

Form 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

☒ **Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 (fee required)**
For the Year Ended December 31, 2001

OR

☐ **Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 (no fee required)**
For the transition period from ____ to ____

Commission File number 333-47196

ATEL Capital Equipment Fund IX, LLC

California
(State or other jurisdiction of
incorporation or organization)

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

235 Pine Street, 6th Floor, San Francisco, California 94104
(Address of principal executive offices)

Registrant's telephone number, including area code (415) 989-8800
Securities registered pursuant to section 12(b) of the Act: None
Securities registered pursuant to section 12(g) of the Act: None

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

State the aggregate market value of voting stock held by non-affiliates of the registrant.

Inapplicable

DOCUMENTS INCORPORATED BY REFERENCE

Prospectus dated January 16, 2001, filed pursuant to Rule 424(b) (Commission File No. 333-47196) is hereby incorporated by reference into Part IV hereof.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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PART I

Item 1: BUSINESS

General Development of Business

ATEL Capital Equipment Fund IX, LLC (the Company) was formed under the laws of the state of California in September 2000. The Company was formed for the purpose of acquiring equipment to engage in equipment leasing and sales activities. The Managing Member of the Company is ATEL Financial Services LLC (ATEL), a California limited liability corporation. Prior to converting to a limited liability company structure, the Managing Member was formerly known as ATEL Financial Corporation.

The Company is conducting a public offering of 15,000,000 Limited Liability Company Units (Units), at a price of \$10 per Unit. On February 21, 2001, subscriptions for the minimum number of Units (120,000, representing \$1,200,000) had been received and ATEL requested that the subscriptions be released to the Company. On that date, the Company commenced operations in its primary business (leasing activities). As of April 3, 2001, the Company had received subscriptions for 753,050 Units (\$7,530,500) and ATEL requested that the remaining funds in escrow (from Pennsylvania investors) be released to the Company. As of December 31, 2001, the Company had received subscriptions for 4,363,409 (\$43,634,090) Units, including the Initial Members' Units. All of the Units were issued and outstanding as of December 31, 2001.

The Company's principal objectives are to invest in a diversified portfolio of equipment which will (i) preserve, protect and return the Company's invested capital; (ii) generate regular distributions to the partners of cash from operations and cash from sales or refinancing, with any balance remaining after certain minimum distributions to be used to purchase additional equipment during the reinvestment period, ending 72 months after the end of the year in which the Final Closing occurs and (iii) provide additional distributions following the reinvestment period and until all equipment has been sold. The Company is governed by its Limited Liability Company Operating Agreement (Operating Agreement).

Narrative Description of Business

The Company has acquired and intends to acquire various types of equipment and to lease such equipment pursuant to "Operating" leases and "High Payout" leases, where "Operating" leases are defined as being leases in which the minimum lease payments during the initial lease term do not recover the full cost of the equipment and "High Payout" leases recover at least 90% of such cost. It is the intention of ATEL that a majority of the aggregate purchase price of equipment will represent equipment leased under "High Payout" leases upon final investment of the Net Proceeds of the Offering and that no more than 20% of the aggregate purchase price of equipment will be invested in equipment acquired from a single manufacturer.

The Company will only purchase equipment for which a lease exists or for which a lease will be entered into at the time of the purchase.

As of December 31, 2001, the Company had purchased equipment with a total acquisition price of \$22,844,529.

The Company's objective is to lease a minimum of 75% of the equipment acquired with the net proceeds of the offering to lessees which (i) have an aggregate credit rating by Moody's Investor service, Inc. of Baa or better, or the credit equivalent as determined by ATEL, with the aggregate rating weighted to account for the original equipment cost for each item leased or (ii) are established hospitals with histories of profitability or municipalities. The balance of the original equipment portfolio may include equipment leased to lessees which, although deemed creditworthy by the Managing Member, would not satisfy the general credit rating criteria for the portfolio. In excess of 75% of the equipment acquired with the net proceeds of the offering (based on original purchase cost) has been leased to lessees with an aggregate credit rating of Baa or better or to such hospitals or municipalities.

During 2001, certain lessees generated significant portions of the Company's total lease revenues as follows:

<u>Lessee</u>	<u>Type of Equipment</u>	
Basin Electric	Walking dragline	54%
Photuris, Inc.	Various lab, computer and office equipment	14%

These percentages are not expected to be comparable in future periods.

The equipment leasing industry is highly competitive. Equipment manufacturers, corporations, partnerships and others offer users an alternative to the purchase of most types of equipment with payment terms which vary widely depending on the lease term and type of equipment. The ability of the Company to keep the equipment leased and/or operating and the terms of the acquisitions, leases and dispositions of equipment depends on various factors (many of which are not in the control of ATEL or the Company), such as general economic conditions, including the effects of inflation or recession, and fluctuations in supply and demand for various types of equipment resulting from, among other things, technological and economic obsolescence.

ATEL will seek to limit the amount invested in equipment to any single lessee to not more than 20% of the aggregate purchase price of equipment owned at any time during the reinvestment period.

The business of the Company is not seasonal.

The Company has no full time employees.

Equipment Leasing Activities

The Company has acquired a diversified portfolio of equipment. The equipment has been leased to lessees in various industries. The following tables set forth the types of equipment acquired by the Company through December 31, 2001 and the industries to which the assets have been leased. The Company has purchased certain assets subject to existing non-recourse debt.

<u>Asset Types</u>	<u>Purchase Price Excluding Acquisition Fees</u>	<u>Percentage of Total Acquisitions</u>
Mining equipment	\$ 13,421,218	58.75%
Marine vessels	5,712,000	25.00%
Furniture and fixtures	1,817,665	7.96%
Manufacturing	989,709	4.33%
Natural gas compressors	696,451	3.05%
Materials handling	207,486	0.91%
	<u>\$ 22,844,529</u>	<u>100.00%</u>

<u>Industry of Lessee</u>	<u>Purchase Price Excluding Acquisition Fees</u>	<u>Percentage of Total Acquisitions</u>
Electric utilities	\$ 11,315,397	49.53%
Marine transportation	5,712,000	25.00%
Manufacturing	2,807,374	12.29%
Mining	2,105,821	9.22%
Oil and gas	696,451	3.05%
Retail	207,486	0.91%
	<u>\$ 22,844,529</u>	<u>100.00%</u>

For further information regarding the Company's equipment lease portfolio as of December 31, 2001, see Note 3 to the financial statements, Investments in equipment and leases, set forth in Item 8, Financial Statements and Supplementary Data.

