Form 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the quarterly period ended September 30, 2003

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the transition period from _______ to _______

Commission File Number 333-62477

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

California	**94-3307404**
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
Yes ☐ No ☒

The number of Limited Liability Company Units outstanding as of September 30, 2003 was 13,570,188.

DOCUMENTS INCORPORATED BY REFERENCE

None

Part I. FINANCIAL INFORMATION

Item 1. **Financial Statements.**

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

BALANCE SHEETS

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

ASSETS

	September 30, 2003 (Unaudited)	December 31, 2002
Cash and cash equivalents	$ 3,253,198	$ 2,263,479
Accounts receivable, net of allowance for doubtful accounts of $223,115 in 2003 and $516,365 in 2002	1,933,472	1,874,311
Due from Managing Member	-	171,119
Other assets	32,500	55,000
Investments in leases	115,236,694	149,100,763
Total assets	$120,455,864	$153,464,672

LIABILITIES AND MEMBERS' CAPITAL

	September 30, 2003 (Unaudited)	December 31, 2002
Long-term debt	$ 44,531,000	$ 62,912,000
Line of credit	11,300,000	10,600,000
Non-recourse debt	6,663,149	5,702,855
Accounts payable:		
Managing Member	121,372	-
Other	636,197	697,720
Accrued interest payable	96,152	96,179
Interest rate swap contracts	3,389,226	5,381,342
Unearned operating lease income	1,615,718	1,547,813
Total liabilities	68,352,814	86,937,909
Members' capital	52,103,050	66,526,763
Total liabilities and members' capital	$120,455,864	$153,464,672

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

STATEMENTS OF OPERATIONS

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

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002
Revenues:				
Leasing activities:				
Operating leases	$ 20,664,386	$ 23,862,863	$ 6,386,973	$ 7,493,350
Direct financing leases	607,527	625,944	273,769	212,708
Gain (loss) on sales of assets	749,759	230,089	60,104	(26,782)
Interest	5,106	12,495	1,454	3,460
Other	46,538	185,097	14,993	1,947
	22,073,316	24,916,488	6,737,293	7,684,683
Expenses:				
Depreciation and amortization	15,585,368	17,635,864	4,995,698	5,711,172
Impairment losses	5,049,770	400,000	3,158,909	400,000
Interest expense	4,277,728	4,719,523	1,123,248	1,461,310
Asset management fees to Managing Member	1,097,980	1,152,763	322,026	382,140
Aircraft and railcar maintenance	1,092,069	123,516	240,389	123,516
Cost reimbursements to Managing Member	789,166	793,772	35,433	35,893
Professional fees	367,255	116,922	81,255	6,367
(Recovery of) provision for doubtful accounts	(237,000)	475,000	13,000	-
Franchise fees and income taxes	124,239	62,902	-	62,902
Other	333,350	404,970	139,925	25,120
	28,479,925	25,885,232	10,109,883	8,208,420
Net loss	$ (6,406,609)	$ (968,744)	$ (3,372,590)	$ (523,737)
Net income (loss):				
Managing Member	$ 750,691	$ 750,882	$ 250,287	$ 250,290
Other Members	(7,157,300)	(1,719,626)	(3,622,877)	(774,027)
	$ (6,406,609)	$ (968,744)	$ (3,372,590)	$ (523,737)
Net loss per Limited Liability Company Unit	$ (0.53)	$ (0.13)	$ (0.27)	$ (0.06)
Weighted average number of Units outstanding	13,570,188	13,570,188	13,570,188	13,570,188

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

STATEMENTS OF CHANGES IN MEMBERS' CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2002
AND FOR THE
NINE MONTH PERIOD ENDED
SEPTEMBER 30, 2003
(Unaudited)

	Other Members		Managing	Accumulated Other Comprehensive	
	Units	Amount	Member	Income (Loss)	Total
Balance December 31, 2001	13,570,188	$ 88,062,574	$ -	$ (4,700,622)	$ 83,361,952
Distributions to Managing Member		-	(1,001,169)	-	(1,001,169)
Distributions to Other Members		(12,347,756)	-	-	(12,347,756)
Unrealized decrease in value of interest rate swap contracts		-	-	(680,720)	(680,720)
Net income (loss)		(3,806,713)	1,001,169	-	(2,805,544)
Balance December 31, 2002	13,570,188	71,908,105	-	(5,381,342)	66,526,763
Unrealized decrease in value of interest rate swap contracts		-	-	1,992,116	1,992,116
Distributions to Managing Member		-	(750,691)	-	(750,691)
Distributions to Other Members		(9,258,529)	-	-	(9,258,529)
Net (loss) income		(7,157,300)	750,691	-	(6,406,609)
Balance September 30, 2003	13,570,188	$ 55,492,276	$ -	$ (3,389,226)	$ 52,103,050

