| Total International | 2,290 | 5% | 2,914 | 6% |
| Total | <u>\$ 41,549</u> | <u>100%</u> | <u>\$ 45,466</u> | <u>100%</u> |

ATEL CAPITAL EQUIPMENT FUND IX, 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 and that it is not practicable to estimate the fair value of the investment because of its illiquidity. Accordingly, such investment is stated at cost 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 (expense), net:

Other income (expense), net consists of gains and losses on interest rate swap contracts, and gains and losses on foreign exchange transactions. The table below details the Company's other income (expense), net for the three and six months ended June 30, 2010 and 2009 (in thousands):

| | <u>Three Months</u> <u>Ended June 30,</u> | | <u>Six Months</u> <u>Ended June 30,</u> | |
|--|--|----------------|--|----------------|
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Foreign currency (loss) gain | \$ (4) | \$ (128) | \$ 29 | \$ (181) |
| Change in fair value of interest rate swap contracts | 14 | 51 | 34 | 109 |
| | <u>\$ 10</u> | <u>\$ (77)</u> | <u>\$ 63</u> | <u>\$ (72)</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 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

ATEL CAPITAL EQUIPMENT FUND IX, LLC

**NOTES TO FINANCIAL STATEMENTS
(Unaudited)**

2. Summary of significant accounting policies (continued):

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. At June 30, 2010, the original terms of the notes receivable are 36 to 120 months and bear interest rates ranging from 9% to 16%. The notes are secured by the equipment financed. The notes mature from 2013 through 2016. There were neither impaired notes nor notes placed in non-accrual status as of June 30, 2010 and December 31, 2009.

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

| | |
|---|----------------|
| Six months ending December 31, 2010 | \$ 397 |
| Year ending December 31, 2011 | 795 |
| 2012 | 761 |
| 2013 | 320 |
| 2014 | 221 |
| 2015 | 166 |
| Thereafter | 188 |
| | <u>2,848</u> |
| Less: portion representing unearned interest income | (511) |
| | <u>2,337</u> |
| Unamortized indirect costs | 6 |
| Notes receivable, net | <u>\$2,343</u> |

Initial direct costs ("IDC") amortization expense related to the 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 | | Six months ended | |
|-------------------------------------|--------------------|--------------|------------------|--------------|
| | June 30, | | June 30, | |
| | 2010 | 2009 | 2010 | 2009 |
| IDC amortization - notes receivable | \$ 1 | \$ — | \$ 2 | \$ 1 |
| IDC amortization - lease assets | 19 | 37 | 47 | 77 |
| Total | <u>\$ 20</u> | <u>\$ 37</u> | <u>\$ 49</u> | <u>\$ 78</u> |

ATEL CAPITAL EQUIPMENT FUND IX, LLC

**NOTES TO FINANCIAL STATEMENTS
(Unaudited)**

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 | \$ 25,997 | \$ (645) | \$ (3,246) | \$ 22,106 |
| Net investment in direct financing leases | 18,444 | 6 | (622) | 17,828 |
| Assets held for sale or lease, net | 862 | 660 | (22) | 1,500 |
| Initial direct costs, net of accumulated amortization of \$252 at June 30, 2010 and \$467 at December 31, 2009 | 163 | (1) | (47) | 115 |
| Total | \$ 45,466 | \$ 20 | \$ (3,937) | \$ 41,549 |

IDC amortization expense related to operating leases and direct financing leases totaled \$19 thousand and \$37 thousand for the respective three-month periods ended June 30, 2010 and 2009, and \$47 thousand and \$77 thousand for the respective six-month periods 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 three and six months ended June 30, 2010, the Company deemed certain property subject to operating leases and off-lease assets to be impaired and accordingly, the Company recorded adjustments totaling \$218 thousand and \$276 thousand for the respective three and six months ended June 30, 2010 to reduce the cost basis of such assets. No impairment losses were recorded for the three and six months ended June 30, 2009.

Depreciation expense on property subject to operating leases and held for lease or sale totaled \$1.6 million and \$2.6 million for the respective three months ended June 30, 2010 and 2009, and was \$3.3 million and \$5.0 million for the respective six months ended June 30, 2010 and 2009.

All of the leased property was acquired in years beginning with 2002 through 2010.