Item 2. PROPERTIES

The Company does not own or lease any real property, plant or material physical properties other than the equipment held for lease as set forth in Item 1.

Item 3. LEGAL PROCEEDINGS

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

Item 5. MARKET FOR REGISTRANT'S LIMITED LIABILITY COMPANY UNITS AND RELATED MATTERS

Market Information

The Units are transferable subject to restrictions on transfers which have been imposed under the securities laws of certain states. However, as a result of such restrictions, the size of the Company and its investment objectives, to ATEL's knowledge, no established public secondary trading market has developed and it is unlikely that a public trading market will develop in the future.

Holders

As of December 31, 2001, a total of 1,020 investors were record holders of Units in the Company.

Dividends

The Company does not make dividend distributions. However, the Members of the Company are entitled to certain distributions as provided under the Operating Agreement.

ATEL shall have sole discretion in determining the amount of distributions; provided, however, that the Managing Member will not reinvest in equipment, but will distribute, subject to payment of any obligations of the Company, such available cash from operations and cash from sales or refinancing as may be necessary to cause total distributions to the Members for each year during the reinvestment period to equal an amount between \$0.90 and \$1.10 per Unit which will be determined by the Managing Member.

The rate for monthly distributions from 2001 operations was \$0.069167 per Unit for February (partial month) through September 2001. The distributions were paid in April through October 2001. The rate for the distributions for October through December 2001 was \$0.075. The distributions were paid in November through December 2001 and in January 2002. The rates for quarterly distributions paid in April and July 2001 and January 2002 were \$0.09, \$0.2075, \$0.2075 and \$0.225, respectively, per Unit. Distributions were from 2001 cash flows from operations.

The following table presents summarized information regarding distributions to Other Members:

	<u>2001</u>
Distributions of net income	\$ 0.2242
Return of investment	<u>0.3357</u>
Distributions per unit	0.5599
Differences due to timing of distributions	<u>0.1668</u>
Nominal distribution rates from above	<u><u>\$ 0.7267</u></u>

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

- (1) Effective date of the offering: January 16, 2001; File Number: 333-47196
- (2) Offering commenced: January 16, 2001
- (3) The offering did not terminate before any securities were sold.
- (4) The offering has not been terminated prior to the sale of all of the securities.
- (5) The managing underwriter is ATEL Securities Corporation.
- (6) The title of the registered class of securities is "Units of Limited Liability Company interest".
- (7) Aggregate amount and offering price of securities registered and sold as of February 28, 2002:

<u>Title of Security</u>	<u>Amount Registered</u>	<u>Aggregate price of offering amount registered</u>	<u>Amount sold</u>	<u>Aggregate price of offering amount sold</u>
Limited Company units	15,000,000	\$150,000,000	5,340,537	\$ 53,405,370

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

	Direct or indirect payments to directors, officers, managing members of the issuer or their associates; to persons owning ten percent or more of any class of equity securities of the issuer; and to affiliates of <u>the issuer</u>	Direct or indirect payments to <u>others</u>	<u>Total</u>
Underwriting discounts and commissions	\$ 801,081	\$ 4,272,430	\$ 5,073,510
Other expenses	-	2,653,242	2,653,242
Total expenses	<u><u>\$ 801,081</u></u>	<u><u>\$ 6,925,671</u></u>	<u><u>\$ 7,726,752</u></u>

- (9) Net offering proceeds to the issuer after the total expenses in item 8: \$ 45,678,618

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

	Direct or indirect payments to directors, officers, managing members of the issuer or their associates; to persons owning ten percent or more of any class of equity securities of the issuer; and to affiliates of <u>the issuer</u>	Direct or indirect payments to <u>others</u>	<u>Total</u>
Purchase and installation of machinery and equipment	\$ -	\$ 45,411,591	\$ 45,411,591
Working capital	-	267,027	267,027
	<u>\$ -</u>	<u>\$ 45,678,618</u>	<u>\$ 45,678,618</u>

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

Item 6. SELECTED FINANCIAL DATA

The following table presents selected financial data of the Company at December 31, 2001 and 2000 and for the periods then ended. This financial data should be read in conjunction with the financial statements and related notes included under Part II Item 8.

	<u>2001</u>	<u>2000</u>
Gross revenues	\$ 3,393,685	\$ -
Net income	\$ 584,176	\$ -
Weighted average Units	2,167,171	50
Net income allocated to Other Members	\$ 485,897	\$ -
Net income per Unit, based on weighted average Units outstanding	\$ 0.22	\$ -
Distributions per Unit, based on weighted average Units outstanding	\$ 0.56	\$ -
Total Assets	\$ 36,828,411	\$ 600
Non-recourse and long-term debt	\$ -	\$ -
Total Members' Capital	\$ 36,550,603	\$ 600

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Capital Resources and Liquidity

The Company commenced its offering on January 16, 2001. On February 21, 2001, the Company commenced operations in its primary business (leasing activities). Until the Company's initial portfolio of equipment has been purchased, funds which have been received, but which have not yet been invested in leased equipment, are invested in interest-bearing accounts or high-quality/short-term commercial paper. The Company's public offering provides for a total maximum capitalization of \$150,000,000.

During the funding period, the Company's primary source of liquidity was subscription proceeds from the public offering of Units. The liquidity of the Company will vary in the future, increasing to the extent cash flows from leases and proceeds of asset sales exceed expenses, and decreasing as lease assets are acquired, as distributions are made to the other members and to the extent expenses exceed cash flows from leases and proceeds from asset sales.

