

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 September 30, 2006

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 000-51916

ICON Leasing Fund Eleven, LLC

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

20-1979428

(IRS Employer Identification Number)

100 Fifth Avenue, 4th Floor, New York, New York

(Address of principal executive offices)

10011-1505

(Zip code)

(212) 418-4700

Registrant's telephone number, including area code

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

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

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

Number of outstanding limited liability company shares of the registrant on October 31, 2006 is 259,737.

ICON Leasing Fund Eleven, LLC
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PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Condensed Consolidated Balance Sheets

ASSETS

	(Unaudited) September 30, 2006	December 31, 2005
Cash and cash equivalents	<u>\$ 70,295,665</u>	<u>\$ 71,449,920</u>
Investments in finance leases:		
Minimum rents receivable	72,509,426	-
Estimated unguaranteed residual values	3,987,676	-
Initial direct costs, net	2,551,222	-
Unearned income	<u>(9,639,665)</u>	<u>-</u>
Net investments in finance leases	<u>69,408,659</u>	<u>-</u>
Investments in operating leases:		
Equipment, at cost	373,063,373	-
Accumulated depreciation	<u>(32,839,815)</u>	<u>-</u>
Net investments in operating leases	<u>340,223,558</u>	<u>-</u>
Investments in joint ventures	9,942,273	16,084,960
Equipment held for sale or lease	8,414,103	-
Rents receivable (net of allowance for doubtful accounts of \$70,015)	3,591,574	-
Restricted cash	1,986,012	909,185
Other assets, net	<u>1,022,362</u>	<u>3,257,636</u>
Total assets	<u>\$ 504,884,206</u>	<u>\$ 91,701,701</u>

See accompanying notes to condensed consolidated financial statements.

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Condensed Consolidated Balance Sheets

LIABILITIES AND MEMBERS' EQUITY

	(Unaudited) September 30, 2006	December 31, 2005
Notes payable - non-recourse	\$ 270,922,919	\$ -
Accounts payable and other liabilities	2,166,211	844,058
Deferred rental income	8,347,401	-
Leasing payables and other lease liabilities	19,262,905	-
Due to Manager and affiliates, net	402,047	602,377
Distributions payable	160,313	-
Minority interest	<u>8,762,589</u>	<u>-</u>
 Total liabilities	 <u>310,024,385</u>	 <u>1,446,435</u>
 Commitments and contingencies		
 Members' equity:		
Manager (one share outstanding, \$1,000 per share original issue price)	(170,053)	(28,876)
Additional Members (239,926 and 107,099 shares outstanding, \$1,000 per share original issue price)	193,902,669	90,318,028
Accumulated other comprehensive loss	<u>1,127,205</u>	<u>(33,886)</u>
 Total members' equity	 <u>194,859,821</u>	 <u>90,255,266</u>
 Total liabilities and members' equity	 <u>\$ 504,884,206</u>	 <u>\$ 91,701,701</u>

See accompanying notes to condensed consolidated financial statements.

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	For the Period from May 6, 2005 (Commencement of Operations) to September 30,
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenue:				
Rental income	\$ 23,013,318	\$ -	\$ 41,317,586	\$ -
Finance income	1,150,699	-	2,538,701	-
Income from investments in joint ventures	120,643	-	501,868	-
Net gain on sales of new equipment (net of cost of sales of \$2,733,138 and \$7,822,580 for the three and nine months ended September 30, 2006)	162,349	-	442,966	-
Net (loss) gain on sales of leased equipment	(132,908)	-	288,614	-
Interest and other income	<u>384,782</u>	<u>186,358</u>	<u>1,555,362</u>	<u>188,654</u>
 Total revenue	 <u>24,698,883</u>	 <u>186,358</u>	 <u>46,645,097</u>	 <u>188,654</u>
 Expenses:				
Depreciation and amortization	19,059,640	1,094	34,177,215	1,094
Impairment loss	446,301	-	446,301	-
Interest	5,269,459	-	7,051,141	-
Bad debt expense	-	-	70,015	-
Management fees - Manager	1,520,291	-	2,605,705	-
Administrative expense reimbursements - Manager and affiliate	1,811,745	407,772	4,335,610	529,976
General and administrative	262,356	25,188	527,516	25,348
Minority interest	<u>264,423</u>	<u>-</u>	<u>529,451</u>	<u>-</u>
 Total expenses	 <u>28,634,215</u>	 <u>434,054</u>	 <u>49,742,954</u>	 <u>556,418</u>
 Net loss	 <u>\$ (3,935,332)</u>	 <u>\$ (247,696)</u>	 <u>\$ (3,097,857)</u>	 <u>\$ (367,764)</u>
 Net loss allocable to:				
Additional Members	\$ (3,895,979)	\$ (245,219)	\$ (3,066,878)	\$ (364,086)
Manager	<u>(39,353)</u>	<u>(2,477)</u>	<u>(30,979)</u>	<u>(3,678)</u>
	<u>\$ (3,935,332)</u>	<u>\$ (247,696)</u>	<u>\$ (3,097,857)</u>	<u>\$ (367,764)</u>
 Weighted average number of additional member shares outstanding	 <u>218,980</u>	 <u>44,120</u>	 <u>174,685</u>	 <u>30,247</u>
 Net loss per weighted average additional member share outstanding	 <u>\$ (17.79)</u>	 <u>\$ (5.56)</u>	 <u>\$ (17.56)</u>	 <u>\$ (12.04)</u>

See accompanying notes to condensed consolidated financial statements.

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Condensed Consolidated Statement of Changes in Members' Equity
Nine Months Ended September 30, 2006
(Unaudited)

	<u>Additional Member Shares</u>	<u>Additional Members</u>	<u>Managing Member</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total</u>
Balance, January 1, 2006	107,099	\$ 90,318,028	\$ (28,876)	\$ (33,886)	\$ 90,255,266
Proceeds from issuance of additional members shares	132,827	132,827,309	-	-	132,827,309
Sales and offering expenses	-	(15,264,117)	-	-	(15,264,117)
Cash distributions paid or accrued to members	-	(10,911,673)	(110,198)	-	(11,021,871)
Change in valuation of interest rate swap contracts	-	-	-	(1,098,720)	(1,098,720)
Change in valuation of warrants held by joint venture	-	-	-	543,803	543,803
Foreign exchange translation adjustments of joint ventures	-	-	-	1,716,008	1,716,008
Net loss	-	(3,066,878)	(30,979)	-	(3,097,857)
Balance, September 30, 2006	<u>239,926</u>	<u>\$ 193,902,669</u>	<u>\$ (170,053)</u>	<u>\$ 1,127,205</u>	<u>\$ 194,859,821</u>

See accompanying notes to condensed consolidated financial statements.

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	<u>Nine Months Ended September 30, 2006</u>	<u>For the Period from May 6, 2005 (Commencement of Operations) to September 30, 2005</u>
Cash flows from operating activities:		
Net loss	\$ (3,097,857)	\$ (367,764)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Rental income paid directly to lenders by lessees	(2,317,981)	-
Finance income	(2,538,701)	-
Income from investments in joint ventures	(501,868)	-
Net gain on sales of equipment	(731,580)	-
Depreciation and amortization	34,177,215	1,094
Impairment loss	446,301	-
Interest expense paid directly to lenders by lessees	384,248	-
Bad debt expense	70,015	-
Change in fair value of interest rate swap contract	1,246,899	-
Minority interest	529,451	-
Changes in operating assets and liabilities:		
Collection of principal - non-financed receivables	12,913,259	-
Rents receivable	1,758,241	-
Other assets, net	(954,172)	-
Payables, deferred rental income and other liabilities	13,671,100	-
Due to Manager and affiliates, net	(280,306)	497,669
Net cash provided by operating activities	<u>54,774,264</u>	<u>130,999</u>
Cash flows from investing activities:		
Investments in leased assets, net of cash received	(169,468,315)	-
Proceeds from sales of equipment	11,286,921	-
Restricted cash deposits	(1,076,827)	-
Cash acquired in investment in joint venture	1,602	-
Investments in joint ventures	(4,599,984)	-
Distributions received from joint ventures	135,080	-
Net cash used in investing activities	<u>(163,721,523)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from notes payable - non-recourse	33,956,911	-
Repayments of notes payable - non-recourse	(32,418,991)	-
Issuance of additional member shares, net of sales and offering expenses paid	117,563,192	62,463,772
Additional member refunds	-	(1,000)
Other assets, net	-	(26,250)
Increase in restricted cash	-	(2,094,209)
Due to Manager and affiliates, net	(19,097)	-
Cash distributions to members	(10,829,198)	(830,228)
Distributions to minority interest holders	(1,509,546)	-
Net cash provided by financing activities	<u>106,743,271</u>	<u>59,512,085</u>
Effects of exchange rates on cash and cash equivalents	<u>1,049,733</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(1,154,255)	59,643,084
Cash and cash equivalents, beginning of the period	<u>71,449,920</u>	<u>2,000</u>
Cash and cash equivalents, end of the period	<u>\$ 70,295,665</u>	<u>\$ 59,645,084</u>

See accompanying notes to condensed consolidated financial statements.

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30, 2006	For the Period from May 6, 2005 (Commencement of Operations) to September 30, 2005
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 5,419,994	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Non-cash portion of equipment purchased with non-recourse debt	\$ 271,698,228	\$ -
Principal and interest on non-recourse notes payable paid directly to lenders by lessees	\$ 2,697,477	\$ -
Transfer from other assets to investments in leased assets	\$ 2,828,287	\$ -
Transfer from investments in joint ventures to investments in leased assets	\$ 7,695,494	\$ -

See accompanying notes to condensed consolidated financial statements.