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 new Chrysler has remitted payments relative to the affirmed leases. However, at June 30, 2010, payments on certain operating leases still remained delinquent. The Company, in accordance with its accounting policy for delinquent operating leases, has reversed the billed but not yet paid amounts, and placed these respective operating leases on a non-accrual and cash bases pending resumption of recurring payment activity. 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.

At June 30, 2010, net investment in equipment underlying all lease contracts placed on a cash basis approximated \$404 thousand, all of which were related to Chrysler. The related accounts receivable from such contracts approximated \$21 thousand. At December 31, 2009, such investment totaled \$557 thousand with a related accounts receivable of approximately \$251 thousand.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

**NOTES TO FINANCIAL STATEMENTS
(Unaudited)**

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

Operating leases:

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

| | Balance December 31, 2009 | Additions | Reclassifications, Dispositions & Impairment Losses | Balance June 30, 2010 |
|-------------------------------|---------------------------------|-------------------|--|-----------------------------|
| Transportation, other | \$ 18,161 | \$ — | \$ (1,557) | \$ 16,604 |
| Transportation, rail | 13,300 | — | (12) | 13,288 |
| Materials handling | 12,234 | 145 | (1,662) | 10,717 |
| Marine vessels | 10,116 | — | (3,300) | 6,816 |
| Manufacturing | 6,824 | — | (336) | 6,488 |
| Natural gas compressors | 1,671 | — | — | 1,671 |
| Construction | 1,076 | 700 | 289 | 2,065 |
| Office furniture | 560 | — | (64) | 496 |
| Other | — | 84 | — | 84 |
| | <u>63,942</u> | <u>929</u> | <u>(6,642)</u> | <u>58,229</u> |
| Less accumulated depreciation | <u>(37,945)</u> | <u>(3,246)</u> | <u>5,068</u> | <u>(36,123)</u> |
| Total | <u>\$ 25,997</u> | <u>\$ (2,317)</u> | <u>\$ (1,574)</u> | <u>\$ 22,106</u> |

The average estimated residual value for assets on operating leases was 21% and 23% of the assets' original cost at June 30, 2010 and December 31, 2009, respectively. Operating leases in non-accrual status totaled \$391 thousand and \$509 thousand at June 30, 2010 and December 31, 2009, respectively.

The Company earns revenues from its marine vessel based on utilization of the vessel. Such contingent rentals (i.e., short-term, operating charter hire payments) and the associated expenses are recorded when earned and/or incurred. The revenues associated with these rentals are included as a component of Operating Lease Revenues. There were no revenues from contingent rentals during the first six months of 2010. Such revenues totaled \$198 thousand and \$237 thousand for the three and six months ended June 30, 2009, respectively.

Direct financing leases:

As of June 30, 2010 and December 31, 2009, investment in direct financing leases consists of mining, materials handling equipment and office furniture. 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):

| | June 30, 2010 | December 31, 2009 |
|--|------------------|----------------------|
| Total minimum lease payments receivable | \$ 32,233 | \$ 35,093 |
| Estimated residual values of leased equipment (unguaranteed) | 3,724 | 3,864 |
| Investment in direct financing leases | 35,957 | 38,957 |
| Less unearned income | (18,129) | (20,513) |
| Net investment in direct financing leases | <u>\$ 17,828</u> | <u>\$ 18,444</u> |
| Net investment in direct financing leases placed in non-accrual status | <u>\$ 13</u> | <u>\$ 48</u> |

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

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

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 | \$ 3,475 | \$ 3,073 | \$ 6,548 |
| Year ending December 31, 2011 | 4,325 | 5,883 | 10,208 |
| 2012 | 3,141 | 6,241 | 9,382 |
| 2013 | 2,381 | 4,452 | 6,833 |
| 2014 | 1,393 | 4,450 | 5,843 |
| 2015 | 814 | 4,450 | 5,264 |
| Thereafter | 13 | 3,684 | 3,697 |
| | <u>\$15,542</u> | <u>\$32,233</u> | <u>\$47,775</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 |
| Marine vessels | 20 - 30 |
| Manufacturing | 10 - 20 |
| Construction | 7 - 10 |
| Materials handling | 7 - 10 |
| Office furniture | 7 - 10 |
| Natural gas compressors | 7 - 10 |
| Transportation, other | 7 - 10 |

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 for 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 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.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