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

The Company participates with the Managing Member and certain of its affiliates in a \$62,000,000 revolving line of credit with a financial institution that includes certain financial covenants. The line of credit expires on April 12, 2002. The Managing Member is currently negotiating a new line of credit and anticipates that the current line of credit will either be replaced upon its expiration or that the current line of credit will be extended until the new one is finalized. As of December 31, 2001, borrowings under the facility were as follows:

Amount borrowed by the Company under the acquisition facility	\$ -
Amounts borrowed by affiliated partnerships and limited liability companies under the acquisition facility	17,600,000
Total borrowings under the acquisition facility	<u>17,600,000</u>
Amounts borrowed by the Managing Member and its sister corporation under the warehouse facility *	10,999,501
Total outstanding balance	<u>\$ 28,599,501</u>
 Total available under the line of credit	 \$ 62,000,000
Total outstanding balance	<u>(28,599,501)</u>
Remaining availability	<u>\$ 33,400,499</u>

* (Unaudited) The carrying value of the assets pledged as collateral and financed at December 31, 2001 was \$17,955,014.

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

The Company anticipates reinvesting a portion of lease payments from assets owned in new leasing transactions. Such reinvestment will occur only after the payment of all obligations, including debt service (both principal and interest), the payment of management and acquisition fees to the Managing Member and providing for cash distributions to the Other Members. At December 31, 2001, the Company had commitments to purchase lease assets totaling approximately \$528,000.

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

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

In 2002, the Company expects to establish a \$100 million receivables funding program with a receivables financing company that issues commercial paper rated A1 from Standard and Poors and P1 from Moody's Investor Services. In this receivables funding program, the lenders would receive liens against the Company's assets. The lender will be in a first position against certain specified assets and will be in either a subordinated or shared position against the remaining assets. The program would provide for borrowing at a variable interest rate and would require the Managing Member, on behalf of the Company, to enter into interest rate swap agreements with certain hedge counterparties (also rated A1/P1) to mitigate the interest rate risk associated with a variable interest rate note. The Managing Member anticipates that this program will allow the Company to have a more cost effective means of obtaining debt financing than available for individual non-recourse debt transactions.

It is the intention of the Company to use the receivables funding program as its primary source of debt financing. The Company will continue to use its sources of non-recourse secured debt financing on a transaction basis as a means of mitigating credit risk.

ATEL expects that aggregate borrowings in the future will be approximately 50% of aggregate equipment cost. In any event, the Operating Agreement limits such borrowings to 50% of the total cost of equipment, in aggregate.

The Company commenced regular distributions, based on cash flows from operations, beginning with the month of February 2001. The distribution was made in April 2001.

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

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

Cash Flows

In 2001, operating lease rents were the primary source of cash flows from operations. The Company's primary source of cash in 2001 was the proceeds of its offering of Limited Liability Company Units.

Sources of cash from investing activities consisted of amounts received for notes receivable principal payments and direct finance lease payments.

Cash was used to purchase assets on operating and direct finance leases. Cash was also used to pay initial direct lease costs and to pay syndication costs (associated with the offering) to the Managing Member and one of its affiliates.

Results of Operations

As of February 21, 2001, subscriptions for the minimum amount of the offering (\$1,200,000) had been received and accepted by the Company. As of that date, the Company commenced operations in its primary business (leasing activities). There were no operations in 2000. Because of the timing of the commencement of operations and the fact that the initial portfolio acquisitions were not been completed at December 31, 2001, the results of operations in 2001 are not expected to be comparable to future periods. After the Company's public offering and its initial asset acquisition stage terminate, the results of operations are expected to change significantly.

Substantially all employees of ATEL track time incurred in performing administrative services on behalf of the Company. ATEL believes that the costs reimbursed are the lower of (i) actual costs incurred on behalf of the Company or (ii) the amount the Company would be required to pay independent parties for comparable administrative services in the same geographic location.

Operations in 2001 resulted in net income of \$584,176. The primary source of revenues was rents from operating leases. The Company is continuing to acquire significant amounts of lease assets. As a result, results of operations in future periods is not expected to be comparable to 2001.

Derivative Financial Instruments

In June 1998, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, which established new accounting and reporting standards for derivative instruments. SFAS No. 133 has been amended by SFAS No. 137, issued in June 1999, and by SFAS No. 138, issued in June 2000.

SFAS No. 133, as amended, requires the Company to recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. It further provides criteria for derivative instruments to be designated as fair value, cash flow, or foreign currency hedges, and establishes accounting standards for reporting changes in the fair value of the derivative instruments. If derivative financial instruments are utilized, the Company will be required to record derivative instruments at fair value in the balance sheet and recognize the offsetting gains or losses as adjustments to net income or other comprehensive income, as appropriate.

The Company adopted SFAS No. 133, as amended, on January 1, 2001, which had no impact as the Company did not utilize derivatives in 2001.

Recent Accounting Pronouncements

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*, and the accounting and reporting provisions of APB Opinion No. 30, *Reporting the Results of Operations for a disposal of a segment of a business*. SFAS 144 is effective for fiscal years beginning after December 15, 2001, with earlier application encouraged. The Company expects to adopt SFAS 144 as of January 1, 2002 and it does not expect that the adoption of the Statement will have a significant impact on the Company’s financial position and results of operations.

Item 7a. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

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

In general, the Company expects to manage its exposure to interest rate risk by obtaining fixed rate debt. The fixed rate debt is structured so as to match the cash flows required to service the debt to the payment streams under fixed rate lease receivables. The payments under the leases are assigned to the lenders in satisfaction of the debt. Furthermore, the Managing Member has historically been able to maintain a stable spread between its cost of funds and lease yields in both periods of rising and falling interest rates. Nevertheless, the Company expects to frequently fund leases with its floating interest rate line of credit and will, therefore, be exposed to interest rate risk until fixed rate financing is arranged, or the floating interest rate line of credit is repaid. As of December 31, 2001, there was no outstanding balance on the floating interest rate line of credit.

Also, as described in the caption “Capital Resources and Liquidity,” the Company expects to enter into a receivables funding facility in 2002. Since interest on the outstanding balances under the facility will vary, the Company will be exposed to market risks associated with changing interest rates. To hedge its interest rate risk, the Company expects to enter into interest rate swaps, which will effectively convert the underlying interest characteristic on the facility from floating to fixed. Under the swap agreements, the Company expects to make or receive variable interest payments to or from the counterparty based on a notional principal amount. The net differential paid or received by the Company is recognized as an adjustment to interest expense related to the facility balances. The amount paid or received will represent the difference between the payments required under the variable interest rate facility and the amounts due under the facility at the fixed (hedged) interest rate.