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Notes To Condensed Consolidated Financial Statements
September 30, 2006
(Unaudited)

(1) Basis of Presentation and Consolidation

The accompanying condensed consolidated financial statements of ICON Leasing Fund Eleven, LLC (the “LLC”) have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission for Quarterly Reports on Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Manager, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. These condensed consolidated financial statements should be read together with the consolidated financial statements and notes included in the LLC’s Annual Report on Form 10-K for the year ended December 31, 2005. The results for the interim period are not necessarily indicative of the results for the full year.

The condensed consolidated financial statements include the accounts of the LLC and its majority owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

The LLC accounts for its noncontrolling interests in joint ventures where the LLC has influence on financial and operational matters, generally greater than 5% but less than 50% ownership interest, under the equity method of accounting. In such cases, the LLC’s original investments are recorded at cost and adjusted for its share of earnings, losses and distributions. The LLC accounts for investments in joint ventures where the LLC has virtually no influence over financial and operational matters using the cost method of accounting. In such cases, the LLC’s original investments are recorded at cost and any distributions received are recorded to operations. All of the LLC’s investments in joint ventures are subject to its impairment review policies.

In joint ventures where the LLC’s ownership interest is majority owned, minority interest represents the minority owner's proportionate share of its equity in the joint venture. The minority interest is adjusted for the minority owner's share of the earnings, losses and distributions of the joint venture.

(2) Organization

The LLC was formed on December 2, 2004 as a Delaware limited liability company and commenced operations on May 6, 2005 when the LLC admitted its first Additional Members. Additional Members represent all members other than the Manager. The LLC is engaged in one business segment, the business of purchasing equipment and leasing it to third-party end users, acquiring equipment subject to lease and, to a lesser extent, acquiring ownership rights to items of leased equipment at lease expiration. From time-to-time, the LLC also purchases equipment and sells it to its leasing customers. The LLC will continue until December 31, 2024, unless terminated sooner.

The Manager of the LLC is ICON Capital Corp. (the “Manager”), a Connecticut corporation. The Manager manages and controls the LLC’s business affairs, including, but not limited to, the equipment leases and financing transactions under the terms of a Limited Liability Company Agreement with the LLC (the “LLC Agreement”). Additionally, the Manager has a 1% interest in the profits, losses, cash distributions and liquidation proceeds of the LLC.

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Notes To Condensed Consolidated Financial Statements
September 30, 2006
(Unaudited)

(2) Organization - continued

The LLC is currently in its offering period, which began in April 2005 and is anticipated to end during April 2007. The initial capitalization of the LLC was \$2,000 on December 17, 2004, which consisted of \$1,000 from the Manager and \$1,000 for a single share from an officer of the Manager. The LLC subsequently redeemed the \$1,000 for the share to the officer of the Manager.

The LLC originally intended to offer up to \$200,000,000 of equity to its members. On March 8, 2006, the LLC commenced a consent solicitation of its members to amend and restate the LLC Agreement in order to increase the maximum offering amount from up to \$200,000,000 to up to \$375,000,000. The consent solicitation was completed on April 21, 2006 with the requisite consents received from its members, and the LLC executed an Amended and Restated LLC Agreement (the "Amended LLC Agreement"). The LLC filed a new registration statement (the "New Registration Statement") for up to an additional \$175,000,000 of member shares with the Securities and Exchange Commission (the "SEC") on May 2, 2006. The New Registration Statement was declared effective by the SEC on July 3, 2006 and the LLC commenced the offering of the additional 175,000 member shares thereafter.

The LLC had its initial closing on May 6, 2005 ("Commencement of Operations") with the initial sale of member shares. Through December 31, 2005, the LLC sold 107,099 member shares, representing \$107,098,773 of capital contributions. From January 1, 2006 through September 30, 2006, the LLC sold an additional 132,827 member shares, representing \$132,827,309 of capital contributions. Beginning with the Commencement of Operations, the LLC has been paying sales commissions incurred to third parties and various fees to the Manager and ICON Securities Corp. ("ICON Securities"), a wholly-owned subsidiary of the Manager. These sales commissions and fees paid to the Manager and its affiliate are recorded as a reduction to the LLC's equity.

Members' capital accounts are increased for their initial capital contribution plus their proportionate share of earnings and decreased by their proportionate share of losses and distributions. Profits, losses, cash distributions and liquidation proceeds are allocated 99% to the Additional Members and 1% to the Manager until each Additional Member has received cash distributions and liquidation proceeds sufficient to reduce their adjusted capital contribution account to zero and received, in addition, other distributions and allocations which would provide an 8% per year cumulative return on their outstanding adjusted capital contribution account. After such time, the distributions will be allocated 90% to the Additional Members and 10% to the Manager.

(3) Summary of Significant Accounting Policies

Investment in Operating Leases

Investments in operating leases are stated at cost less accumulated depreciation. Depreciation is being provided for using the straight-line method over the term of the related equipment lease to its estimated residual value at lease end. Upon the final disposition of the equipment, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the consolidated statement of operations.

Equipment Held for Sale or Lease

Equipment held for sale or lease includes equipment recently purchased on behalf of a lessee for whom the lease term has not yet commenced, as well as equipment previously leased to end users which has been returned to the LLC following lease expiration. Equipment held for sale or lease is recorded at the lower of cost or estimated fair market value, less anticipated costs to sell.

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Notes To Condensed Consolidated Financial Statements
September 30, 2006
(Unaudited)

(3) Summary of Significant Accounting Policies - continued

Revenue Recognition

The LLC leases equipment to third parties, which may be classified as either finance leases or operating leases, as determined based upon the terms of each lease. Initial direct costs are capitalized and amortized over the term of the related lease for finance leases. For operating leases, the initial direct costs are included as a component of the cost of the equipment and depreciated.

For finance leases, the LLC records, at lease inception, the total minimum lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment at lease termination, the initial direct costs related to the lease and the related unearned income. Unearned income represents the difference between the sum of the minimum lease payments receivable plus the estimated unguaranteed residual value minus the cost of the leased equipment. Unearned income is recognized as finance income over the term of the lease using the effective interest rate method.

Revenues from operating leases are recognized on a straight line basis over the lives of the related leases. Billed and uncollected operating lease receivables are included in rents receivable. Deferred rental income is the difference between the timing of the cash payments and the income recognized on a straight line basis.

The LLC sells new equipment to its existing lessees and recognizes revenue on sales when it is realized or realizable and earned. The LLC considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates primarily include the determination of allowance for doubtful accounts, the value of unguaranteed residual values, depreciation and amortization and impairment losses. Actual results could differ from those estimates.

(4) Acquisition of Leasing Portfolio

On March 7, 2006, the LLC acquired substantially the entire equipment leasing portfolio (the "Leasing Portfolio") of Clearlink Capital Corporation ("Clearlink"), a financial services provider based in Mississauga, Ontario, Canada. At the time of the acquisition, the Leasing Portfolio consisted of approximately 1,100 equipment schedules originated by Clearlink with predominantly large, investment grade quality lessees and was comprised mainly of information technology and technology-related equipment, including personal computers and client/server equipment that perform business-related functions such as database inquiries. This equipment is leased in both the United States of America (approximately 20 separate lessees) and Canada (approximately 90 separate lessees). The Leasing Portfolio had a weighted average remaining lease term of approximately 18 months at the time of acquisition.

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Notes To Condensed Consolidated Financial Statements
September 30, 2006
(Unaudited)

(4) Acquisition of Leasing Portfolio - continued

The Leasing Portfolio, which was acquired effective as of March 1, 2006, was acquired by the LLC from the Manager and ICON Canada, Inc. for approximately \$144,591,000 (CAD \$166,000,000), which included a cash payment of approximately \$49,361,000 and the assumption of non-recourse debt and other assets and liabilities related to the Leasing Portfolio of approximately \$95,230,000. The Manager was paid an acquisition fee of approximately \$4,400,000 in connection with this transaction.

The LLC assumed non-recourse debt as part of the Leasing Portfolio acquisition. The non-recourse debt accrues interest at rates ranging from 4.05% per year to 8.05% per year and matures at various dates through January 2012. A significant portion of the Leasing Portfolio is financed with non-recourse debt. The rental payments received from the lessees generally match the repayment terms of the related non-recourse debt and the leased equipment is generally pledged as collateral for the non-recourse debt.

At September 30, 2006, the LLC recorded an impairment loss of approximately \$446,000 on its operating leases due to third party sales during October 2006 which indicate that the fair market value of this equipment is less than its book value.

During the three months ended September 30, 2006, the LLC purchased approximately \$17,200,000 of new equipment.

(5) Investments in Finance Leases

As part of the Leasing Portfolio, the LLC acquired approximately \$26,141,000 of equipment held for sale or lease. Of this amount, approximately \$19,674,000 related to one finance lease which commenced effective April 1, 2006. The LLC is receiving annual rental payments on this lease of approximately CAD \$2,500,000 (USD \$2,200,000 at September 30, 2006) through August 31, 2015. Additionally, the LLC assumed liabilities related to this lease of approximately CAD \$14,500,000 (USD \$13,000,000 at September 30, 2006), which is classified as leasing payables in the accompanying condensed consolidated balance sheet. These liabilities will be paid by the LLC in equal monthly installments of approximately CAD \$129,167 (USD \$116,000 at September 30, 2006) through August 2015.