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

STATEMENTS OF CASH FLOWS

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

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002
Operating activities:				
Net loss	$ (6,406,609)	$ (968,744)	$ (3,372,590)	$ (523,737)
Adjustments to reconcile net loss to cash provided by operating activities:				
(Gain) loss on sales of assets	(749,759)	(230,089)	(60,104)	26,782
Depreciation	15,585,368	17,635,864	4,995,698	5,711,172
Impairment losses	5,049,770	400,000	3,158,909	400,000
(Recovery of) provision for doubtful accounts	(237,000)	475,000	13,000	-
Changes in operating assets and liabilities:				
Accounts receivable	177,839	335,381	(376,693)	(552,136)
Due from Managing Member	171,119	-	-	-
Other assets	22,500	22,500	7,500	7,500
Accounts payable, Managing Member	121,372	-	10,299	(263,652)
Accounts payable, other	(61,523)	(325,617)	(403,996)	19,747
Accrued interest payable	(27)	63,648	13,968	40,460
Unearned lease income	67,905	520,387	136,947	594,889
Net cash provided by operations	13,740,955	17,928,330	4,122,938	5,461,025
Investing activities:				
Proceeds from sales of assets	12,870,512	1,292,530	613,677	147,204
Reduction of net investment in direct financing leases	1,108,178	2,294,372	199,794	256,905
Purchases of equipment on direct financing leases	-	(293,750)	-	(293,750)
Payment of initial direct costs	-	(37,439)	-	(37,439)
Net cash provided by investing activities	13,978,690	3,255,713	813,471	72,920

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

STATEMENTS OF CASH FLOWS
(Continued)
NINE AND THREE MONTH PERIODS ENDED
SEPTEMBER 30, 2003 AND 2002
(Unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2003	2002	2003	2002
Financing activities:				
Borrowings under line of credit	15,500,000	8,900,000	7,300,000	3,100,000
Repayments of line of credit	(14,800,000)	(4,300,000)	(4,500,000)	-
Proceeds of long-term debt	-	3,900,000	-	-
Repayments of long-term debt	(18,381,000)	(20,308,000)	(3,478,000)	(5,602,000)
Proceeds of non-recourse debt	2,563,149	-	2,563,149	-
Repayments of non-recourse debt	(1,602,855)	(152,248)	(1,435,001)	-
Distributions to other members	(9,258,529)	(9,260,881)	(3,086,875)	(3,086,911)
Distributions to Managing Member	(750,691)	(750,882)	(250,287)	(250,290)
Net cash used in financing activities	(26,729,926)	(21,972,011)	(2,887,014)	(5,839,201)
Net increase (decrease) in cash and cash equivalents	989,719	(787,968)	2,049,395	(305,256)
Cash and cash equivalents at beginning of period	2,263,479	2,269,137	1,203,803	1,786,425
Cash and cash equivalents at end of period	$ 3,253,198	$ 1,481,169	$ 3,253,198	$ 1,481,169
Supplemental disclosures of cash flow information:				
Cash paid during the period for interest	$ 4,277,755	$ 4,719,523	$ 1,109,280	$ 1,484,498
Schedule of non-cash transactions:				
Change in fair value of interest rate swap contracts	$ 1,992,116	$ 1,106,992	$ 807,356	$ 390,965

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003
(Unaudited)

1. Summary of significant accounting policies:

Interim financial statements:

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with instructions to Form 10-Q and Article 10 of Regulation S-X. The unaudited interim financial statements reflect all adjustments which are, in the opinion of the Managing Member, necessary to a fair statement of financial position and results of operations for the interim periods presented. All such adjustments are of a normal recurring nature. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that effect reported amounts in the financial statements and accompanying notes. Therefore, actual results could differ from those estimates. Operating results for the three and nine months ended September 30, 2003 are not necessarily indicative of the results for the year ending December 31, 2003.

These unaudited interim financial statements should be read in conjunction with the financial statements and notes thereto contained in the report on Form 10-K for the year ended December 31, 2002, filed with the Securities and Exchange Commission.