In general, it is anticipated that these swap agreements will eliminate the Company's interest rate risk associated with variable rate borrowings. However, the Company would be exposed to and would manage credit risk associated with the counterparty by dealing only with institutions it considers financially sound.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the Report of Independent Auditors, Financial Statements and Notes to Financial Statements attached hereto at pages 11 through 23.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Members

ATEL Capital Equipment Fund IX, LLC

We have audited the accompanying balance sheets of ATEL Capital Equipment Fund IX, LLC (Company) as of December 31, 2001 and 2000, the related statement of income for the year ended December 31, 2001, and the related statements of changes in members' capital and cash flows for the period from September 27, 2000 (inception) through December 31, 2000 and for the year ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ATEL Capital Equipment Fund IX, LLC at December 31, 2001 and 2000, the results of its operations for the year ended December 31, 2001, and its cash flows for the period from September 27, 2000 (inception) through December 31, 2000 and for the year ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

San Francisco, California

February 1, 2002

ATEL CAPITAL EQUIPMENT FUND IX, LLC

BALANCE SHEETS

DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash	\$ 13,568,058	\$ 600
Accounts receivable	1,186,719	-
Notes receivable	982,262	-
Investment in equipment and leases	21,091,372	-
	<u>\$ 36,828,411</u>	<u>\$ 600</u>
LIABILITIES AND MEMBERS' CAPITAL		
Accounts payable:		
Managing Member	\$ 157,719	\$ -
Other	24,471	-
Unearned operating lease income	95,618	-
Total liabilities	<u>277,808</u>	<u>-</u>
Total members' capital	36,550,603	600
Total liabilities and members' capital	<u>\$ 36,828,411</u>	<u>\$ 600</u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENT OF INCOME

**FOR THE YEAR ENDED
DECEMBER 31, 2001**

Revenues:	
Leasing activities:	
Operating leases	\$ 3,102,265
Direct financing leases	53,589
Interest	232,116
Other	5,715
	<u>3,393,685</u>
Expenses:	
Depreciation and amortization	2,078,895
Cost reimbursements to Managing Member	374,507
Interest expense	199,230
Asset management fees to Managing Member	83,341
Professional fees	39,384
Other	34,152
	<u>2,809,509</u>
Net income	<u><u>\$ 584,176</u></u>
Net income:	
Managing member	\$ 98,279
Other members	485,897
	<u><u>\$ 584,176</u></u>
Net income per Limited Liability Company Unit (other members)	\$ 0.22
Weighted average number of Units outstanding	2,167,171

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF CHANGES IN MEMBERS' CAPITAL

**FOR THE PERIOD FROM SEPTEMBER 27, 2000 (INCEPTION)
THROUGH DECEMBER 31, 2000
AND FOR THE YEAR ENDED
DECEMBER 31, 2001**

	<u>Other Members</u>		<u>Managing</u>	<u>Total</u>
	<u>Units</u>	<u>Amount</u>	<u>Member</u>	
Initial capital contributions, September 2000	50	\$ 500	\$ 100	\$ 600
Balance December 31, 2000	50	500	100	600
Capital contributions	4,363,359	43,633,590	-	43,633,590
Less selling commissions to affiliates		(4,145,191)	-	(4,145,191)
Other syndication costs to affiliates		(2,210,852)	-	(2,210,852)
Distributions to other members (\$0.56 per Unit)		(1,213,341)	-	(1,213,341)
Distributions to managing member		-	(98,379)	(98,379)
Net income		485,897	98,279	584,176
Balance December 31, 2001	4,363,409	\$36,550,603	\$ -	\$36,550,603

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF CASH FLOWS

**FOR THE PERIOD FROM SEPTEMBER 27, 2000 (INCEPTION)
THROUGH DECEMBER 31, 2000
AND FOR THE YEAR ENDED
DECEMBER 31, 2001**

	<u>2001</u>	<u>2000</u>
Operating activities:		
Net income	\$ 584,176	\$ -
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	2,078,895	-
Residual value income	(9,890)	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,186,719)	-
Accounts payable, Managing Member	157,719	-
Accounts payable, other	24,471	-
Unearned operating lease income	95,618	-
Net cash provided by operations	<u>1,744,270</u>	<u>-</u>
Investing activities:		
Purchases of equipment on operating leases	(22,025,405)	-
Note receivable advances	(1,587,939)	-
Purchases of equipment on direct financing leases	(819,124)	-
Payments received on notes receivable	605,677	-
Investment in residuals	(66,093)	-
Payments of initial direct costs to managing member	(317,985)	-
Reduction of net investment in direct financing leases	68,230	-
Net cash used in investing activities	<u>(24,142,639)</u>	<u>-</u>
Financing activities:		
Capital contributions received	43,633,590	600
Payment of syndication costs to managing member	(6,356,043)	-
Distributions to other members	(1,213,341)	-
Distributions to managing member	(98,379)	-
Net cash provided by financing activities	<u>35,965,827</u>	<u>600</u>
Net increase in cash and cash equivalents	13,567,458	600
Cash and cash equivalents at beginning of period	<u>600</u>	<u>-</u>
Cash and cash equivalents at end of period	<u>\$ 13,568,058</u>	<u>\$ 600</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	<u>\$ 199,230</u>	<u>-</u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Organization and Limited Liability Company matters:

ATEL Capital Equipment Fund IX, LLC (the Company) was formed under the laws of the state of California on September 27, 2000 for the purpose of acquiring equipment to engage in equipment leasing and sales activities. The Company may continue until December 31, 2019. Contributions in the amount of \$600 were received as of December 31, 2000, \$100 of which represented the Managing Member's continuing interest, and \$500 of which represented the Initial Member's capital investment. The Managing Member of the Company is ATEL Financial Services LLC (ATEL), a California limited liability corporation. Prior to converting to a limited liability company structure, the Managing Member was formerly known as ATEL Financial Corporation.