Non-cancelable annual minimum rents receivable due from the finance leases in the Leasing Portfolio are as follows at September 30, 2006:

<u>Year Ending</u> <u>September 30,</u>	
2007	\$ 25,066,766
2008	\$ 19,130,616
2009	\$ 11,261,968
2010	\$ 5,503,164
2011	\$ 3,038,502

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Notes To Condensed Consolidated Financial Statements
September 30, 2006
(Unaudited)

(6) Investments in Operating Leases

On June 21, 2006, the LLC, through its wholly owned subsidiaries ICON European Container, LLC (“EC I”) and ICON European Container II, LLC (“EC II,” and together with EC I, the “ZIM Purchasers”), acquired four container vessels, the M/V ZIM America and the M/V ZIM Japan (owned by EC I) and the M/V ZIM Hong Kong and the M/V ZIM Israel (owned by EC II) (collectively, the “ZIM Vessels”), from Old Course Investments LLC (“Old Course”). The ZIM Vessels are subject to bareboat charters with ZIM Integrated Shipping Services Ltd. (“ZIM”). The bareboat charters expire in November 2010 and January 2011, respectively.

The purchase price was approximately \$145,773,000, comprised of (i) a cash payment of approximately \$35,876,000, (ii) the assumption of approximately \$93,325,000 of non-recourse indebtedness under a secured loan agreement with HSH Nordbank AG (the “HSH Loan Agreement”) and (iii) the assumption of approximately \$12,000,000 of non-recourse indebtedness, secured by a second priority mortgage over the ZIM Vessels in favor of ZIM. The obligations under the HSH Loan Agreement are secured by a first priority mortgage over the ZIM Vessels (See Note 8 for more information about the debt obligations). The LLC incurred professional fees of approximately \$336,000 and paid or accrued to the Manager an acquisition fee of approximately \$4,236,000 relating to this transaction. These fees were capitalized as part of the acquisition cost of the ZIM Vessels.

The ZIM Vessels are owned by two Norwegian limited partnerships, European Container KS and European Container KS II (collectively, the “KS Companies”). The acquisition of the ZIM Vessels was consummated by the LLC acquiring all of Old Course’s right, title and interest in and to all of the issued and outstanding shares (the “AS Shares”) of two Norwegian limited liability companies, European Container AS and European Container AS II (collectively, the “AS Companies”) and all of Old Course’s and the AS Companies’ right, title and interest in and to all of the issued and outstanding limited partnership interests (the “KS Shares,” and collectively with the AS Shares, the “Shares”) of the KS Companies. The acquisition of the ZIM Vessels has been treated as a purchase of assets, which is consistent with industry practices, as the historical operating data for the vessels is not reviewed nor is it material to the LLC’s decision to make such acquisition.

In connection with the acquisition of the ZIM Vessels, a controlling affiliate of Old Course issued a Guaranty for the benefit of the ZIM Purchasers, dated June 21, 2006, guaranteeing the obligations of Old Course under the purchase and sale agreement (the “PSA”) and Old Course and the ZIM Purchasers entered into an Escrow Agreement to secure the indemnification obligations of Old Course under the PSA. Pursuant to the terms and conditions of the Escrow Agreement, Old Course deposited into escrow the sum of \$2,000,000 in cash (the “Escrow Amount”), of which 50% will be released to Old Course if no claims are made prior to the six month anniversary of the closing of the acquisition; the balance will be released on the first anniversary of the closing of the acquisition if no claims are made within such time period.

On June 16, 2006, the LLC, through its wholly owned subsidiaries ICON Doubtless, LLC, ICON Faithful, LLC, ICON Spotless, LLC, and ICON Vanguard, LLC (collectively, the “Companies”), acquired four product carrying vessels named: the M/T Doubtless, the M/T Faithful, the M/T Spotless, and the M/T Vanguard (collectively, the “Tankers”) from subsidiaries of Oceanbulk Maritime, S.A. The Companies acquired the Tankers directly, except for ICON Vanguard, LLC, which acquired the M/T Vanguard through its wholly owned Cypriot subsidiary Isomar Marine Company Limited (“Isomar” and, together with the Companies, the “Tanker Purchasers”).

ICON Leasing Fund Eleven, LLC
(A Delaware Limited Liability Company)
Notes To Condensed Consolidated Financial Statements
September 30, 2006
(Unaudited)

(6) Investments in Operating Leases - continued

The Tankers are subject to bareboat charters with subsidiaries of TOP Tankers, Inc. (“Top Tankers”). The bareboat charters expire in February 2011. The purchase price for the Tankers was approximately \$116,319,000, comprised of (i) approximately \$22,650,000 in cash, (ii) the assumption of approximately \$80,000,000 of senior non-recourse debt obligations and (iii) the assumption of approximately \$10,000,000 of junior non-recourse debt obligations (See Note 8 for more information about the debt obligations). The LLC incurred professional fees of approximately \$290,000 and paid or accrued to the Manager an acquisition fee of approximately \$3,379,000 relating to these transactions. These fees were capitalized as part of the acquisition cost of the Tankers.

Aggregate minimum future rentals receivable from each of the LLC’s non-cancelable leases consist of the following at September 30, 2006:

<u>Year Ending</u> <u>September 30,</u>		
2007	\$	74,056,438
2008	\$	55,494,795
2009	\$	42,960,541
2010	\$	37,913,478
2011	\$	11,870,511

(7) Joint Ventures

The joint venture described below is majority owned and consolidated by the LLC.

ICON Global Crossing, LLC

On November 17, 2005, the LLC, along with ICON Income Fund Eight A L.P. and ICON Income Fund Ten, LLC (“Fund Ten”), both affiliates of the Manager, formed ICON Global Crossing, LLC (“ICON Global Crossing”), with original ownership interests of approximately 44%, 12% and 44%, respectively. ICON Global Crossing purchased state-of-the-art telecommunications equipment on lease to Global Crossing Telecommunications, Inc. (“Global Crossing”). On March 31, 2006, the LLC made an additional capital contribution to ICON Global Crossing of \$7,733,176, which changed the ownership interests to approximately 61.4%, 8.0 % and 30.6%, respectively. Accordingly, the LLC consolidated the balance sheet of ICON Global Crossing at March 31, 2006 and consolidated its results of operations beginning April 1, 2006.

During February and March 2006, ICON Global Crossing purchased approximately \$22,113,000 of equipment (including initial direct costs in the form of legal fees of approximately \$157,000) on lease to Global Crossing and during April 2006 purchased approximately \$3,165,000 of additional equipment on lease with Global Crossing. The base lease term of the lease is for 48 months, and began on April 1, 2006. The LLC paid an acquisition fee to the Manager of approximately \$232,000 relating to the additional capital contribution made during March 2006.

The equipment on lease to Global Crossing is classified as an investment in operating leases in the accompanying condensed consolidated balance sheet.

The two joint ventures described below are not consolidated by the LLC and are accounted for under the equity method.

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(7) Joint Ventures - continued

ICON AEROTV, LLC

On December 22, 2005, the LLC and Fund Ten formed ICON AEROTV, LLC (“AEROTV LLC”) and each contributed approximately \$2,776,000 for a 50% ownership interest. During February 2006, AEROTV LLC purchased approximately \$794,000 of equipment on lease to AeroTV Ltd. with a lease term that expires on December 31, 2007. During March 2006, AEROTV LLC purchased approximately \$192,000 of additional equipment on lease to AeroTV Ltd. with a lease term that expires on June 30, 2008.

On August 3, 2006, AEROTV LLC agreed to purchase approximately \$844,000 of additional equipment on lease to AeroTV Ltd. with a lease term that expires on June 30, 2008. On August 17, 2006, AEROTV LLC paid approximately \$371,000 of the agreed upon purchase price of \$844,000 and agreed to pay the remaining \$473,000 conditioned upon AeroTV Ltd. installing the leased equipment. As of September 30, 2006, the equipment installation has not been completed. AeroTV Ltd., which is based in the United Kingdom, is a provider of on-board digital audio/visual systems for airlines, rail and coach operators. The LLC paid \$83,630 in acquisition fees to the Manager, which were capitalized to other assets and are being amortized to operations over the corresponding lease terms.

ICON EAM, LLC

On November 9, 2005, the LLC and Fund Ten formed ICON EAM, LLC (“EAM LLC”) and each contributed approximately \$5,620,000 in cash for a 50% ownership interest. EAM LLC will purchase industrial gas meters and accompanying data gathering equipment that will be subject to a lease with EAM Assets Ltd. (“Assets Ltd.”) which expires in 2013. Assets Ltd. is a meter asset manager whose business is maintaining industrial gas meters in the United Kingdom. At September 30, 2006, the cash contributions were held in an escrow account pending the equipment purchase.

On March 9, 2006, in accordance with the lease agreement with Assets Ltd., the shareholders of Energy Asset Management plc, the parent company of Assets Ltd., approved the issuance of warrants to EAM LLC to acquire 7,403,051 shares of Energy Asset Management plc’s stock. On March 9, 2006, the Manager had estimated the value of the warrants to be zero in part since Energy Asset Management plc was privately held with no current market for its shares. Energy Asset Management plc subsequently completed a reverse-merger with a United Kingdom public company. The warrants are exercisable for five years after issuance and have a strike price of £1.50. EAM LLC has classified these warrants as available for sale securities and any unrealized gains and losses during the period are reflected in other comprehensive income, which is a component of members’ equity of EAM LLC. Realized gains and losses during the year are reflected in the statement of operations. At September 30, 2006, the Manager has determined, based upon the Black-Scholes option pricing model, that the fair value of these warrants is approximately \$1,088,000. The assumptions used for the Black-Scholes option pricing model were as follows: strike price £1.50, share price £1.00, estimated holding period of two years from March 9, 2006, a volatility of 37.5%, and a risk free interest rate of 5.0%.