2. Organization and Company matters:

ATEL Capital Equipment Fund VIII, LLC (the Company), was formed under the laws of the State of California on July 31, 1998, for the purpose of acquiring equipment to engage in equipment leasing and sales activities. Contributions in the amount of $600 were received as of October 7, 1998, $100 of which represented the Managing Member's (ATEL Financial Services LLC's) continuing interest, and $500 of which represented the Initial Members' capital investment.

Upon the sale of the minimum amount of Units of Limited Liability Company interest (Units) of $1,200,000 and the receipt of the proceeds thereof on January 13, 1999, the Company commenced operations.

The Company does not make a provision for income taxes since all income and losses will be allocated to the Members for inclusion in their individual tax returns.

Certain prior year balances have been reclassified to conform to the current year presentation.

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003
(Unaudited)

3. Investment in leases:

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

	Balance December 31, 2002	Impairment Losses	Depreciation / Amortization Expense or Amortization of Direct Financing Leases	Reclassi-fications or Dispositions	Balance September 30, 2003
Net investment in operating leases	$119,404,269	$ (3,890,861)	$ (15,303,869)	$ (7,438,663)	$ 92,770,876
Net investment in direct financing leases	11,233,604	-	(1,108,178)	2,109,953	12,235,379
Assets held for sale or lease	17,788,535	(1,158,909)	-	(6,792,043)	9,837,583
Initial direct costs, net of accumulated amortization	674,355	-	(281,499)	-	392,856
	$149,100,763	$ (5,049,770)	$ (16,693,546)	$ (12,120,753)	$115,236,694

Operating leases:

Property on operating leases consists of the following:

	Balance December 31, 2002	Depreciation Expense and Impairment Losses	Reclassi-fications or Dispositions	Balance September 30, 2003
Manufacturing	$ 49,700,635	$ -	$ (8,040,266)	$ 41,660,369
Aircraft	32,810,139	-	(17,362,102)	15,448,037
Transportation, other	23,438,156	-	(135,378)	23,302,778
Containers	21,207,500	-	-	21,207,500
Transportation, rail	21,054,669	-	11,215,817	32,270,486
Natural gas compressors	14,051,601	-	(374,152)	13,677,449
Materials handling	7,380,720	-	(67,482)	7,313,238
Other	14,118,402	-	(685,135)	13,433,267
	183,761,822	-	(15,448,698)	168,313,124
Less accumulated depreciation, including impairment losses	(64,357,553)	(19,194,730)	8,010,035	(75,542,248)
	$ 119,404,269	$ (19,194,730)	$ (7,438,663)	$ 92,770,876

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003
(Unaudited)

3. Investment in leases (continued):

Operating leases (continued):

Impairment losses on operating lease assets are recorded as an addition to accumulated depreciation of the impaired assets. Depreciation expense and impairment losses for the nine months ended September 30, 2003 consist of the following:

Depreciation expense	$ 15,303,869
Impairment losses	3,890,861
	$ 19,194,730

Direct financing leases:

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

	September 30, 2003	December 31, 2002
Total minimum lease payments receivable	$ 11,402,754	$ 8,634,652
Estimated residual values of leased equipment (unguaranteed)	4,556,760	4,510,520
Investment in direct financing leases	15,959,514	13,145,172
Less unearned income	(3,724,135)	(1,911,568)
Net investment in direct financing leases	$ 12,235,379	$ 11,233,604

All of the property on leases was acquired in 1999, 2000, 2001 and 2002.

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

	Operating Leases	Direct Financing Leases	Total
Three months ending December 31, 2003	$ 5,730,027	$ 900,233	$ 6,630,260
Year ending December 31, 2004	15,063,612	2,632,004	17,695,616
2005	12,449,825	2,588,790	15,038,615
2006	8,308,528	2,332,796	10,641,324
2007	6,352,968	902,160	7,255,128
2008	3,856,748	663,561	4,520,309
Thereafter	1,370,060	1,383,210	2,753,270
	$ 53,131,768	$ 11,402,754	$ 64,534,522

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003
(Unaudited)

3. Investment in leases (continued):

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

During the first nine months of 2003, the Company recognized impairment losses on aircraft, autoracks and locomotives as set forth below. The impairments resulted from continued declines in the markets for the equipment.