The Company is conducting a public offering of 15,000,000 Limited Liability Company Units (Units), at a price of \$10 per Unit. On February 21, 2001, subscriptions for the minimum number of Units (120,000, representing \$1,200,000) had been received and ATEL requested that the subscriptions be released to the Company. On that date, the Company commenced operations in its primary business (leasing activities). As of April 3, 2001, the Company had received subscriptions for 753,050 Units (\$7,530,500) and ATEL requested that the remaining funds in escrow (from Pennsylvania investors) be released to the Company. As of December 31, 2001, the Company had received subscriptions for 4,363,409 (\$43,634,090) Units, including the Initial Members' Units. All of the Units were issued and outstanding as of December 31, 2001.

The Company's principal objectives are to invest in a diversified portfolio of equipment which will (i) preserve, protect and return the Company's invested capital; (ii) generate regular distributions to the partners of cash from operations and cash from sales or refinancing, with any balance remaining after certain minimum distributions to be used to purchase additional equipment during the reinvestment period, ending 72 months after the end of the year in which the Final Closing occurs and (iii) provide additional distributions following the reinvestment period and until all equipment has been sold. The Company is governed by its Limited Liability Company Operating Agreement (Operating Agreement).

2. Summary of significant accounting policies:

Equipment on operating leases:

Equipment on operating leases is stated at cost. Depreciation is being provided by use of the straight-line method over the terms of the related leases to the equipment's estimated residual values at the end of the leases.

Revenues from operating leases are recognized evenly over the lives of the related leases.

Direct financing leases:

Income from direct financing lease transactions is reported using the financing method of accounting, in which the Company's investment in the leased property is reported as a receivable from the lessee to be recovered through future rentals. The income portion of each rental payment is calculated so as to generate a constant rate of return on the net receivable outstanding.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

2. Summary of significant accounting policies (continued):

Statements of cash flows:

For purposes of the Statements of Cash Flows, cash and cash equivalents includes cash in banks and cash equivalent investments with original maturities of ninety days or less.

Income taxes:

The Company does not provide for income taxes since all income and losses are the liability of the individual members and are allocated to the members for inclusion in their individual tax returns.

The tax basis of the Company's net assets and liabilities varies from the amounts presented in these financial statements (unaudited):

	<u>2001</u>	<u>2000</u>
Financial statement basis of net assets	\$ 36,550,603	\$ 600
Tax basis of net assets	42,430,089	600
Difference	<u>\$ 5,879,486</u>	<u>\$ -</u>

The primary differences between the tax basis of net assets and the amounts recorded in the financial statements are the result of differences in accounting for syndication costs and differences between the depreciation methods used in the financial statements and the Company's tax returns.

The following reconciles the net income reported in these financial statements to the loss reported on the Company's federal tax return (unaudited):

	<u>2001</u>	<u>2000</u>
Net income per financial statements	\$ 584,176	\$ -
Adjustment to depreciation expense	(640,404)	-
Adjustments to lease revenues	163,847	-
Net income per federal tax return	<u>\$ 107,619</u>	<u>\$ -</u>

Per unit data:

Net income and distributions per unit are based upon the weighted average number of units outstanding during the period.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

2. Summary of significant accounting policies (continued):

Credit risk:

Financial instruments which potentially subject the Company to concentrations of credit risk include cash and cash equivalents, notes receivable and accounts receivable. The Company places its cash deposits and temporary cash investments with creditworthy, high quality financial institutions. The concentration of such deposits and temporary cash investments is not deemed to create a significant risk to the Company. Accounts receivable and notes receivable represent amounts due from lessees in various industries, related to equipment on operating and direct financing leases. See Note 7 for a description of lessees by industry as of December 31, 2001.

Basis of presentation:

The accompanying financial statements as of December 31, 2001 and 2000 and for the years then ended, have been prepared in accordance with accounting principles generally accepted in the United States. Certain prior year amounts have been reclassified to conform to the current year presentation.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Such estimates primarily relate to the determination of residual values at the end of the lease term.

Reserve for losses and impairments:

The Company will maintain a reserve on its investments in equipment and leases when losses and impairments are inherent in the portfolio as of the balance sheet date. The Managing Member's evaluation of the adequacy of an allowance is a judgmental estimate that is based on a review of individual leases, past loss experience and other factors. While the Managing Member believes any applicable allowance would be adequate to cover known losses, it is reasonably possible that such an allowance could change in the near term. However, such change would not be expected to have a material effect on the financial position or future operating results of the Company. It is the Company's policy to charge off amounts which, in the opinion of the Managing Member, are not recoverable from lessees or the disposition of the collateral.

Derivative financial instruments:

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities*, which established new accounting and reporting standards for derivative instruments. SFAS No. 133 has been amended by SFAS No. 137, issued in June 1999, and by SFAS No. 138, issued in June 2000.

SFAS No. 133, as amended, requires the Company to recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. It further provides criteria for derivative instruments to be designated as fair value, cash flow, or foreign currency hedges, and establishes accounting standards for reporting changes in the fair value of the derivative instruments.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

2. Summary of significant accounting policies (continued):

The Company adopted SFAS No. 133, as amended, on January 1, 2001, which had no impact as the Company did not utilize derivatives during 2001. However, the Company does expect to enter into interest rate swaps in future periods.

Recent Accounting Pronouncement:

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations for a disposal of a segment of a business. SFAS 144 is effective for fiscal years beginning after December 15, 2001, with earlier application encouraged. The Company expects to adopt SFAS 144 as of January 1, 2002 and it does not expect that the adoption of the Statement will have a significant impact on the Company's financial position and results of operations.