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(8) Notes Payable – Non-Recourse

ZIM Vessels

In connection with the acquisition of the ZIM Vessels (See Note 6 for more information about the acquisition), the LLC assumed approximately \$93,325,000 of a senior non-recourse debt obligation under the HSH Loan Agreement. Pursuant to the terms of the HSH Loan Agreement, there are two separate portions to the senior non-recourse debt obligation, (i) approximately \$43,600,000 was for the acquisition of the M/V ZIM Japan and M/V ZIM America and (ii) approximately \$49,725,000 was for the acquisition of the M/V ZIM Hong Kong and M/V ZIM Israel. HSH Nordbank AG has a first priority security interest in the ZIM Vessels. The KS Companies are jointly and severally liable for the obligations under the HSH Loan Agreement.

The portion of the senior non-recourse debt obligation relating to the acquisition of the M/V ZIM Japan and M/V ZIM America matures on November 18, 2010 and accrues interest at the London Interbank Offered Rate (“LIBOR”) plus 1.25% per year. This portion of the senior non-recourse debt obligation requires quarterly principal payments of \$1,900,000 through November 2006, \$1,800,000 through November 2007 and \$1,600,000 through August 2010. On November 12, 2010, a balloon payment of approximately \$12,500,000 is due and payable. The LLC may, at its discretion, make periodic prepayments of the outstanding principal balance without penalty. On August 18, 2006, the LLC paid \$900,000, which was applied against the outstanding principal balance and reduced the balloon payment due on the maturity date.

The portion of the senior non-recourse debt obligation relating to the acquisition of the M/V ZIM Hong Kong and M/V ZIM Israel matures on January 27, 2011 and accrues interest at LIBOR plus 1.25% per year. This portion of the senior non-recourse debt obligation requires quarterly principal payments of \$1,950,000 through February 2007, \$1,900,000 through February 2008 and \$1,775,000 through November 2010. On January 27, 2011, a balloon payment of approximately \$14,900,000 is due and payable. The LLC may, at its discretion, make periodic prepayments of the outstanding principal balance without penalty. On August 3, 2006, the LLC paid \$75,000, which was applied against the outstanding principal balance and reduced the balloon payment due on the maturity date.

As part of the acquisition of the ZIM Vessels, the LLC assumed three interest rate swap contracts. These interest rate swap contracts were established in order to fix the variable interest rates on the senior non-recourse debt obligation and minimize the risk for interest rate fluctuations. Two of the interest rate swap contracts hedge the variable interest rate on the \$43,600,000 portion of the senior non-recourse debt obligation relating to the acquisition of the M/V ZIM Japan and M/V ZIM America. These two interest rate swap contracts have notional amounts of \$11,250,000 and \$36,150,000, respectively, and have fixed interest rates of 5.41% and 5.97% per year, respectively. The third interest rate swap contract hedges the variable interest rate on the \$49,725,000 portion of the senior non-recourse debt obligation relating to the acquisition of the M/V ZIM Hong Kong and M/V ZIM Israel. This interest rate swap contract has a notional amount of \$49,725,000 and has a fixed interest rate of 5.99% per year. The LLC accounts for its swap contracts as fair value hedges in accordance with SFAS 133, as amended, and recorded the fair value of the swap contracts at June 21, 2006 and recognizes the periodic change in the fair value of the interest rate swap contracts through the statement of operations. Due to the non-recourse debt prepayments in August 2006, a portion of the swap contracts was determined to be ineffective, the amount of which was not material to our condensed consolidated financial statements at September 30, 2006.

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(8) Notes Payable – Non-Recourse - continued

In connection with the acquisition of the ZIM Vessels, the LLC also assumed \$12,000,000 of junior non-recourse debt obligations with ZIM consisting of (i) approximately \$5,800,000 relating to the acquisition of the M/V ZIM Japan and M/V ZIM America and (ii) approximately \$6,200,000 relating to the acquisition of the M/V ZIM Hong Kong and M/V ZIM Israel. The \$5,800,000 junior non-recourse debt obligation matures on May 12, 2010, accrues interest at 2.75% per year, requires semi-annual principal payments of approximately \$400,000 and requires a balloon payment of approximately \$2,600,000 on May 12, 2010. The \$6,200,000 junior non-recourse debt obligation matures on July 27, 2010, accrues interest at 2.75% per year, requires semi-annual principal payments of approximately \$400,000 and requires a balloon payment of approximately \$2,600,000 on July 27, 2010. ZIM has a second priority security interest in the ZIM Vessels as security for the junior non-recourse debt obligations. At September 30, 2006, the outstanding balance of the senior and junior non-recourse debt obligations for the ZIM Vessels was \$100,100,000.

Tankers

In connection with the acquisition of the Tankers (See Note 6 for more information about the acquisition), the Tanker Purchasers entered into a non-recourse senior secured loan agreement (the "Fortis Loan Agreement") with Fortis Bank NV/SA for approximately \$80,000,000. Pursuant to the terms of the Fortis Loan Agreement, there were four separate advances: (i) approximately \$19,364,000 for the acquisition of the M/T Doubtless, (ii) approximately \$19,364,000 for the acquisition of the M/T Spotless, (iii) approximately \$20,363,000 for the acquisition of the M/T Faithful, and (iv) approximately \$20,909,000 for the acquisition of the M/T Vanguard. The advances all have a maturity date of June 22, 2011 and accrue interest at LIBOR plus 1.125% per year.

The advances for the acquisitions of the M/T Doubtless and the M/T Spotless each require quarterly principal payments of approximately \$847,000 through June 19, 2007, approximately \$908,000 through June 19, 2008, approximately \$968,000 through June 19, 2009, \$1,029,000 through June 19, 2010 and \$1,089,000 through June 22, 2011. The advance for the acquisition of the M/T Faithful requires quarterly payments of approximately \$891,000 through June 19, 2007, approximately \$954,000 through June 19, 2008, approximately \$1,018,000 through June 22, 2009, approximately \$1,082,000 through June 22, 2010 and approximately \$1,145,000 through June 22, 2011. The advance for the acquisition of the M/T Vanguard requires quarterly payments of approximately \$915,000 through June 19, 2007, approximately \$980,000 through June 19, 2008, approximately \$1,045,000 through June 19, 2009, approximately \$1,111,000 through June 22, 2010 and approximately \$1,176,000 through June 22, 2011.

As part of the acquisition of the Tankers, the Tanker Purchasers entered into four interest rate swap contracts in order to fix the variable interest rate on the senior non-recourse debt obligations with Fortis to minimize the LLC's risk for interest rate fluctuations. These interest rate swaps were effective beginning September 18, 2006, have an aggregate notional amount of approximately \$76,500,000 and will fix the interest rate at 5.59% per year. The LLC accounts for its swap contracts as cash flow hedges in accordance with SFAS 133, as amended, and records the swap contracts at their estimated fair value and recognizes the periodic change in their fair value as other comprehensive income.

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(8) Notes Payable – Non-Recourse – continued

In connection with the acquisition of the Tankers, the Tanker Purchasers assumed junior non-recourse debt obligations of approximately \$10,000,000 with Top Tankers, consisting of (i) approximately \$2,420,000 relating to the acquisition of the M/T Doubtless, (ii) approximately \$2,420,000 relating to the acquisition of the M/T Spotless, (iii) approximately \$2,550,000 relating to the acquisition of the M/T Faithful and (iv) approximately \$2,610,000 relating to the acquisition of the M/T Vanguard. The junior non-recourse debt obligations all mature on March 14, 2011 and do not accrue interest. The LLC has reduced the junior non-recourse debt to its present value at June 16, 2006, which was approximately \$8,778,000, and will impute interest at 2.75% per year, which is the rate of interest on similar junior debt obligations that the LLC holds. Top Tankers has a second priority security interest in the Tankers as security for the junior non-recourse debt obligations. At September 30, 2006, the outstanding balance of the senior and junior non-recourse debt obligations for the Tankers was \$85,357,545.

Leasing Portfolio

As discussed in Note 4, in connection with the acquisition of the Leasing Portfolio, the LLC incurred non-recourse debt obligations which accrue interest at rates ranging from 4.05% to 8.05% per year and mature at various dates through January 2012.

The aggregate maturities of notes payable – non-recourse consist of the following at September 30, 2006:

<u>Year Ending</u> <u>September 30,</u>	
2007	\$ 74,957,788
2008	\$ 57,911,204
2009	\$ 41,710,085
2010	\$ 38,376,272
2011	\$ 57,777,381

(9) Revolving Loan Facility

On August 31, 2005, the LLC, together with certain of its affiliates (entities sponsored and organized by the Manager), ICON Income Fund Eight B L.P., ICON Income Fund Nine, LLC, and Fund Ten (collectively, the "Borrowers") entered into a Commercial Loan Agreement (the "Agreement"), with California Bank & Trust (the "Lender"). The Agreement provides for a revolving line of credit of up to \$17,000,000 pursuant to a senior secured revolving loan facility (the "Facility") which is secured by certain collateral of the Borrowers, as defined in the Agreement. Each of the Borrowers is jointly and severally liable for all amounts borrowed under the Facility.

In accordance with the terms and conditions of the Agreement, the Borrowers are required to comply with certain financial covenants, including a minimum debt coverage ratio, a tangible net worth covenant, a leverage ratio and a minimum liquidity covenant. The Borrowers are in compliance with these covenants at September 30, 2006. The Agreement prohibits the Borrowers from declaring or paying any distributions to investors if such a payment would cause the Borrowers to become non-compliant with the financial covenants in the Agreement.