Aircraft	$	4,401,397
Locomotives		380,000
Autoracks		268,373
	$	5,049,770

During the first quarter of 2003, the Company entered into negotiations relating to the early termination of an aircraft lease and the sale of the asset to the lessee. The negotiations were concluded in early April 2003 and the asset was sold. As a result, an impairment loss related to the aircraft was recorded in the first quarter of 2003 in the amount of $1,890,861.

Due to continued declines in the markets for certain types of assets, during the third quarter, management determined that the value of an aircraft currently on lease was impaired and a provision was made against income in the amount of $1,980,000. In addition, for the same reasons, management also determined that various locomotives, auto racks and aircraft that were off lease, were also impaired. The Company recorded an additional provision for impairments relating to those assets in the third quarter of 2003 in the amount of $1,178,909.

4. Non-recourse debt:

At September 30, 2003, non-recourse debt consists of notes payable to financial institutions. The notes are due in varying quarterly and semi-annual payments. Interest on the notes is at rates from 4.96% to 7.98%. The notes are secured by assignments of lease payments and pledges of assets. The notes mature from 2003 through 2007.

Future minimum payments of non-recourse debt are as follows:

		Principal		Interest		Total
Three months ending December 31, 2003	$	-	$	82,704	$	82,704
Year ending December 31, 2004		4,717,254		142,641		4,859,895
2005		617,125		88,955		706,080
2006		648,113		57,967		706,080
2007		680,657		25,423		706,080
	$	6,663,149	$	397,690	$	7,060,839

5. Other long-term debt:

In 1999, the Company entered into a $70 million receivables funding program (the Program) (which has been increased to $125 million) with a receivables financing company that issues commercial paper rated A1 by Standard and Poors and P1 by Moody's Investor Services. Under the Program, the receivables financing company receives a general lien against all of the otherwise unencumbered assets of the Company. The Program provides for borrowing at a variable interest rate (1.1071% at September 30, 2003).

The Program requires the Managing Member to enter into various interest rate swaps with a financial institution (also rated A1/P1) to manage interest rate exposure associated with variable rate obligations under the Program by effectively converting the variable rate debt to fixed rates. As of September 30, 2003, the Company receives or pays interest on a notional principal of $44,531,000, based on the difference between nominal rates ranging from 3.60% to 7.72% and the variable rate under the Program. No actual borrowing or lending is involved. The last of the swaps terminates in 2009. 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.

Borrowings under the Program are as follows:

Date Borrowed	Original Amount Borrowed	Balance September 30, 2003	Rate on Interest Swap Agreement
11/11/1999	$ 20,000,000	$ 4,212,000	6.84%
12/21/1999	20,000,000	13,316,000	7.41%
12/24/1999	25,000,000	4,607,000	7.44%
4/17/2000	6,500,000	3,082,000	7.45%
4/28/2000	1,900,000	408,000	7.72%
8/3/2000	19,000,000	9,848,000	7.50%
10/31/2000	7,500,000	3,587,000	7.13%
1/29/2001	8,000,000	-	5.91%
6/1/2001	2,000,000	171,000	5.04%
9/1/2001	9,000,000	2,957,000	4.35%
1/31/2002	3,900,000	2,343,000	3.60%
	$ 122,800,000	$ 44,531,000	

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003
(Unaudited)

5. Other long-term debt (continued):

Other long-term debt borrowings mature from 2003 through 2009. Future minimum principal payments of long-term debt are as follows:

	Principal	Interest	Total	Rates on Interest Swap Agreements*
Three months ending December 31, 2003	$ 4,585,000	$ 751,313	$ 5,336,313	6.973%-6.976%
Year ending December 31, 2004	13,051,000	2,362,294	15,413,294	6.975%-7.008%
2005	10,402,000	1,576,595	11,978,595	7.034%-7.144%
2006	6,950,000	964,030	7,914,030	7.180%-7.206%
2007	4,701,000	519,280	5,220,280	6.964%-7.055%
2008	3,025,000	249,081	3,274,081	6.667%-6.972%
2009	1,817,000	45,481	1,862,481	6.378%-6.383%
	$ 44,531,000	$ 6,468,074	$ 50,999,074	

* Represents the range of monthly weighted average fixed interest rates paid for amounts maturing in the particular year. The receive-variable rate portion of the swap represents commercial paper rates (1.1071% at September 30, 2003).

6. Related party transactions:

The terms of the Limited Company Operating Agreement provide that the Managing Member and/or its affiliates (Affiliates) are entitled to receive certain fees for equipment acquisition, management and resale and for management of the Company.