3. Investment in leases:

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

	<u>Additions</u>	<u>Depreciation Expense and Amortization of Leases</u>	<u>Balance December 31, 2001</u>
Net investment in operating leases	\$ 22,025,405	\$ (2,053,997)	\$ 19,971,408
Net investment in direct financing leases	819,124	(68,230)	750,894
Residual values, other	66,093	9,890	75,983
Initial direct costs	317,985	(24,898)	293,087
	<u>\$ 23,228,607</u>	<u>\$ (2,137,235)</u>	<u>\$ 21,091,372</u>

Operating leases:

Property on operating leases consists of the following at December 31, 2001:

Mining	\$ 13,421,219
Marine vessels	5,712,000
Office furniture	998,540
Manufacturing	989,709
Natural gas compressors	696,451
Materials handling	207,486
	<u>22,025,405</u>
Less accumulated depreciation	<u>(2,053,997)</u>
	<u>\$ 19,971,408</u>

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

3. Investment in leases (continued):

Direct financing leases:

As of December 31, 2001, investment in direct financing leases consists of office furniture. The following lists the components of the Company's investment in direct financing leases as of December 31, 2001:

Total minimum lease payments receivable	\$ 845,532
Estimated residual values of leased equipment (unguaranteed)	<u>122,869</u>
Investment in direct financing leases	968,401
Less unearned income	<u>(217,507)</u>
Net investment in direct financing leases	<u><u>\$ 750,894</u></u>

All of the property on leases was acquired in 2001.

At December 31, 2001, the aggregate amounts of future minimum lease payments are as follows:

	Operating Leases	Direct Financing Leases	Total
2002	\$ 3,591,845	\$ 146,184	\$ 3,738,029
2003	3,589,980	146,184	3,736,164
2004	3,483,078	146,184	3,629,262
2005	3,280,986	146,184	3,427,170
2006	2,874,008	146,184	3,020,192
Thereafter	104,120	114,612	218,732
	<u>\$ 16,924,017</u>	<u>\$ 845,532</u>	<u>\$ 17,769,549</u>

At December 31, 2001, there were commitments to purchase lease assets totaling approximately \$528,000.

4. Notes receivable:

The Company has various notes receivable from parties who have financed the purchase of equipment through the Company. The terms of the notes receivable are 36 months and bear interest at rates ranging from 17.633% to 21.459%. The notes are secured by the equipment financed. The minimum payments receivable are as follows:

2002	\$ 574,729
2003	556,542
2004	<u>38,244</u>
	1,169,515
Less portion representing interest	<u>(187,253)</u>
	<u><u>\$ 982,262</u></u>

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

5. Related party transactions:

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

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

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

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

Selling commissions (equal to 9.5% of the selling price of the Limited Liability Company units, deducted from Other Members' capital)	\$ 4,145,191
Reimbursement of other syndication costs to Managing Member	2,210,852
Administrative costs reimbursed to Managing Member	374,507
Initial direct costs paid to Managing Member	317,985
Asset management fees to Managing Member	83,341
	<u>\$ 7,131,876</u>

6. Members' capital:

As of December 31, 2001, 4,363,409 Units were issued and outstanding. The Company is authorized to issue up to 15,000,000 Units in addition to the Units issued to the initial members (50 Units).

The Company's Net Income, Net Losses, and Distributions are to be allocated 92.5% to the Members and 7.5% to ATEL. In accordance with the terms of the Operating Agreement, an additional allocation of income was made to the Managing Member in 2001. The amount allocated was determined so as to bring the Managing Member's ending capital account balance to zero.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

7. Concentration of credit risk and major customers:

The Company leases equipment to lessees in diversified industries. Leases are subject to the Managing Member's credit committee review. The leases provide for the return of the equipment upon default.

As of December 31, 2001, there were concentrations (greater than 10%) of equipment leased to lessees in certain industries (as a percentage of total equipment cost) as follows:

Electric utilities	50%
Marine transportation	25%

During 2001, two customers comprised 54% and 14% of the Company's revenues from leases.

8. Line of credit:

The Company participates with the Managing Member and certain of its affiliates in a \$62,000,000 revolving line of credit with a financial institution that includes certain financial covenants. The line of credit expires on April 12, 2002. The Managing Member is currently negotiating a new line of credit and anticipates that the current line of credit will either be replaced upon its expiration or that the current line of credit will be extended until the new one is finalized. As of December 31, 2001, borrowings under the facility were as follows:

Amount borrowed by the Company under the acquisition facility	\$ -
Amounts borrowed by affiliated partnerships and limited liability companies under the acquisition facility	17,600,000
Total borrowings under the acquisition facility	17,600,000
Amounts borrowed by the Managing Member and its sister corporation under the warehouse facility *	10,999,501
Total outstanding balance	<u>\$ 28,599,501</u>
Total available under the line of credit	\$ 62,000,000
Total outstanding balance	(28,599,501)
Remaining availability	<u>\$ 33,400,499</u>

* (Unaudited) The carrying value of the assets pledged as collateral and financed at December 31, 2001 was \$17,955,014.

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

The Company has not borrowed under the line of credit. Interest on the line of credit is based on either the thirty day LIBOR rate or the bank's prime rate.

The credit agreement includes certain financial covenants applicable to each borrower. The Company was in compliance with its covenants as of December 31, 2001.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

9. Fair value of financial instruments:

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

Cash and cash equivalents:

The carrying amount of cash and cash equivalents approximates fair value because of the short-term maturity of these instruments.

Notes receivable:

The fair value of the Company's notes receivable is estimated using discounted cash flow analyses, based on the Company's current incremental lending rates for similar types of lending arrangements. The estimated fair value of the Company's notes receivable at December 31, 2001 is \$898,671.

Item 9. CHANGES IN AND DISAGREEMENTS WITH AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURES

Not applicable

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS

The registrant is a Limited Liability Company and, therefore, has no officers or directors.

All of the outstanding capital stock of ATEL Financial Services LLC (the Managing Member) is held by ATEL Capital Group ("ACG"), a holding company formed to control ATEL and affiliated companies. The outstanding voting capital stock of ATEL Capital Group is owned 5% by A. J. Batt and 95% by Dean Cash.