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(9) Revolving Loan Facility - continued

In addition, on August 31, 2005, the Borrowers entered into a Contribution Agreement (the "Contribution Agreement"), pursuant to which the Borrowers have agreed to certain restrictions on the amounts and terms of their respective borrowings under the Facility in order to minimize the risk that a Borrower would be unable to repay its portion of the outstanding obligations under the Facility at any time. These restrictions include, but are not limited to, borrowing in excess of the lesser of (a) an amount each Borrower could reasonably expect to repay in one year from its projected cash flow, or (b) the greater of (i) the borrowing base, as defined in the Agreement, as applied to such Borrower and (ii) 50% of the net worth of such Borrower.

The Contribution Agreement also provides that, in the event a Borrower pays an amount under the Contribution Agreement in excess of its share of the total obligations under the Facility, whether by reason of an event of default or otherwise, the other Borrowers will immediately make a contribution payment to such Borrower and in such amount that the aggregate amount paid by each Borrower reflects its allocable share of the aggregate obligations under the Facility. The Borrowers' obligations to each other under the Contribution Agreement are collateralized by a subordinate lien on the assets of each Borrower.

Under the terms of the Agreement, the Borrowers are required to maintain a cash reserve with the Lender representing 20% of all outstanding advances plus all pending advances. The LLC has established an interest bearing cash account with the Lender totaling \$468,000 at September 30, 2006, which satisfies the Lender's cash reserve requirement for all of the Borrowers.

At September 30, 2006, aggregate borrowings by all Borrowers under the Facility amounted to \$2,340,000, of which the LLC currently has no amount outstanding.

(10) Comprehensive Loss

Comprehensive loss consists of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,		For the Period from May 6, 2005 (Commencement of Operations) to September 30,
	2006	2005	2006	2005	
Net loss	\$ (3,935,332)	\$ (247,696)	\$ (3,097,857)	\$ (367,764)	
Other comprehensive loss:					
Change in valuation of interest rate swap contracts	(1,070,856)	-	(1,098,720)	-	
Change in valuation of warrants held by joint venture	(96,234)	-	543,803	-	
Foreign currency translation adjustments	408,004	-	1,716,008	-	
Comprehensive loss	<u>\$ (4,694,418)</u>	<u>\$ (247,696)</u>	<u>\$ (1,936,766)</u>	<u>\$ (367,764)</u>	

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(11) Transactions with Related Parties

The LLC has entered into certain agreements with its Manager and ICON Securities, whereby the LLC pays certain fees and reimbursements to these parties. The Manager is entitled to receive 3.5% on capital raised up to \$50,000,000, 2.5% of capital raised between \$50,000,001 to \$100,000,000 and 1.5% of capital raised over \$100,000,000. ICON Securities is entitled to receive a 2% underwriting fee from the gross proceeds from sales of shares to the Additional Members.

In accordance with the terms of these agreements, the LLC pays or paid the Manager (i) management fees ranging from 1% to 7% based on a percentage of the rentals recognized either directly by the LLC or through its joint ventures, and (ii) acquisition fees, through the end of the operating period, of 3% of the gross value of the LLC's acquisition transactions. In addition, the Manager is reimbursed for administrative expenses incurred in connection with the LLC's operations. The Manager has assigned its rights and obligations to provide the LLC with administrative services and collect reimbursement for those services relating to the Leasing Portfolio to the Manager's Canadian affiliate, ICON Funding ULC, pursuant to a management agreement between the Manager and ICON Funding ULC.

The Manager performs certain services relating to the management of the LLC's equipment leasing activities. Such services include the collection of lease payments from the lessees of the equipment, re-leasing services in connection with equipment which is off-lease, inspections of the equipment, liaison with and general supervision of lessees to assure that the equipment is being properly operated and maintained, monitoring performance by the lessees of their obligations under the leases and the payment of operating expenses.

Administrative expense reimbursements are costs incurred by the Manager or its affiliates and are necessary to the LLC's operations. These costs include the Manager's and its affiliates legal, accounting, investor relations and operations personnel, as well as professional fees and other costs that are charged to the LLC based upon the percentage of time such personnel dedicate to the LLC. Excluded are salaries and related costs, travel expenses and other administrative costs incurred by individuals with a controlling interest in the Manager.

The Manager also has a 1% interest in the LLC's profits, losses and distributions. The LLC paid and accrued distributions to the Manager of \$110,198 for the nine months ended September 30, 2006. Additionally, the Manager's interest in the LLC's net loss for the three and nine months ended September 30, 2006 was \$39,353 and \$30,979, respectively. The Manager's interest in the LLC's net loss for the three months ended September 30, 2005 and the period from May 6, 2005 (Commencement of Operations) through September 30, 2005 was \$2,477 and \$3,678, respectively.

Fees and other expenses paid or accrued by the LLC to the Manager or its affiliates for the three and nine month periods ended September 30, 2006 and for the three months ended September 30, 2005 and for the period from May 6, 2005 (Commencement of Operations) through September 30, 2005, are as follows:

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(11) Transactions with Related Parties – continued

Entity	Capacity	Description	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2006	For the Period from May 6, 2005 (Commencement of Operations) to September 30, 2005
ICON Capital Corp.	Manager	Organization and offering expenses (1)	\$ 608,706	\$ 1,354,029	\$ 1,992,411	\$ 2,298,950
ICON Securities Corp.	Managing broker-dealer	Underwriting fees (1)	\$ 811,608	\$ 899,205	\$ 2,656,548	\$ 1,439,160
ICON Capital Corp.	Manager	Acquisition fees (2)	\$ 512,285	-	\$ 13,132,809	-
ICON Capital Corp.	Manager	Management fees (3)	\$ 1,520,291	-	\$ 2,605,705	-
ICON Capital Corp. and affiliate	Manager	Administrative fees (3)	\$ 1,811,745	\$ 407,772	\$ 4,335,610	\$ 529,976

(1) Amount charged directly to members' equity.

(2) Amount capitalized and amortized to operations.

(3) Amount charged directly to operations.

At September 30, 2006, the LLC had a net payable due to its Manager and affiliates of \$402,047. The significant components are as follows: the Manager was due \$384,562, which is comprised of \$258,826 of accrued administrative expense reimbursements, \$66,713 of acquisition fees, \$32,360 of distributions, \$13,549 of management fees and \$13,114 of organization and offering expenses. ICON Securities was due \$17,485 for underwriting fees.

From October 1, 2006 to November 1, 2006, the LLC has raised an additional \$19,810,904 of capital contributions. During this time period, the LLC has paid or accrued organization and offering expenses to the Manager of \$297,164 and underwriting fees to ICON Securities of \$396,218.

(12) Lease Program

The LLC has a program (the "Program"), in which lessees may participate, that streamlines the process of ordering, accepting and leasing equipment under the lessee's master lease agreement (the "Master Lease Agreement") for information technology equipment. The Program allows lessees to periodically and systematically order equipment either directly from the manufacturer or from the LLC, which acts as a reseller and procures equipment for the lessee, to meet their current equipment requirements without having to negotiate a new lease agreement with the LLC. In order to participate in the Program, lessees must meet certain credit requirements, as defined in the form agreement governing the terms of the Program (the "Program Agreement"), and may not be in default under the Program Agreement or the Master Lease Agreement.

In advance of each calendar quarter, the LLC notifies the Program participants of the estimated cost of new equipment purchases available for that participant during the coming quarter as well as the monthly rental payment that will be applied to each piece of equipment purchased. At September 30, 2006, the LLC had approved approximately \$26,435,000 for equipment purchases during the next quarter with lease terms commencing on or before January 1, 2007, of which approximately \$13,364,000 was for U.S. lessees, approximately \$9,326,000 was for Canadian lessees and approximately \$3,745,000 was for United Kingdom lessees.

(13) Geographic Information

Geographic information for revenue, based on the country of origin, and long-lived assets, which include finance leases and operating leases, net of accumulated depreciation, are as follows at September 30, 2006:

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(13) Geographic Information - continued

	<u>United States</u>	<u>Canada</u>	<u>Europe</u>	<u>Other</u>	<u>Total</u>
Revenue:					
Rental income	\$ 15,785,748	\$ 13,909,245	\$ 6,081,835	\$ 5,540,758	\$ 41,317,586
Finance income	1,075,073	1,463,628	-	-	2,538,701
Income from investments in joint ventures	<u>166,695</u>	<u>-</u>	<u>335,173</u>	<u>-</u>	<u>501,868</u>
	<u>\$ 17,027,516</u>	<u>\$ 15,372,873</u>	<u>\$ 6,417,008</u>	<u>\$ 5,540,758</u>	<u>\$ 44,358,155</u>
	<u>United States</u>	<u>Canada</u>	<u>Europe</u>	<u>Other</u>	<u>Total</u>
Long-lived assets:					
Investments in finance leases:					
Minimum rents receivable	\$ 24,567,598	\$ 47,941,828	\$ -	\$ -	\$ 72,509,426
Estimated unguaranteed residual values	957,090	3,030,586	-	-	3,987,676
Initial direct costs, net	624,353	1,926,869	-	-	2,551,222
Unearned income	<u>(2,755,621)</u>	<u>(6,884,044)</u>	<u>-</u>	<u>-</u>	<u>(9,639,665)</u>
	<u>\$ 23,393,420</u>	<u>\$ 46,015,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,408,659</u>
Investments in operating leases, net	<u>\$ 53,829,200</u>	<u>\$ 37,066,108</u>	<u>\$ 138,117,881</u>	<u>\$ 111,210,369</u>	<u>\$ 340,223,558</u>
Investments in joint ventures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,942,273</u>	<u>\$ -</u>	<u>\$ 9,942,273</u>
Equipment held for sale or lease	<u>\$ 1,582,011</u>	<u>\$ 6,832,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,414,103</u>

(14) Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157 "Accounting for Fair Value Measurements" ("SFAS 157"). SFAS 157 establishes a separate framework for determining fair values of assets and liabilities that are required by other authoritative generally accepted accounting principle pronouncements to be measured at fair value. In addition, SFAS 157 incorporates and clarifies the guidance in FASB Concepts Statement No. 7 regarding the use of present value techniques in measuring fair value. SFAS 157 is effective for financial statements of fiscal years beginning after November 15, 2007. The Manager is currently evaluating the impact of this pronouncement but does not currently believe it will have a material impact on the financial statements.