5. Related party transactions (continued):

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):

| | <u>Three Months Ended</u> <u>June 30,</u> | | <u>Six Months Ended</u> <u>June 30,</u> | |
|--|--|---------------|--|---------------|
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Costs reimbursed to Managing Member and/or affiliates | \$ 156 | \$ 155 | \$ 327 | \$ 314 |
| Asset management fees to Managing Member and/or affiliates | 169 | 120 | 379 | 378 |
| Acquisition and initial direct costs paid to Managing Member | 102 | — | 128 | — |
| | <u>\$ 427</u> | <u>\$ 275</u> | <u>\$ 834</u> | <u>\$ 692</u> |

During December 2009, operating lease assets with an original cost of \$2.7 million and investments in notes receivable totaling \$1.0 million were transferred to the Company by certain affiliates, resulting in an amount due to affiliates equivalent to the original cost of the assets. Such amounts were paid 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 6.07% 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 \$32.7 million over the remaining lease terms; and the carrying value of the pledged assets is \$18.9 million. The notes mature at various dates from 2010 through 2017.

The non-recourse note 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 | \$ 1,843 | \$ 860 | \$ 2,703 |
| Year ending December 31, 2011 | 3,756 | 1,538 | 5,294 |
| 2012 | 4,009 | 1,285 | 5,294 |
| 2013 | 4,279 | 1,015 | 5,294 |
| 2014 | 4,568 | 726 | 5,294 |
| 2015 | 4,616 | 420 | 5,036 |
| Thereafter | 3,921 | 133 | 4,054 |
| | <u>\$26,992</u> | <u>\$5,977</u> | <u>\$32,969</u> |

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS (Unaudited)

7. Borrowing facilities:

On December 30, 2009, the Company's participation in a revolving credit facility (the "Credit Facility") with AFS and certain of its affiliates was terminated. The Company had no related balances outstanding at the time.

Prior to December 30, 2009, the Company participated with AFS and certain of its affiliates in the Credit Facility including an acquisition facility and a warehouse facility to the Company and affiliates, with a syndicate of financial institutions. The Credit Facility is for an amount up to \$75 million and includes certain financial covenants. 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.

During the third quarter of 2009, the Company repaid all outstanding borrowings under the Credit Facility. As of June 30, 2009, approximately \$3.0 million was outstanding under the acquisition facility. The effective rate on borrowings ranged from 2.22% to 3.25% at June 30, 2009; and, the weighted average interest rate was 2.07% and 2.28% during the respective three and six months ended June 30, 2009.

8. Receivable funding program:

As of June 30, 2010, the Company had amounts outstanding under a \$60 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 is 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 August 2011 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 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 \$1.0 million and \$2.4 million outstanding under the RF Program at June 30, 2010 and December 31, 2009, respectively. The Company paid program fees, as defined in the receivables funding agreement, totaling \$1 thousand and \$6 thousand during the respective three months ended June 30, 2010 and 2009, and \$3 thousand and \$13 thousand for respective six months ended June 30, 2010 and 2009. The RF Program fees are included in interest expense in the Company's statements of income.

As of June 30, 2010, the Company has interest rate swap agreements to receive or pay interest on a notional principal of \$1.0 million based on the difference between nominal rates ranging from 3.75% to 4.81% and variable rates that ranged from 0.23% to 0.35%. As of December 31, 2009, the Company has entered into interest rate swap agreements to receive or pay interest on a notional principal of \$2.4 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 income in other income (expense), net.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

**NOTES TO FINANCIAL STATEMENTS
(Unaudited)**

8. Receivable funding program (continued):

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> |
|----------------------|---------------------------------|------------------------------|---------------------------------------|---------------------------------|--|
| February 14, 2005 | \$20,000 | \$ 186 | \$ 186 | \$ (2) | 3.75% |
| March 22, 2005 | 9,892 | 476 | 476 | (11) | 4.31% |
| December 15, 2005 | 13,047 | 180 | 180 | (3) | 4.80% |
| January 9, 2006 | 2,500 | 192 | 192 | (3) | 4.81% |
| | <u>\$45,439</u> | <u>\$ 1,034</u> | <u>\$ 1,034</u> | <u>\$ (19)</u> | |

| <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> |
|----------------------|---------------------------------|----------------------------------|---|-------------------------------------|--|
| February 14, 2005 | \$20,000 | \$ 466 | \$ 466 | \$ (8) | 3.75% |
| March 22, 2005 | 9,892 | 762 | 762 | (21) | 4.31% |
| December 15, 2005 | 13,047 | 827 | 827 | (15) | 4.80% |
| January 9, 2006 | 2,500 | 350 | 350 | (9) | 4.81% |
| | <u>\$45,439</u> | <u>\$ 2,405</u> | <u>\$ 2,405</u> | <u>\$ (53)</u> | |

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

| | |
|-------------------------------------|----------------|
| Six months ending December 31, 2010 | \$ 619 |
| Year ending December 31, 2011 | 415 |
| | <u>\$1,034</u> |

At June 30, 2010, there are specific leases that are identified as collateral under the Program with expected future lease receivables of approximately \$1.3 million at their discounted present value.