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

The officers and directors of ATEL Capital Group and its affiliates are as follows:

Dean L. Cash	Chairman of the Board of Directors of ACG, AFS, ALC, AEC, AIS and ASC; President and Chief Executive Officer of ACG, AFS and AEC
Paritosh K. Choksi	Director, Executive Vice President, Chief Operating Officer and Chief Financial Officer of ACG, AFS, ALC, AEC and AIS
Donald E. Carpenter	Vice President and Controller of ACG, AFS, ALC, AEC and AIS; Chief Financial Officer of ASC
Vasco H. Morais	Senior Vice President, Secretary and General Counsel for ACG, AFS, ALC, AIS and AEC

Dean L. Cash, age 51, joined ATEL as director of marketing in 1980 and has been a vice president since 1981, executive vice president since 1983 and a director since 1984. He has been President and CEO since April 2001. Prior to joining ATEL, Mr. Cash was a senior marketing representative for Martin Marietta Corporation, data systems division, from 1979 to 1980. From 1977 to 1979, he was employed by General Electric Corporation, where he was an applications specialist in the medical systems division and a marketing representative in the information services division. Mr. Cash was a systems engineer with Electronic Data Systems from 1975 to 1977, and was involved in maintaining and developing software for commercial applications. Mr. Cash received a B.S. degree in psychology and mathematics in 1972 and an M.B.A. degree with a concentration in finance in 1975 from Florida State University. Mr. Cash is an arbitrator with the American Arbitration Association.

Paritosh K. Choksi, age 48, joined ATEL in 1999 as a director, senior vice president and its chief financial officer. He became its executive vice president and COO in April 2001. Prior to joining ATEL, Mr. Choksi was chief financial officer at Wink Communications, Inc. from 1997 to 1999. From 1977 to 1997, Mr. Choksi was with Phoenix American Incorporated, a financial services and management company, where he held various positions during his tenure, and was senior vice president, chief financial officer and director when he left the company. Mr. Choksi was involved in all corporate matters at Phoenix and was responsible for Phoenix's capital market needs. He also served on the credit committee overseeing all corporate investments, including its venture lease portfolio. Mr. Choksi was a part of the executive management team which caused Phoenix's portfolio to increase from \$50 million in assets to over \$2 billion. Mr. Choksi received a bachelor of technology degree in mechanical engineering from the Indian Institute of Technology, Bombay; and an M.B.A. degree from the University of California, Berkeley.

Donald E. Carpenter, age 53, joined ATEL in 1986 as controller. Prior to joining ATEL, Mr. Carpenter was an audit supervisor with Laventhol & Horwath, certified public accountants in San Francisco, California, from 1983 to 1986. From 1979 to 1983, Mr. Carpenter was an audit senior with Deloitte, Haskins & Sells, certified public accountants, in San Jose, California. From 1971 to 1975, Mr. Carpenter was a Supply Corp officer in the U. S. Navy. Mr. Carpenter received a B.S. degree in mathematics (magna cum laude) from California State University, Fresno in 1971 and completed a second major in accounting in 1978. Mr. Carpenter has been a California certified public accountant since 1981.

Vasco H. Morais, age 43, joined ATEL in 1989 as general counsel to provide legal support in the drafting and reviewing of lease documentation, advising on general corporate law matters, and assisting on securities law issues. From 1986 to 1989, Mr. Morais was employed by the BankAmeriLease Companies, Bank of America's equipment leasing subsidiaries, providing in-house legal support on the documentation of tax-oriented and non-tax oriented direct and leveraged lease transactions, vendor leasing programs and general corporate matters. Prior to the BankAmeriLease Companies, Mr. Morais was with the Consolidated Capital Companies in the corporate and securities legal department involved in drafting and reviewing contracts, advising on corporate law matters and securities law issues. Mr. Morais received a B.A. degree in 1982 from the University of California in Berkeley, a J.D. degree in 1986 from Golden Gate University Law School and an M.B.A. (Finance) in 1997 from Golden Gate University. Mr. Morais has been an active member of the State Bar of California since 1986.

Item 11. EXECUTIVE COMPENSATION

The registrant is a Limited Liability Company and, therefore, has no officers or directors.

Set forth hereinafter is a description of the nature of remuneration paid and to be paid to ATEL and its Affiliates. The amount of such remuneration paid in 2001 is set forth in Item 8 of this report under the caption "Financial Statements and Supplementary Data - Notes to the Financial Statements - Related party transactions," at Note 5 thereof, which information is hereby incorporated by reference.

Selling Commissions

The Company paid selling commissions in the amount of 9.5% of Gross Proceeds, as defined, to ATEL Securities Corporation, an affiliate of ATEL.

Through December 31, 2001, \$4,145,191 of such commissions had been paid to ATEL or its affiliates. Of that amount, \$3,490,687 has been re-allowed to other broker/dealers.

Asset Management Fee

The Company will pay ATEL an Asset Management Fee in an amount equal to 4% of Operating Revenues, which will include Gross Lease Revenues and Cash From Sales or Refinancing. The Asset Management Fee will be paid on a monthly basis. The amount of the Asset Management Fee payable in any year will be reduced for that year to the extent it would otherwise exceed the Asset Management Fee Limit, as described below. The Asset Management Fee will be paid for services rendered by ATEL and its Affiliates in determining portfolio and investment strategies (i.e., establishing and maintaining the composition of the Equipment portfolio as a whole and the Company's overall debt structure) and generally managing or supervising the management of the Equipment.

ATEL will supervise performance of among others activities, collection of lease revenues, monitoring compliance by lessees with the lease terms, assuring that Equipment is being used in accordance with all operative contractual arrangements, paying operating expenses and arranging for necessary maintenance and repair of Equipment in the event a lessee fails to do so, monitoring property, sales and use tax compliance and preparation of operating financial data. ATEL intends to delegate all or a portion of its duties and the Asset Management Fee to one or more of its Affiliates who are in the business of providing such services.

Asset Management Fee Limit:

The Asset Management Fee will be subject to the Asset Management Fee Limit. The Asset Management Fee Limit will be calculated each year during the Company's term by calculating the total fees that would be paid to ATEL if the Managing Member were to be compensated on the basis of an alternative fee schedule, to include an Equipment Management Fee, Incentive Management Fee, and Equipment Resale/Re-Leasing Fee, plus ATEL's Carried Interest, as described below. To the extent that the amount paid to ATEL as the Asset Management Fee plus its Carried Interest for any year would exceed the aggregate amount of fees calculated under this alternative fee schedule for the year, the Asset Management Fee and/or Carried Interest for that year will be reduced to equal the maximum aggregate fees under the alternative fee schedule.

