

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the year ended December 31, 2007

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from _____ to _____

Commission File number 000-50210

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

California
(State or other jurisdiction of
incorporation or organization)

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

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

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act of 1934. Yes No

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

Indicate by check mark 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.

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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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

State the aggregate market value of voting stock held by non-affiliates of the registrant: Not applicable

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act.) Not applicable

State the issuer's revenues for the most recent fiscal year: \$27.5 million

The number of Limited Liability Company Units outstanding as of February 29, 2008 was 12,055,016.

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.

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 engaging in the sale of limited liability company investment units and acquiring equipment to engage in equipment leasing and sales activities. The Managing Member of the Company is ATEL Financial Services, LLC (“AFS”), a California limited liability company. Prior to converting to a limited liability company structure, the Managing Member was formerly known as ATEL Financial Corporation.

The Company conducted a public offering of 15,000,000 Limited Liability Company Units (“Units”), at a price of \$10 per Unit. On February 21, 2001, subscriptions for the minimum number of Units (120,000, representing \$1.2 million) had been received (excluding subscriptions from Pennsylvania investors) and AFS requested that the subscriptions be released to the Company. On that date, the Company commenced operations in its primary business (acquiring equipment to engage in equipment leasing and sales activities). As of April 3, 2001, the Company had received subscriptions for 753,050 Units (\$7,530,500), thus exceeding the \$7,500,000 minimum requirement for Pennsylvania, and AFS requested that the remaining funds in escrow (from Pennsylvania investors) be released to the Company. As of January 15, 2003, the Company’s offering was terminated. Subscriptions for a total of 12,065,266 (\$120.7 million) Units had been received and accepted. Subsequent to January 15, 2003, units totaling 10,250 were rescinded and funds returned to investors. As of December 31, 2007, 12,055,016 Units were issued and outstanding.

The Company’s principal objectives are to invest in a diversified portfolio of equipment that (i) preserves, protects and returns the Company’s invested capital; (ii) generates regular distributions to the members of cash from operations and cash from sales or refinancing, with any balance remaining after certain minimum distributions to be used to purchase additional equipment during the reinvestment period (“Reinvestment Period”), which ends December 31, 2009 and (iii) provides additional distributions following the reinvestment period (“Reinvestment Period”) (defined as six full years following the year the offering was terminated), and until all equipment has been sold. The Company is governed by its Limited Liability Company Operating Agreement (“Operating Agreement”).

The Company has incurred debt to finance the purchase of a portion of its equipment portfolio. The amount of borrowings in connection with any equipment acquisition transaction will be determined by, among other things, the credit of the lease, the terms of the lease, the nature of the equipment and the condition of the money market. There is no limit on the amount of debt that may be incurred in connection with any single acquisition of equipment. However the Company may not incur aggregate outstanding indebtedness in excess of 50% of the total cost of all equipment as of the date of the final commitment of the offering proceeds and, thereafter, as of the date of any subsequent indebtedness is incurred. The Company will continue to borrow amounts equal to such maximum debt level in order to fund a portion of its equipment acquisitions, although there can be no assurance that such financing will continue to be available to the Company in the future.

The Company may also incur long-term recourse debt in the form of asset securitization transactions in order to obtain lower interest rates or other more desirable terms than may be available for individual non-recourse debt transactions. In an “asset securitization,” the lender would receive a security interest in a specified pool of “securitized” Company assets or a general lien against all of the otherwise unencumbered assets of the Company. It is the intention of AFS to use asset securitization primarily to finance assets leased to those credits which, in the opinion of AFS, have a relatively lower potential risk of lease default than those lessees with equipment financed with non-recourse debt. AFS expects that an asset securitization financing would involve borrowing at a variable interest rate based on an established reference rate. AFS would seek to limit the Company’s exposure to increases in the interest rate by engaging in hedging transactions that would effectively fix the interest rate obligation. As of December 31, 2007, the amount of such securitized borrowings was \$15.5 million.

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, whereby “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 AFS that a majority of the aggregate purchase price of equipment will represent equipment leased under operating 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 under pre-existing leases or for which a lease will be entered into concurrently at the time of the purchase.

As of December 31, 2007, the Company had purchased equipment with a total acquisition price of \$159.6 million. The Company also had investments in notes receivable of which \$4.1 million remained outstanding at December 31, 2007.

The Company’s objective is to lease a minimum of 75% of the equipment acquired with the net proceeds of the offering to lessees that (i) have an aggregate credit rating by Moody’s Investor service, Inc. of Baa or better, or the credit equivalent as determined by AFS, 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 AFS, 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, as described in (ii) above.

During 2007 and 2006, certain lessees generated significant portions of the Company’s total lease revenues as follows (in thousands):

Lessee	Type of Equipment	Percentage of Total Lease Revenues	
		2007	2006
Ford Motor Company	Material Handling	11%	*
Whirlpool Corporation	Material Handling	10%	*

* Less than 10%

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 that vary widely depending on the lease term, type of equipment and creditworthiness of the lessee. 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 AFS or the Company), such as raw material costs to manufacture equipment as well 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.