The weighted average interest rates on the RF Program, including interest on the swap contracts, were 5.25% and 6.39% during the three months ended June 30, 2010 and 2009, respectively. The weighted average interest rates on the RF Program were 5.29% and 6.56% during the six months ended June 30, 2010 and 2009, 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.

9. Commitments:

At June 30, 2010, the Company had commitments to purchase lease assets totaling approximately \$1.5 million. This amount represents contract awards which may be canceled by the prospective lessee or 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.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

**NOTES TO FINANCIAL STATEMENTS
(Unaudited)**

10. Guarantees (continued):

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.

11. Member's capital:

As of June 30, 2010 and December 31, 2009, 12,055,016 Units were issued and outstanding. 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 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 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 three and six months ended 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 each 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 | \$ 1,507 | \$ 2,713 | \$ 3,014 | \$ 5,425 |
| Weighted average number of Units outstanding | 12,055,016 | 12,055,016 | 12,055,016 | 12,055,016 |
| Weighted average distributions per Unit | \$ 0.12 | \$ 0.23 | \$ 0.25 | \$ 0.45 |

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 IX, 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 June 30, 2010 and December 31, 2009, the Company measured the fair value of impaired operating lease and/or 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 operating lease and off-lease equipment

During the first half of 2010, the Company deemed certain operating lease and off-lease equipment (assets) to be impaired. Accordingly, the Company recorded fair value adjustments of approximately \$218 thousand and \$276 thousand for the three and six months ended June 30, 2010, respectively, which reduced the cost basis of the assets. During the latter half of 2009, the Company recorded fair value adjustments of approximately \$1.0 million to reduce the cost basis of impaired assets. Such fair value adjustments are non-recurring. Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the fair value of impaired operating 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.

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> |
|---|------------------------------|---|---|---|
| Assets measured at fair value on a non-recurring basis: | | | | |
| Impaired operating lease and off-lease assets | \$ 300 | \$ — | \$ — | \$ 300 |
| Liabilities measured at fair value on a recurring basis: | | | | |
| Interest rate swaps | \$ 19 | \$ — | \$ 19 | \$ — |
| | <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> |
| Assets measured at fair value on a non-recurring basis: | | | | |
| Impaired operating lease and off-lease assets | \$ 860 | \$ — | \$ — | \$ 860 |
| Liabilities measured at fair value on a recurring basis: | | | | |
| Interest rate swaps | \$ 53 | \$ — | \$ 53 | \$ — |

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.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS (Unaudited)

12. Fair value measurements (continued):

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 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 and that it is not practicable to estimate the fair value of the investment because of its illiquidity. Accordingly, such investment is stated at cost.

Borrowings

Borrowings include the outstanding amounts on the Company's receivables funding program. 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):

| | June 30, 2010 | | December 31, 2009 | |
|------------------------------|-----------------|----------------------|-------------------|----------------------|
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| Financial assets: | | | | |
| Cash and cash equivalents | \$ 5,361 | \$ 5,361 | \$ 10,189 | \$ 10,189 |
| Notes receivable | 2,343 | 2,343 | 2,628 | 2,628 |
| Financial liabilities: | | | | |
| Non-recourse debt | 26,992 | 27,776 | 28,663 | 28,662 |
| Borrowings | 1,034 | 1,034 | 2,405 | 2,405 |
| Interest rate swap contracts | 19 | 19 | 53 | 53 |

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 IX, LLC (the "Company") is a California limited liability company that was formed in September 2000 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 January 2003. During early 2003, 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.

The Company may continue until December 31, 2020. However, pursuant to the guidelines of the Limited Liability Company Operating Agreement ("Operating Agreement"), the Company commenced liquidation phase activities subsequent to the end of the Reinvestment Period which ended on December 31, 2009. 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 \$1.8 million and \$432 thousand for the second quarters of 2010 and 2009, respectively. The period over period change reflects an increase in total revenues combined with a decrease in total operating expenses.