To the extent any such fees are reduced, the amount of such reduction will be accrued and deferred, and such accrued and deferred compensation would be paid to ATEL in a subsequent period, but only if and to the extent that such deferred compensation would be payable within the Asset Management Fee Limit for the subsequent period. Any deferred fees which cannot be paid under the applicable limitations in any subsequent period through the date of liquidation would be forfeited by ATEL upon liquidation.

Alternative Fee Schedule:

For purposes of the Asset Management Fee Limit, the Company will calculate an alternative schedule of fees, including a hypothetical Equipment Management Fee, Incentive Management Fee, Equipment Resale/Re-Leasing Fee, and Carried Interest as follows:

An Equipment Management Fee will be calculated to equal the lesser of (i) 3.5% of annual Gross Revenues from Operating Leases and 2% of annual Gross Revenues from Full Payout Leases which contain Net Lease Provisions), or (ii) the fees customarily charged by others rendering similar services as an ongoing public activity in the same geographic location and for similar types of equipment. If services with respect to certain Operating Leases are performed by nonaffiliated persons under the active supervision of ATEL or its Affiliate, then the amount so calculated shall be 1% of Gross Revenues from such Operating Leases.

An Incentive Management Fee will be calculated to equal 4% of Distributions of Cash from Operations until Holders have received a return of their Original Invested Capital plus a Priority Distribution, and, thereafter, to equal a total of 7.5% of Distributions from all sources, including Sale or Refinancing Proceeds. In subordinating the increase in the Incentive Management Fee to a cumulative return of a Holder's Original Invested Capital plus a Priority Distribution, a Holder would be deemed to have received Distributions of Original Invested Capital only to the extent that Distributions to the Holder exceed the amount of the Priority Distribution.

An Equipment Resale/Re-Leasing Fee will be calculated in an amount equal to the lesser of (i) 3% of the sale price of the Equipment, or (ii) one-half the normal competitive equipment sale commission charged by unaffiliated parties for resale services. Such fee would apply only after the Holders have received a return of their Original Invested Capital plus a Priority Distribution. In connection with the releasing of Equipment to lessees other than previous lessees or their Affiliates, the fee would be in an amount equal to the lesser of (i) the competitive rate for comparable services for similar equipment, or (ii) 2% of the gross rental payments derived from the re-lease of such Equipment, payable out of each rental payment received by the Company from such re-lease.

A Carried Interest equal to 7.5% of all Distributions of Cash from Operations and Cash from Sales or Refinancing.

See Note 6 to the financial statements included in Item 8 for amounts paid.

Managing Member's Interest in Operating Proceeds

Net income, net loss and investment tax credits are allocated 92.5% to the Members and 7.5% to ATEL. See financial statements included in Item 8, Part I of this report for amounts allocated to the Managing Member in 2001.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

At December 31, 2001, no investor is known to hold beneficially more than 5% of the issued and outstanding Units.

Security Ownership of Management

The parent of ATEL is the beneficial owner of Limited Liability Company Units as follows:

(1)	(2)	(3)	(4)
<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Limited Liability Company Units	ATEL Capital Group 235 Pine Street, 6th Floor San Francisco, CA 94104	Initial Limited Liability Company Units 50 Units (\$500)	0.0011%

Changes in Control

The Members have the right, by vote of the Members owning more than 50% of the outstanding Limited Liability Company Units, to remove a Managing Member.

ATEL may at any time call a meeting of the Members or a vote of the Members without a meeting, on matters on which they are entitled to vote, and shall call such meeting or for vote without a meeting following receipt of a written request therefore of Limited Partners holding 10% or more of the total outstanding Limited Liability Company Units.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The responses to Item 1 of this report under the caption "Equipment Leasing Activities," Item 8 of this report under the caption "Financial Statements and Supplemental Data - Notes to the Financial Statements - Related party transactions" at Note 5 thereof, and Item 11 of this report under the caption "Executive Compensation," are hereby incorporated by reference.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements and Schedules

1. Financial Statements

Included in Part II of this report:

Report of Independent Auditors

Balance Sheets at December 31, 2001 and 2000

Statement of income for the year ended December 31, 2001

Statement of Changes in Members' Capital for the period from September 27, 2000 (inception) through December 31, 2000 and for the year ended December 31, 2001

Statement of Cash Flows for the period from September 27, 2000 (inception) through December 31, 2000 and for the year ended December 31, 2001

Notes to Financial Statements

2. Financial Statement Schedules

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

(b) Reports on Form 8-K for the fourth quarter of 2001

Not applicable

(c) Exhibits

None

SIGNATURES

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

Date: 3/25/2002

ATEL Capital Equipment Fund IX, LLC
(Registrant)

By: ATEL Financial Services LLC,
Managing Member of Registrant

By: /s/ Dean L. Cash
Dean Cash
President of ATEL Financial Services LLC
(Managing Member)

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the persons in the capacities and on the dates indicated.

<u>SIGNATURE</u>	<u>CAPACITIES</u>	<u>DATE</u>
<u>/s/ Dean L. Cash</u> Dean Cash	President, Chairman and Chief Executive Officer of ATEL Financial Services LLC	3/25/2002
<u>/s/ Paritosh K. Choksi</u> Paritosh K. Choksi	Principal financial officer of registrant; principal financial officer and director of ATEL Financial Services LLC	3/25/2002
<u>/s/ Donald E. Carpenter</u> Donald E. Carpenter	Principal accounting officer of registrant; principal accounting officer of ATEL Financial Services LLC	3/25/2002

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act:

No proxy materials have been or will be sent to security holders. An annual report will be furnished to security holders subsequent to the filing of this report on Form 10-K, and copies thereof will be furnished supplementally to the Commission when forwarded to the security holders.

INDEX TO EXHIBITS

<u>Index Number</u>	<u>Exhibit</u>
3 & 4	Limited Liability Company Operating Agreement, included as Exhibit B to Prospectus
28.1	Prospectus