The Limited Liability Company Operating Agreement allows for the reimbursement of costs incurred by the Managing Member in providing administrative services to the Company. Administrative services provided include Company accounting, investor relations, legal counsel and lease and equipment documentation. The Managing Member is not reimbursed for services where it is entitled to receive a separate fee as compensation for such services, such as acquisition and management of equipment. Reimbursable costs incurred by the Managing Member are allocated to the Company based upon estimated time incurred by employees working on Company business and an allocation of rent and other costs based on utilization studies.

Substantially all employees of the Managing Member record time incurred in performing administrative services on behalf of all of the Companies serviced by the Managing Member. The Managing Member believes that the costs reimbursed are the lower of actual costs incurred on behalf of the Company or the amount the Company would be required to pay independent parties for comparable administrative services in the same geographic location and are reimbursable in accordance with the Limited Liability Company Operating Agreement.

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003
(Unaudited)

6. Related party transactions (continued):

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

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002
Incentive management fees and equipment management fees	$ 1,097,980	$ 1,152,763	$ 322,026	$ 382,140
Administrative costs reimbursed to Managing Member	789,166	793,772	35,433	35,893
	$ 1,887,146	$ 1,946,535	$ 357,459	$ 418,033

In 2003 it came to the Company's attention that an affiliated company had under billed the Company in a prior year for interest costs associated with the financing of an asset acquired on its behalf. During the three months ended March 31, 2003, the Company recorded additional interest expense of $742,000 to correct the accounting for the transaction. The Company does not believe that this amount is material to the periods in which it should have been recorded, nor is it expected that this amount will be material to the Company's operating results for the year ending December 31, 2003. However, if this adjustment is ultimately deemed to be material to the Company's operating results for the year ending December 31, 2003, the Company will need to restate prior financial reporting periods, including the current period.

The impact on prior financial reporting periods would be a reduction of members' equity of $742,000 for all previous periods currently presented. Net loss for the nine months ended September 30, 2003 and for the three months ended March 31, 2003 would be decreased by $742,000 ($0.05 per Limited Liability Company unit).

7. Member's capital:

As of September 30, 2003, 13,570,188 Units ($135,701,880) were issued and outstanding. The Company's registration statement with the Securities and Exchange Commission became effective December 7, 1998. The Company is authorized to issue up to 15,000,050 Units, including the 50 Units issued to the initial members.

The Company's Net Income, Net Losses, and Distributions, as defined, are to be allocated 92.5% to the Other Members and 7.5% to the Managing Member.

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

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002
Distributions	$ 9,258,529	$ 9,260,881	$ 3,086,875	$ 3,086,911
Weighted average number of Units outstanding	13,570,188	13,570,188	13,570,188	13,570,188
Weighted average distributions per Unit	$0.682	$0.682	$0.227	$0.227

8. Line of credit:

The Company participates with the Managing Member and certain of its affiliates in a $56,282,201 revolving line of credit (comprised of an acquisition facility and a warehouse facility) with a financial institution that includes certain financial covenants. The line of credit expires on June 28, 2004. As of September 30, 2003, borrowings under the facility were as follows:

Amount borrowed by the Company under the acquisition facility	$ 11,300,000
Amounts borrowed by affiliated partnerships and limited liability companies under the acquisition facility	13,000,000
Total borrowings under the acquisition facility	24,300,000
Amounts borrowed by the Managing Member and its sister corporation under the warehouse facility	-
Total outstanding balance	$ 24,300,000
Total available under the line of credit	$ 57,282,201
Total outstanding balance	(24,300,000)
Remaining availability	$ 32,982,201

Draws on the acquisition facility by any individual borrower are secured only by that borrower's assets, including equipment and related leases. Borrowings on the warehouse facility are recourse jointly to certain of the affiliated partnerships and limited liability companies, the Company and the Managing Member.

The credit agreement includes certain financial covenants applicable to each borrower. The Company was in compliance with its covenants as of September 30, 2003.

9. Commitments:

As of September 30, 2003, the Company had no outstanding commitments to purchase lease equipment.

10. Other comprehensive income (loss):

In 2003 and 2002, other comprehensive income (loss) consisted of the following:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2003	2002	2003	2002
Net income (loss)	$ (6,406,609)	$ (968,744)	$ (3,372,590)	$ (523,737)
Other comprehensive income:				
Change in fair value of interest rate swap contracts	1,992,116	1,106,992	807,356	390,965
Comprehensive net (loss) income	$ (4,414,493)	$ 138,248	$ (2,565,234)	$ (132,772)

There were no other sources of comprehensive net income (loss).