Revenues

Total revenues for the second quarter of 2010 increased by \$774 thousand, or 19%, as compared to the prior year period. The net increase in total revenues was primarily a result of increases in revenues from direct financing leases, other revenue and gain on sales of assets partially offset by a reduction in revenues from operating leases.

The increase in revenues from direct financing leases totaled \$967 thousand and was primarily attributable to new leases which commenced during the latter half of 2009. Other revenue increased by \$338 thousand as a result of additional billings for excess wear and tear on returned equipment; and, the period over period increase in gain on sales of assets, which totaled \$154 thousand, was primarily a result of the change in the mix of assets sold.

Partially offsetting the aforementioned increases in revenues was a \$712 thousand reduction in revenues from operating leases which was mostly attributable to the termination of a significant operating lease which was subsequently renewed as two direct financing leases during the second half of 2009, run-off of the lease portfolio and sales of lease assets.

Expenses

Total operating expenses for the second quarter of 2010 decreased by \$538 thousand, or 15%, as compared to the prior year period. The net decline in expenses was primarily due to decreases in depreciation expense and marine vessel maintenance and operating costs offset, in part, by increases in interest expense, impairment losses and acquisition expense.

The decrease in depreciation expense, totaling \$1.0 million, was primarily attributable to run-off and lease asset sales since June 30, 2009; while the decrease in the cost of maintaining and operating the Company's marine vessel, which totaled \$135 thousand, was largely due to incremental costs incurred during the second quarter of 2009 to prepare the vessel for a new lessee.

As a partial offset, interest expense increased by \$268 thousand largely as a result of higher non-recourse debt balances. Approximately \$24.9 million of new non-recourse debt was utilized during the latter half of 2009 to refurbish certain existing lease assets which were subsequently re-leased as direct financing leases. In addition, impairment losses increased by \$218 thousand as the Company deemed certain operating lease and off-lease equipment to be impaired during the second quarter of 2010. There was no impaired equipment during the prior year period. Finally, the \$88 thousand increase in acquisition expense was a result of lease asset purchase activity during the current quarter. There were no lease asset purchases in the prior year period.

Other

The Company recorded other income, net totaling \$10 thousand and other expense, net totaling \$77 thousand for the three months ended June 30, 2010 and 2009, respectively. The \$87 thousand favorable variance was comprised of a \$124 thousand favorable change in foreign currency transaction gains and losses recognized during the second quarter of 2010 as compared to the prior year period, and a \$37 thousand unfavorable change in the fair value of the Company's interest rate swap contracts.

The increase in foreign currency gains was largely due to the period over period weakness 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 decline in the value of the interest rate swaps was mostly driven by the lower interest rate environment, which adversely impacts the Company as the fixed rate payer in the swap contracts.

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

The Company had net income of \$2.8 million and \$1.3 million for the six months ended June 30, 2010 and 2009, respectively. The period over period change reflects a decrease in total operating expenses coupled with an increase in total revenues.

Revenues

Total revenues for the first half of 2010 increased by \$246 thousand, or 3%, as compared to the prior year period. The net increase in total revenues was primarily a result of increases in revenues from direct financing leases and other revenue partially offset by reductions in revenues from operating leases and gain on sales of assets.

The increase in revenues from direct financing leases totaled \$1.9 million and was primarily attributable to new leases which commenced during the latter half of 2009. Other revenue increased by \$340 thousand as a result of additional billings for excess wear and tear on returned equipment.

Partially offsetting the aforementioned increases in revenues were decreases in revenues from operating leases and gain on sales of assets totaling \$1.8 million and \$130 thousand, respectively. The decrease in operating lease revenues was attributable to the termination of a significant operating lease which was subsequently renewed as two direct financing leases during the second half of 2009, run-off of the lease portfolio and dispositions of lease assets. The decrease in gain on sales of lease assets was mainly a result of a period over period decline in the number of assets and the change in the mix of assets sold.

Expenses

Total operating expenses for the first half of 2010 decreased by \$1.1 million, or 15%, as compared to the prior year period. The net decline in expenses was primarily due to decreases in depreciation expense, marine vessel maintenance and other operating costs, and other expense. These decreases were partially offset by increases in interest expense, acquisition expense and impairment losses.