The Manager does not believe that any other recently issued, but not yet effective accounting pronouncements, if currently adopted, would have a material effect on the accompanying condensed consolidated financial statements.

(15) Concentrations

For the nine months ended September 30, 2006, the LLC had two lessees that accounted for approximately 26% of rental income and approximately 61% of investments in operating leases.

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

The following is a discussion of our results of operations and current financial position. This discussion should be read together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this report, Part II, Item 1A. Risk Factors and the audited financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2005.

As used in this Quarterly Report on Form 10-Q, references to "we," "us," "our" or similar terms include ICON Leasing Fund Eleven, LLC and its consolidated subsidiaries.

Forward-Looking Statements

Certain statements within this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). These statements are being made pursuant to the PSLRA, with the intention of obtaining the benefits of the "safe harbor" provisions of the PSLRA, and, other than as required by law, we assume no obligation to update or supplement such statements. Forward-looking statements are those that do not relate solely to historical fact. They include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. You can identify these statements by the use of words such as "may," "will," "could," "anticipate," "believe," "estimate," "expects," "intend," "predict" or "project" and variations of these words or comparable words or phrases of similar meaning. These forward-looking statements reflect our current beliefs and expectations with respect to future events and are based on assumptions and are subject to risks and uncertainties and other factors outside our control that may cause actual results to differ materially from those projected.

Overview

We are an equipment leasing business formed on December 2, 2004. We began active operations on May 6, 2005. We primarily engage in the business of purchasing equipment and leasing it to third-party end users, acquiring equipment subject to lease and, to a lesser extent, acquiring ownership rights to items of leased equipment at lease expiration. Some of our equipment leases will be acquired for cash and are expected to provide current cash flow, which we refer to as "income" leases. The majority of the purchase price of our other equipment leases will be financed, so these leases will generate little or no current cash flow because substantially all of the rental payments received from the lessees will be paid to lenders. For these "growth" leases, we anticipate that the future value of the leased equipment will exceed the cash portion of the purchase price paid for the equipment.

We expect to invest most of the net proceeds from our offering in items of equipment that will be subject to a lease. After the net offering proceeds have been invested, it is anticipated that additional investments will be made with the cash generated from our initial investments to the extent that cash is not needed for expenses, reserves and distributions to members. The investment in additional equipment in this manner is called "reinvestment." We anticipate purchasing equipment from time to time for the next six years. This time frame is called the "operating period," which may be extended, at the discretion of our Manager, up to an additional three years. After the operating period, we will then sell our assets in the ordinary course of business during a time frame called the "liquidation period."

At September 30, 2006, our current portfolio, which we hold either directly or through joint venture investments with affiliates and others, consists primarily of the following equipment subject to lease:

Containership Equipment:

- We have a 100% interest in four 45,720 - 47,094 DWT product carrying vessels, the M/T Doubtless, the M/T Faithful, the M/T Spotless, and the M/T Vanguard, which are subject to bareboat charters with subsidiaries of TOP Tankers, Inc. that expire in February 2011.
- We have a 100% interest in four 3,300 TEU container vessels, M/V ZIM America, M/V ZIM Hong Kong, M/V ZIM Israel, and M/V ZIM Japan, which are subject to bareboat charters with ZIM Integrated Shipping Services Ltd. that expire in November 2010 and January 2011.

Information Technology and Technology-Related Equipment:

- We own approximately 1,100 equipment leases with predominantly large, investment grade lessees that are comprised mainly of information technology and technology-related equipment, including personal computers and client/server equipment.

Telecommunications Equipment:

- We have a 61.4% ownership interest in ICON Global Crossing, LLC (“ICON Global Crossing”), an entity also managed by our Manager, which purchased from various vendors state-of-the-art telecommunications equipment which was then leased to Global Crossing Telecommunications, Inc. The lease expires on April 1, 2010.
- We currently have a 13.26% ownership interest in ICON Global Crossing II, LLC (“Global Crossing II”), an entity also managed by our Manager, which purchased from various vendors state-of-the-art telecommunications equipment which was then leased to Global Crossing Telecommunications, Inc. and Global Crossing North American Networks, Inc. The lease expires on October 31, 2010.

Industrial Gas Meters:

- We have a 50.0% ownership interest in ICON EAM LLC, an entity also managed by our Manager, which will purchase industrial gas meters and accompanying data gathering equipment that will then be subject to lease with EAM Assets Ltd., a meter asset manager that is responsible for maintaining industrial gas meters in the United Kingdom.

Digital Audio/Visual Entertainment Systems:

- We have a 50.0% ownership interest in ICON AEROTV LLC, an entity also managed by our Manager, which purchases digital audio/visual entertainment systems which will then be subject to a lease with AeroTV Ltd., a provider of on board digital audio/visual systems for airlines, rail and coach operators in the United Kingdom.

Lease and Other Significant Transactions

Telecommunications Equipment

On November 17, 2005, we, along with ICON Income Fund Eight A L.P. and ICON Income Fund Ten, LLC (“Fund Ten”), both affiliates of our Manager, formed ICON Global Crossing, with ownership interests of 44%, 12% and 44%, respectively, to purchase state-of-the-art telecommunications equipment from various vendors. On March 31, 2006, we made an additional capital contribution of \$7,733,176, which changed the ownership interests at March 31, 2006 to 61.4%, 8.0 % and 30.6%, respectively.

During February and March 2006, ICON Global Crossing purchased, in cash, approximately \$22,113,000 of equipment (including initial direct costs in the form of legal fees of approximately \$157,000) on lease to Global Crossing Telecommunications, Inc. (“Global Crossing”) and during April 2006 purchased approximately \$3,165,000 of additional equipment on lease with Global Crossing. The base lease term is for 48 months, and began on April 1, 2006.

On September 28, 2006, Fund Ten along with ICON Income Fund Nine, LLC (“Fund Nine”), both affiliates of our Manager, formed Global Crossing II, with original ownership interests of approximately 83% and 17%, respectively. The total capital contributions made to Global Crossing II were approximately \$12,044,000, of which the Fund Ten’s share was approximately \$10,044,000 and Fund Nine’s share was approximately \$2,000,000.

Simultaneously, Global Crossing II purchased state-of-the-art telecommunications equipment for \$12,043,793. This equipment is subject to a lease with Global Crossing Telecommunications, Inc. and Global Crossing North American Networks, Inc. (collectively, “Global Crossing”).

On October 31, 2006, we made a capital contribution of \$1,840,876 to Global Crossing II. The contribution changed the ownership interests for Fund Nine, Fund Ten and us at October 31, 2006 to 14.40%, 72.34% and 13.26%, respectively. The additional contribution was also used to purchase state-of-the-art telecommunications equipment subject to a lease with Global Crossing. The base lease term is for 48 months beginning on November 1, 2006.

New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 157 “Accounting for Fair Value Measurements” (“SFAS 157”). SFAS 157 establishes a separate framework for determining fair values of assets and liabilities that are required by other authoritative generally accepted accounting principle pronouncements to be measured at fair value. In addition, SFAS 157 incorporates and clarifies the guidance in FASB Concepts Statement No. 7 regarding the use of present value techniques in measuring fair value. SFAS 157 is effective for financial statements of fiscal years beginning after November 15, 2007. Our Manager is currently evaluating the impact of this pronouncement but does not currently believe it will have a material impact on the financial statements.

Our Manager does not believe that any other recently issued, but not yet effective accounting pronouncements, if currently adopted, would have a material effect on the accompanying condensed consolidated financial statements.

Results of Operations for the Three Months Ended September 30, 2006 (the “2006 Quarter”) and 2005 (the “2005 Quarter”)

We commenced operations on May 6, 2005 and are currently raising equity. From commencement of operations through September 30, 2006, we have raised total equity of \$239,926,196. In July 2006, we increased our original offering from up to \$200,000,000 to up to \$375,000,000. With the net proceeds from our offering, we anticipate acquiring both income leases and growth leases. As our leases expire, we may sell the equipment and reinvest the proceeds in additional equipment leases or re-lease the equipment. We anticipate incurring both gains and losses on the sales of equipment during our operating period. Additionally, we expect to see our rental income and finance income increase, as well as related expenses such as depreciation and amortization expense and interest expense. We anticipate that the fees we pay our Manager to operate and manage our business portfolio will increase during this period as our Manager will be spending a greater portion of its time managing our portfolio.

Revenue for the 2006 Quarter and the 2005 Quarter are summarized as follows:

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Total revenue	\$ 24,698,883	\$ 186,358	\$ 24,512,525
Rental income	\$ 23,013,318	\$ -	\$ 23,013,318
Finance income	\$ 1,150,699	\$ -	\$ 1,150,699
Income from investment in joint ventures	\$ 120,643	\$ -	\$ 120,643
Net gain on sales of new equipment	\$ 162,349	\$ -	\$ 162,349
Net (loss) gain on sales of leased equipment	\$ (132,908)	\$ -	\$ (132,908)
Interest and other income	\$ 384,782	\$ 186,358	\$ 198,424

Total revenue for the 2006 Quarter was approximately \$24,699,000 and was comprised of rental income of approximately \$23,013,000, finance income of approximately \$1,151,000, income from investments in joint ventures of approximately \$121,000, a net gain on sales of equipment of approximately \$29,000 and interest and other income of approximately \$385,000. Our revenue was derived from our acquisition of approximately 1,100 leases effective March 1, 2006, as well as our recent acquisitions of containerships. We purchased four product carrying vessels and four container vessels during June 2006. The 2006 Quarter includes a full three months of rental income from those acquisitions.