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

Statements contained in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this Form 10-Q, which are not historical facts, may be forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Investors are cautioned not to attribute undue certainty to these forward-looking statements, which speak only as of the date of this Form 10-Q. We undertake no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect the occurrence of unanticipated events, other than as required by law.

Capital Resources and Liquidity

During the first nine months of 2003 and 2002, our primary activity was engaging in equipment leasing activities.

Our liquidity will vary in the future, increasing to the extent cash flows from leases exceed expenses, and decreasing as lease assets are acquired, as distributions are made to the members and to the extent expenses exceed cash flows from leases.

As another source of liquidity, we have contractual obligations with a diversified group of lessees for fixed lease terms at fixed rental amounts. As the initial lease terms expire, we will re-lease or sell the equipment. Our future liquidity beyond the contractual minimum rentals will depend on our success in re-leasing or selling the equipment as it comes off lease.

The Company participates with the Managing Member and certain of its affiliates in a $56,282,201 revolving line of credit (comprised of an acquisition facility and a warehouse facility) with a financial institution that includes certain financial covenants. The line of credit expires on June 28, 2004. As of September 30, 2003, borrowings under the facility were as follows:

Amount borrowed by the Company under the acquisition facility	$ 11,300,000
Amounts borrowed by affiliated partnerships and limited liability companies under the acquisition facility	13,000,000
Total borrowings under the acquisition facility	24,300,000
Amounts borrowed by the Managing Member and its sister corporation under the warehouse facility	-
Total outstanding balance	$ 24,300,000
Total available under the line of credit	$ 57,282,201
Total outstanding balance	(24,300,000)
Remaining availability	$ 32,982,201

Draws on the acquisition facility by any individual borrower are secured only by that borrower's assets, including equipment and related leases. Borrowings on the warehouse facility are recourse jointly to certain of the affiliated partnerships and limited liability companies, the Company and the Managing Member.

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

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

We have not made any commitments of capital, nor do we expect to make any commitments, except for the acquisition of additional equipment. We had made no such commitments as of September 30, 2003.

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

If interest rates increase significantly, the lease rates that we can obtain on future leases will be expected to increase as the cost of capital is a significant factor in the pricing of lease financing. Our leases already in place, for the most part, would not be affected by changes in interest rates.

Cash Flows

During the first nine months of 2003 and 2002, our primary source of liquidity was operating lease rents.

Our primary source of cash flows from operating activities was operating lease revenues in both 2003 and on 2002.

In 2003, our most significant source of cash from investing activities was proceeds from the sales of lease assets.

Direct financing lease assets have decreased from $14,181,674 at the beginning of 2002 to $11,233,604 at December 31, 2002 and $12,235,379 at September 30, 2003. Our cash flows from direct finance leases decreased in 2003 compared to 2002 as a result of this decrease in direct financing lease assets. In 2002, rents from direct financing leases were the most significant source of cash from investing activities.

In 2003, our only sources of cash from financing activities were proceeds of non-recourse debt and borrowings on the line of credit. In 2002, our only financing sources of cash were borrowings under the line of credit and proceeds of long-term debt. Our repayments of debt have decreased due to scheduled reductions in the amounts of such debt that was due in 2003 compared to 2002.

Results of operations

In 2002, our operations resulted in a net loss of $968,744 for the nine month period and $523,737 for the three month period. In 2003, our operations resulted in a net loss of $6,406,609 for the nine month period and $3,372,590 for the three month period. Our primary source of revenues is from operating leases. In future periods, we also expect that operating leases will be our most significant source of revenues. Depreciation is related to operating lease assets and thus, to operating lease revenues. We expect it to decrease in future periods as leases mature and as we sell the related lease assets. Our lease rents and depreciation have decreased compared to 2002 as a result of sales over the last year.

Asset management fees are based on our gross lease rents plus the proceeds we receive from the sales of lease assets. They are limited to certain percentages of lease rents, distributions to members and certain other items. As assets are sold, lease rents are collected and distributions are made to the members, we expect these fees to decrease. These factors gave rise to the decrease in fees compared to 2002.

At September 30, 2002, we had total outstanding interest bearing debt of $81,923,716. As a result of scheduled debt payments, we have reduced that balance to $62,494,149 at September 30, 2003. This reduction in debt has caused our interest expense to decrease compared to 2002.