The decrease in depreciation expense, totaling \$1.8 million, was primarily attributable to run-off and lease asset sales since June 30, 2009. The reduction in marine vessel maintenance and other operating costs, which totaled \$123 thousand, was largely due to incremental costs incurred during the first six months of 2009 to prepare the vessel for a new lessee. and, the net decrease in other expense, which totaled \$86 thousand, was mostly due to lower tax related accruals.

As a partial offset, interest expense increased by \$526 thousand largely as a result of higher non-recourse debt balances. Approximately \$24.9 million of new non-recourse debt was utilized during the latter half of 2009 to refurbish certain existing lease assets which were subsequently re-leased as direct financing leases. In addition, impairment losses increased by \$276 thousand as the Company deemed certain operating lease and off-lease equipment to be impaired during the first half of 2010. There was no impaired equipment during the first half of 2009. Finally, acquisition expense increased by \$109 thousand as a result of lease asset purchase activity during the first half of 2010. There were no lease asset purchases in the prior year period.

Other

The Company recorded other income, net totaling \$63 thousand and other expense, net totaling \$72 thousand for the six months ended June 30, 2010 and 2009, respectively. The \$135 thousand favorable variance was a result of a \$210 thousand favorable change in foreign currency transaction gains and losses recognized during the first half of 2010 as compared to the prior year period, and a \$75 thousand unfavorable change in the fair value of the Company's interest rate swap contracts.

The increase in foreign currency gains was largely due to the period over period weakness 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 decline in the value of the interest rate swaps was mostly driven by the lower interest rate environment, which 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 Other 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 initial lease terms expire, the Company re-leases or sells the equipment. The future liquidity beyond the contractual minimum rentals will depend on the Company'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*

Cash provided by operating activities during the second quarter of 2010 increased by \$462 thousand as compared to the prior year period. The net increase in cash flow was primarily due to a favorable year over year six-month change in accounts receivable activities and an increase in unearned operating lease income. These increases were partially offset by a decrease in net operating results, as adjusted for non-cash items such as gains on sales of assets and depreciation.

The favorable change in accounts receivable activities improved cash flow by \$808 thousand and was attributable to a higher level of billings accrued at June 30, 2009. Such billings were primarily related to the Company's marine vessel. Likewise, the increase in unearned operating lease income improved cash flow by \$131 thousand and was attributable to a period over period increase in prepaid rents.

As a partial offset, the period over period decline in net operating results, as adjusted for non-cash items, reduced cash flow by \$500 thousand and was largely due to the decrease in operating lease revenues and the increase in interest expense.

- *Investing Activities*

Net cash provided by investing activities during the second quarter of 2010 increased by \$1.1 million as compared to the prior year period. The net increase in cash flow was primarily attributable to a \$940 thousand increase in payments received on direct financing leases as the Company realized cash flow from new leases which commenced during the second half of 2009.

The period over period increase in proceeds from sales of lease assets further improved cash flow by \$128 thousand. The increase in sales proceeds was attributable to the change in the mix of assets sold. Cash flow also increased by \$99 thousand due to the higher amount of payments received on notes receivable as a result of new loans funded at the end of 2009.

- *Financing Activities*

Net cash used in financing activities during the second quarter of 2010 increased by \$190 thousand as compared to the prior year period. The increased use of cash (decrease in cash flow) reflects a reduction in new borrowings of \$1.5 million as compared to the prior year period.

The aforementioned decrease in cash flow was partially offset by a \$1.3 million increase resulting from a period over period reduction in distributions paid to both Other Members and the Managing Member. Such distributions were based on cash available, net of any short-term payables and reserves as determined by the Managing Member.

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

- *Operating Activities*

Cash provided by operating activities during the first half of 2010 decreased by \$2.3 million as compared to the prior year period. The net reduction in cash flow was primarily due to a decrease in net operating results, as adjusted for non-cash items such as gains on sales of assets and depreciation and an unfavorable year over year six-month change in accounts payable and accrued liabilities activities. These decreases in cash flow were partially offset by a favorable year over year six-month change in accounts receivable activities.

The period over period decline in net operating results, as adjusted for non-cash items, reduced cash flow by \$1.7 million and was largely due to the decrease in operating lease revenues and the increase in interest expense. The change in accounts payable and accrued liabilities reduced cash flow by \$799 thousand and was primarily due to higher amounts of period-end accruals, primarily accrued taxes and marine vessel refurbishing, maintenance and operating costs, during the first half of 2009.