Expenses for the 2006 Quarter and the 2005 Quarter are summarized as follows:

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Total expenses	\$ 28,634,215	\$ 434,054	\$ 28,200,161
Depreciation and amortization	\$ 19,059,640	\$ 1,094	\$ 19,058,546
Impairment loss	\$ 446,301	\$ -	\$ 446,301
Interest	\$ 5,269,459	\$ -	\$ 5,269,459
Management fees - Manager	\$ 1,520,291	\$ -	\$ 1,520,291
Administrative expense reimbursements -			
Manager and affiliate	\$ 1,811,745	\$ 407,772	\$ 1,403,973
General and administrative	\$ 262,356	\$ 25,188	\$ 237,168
Minority interest	\$ 264,423	\$ -	\$ 264,423

Total expenses for the 2006 Quarter were approximately \$28,634,000 and were comprised of depreciation and amortization of approximately \$19,060,000, an impairment loss of approximately \$446,000, interest of approximately \$5,269,000, management fees – Manager of approximately \$1,520,000, administrative expense reimbursements - Manager of approximately \$1,812,000, general and administrative expenses of approximately \$262,000 and minority interest expense of \$264,000. We anticipate that as we continue to acquire assets subject to lease that our expenses, particularly depreciation and interest, will continue to increase.

Net Loss

As a result of the foregoing factors, the net loss for the 2006 Quarter was \$3,935,332. The net loss per weighted average number of Additional Member shares outstanding for the 2006 Quarter was \$17.79.

Results of Operations for the Nine Months Ended September 30, 2006 (the “2006 Period”) and for the Period from May 6, 2005 (Commencement of Operations) through September 30, 2005 (the “2005 Period”)

Revenue for the 2006 Period and the 2005 Period are summarized as follows:

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Total revenue	\$ 46,645,097	\$ 188,654	\$ 46,456,443
Rental income	\$ 41,317,586	\$ -	\$ 41,317,586
Finance income	\$ 2,538,701	\$ -	\$ 2,538,701
Income from investment in joint ventures	\$ 501,868	\$ -	\$ 501,868
Net gain on sales of new equipment	\$ 442,966	\$ -	\$ 442,966
Net (loss) gain on sales of leased equipment	\$ 288,614	\$ -	\$ 288,614
Interest and other income	\$ 1,555,362	\$ 188,654	\$ 1,366,708

Total revenue for the 2006 Period was approximately \$46,645,000 and was comprised of rental income of approximately \$41,318,000, finance income of approximately \$2,539,000, income from investments in joint ventures of approximately \$502,000, a net gain on sales of equipment of approximately \$732,000 and interest and other income of approximately \$1,555,000. Our revenue was derived from our acquisition of approximately 1,100 leases effective March 1, 2006, as well as our recent acquisitions of containerships.

Expenses for the 2006 Period and the 2005 Period are summarized as follows:

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Total expenses	\$ 49,742,954	\$ 556,418	\$ 49,186,536
Depreciation and amortization	\$ 34,177,215	\$ 1,094	\$ 34,176,121
Impairment loss	\$ 446,301	\$ -	\$ 446,301
Interest	\$ 7,051,141	\$ -	\$ 7,051,141
Bad debt expense	\$ 70,015	\$ -	\$ 70,015
Management fees - Manager	\$ 2,605,705	\$ -	\$ 2,605,705
Administrative expense reimbursements - Manager and affiliate	\$ 4,335,610	\$ 529,976	\$ 3,805,634
General and administrative	\$ 527,516	\$ 25,348	\$ 502,168
Minority interest	\$ 529,451	\$ -	\$ 529,451

Total expenses for the 2006 Period were approximately \$49,743,000 and were comprised of depreciation and amortization of approximately \$34,177,000, an impairment loss of approximately \$446,000, interest of approximately \$7,051,000, bad debt expense of approximately \$70,000, management fees – Manager of approximately \$2,606,000, administrative expense reimbursements - Manager of approximately \$4,336,000, general and administrative expenses of approximately \$528,000 and minority interest expense of approximately \$529,000. We anticipate that as we continue to acquire assets subject to lease that our expenses, particularly depreciation and interest, will continue to increase.

Net Loss

As a result of the foregoing factors, the net loss for the 2006 Period was \$3,097,857. The net loss per weighted average number of Additional Member shares outstanding for the 2006 Period was \$17.56.

Liquidity and Capital Resources

Sources and Uses of Cash

At September 30, 2006, we had cash and cash equivalents of \$70,295,665. Our main source of cash is from financing activities, primarily from the sale of Additional Member shares. Our main use of cash is for investing activities, particularly investments in leased assets.

We are currently in our offering period and during the 2006 Period we sold 132,827 Additional Member shares, representing approximately \$132,827,309 of capital contributions. We paid and accrued various selling expenses of approximately \$15,264,117, which provided us with net proceeds from the sale of our member shares of approximately \$117,563,192.

Beginning with the commencement of operations, we have been paying sales commissions to third parties, and various fees to the Manager and ICON Securities Corp. ("ICON Securities"), an affiliate of our Manager. These sales commissions and fees paid to the Manager and ICON Securities are recorded as a reduction of our equity.

During the 2006 Period, we paid and accrued sales commissions to unrelated third parties and paid and accrued various fees to our Manager and ICON Securities. During this time period, we paid and accrued sales commissions of \$10,615,158 to unrelated third parties, paid and accrued \$2,656,548 to ICON Securities, who receives or is entitled to receive, a 2% underwriting fee from the gross proceeds from sales of all shares to the Additional Members and we paid and accrued \$1,992,411 to our Manager, who is entitled to receive a fee for organization and offering expenses. Of these amounts, \$17,485 in underwriting fees and \$13,114 for organizational and offering fees have been accrued as of September 30, 2006.

During the period from September 30, 2006 to November 1, 2006, we have sold an additional 19,811 member shares, representing \$19,810,904 of capital contributions. From May 6, 2005 to November 1, 2006, we have admitted 6,369 Additional Members.

Our other significant sources of cash were from proceeds of non-recourse notes payable of approximately \$33,957,000, proceeds from sales of equipment of approximately \$11,287,000 and net cash from operating activities of approximately \$54,774,000.

Our main use of cash during the 2006 Period was for investing and financing activities. We paid approximately \$169,468,000 for equipment subject to lease. We also repaid approximately \$32,419,000 of non-recourse debt and paid distributions to members of approximately \$10,829,000.

Financings and Borrowings

Non-Recourse Notes Payable

We have non-recourse debt at September 30, 2006 of \$270,922,919. Some of our non-recourse debt consists of notes payable in which the lender has a security interest in the equipment and an assignment of the rental payments under the lease. In that case, the lender is being paid directly by the lessee. In other cases, we pay the lender.

Revolving Loan Facility

On August 31, 2005, we, together with certain of our affiliates, ICON Income Fund Eight B, L.P., Fund Nine and Fund Ten, (collectively, the "Borrowers") entered into a Commercial Loan Agreement (the "Agreement"), with California Bank & Trust (the "Lender"). The Agreement provides for a revolving line of credit of up to \$17,000,000 pursuant to a senior secured revolving loan facility (the "Facility") which is secured by certain collateral of the Borrowers, as defined in the Agreement. Each of the Borrowers is jointly and severally liable for all amounts borrowed under the Facility. Amounts available under the Facility are subject to a borrowing base that is determined, subject to certain limitations, based on the present value of the future receivables under certain lease agreements in which the Borrowers have a beneficial interest. The interest rate on any advances made under the Facility is the Lender's prime rate plus 0.25% per year (which was 8.5% at September 30, 2006). In accordance with the Agreement, the Borrowers may elect to have up to five separate advances under the Facility each made at the rate at which United States dollar deposits can be acquired by the Lender in the London Interbank Eurocurrency Market, plus 2.75% per year. The Facility expires on August 31, 2007, unless renewed by the Borrowers for an additional one year term, in the sole discretion of the Lender.

As part of the Agreement, the Borrowers are required to comply with certain financial covenants, including, a minimum debt coverage ratio, a tangible net worth covenant, a leverage ratio and a minimum liquidity covenant. The Borrowers are in compliance with these covenants at September 30, 2006. The Agreement prohibits the Borrowers from declaring or paying any distributions to investors if such a payment would cause the Borrowers to become non-compliant with the financial covenants in the Agreement.

In addition, on August 31, 2005, the Borrowers entered into a Contribution Agreement (the "Contribution Agreement"), pursuant to which the Borrowers have agreed to certain restrictions on the amounts and terms of their respective borrowings under the Facility in order to minimize the risk that a Borrower would be unable to repay its portion of the outstanding obligations under the Facility at any time. These restrictions include, but are not limited to, borrowing in excess of the lesser of (a) an amount each Borrower could reasonably expect to repay in one year from its projected cash flow, or (b) the greater of (i) the borrowing base, as defined in the Agreement, as applied to such Borrower and (ii) 50% of the net worth of such Borrower. The Contribution Agreement also provides that, in the event a Borrower pays an amount under the Contribution Agreement in excess of its share of the total obligations under the Facility, whether by reason of an event of default or otherwise, the other Borrowers will immediately make a contribution payment to such Borrower and in such amount that the aggregate amount paid by each Borrower reflects its allocable share of the aggregate obligations under the Facility. The Borrowers' obligations to each other under the Contribution Agreement are collateralized by a subordinate lien on the assets of each Borrower.