During the first quarter of 2003, the Company entered into negotiations relating to the early termination of an aircraft lease and the sale of the asset to the lessee. The negotiations were concluded in early April 2003 and the asset was sold. As a result, an impairment loss related to the aircraft was recorded in the first quarter of 2003 in the amount of $1,890,861.

Due to continued declines in the markets for certain types of assets, during the third quarter of 2003, we determined that the value of an aircraft currently on lease was impaired and a provision was made against income in the amount of $1,980,000. In addition, for the same reasons, we also determined that various locomotives, auto racks and aircraft that were off lease, were also impaired as of September 30, 2003. We recorded an additional provision for impairments relating to those assets in the third quarter of 2003 in the amount of $1,178,909.

In the nine months ended September 30, 2003, the Company incurred $954,559 of maintenance costs relating to railcars. In the third quarter of 2003, the Company incurred $148,379 of such costs. These costs were incurred in order to be able to place the railcars on a new lease. The costs did not increase the useful life of the assets or increase their value in the marketplace. No similar costs were incurred during the comparable periods ended September 30, 2002.

Item 3. Quantitative and Qualitative Disclosures of Market Risk.

The Company, like most other companies, is exposed to certain market risks, including primarily changes in interest rates. The Company believes its exposure to other market risks, including foreign currency exchange rate risk, commodity risk and equity price risk, are insignificant to both its financial position and results of operations.

In general, the Company manages its exposure to interest rate risk by obtaining fixed rate debt. The fixed rate debt is structured so as to match the cash flows required to service the debt to the payment streams under fixed rate lease receivables. The payments under the leases are assigned to the lenders in satisfaction of the debt. Furthermore, the Company has historically been able to maintain a stable spread between its cost of funds and lease yields in both periods of rising and falling interest rates. Nevertheless, the Company frequently funds leases with its floating rate line of credit and is, therefore, exposed to interest rate risk until fixed rate financing is arranged, or the floating rate line of credit is repaid. As of September 30, 2003, there was $11,300,000 outstanding on the floating rate line of credit.

The Company entered into a receivables funding facility in 1999. Since interest on the outstanding balances under the facility varies, the Company is exposed to market risks associated with changing interest rates. To hedge its interest rate risk, the Company enters into interest rate swaps that effectively convert the underlying interest characteristic on the facility from floating to fixed. Under the swap agreements, the Company makes or receives variable interest payments to or from the counterparty based on a notional principal amount. The net differential paid or received by the Company is recognized as an adjustment to interest expense related to the facility balances. The amount paid or received represents the difference between the payments required under the variable interest rate facility and the amounts due under the facility at the fixed (hedged) interest rate.

As of September 30, 2003, borrowings on the facility were $44,531,000 and the associated variable interest rate was 1.1071%. The average fixed interest rate achieved with the swap agreements was 6.976% at September 30, 2003. As of September 30, 2003, the estimated fair value of the interest rate swaps was a $3,389,226 liability.

Item 4. Controls and procedures.

Internal Controls

As of September 30, 2003, an evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and CFO of the Managing Member, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the CEO and CFO of the Managing Member, concluded that the Company's disclosure controls and procedures were effective as of September 30, 2003. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to September 30, 2003.

Changes in internal controls

There have been no significant changes in our internal controls or in other factors that could significantly affect our disclosure controls and procedures subsequent to the evaluation date, nor were there any significant deficiencies or material weaknesses in our internal controls.

Evaluation of disclosure controls and procedures

Under the supervision and with the participation of our management, including the CEO and CFO, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 240.13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 was performed as of a date within ninety days before the filing date of this quarterly report. Based upon this evaluation, the CEO and CFO of the Managing Member concluded that, as of the evaluation date, our disclosure controls and procedures were effective for the purposes of recording, processing, summarizing and timely reporting information required to be disclosed by us in the reports that we file under the Securities Exchange Act of 1934 and that such information is accumulated and communicated to our management in order to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

No material legal proceedings are currently pending against the Company or against any of its assets. The following is a discussion of legal matters involving the Company but which do not represent claims against the Company or its assets.