The change in accounts receivable activities improved cash flow by \$210 thousand and was attributable to a higher level of billings accrued at June 30, 2009. Such billings were primarily related to the Company's marine vessel.

- *Investing Activities*

Net cash provided by investing activities during the first half of 2010 increased by \$1.1 million as compared to the prior year period. The net increase in cash flow was primarily attributable to a \$1.7 million increase in payments received on direct financing leases as the Company realized cash flow from new leases which commenced during the second half of 2009. The absence of capitalized improvement costs associated with the Company's marine vessel during the first half of 2010 further improved cash flow by \$365 thousand. In addition, cash flow increased by \$113 thousand due to the higher amount of payments received on notes receivable as a result of new loans funded at the end of 2009.

The aforementioned increases in cash flow were partially offset by a \$929 thousand period over period increase in cash used to purchase lease assets. In addition, cash flow decreased by \$146 thousand due to a reduction in proceeds from sales of lease assets. The decrease was attributable to a decline in the 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 \$3.4 million as compared to the prior year period. The increased use of cash (decrease in cash flow) was primarily due to the payment of an approximate \$3.7 million settlement related to a December 31, 2009 reassignment of operating lease assets and investments in notes receivables from certain affiliates. Cash flow was further reduced by a \$1.0 million unfavorable change in financing, as the decline in cash used to repay outstanding borrowings was more than offset by the absence of borrowings during the first six months of 2010.

Partially offsetting the aforementioned decreases in cash flow was an increase of \$1.3 million resulting from the period over period decrease in distributions paid to Other Members and the Managing Member. Such distributions were based on cash available net of any short-term payables and reserves as determined by the Managing Member.

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 would not increase; as such rates are generally fixed for the terms of the leases without adjustment for inflation. In addition, if interest rates increase significantly under such circumstances, the lease rates that the Company can obtain on future leases will be expected to increase as the cost of capital is a significant factor in the pricing of lease financing. Leases already in place, for the most part, would not be affected by changes in interest rates.

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

On December 30, 2009, the Company's participation in a revolving credit facility with AFS and certain of its affiliates was terminated. The Company had no related balances outstanding at the time.

Prior to December 30, 2009, the Company participated with AFS and certain of its affiliates in a revolving credit facility comprised of a working capital 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 syndicate of financial institutions.

Receivable funding program

As of June 30, 2010, the Company had amounts outstanding under a \$60 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 August 2011 at which time advances under the RF Program are to be repaid in full.

Compliance with covenants

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

Material financial covenants

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

Minimum Tangible Net Worth: \$15 million

Leverage Ratio (leverage to Tangible Net Worth): not to exceed 2.00 to 1

“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 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 RF Program. As of June 30, 2010, the Company’s Tangible Net Worth requirement was \$15 million, and the permitted maximum leverage ratio under the RF Program was 2.00 to 1. The Company was in compliance with each of these financial covenants with a minimum Tangible Net Worth and leverage ratio of \$20.5 million and 1.36 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.

Events of default, cross-defaults, recourse and security

The terms of the RF Program 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 the RF Program 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 RF Program. 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 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 to 8 in Item 1. Financial Statements.

Due to the April 2009 bankruptcy of a major lessee, Chrysler Corporation, the Company, in accordance with its accounting policy for allowance for doubtful accounts, has placed all operating leases with Chrysler on non-accrual status pending resumption of recurring payment activity. As a result, the Company, in accordance with its accounting policy for delinquent operating leases, has reversed the billed but not yet paid amounts, and placed each of these respective operating leases on a non-accrual and cash basis pending resumption of recurring payment activity. 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. At June 30, 2010, the net book value of such equipment was approximately \$404 thousand. Such investment in Chrysler represents the total net investment in equipment underlying lease contracts placed on a cash basis as of June 30, 2010. As of the same date, management has concluded that the status of these leases will not have a material impact on either of the Company’s capital resources or liquidity. At December 31, 2009, such investment totaled \$557 thousand.

The Company commenced periodic distributions, based on cash flows from operations, beginning with the month of February 2001.

At June 30, 2010, the Company had commitments to purchase lease assets (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

By: ATEL Financial Services, LLC
Managing Member of Registrant

ATEL CAPITAL EQUIPMENT FUND IX, LLC
(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 IX, 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 IX, 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

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 IX, 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

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 IX, 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

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.