Under the terms of the Agreement, the Borrowers are required to maintain a cash reserve with the Lender representing 20% of all outstanding advances plus all pending advances. We have established an interest bearing cash account with the Lender totaling \$468,000 at September 30, 2006, which satisfies the Lender's cash reserve requirement for all the Borrowers.

At September 30, 2006, aggregate borrowings by all Borrowers under the Facility amounted to \$2,340,000, of which we currently have no amount outstanding.

Our Manager believes that with the cash we have currently available, cash being generated from our leases and proceeds from equipment sales, we have sufficient cash to continue our operations into the foreseeable future. However, our ability to generate cash in the future is subject to general economic, financial, competitive, regulatory and other factors that affect our lessees' businesses that are beyond our control.

Distributions

We began to pay monthly distributions to our members starting with the first month after the Additional Members' admission and will continue to pay such distributions until the termination of the operating period. We paid distributions to our Additional Members of \$10,751,360 for the 2006 Period. We paid distributions to our Manager of \$77,838 for the 2006 Period.

Commitments

We have a program (the "Program"), in which lessees may participate, that streamlines the process of ordering, accepting and leasing equipment under the lessee's master lease agreement (the "Master Lease Agreement") for information technology equipment. The Program allows lessees to periodically and systematically order equipment either directly from the manufacturer or from us, acting as a reseller and procuring equipment for the lessee, to meet their current equipment requirements without having to negotiate a new lease agreement with us. In order to participate in the Program, lessees must meet certain credit requirements, as defined in the form agreement governing the terms of the Program (the "Program Agreement"), and may not be in default under the Program Agreement or the Master Lease Agreement. In advance of each calendar quarter, we notify the Program participants of the estimated cost of new equipment purchases available for that participant during the coming quarter as well as the monthly rental payment that will be applied to each piece of equipment purchased. While the amount of equipment actually purchased rarely meets the pre-

approved amount, it is an indicator of the amount of business that we anticipate entering into with these lessees in the upcoming quarter. At September 30, 2006, the LLC had approved approximately \$26,435,000 for equipment purchases during the next quarter with lease terms commencing on or before January 1, 2007, of which approximately \$13,364,000 was for U.S. lessees, approximately \$9,326,000 was for Canadian lessees and approximately \$3,745,000 was for United Kingdom lessees.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We, like most other companies, are exposed to certain market risks, which include changes in interest rates and the demand for equipment (and the related residuals) owned by us. We believe that our exposure to other market risks, including foreign currency exchange rate risk, commodity risk and equity price risk, are insignificant, at this time, to both our financial position and our results of operations. There are no other material changes to the disclosure related to these items since the filing of our Annual Report on Form 10-K for the year ended December 31, 2005.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

In connection with the preparation of this Quarterly Report on Form 10-Q for the period ended September 30, 2006, as well as the financial statements and Quarterly Reports on Form 10-Q for the period ended September 30, 2006 for our affiliates, our Manager carried out an evaluation, under the supervision and with the participation of the management of our Manager, including its Chief Executive Officer and the Principal Financial and Accounting Officer, of the effectiveness of the design and operation of our Manager's disclosure controls and procedures as of the end of the period covered by this report pursuant to the Securities Exchange Act of 1934. Based on the foregoing evaluation, except as noted below, the Chief Executive Officer and the Principal Financial and Accounting Officer concluded that our Manager's disclosure controls and procedures were effective.

While evaluating our Manager's disclosure controls and procedures, our Manager recognized that greater internal controls were needed to aid in a more efficient closing of our financial statements, thereby requiring our Manager to hire additional skilled accounting staff to support the senior vice president of accounting hired by our Manager at the end of the third quarter of 2004. In addition, our Manager hired two additional accounting staff members during 2005 who are certified public accountants and are experienced with public reporting entities. Subsequently in 2006, our Manager hired an additional accounting staff member who is a certified public accountant and is experienced with public reporting entities. Our Manager will continue to evaluate its disclosure controls and procedures to determine their effectiveness and adequacy and will take the steps necessary, in our Manager's opinion, to ensure the adequacy of our Manager's disclosure controls and procedures.

In designing and evaluating our Manager's disclosure controls and procedures, our Manager recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our Manager's disclosure controls and procedures have been designed to meet reasonable assurance standards. Disclosure controls and procedures cannot detect or prevent all error and fraud. Some inherent limitations in disclosure controls and procedures include costs of implementation, faulty decision-making, simple error and mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all anticipated and unanticipated future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with established policies or procedures.

Our Manager's Chief Executive Officer and Principal Financial and Accounting Officer have determined that no weakness in disclosure controls and procedures had any material effect on the accuracy and completeness of our financial reporting and disclosure included in this report.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Other than with respect to the risk factor below, there have been no material changes from the risk factors disclosed in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2005. The risk factor presented below should be read together with the risk factors and information disclosed in our Annual Report on Form 10-K.

Because we will borrow to purchase equipment, losses as a result of lessee defaults may be greater than if debt were not incurred. Restrictions imposed by the terms of our indebtedness may limit our financial flexibility.

Although we expect to acquire some of our investments for cash, we are likely to borrow a substantial portion of the purchase price of our equipment investments and there is no limit to the amount of debt that may be incurred when purchasing equipment. While we believe the use of leverage will result in us being able to make more acquisitions and that each acquisition will have fewer dollars at risk than if leverage were not utilized, there can be no assurance that the benefits of greater size and diversification of the portfolio will offset the heightened risk of loss in an individual lease transaction using leverage. With respect to our non-recourse borrowings, a lessee default could force us to make debt service payments so as to protect our investment in equipment and prevent us from being subject to repossession.

We together with certain of our affiliates (entities sponsored and organized by our Manager), ICON Income Fund Eight B L.P., ICON Income Fund Nine, LLC and ICON Income Fund Ten, LLC, are party to an Agreement with California Bank & Trust. The terms of our Agreement could restrict us from paying distributions to investors if such payments would cause us not to be in compliance with our financial covenants. See “Item 2. Manager’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources.”

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

See “Item 2. Manager’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources” for a description of the use of proceeds from our offering.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the 2006 Quarter.

Item 5. Other Information

On August 22, 2006, we adopted Amendment No. 1 to our Amended and Restated LLC Agreement.

Item 6. Exhibits

- 4.1 ICON Leasing Fund Eleven, LLC Amended and Restated Limited Liability Company Agreement.*
- 4.3 Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement. ♦
- 31.1 Section 302 Certification of Chairman and Chief Executive Officer.
- 31.2 Section 302 Certification of Chief Operating Officer, Chief Financial Officer and Principal Financial and Accounting Officer.
- 32.1 Certification of Chairman and Chief Executive Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Operating Officer, Chief Financial Officer and Principal Financial and Accounting Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
 - * Incorporated by reference as Exhibit 4.1 to the Registration Statement on Form S-1 (File No. 333-133730) filed May 2, 2006.
 - ♦ Incorporated by reference as Exhibit 4.3 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the LLC has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ICON Leasing Fund Eleven, LLC File No. 000-51916 (Registrant) by its Manager, ICON Capital Corp.

Date: November 17, 2006

/s/ Beaufort J.B. Clarke

Beaufort J.B. Clarke

Chairman, Chief Executive Officer and Director

(Principal Executive Officer)

Date: November 17, 2006

/s/ Thomas W. Martin

Thomas W. Martin

Chief Operating Officer and Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. §1350)

I, Beaufort J.B. Clarke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ICON Leasing Fund Eleven, LLC;
2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we 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. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the board of directors of the Corporate Manager (or persons performing the equivalent function):
 - 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.

Dated: November 17, 2006

/s/ Beaufort J.B. Clarke

Beaufort J. B. Clarke
Chairman and Chief Executive Officer
ICON Capital Corp.
Manager of ICON Leasing Fund Eleven, LLC

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. §1350)

I, Thomas W. Martin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ICON Leasing Fund Eleven, LLC;
2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we 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. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the board of directors of the Corporate Manager (or persons performing the equivalent function):
 - 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.

Dated: November 17, 2006

/s/ Thomas W. Martin

Thomas W. Martin
Chief Operating Officer and Chief Financial Officer
(Principal Financial and Accounting Officer)
ICON Capital Corp.
Manager of ICON Leasing Fund Eleven, LLC

Exhibit 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. §1350)

I, Beaufort J.B. Clarke, Chairman and Chief Executive Officer of ICON Capital Corp., the Manager of the Registrant, in connection with the Quarterly Report of ICON Leasing Fund Eleven, LLC (the "LLC") on Form 10-Q for the period ended September 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report") certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §78m); and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the LLC.

Dated: November 17, 2006

/s/ Beaufort J.B. Clarke

Beaufort J.B. Clarke
Chairman and Chief Executive Officer
ICON Capital Corp.
Manager of ICON Leasing Fund Eleven, LLC

Exhibit 32.2

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. §1350)

I, Thomas W. Martin, Chief Operating Officer and Chief Financial Officer (Principal Financial and Accounting Officer) of ICON Capital Corp., the Manager of the Registrant, in connection with the Quarterly Report of ICON Leasing Fund Eleven, LLC (the "LLC") on Form 10-Q for the period ended September 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report") certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §78m); and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the LLC.

Dated: *November 17, 2006*

/s/ Thomas W. Martin

Thomas W. Martin
Chief Operating Officer and Chief Financial Officer
(Principal Financial and Accounting Officer)
ICON Capital Corp.
Manager of ICON Leasing Fund Eleven, LLC