Emery Worldwide Airways, Inc. :

On January 25, 2002, the Company filed a complaint against its lessee, Emery Worldwide Airways, Inc., for failure by the lessee to properly maintain the condition and airworthiness of the aircraft on lease to the lessee, and for certain other breaches and defaults by the lessee as alleged in the complaint. The Company has claimed stipulated loss value damages in the amount of $5,648,173 as a result of the breaches and defaults under the lease by the lessee. A motion for summary judgment on the Company's claims was filed the summer of 2002, and an unfavorable ruling on the motion was handed down in the fourth quarter of 2002. In March 2003, ATEL settled with Emery for an amount equal to $1,300,000, plus the value of the aircraft. ATEL is currently taking steps to remarket the aircraft.

American Aircraft Consulting:

This is a suit filed by ATEL Equipment Corporation ("AEC") on behalf of the Company for breach of contract, negligence, rescission and restitution as a result of a lien and claim by an aircraft inspection firm for approximately $160,000. The claim was for fees filed against an aircraft owned by the Company, and against the Company itself, for services allegedly provided by the aircraft inspection company. AEC successfully had the lien removed from the aircraft by the FAA, and pursued its claims against the inspection company for a release of all current and future claims. AEC remained confident of its ultimate success in this matter, and in fact, settled the matter with a mutual dismissal of claims, with prejudice.

Solectron:

This is a matter where the Company has declared Solectron (a lessee) in default for failure to pay rent in a timely manner, and for other various defaults. A claim was filed on August 29, 2002, by the Managing Member, on behalf of the Company, in the amount of $13,332,328. The lessee filed a counter-claim against the Company asserting unfair business practices. An additional demand letter was issued by the Company on March 27, 2003, alleging the failure of the lessee to properly maintain the equipment it leased from the Company. As a result of an adverse decision on a separate matter with a similar legal principle at issue, the Company elected to dismiss its suit, and subsequently obtained a corresponding dismissal of Solectron's counter-claim The Company continues to seek resolution of its claims with the lessee as a negotiated settlement. The Company believes that it has a reasonable basis for success of some of its claims in this matter.

Item 2. Changes In Securities.

Inapplicable.

Item 3. Defaults Upon Senior Securities.

Inapplicable.

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

Inapplicable.

Item 5. Other Information.

Inapplicable.

Item 6. Exhibits And Reports On Form 8-K.

(a) Documents filed as a part of this report

1. Financial Statements
   Included in Part I of this report:

   Balance sheets, September 30, 2003 and December 31, 2002.

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

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

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

   Notes to the financial statements

2. Financial Statement Schedules

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

3. Other Exhibits

   99.1 Certification of Paritosh K. Choksi
   99.2 Certification of Dean L. Cash
   99.3 Certification Pursuant to 18 U.S.C. section 1350 of Dean L. Cash
   99.4 Certification Pursuant to 18 U.S.C. section 1350 of Paritosh K. Choksi

(b) Report on Form 8-K
   None

SIGNATURES

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

Date:
November 12, 2003

ATEL CAPITAL EQUIPMENT FUND VIII, LLC
(Registrant)

By: ATEL Financial Services LLC
Managing Member of Registrant

By: /s/ DEAN L. CASH
Dean Cash
President and Chief Executive Officer
of Managing Member

By: /s/ PARITOSH K. CHOKSI
Paritosh K. Choksi
Executive Vice President of
Managing Member and Principal
financial officer of registrant

By: /s/ DONALD E. CARPENTER
Donald E. Carpenter
Principal accounting
officer of registrant

Exhibit 99.1

CERTIFICATIONS

I, Paritosh K. Choksi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ATEL Capital Equipment Fund VIII, LLC;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2003

/s/ PARITOSH K. CHOKSI
Paritosh K. Choksi
Principal financial officer of registrant, Executive Vice President of
Managing Member

Exhibit 99.2

CERTIFICATIONS

I, Dean L. Cash, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ATEL Capital Equipment Fund VIII, LLC;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2003

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

Exhibit 99.3

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

In connection with the Quarterly report on Form 10Q of ATEL Capital Equipment Fund VIII, LLC, (the "Company") for the period ended September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, I, Dean L. Cash, Chief Executive Officer of ATEL Financial Services, LLC, managing member of the Company, hereby certify that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2003

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

Exhibit 99.4

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

In connection with the Quarterly report on Form 10Q of ATEL Capital Equipment Fund VIII, LLC, (the "Company") for the period ended September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, I, Paritosh K. Choksi, Chief Financial Officer of ATEL Financial Services, LLC, managing member of the Company, hereby certify that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2003

/s/ PARITOSH K. CHOKSI
Paritosh K. Choksi
Executive Vice President of Managing
Member, Principal financial officer of registrant