AFS 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. AFS’ employees provide the services the Company requires to effectively operate. The cost of these services is reimbursed by the Company to AFS per the Operating Agreement.

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, 2007 and the industries to which the assets have been leased (in thousands).

<u>Asset Types</u>	<u>Purchase Price Excluding Acquisition Fees</u>	<u>Percentage of Total Acquisitions</u>
Material handling	\$ 34,774	21.79%
Mining equipment	34,172	21.42%
Manufacturing	22,196	13.90%
Furniture and fixtures	13,459	8.44%
Transportation	13,386	8.39%
Aircraft	12,729	7.98%
Rail transportation	11,200	7.02%
Marine vessels	10,429	6.54%
Office automation	2,680	1.68%
Test equipment	2,363	1.48%
Communications	1,001	0.63%
Natural gas compressors	697	0.44%
Construction	468	0.29%
	<u>\$ 159,554</u>	<u>100.00%</u>

<u>Industry of Lessee</u>	<u>Purchase Price Excluding Acquisition Fees</u>	<u>Percentage of Total Acquisitions</u>
Manufacturing	\$ 61,831	38.73%
Mining	29,138	18.26%
Health care	24,755	15.52%
Land transportation	12,112	7.60%
Electric utilities	11,445	7.17%
Marine transportation	8,438	5.29%
Communications	6,646	4.17%
Air transportation	3,315	2.08%
Retail	1,178	0.74%
Oil and gas	696	0.44%
	<u>\$ 159,554</u>	<u>100.00%</u>

From inception to December 31, 2007, the Company has disposed of certain leased assets as set forth below (in thousands):

<u>Asset Types</u>	<u>Original Equipment Cost Excluding Acquisition Fees</u>	<u>Sale Price</u>	<u>Excess of Rents Over Expense *</u>
Manufacturing	\$ 12,235	\$ 8,818	\$ 7,935
Mining	9,787	4,754	8,806
Office automation	6,222	1,765	5,031
Construction	3,136	1,686	2,523
Test equipment	1,677	97	2,075
Furniture & fixtures	1,405	561	1,627
Material handling	1,072	99	1,306
Transportation	99	79	81
Other	1,801	592	1,975
	<u>\$ 37,434</u>	<u>\$18,451</u>	<u>\$ 31,359</u>

* Includes only those expenses directly related to the production of the related rents.

Proceeds from sales of lease assets are not expected to be consistent from one period to another. The Company is a finite life equipment leasing fund, which will acquire leasing transactions during the period ending six years after completion of its public offering. On the termination of leases, assets may be re-leased or sold. Sales of assets are not scheduled and are created by opportunities within the marketplace. The Company will seek to acquire and lease a wide variety of assets and to enter into leases on a variety of terms. Some assets will be expected to have little or no value for re-lease or sale upon termination of the initial leases, and the anticipated residual values are a key factor in pricing and terms structured for each lease. The Company's goal is to seek maximum return on its leased assets and will determine when and under what terms to dispose of such assets during the course of its term.

For further information regarding the Company's equipment lease portfolio as of December 31, 2007 and 2006, see Note 6 to the financial statements, Investments in equipment and leases, net, as set forth in Part II, Item 8, Financial Statements and Supplementary Data.

The Company reports segment information in accordance with SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 establishes annual and interim standards for operating segments of a company. It also requires entity-wide disclosures about the products and services an entity provides, the material countries in which it holds assets and reports revenue, and its major customers. The Company operates in one reportable operating segment in the United States. For further information regarding the Company's geographic revenues and assets, and major customers, see Notes 2 and 3 to the financial statements as set forth in Part II, Item 8, Financial Statements and Supplementary Data.

Item 1A. RISK FACTORS

The operations of the Company are subject to various risks.

The success of the Company will be subject to risks inherent in the equipment leasing business that may adversely affect the ability of the Company to acquire, lease and sell equipment, and to finance its portfolio, on terms which will permit it to generate profitable rates of return for investors. A number of economic conditions and market factors could threaten the Company's ability to operate profitably. These include:

- changes in economic conditions, including fluctuations in demand for equipment, lease rates, interest rates and inflation rates,
- the timing of purchases and the ability to forecast technological advances for equipment,
- technological and economic obsolescence, and
- increases in Company expenses (including labor, energy, taxes and insurance expenses).

The Company may be harmed if a lessee or borrower defaults and the Company is unable to collect the revenue anticipated from the defaulted investment. If a lessee does not make lease payments or a borrower does not make loan payments to the Company when they are due or violates the terms of its contract in another important way, the Company may be forced to cancel the lease or loan and recover the equipment or seek disposition of the collateral. The Company may do this at a time when the Manager may be unable to arrange for a new lease or the sale of such equipment right away. The Company would then lose the expected revenues and might not be able to recover the entire amount of its original investment. If a lessee or borrower files for protection under the bankruptcy laws, the Company may experience difficulties and delays in recovering the equipment from the defaulting lessee or obtaining a judgment on the defaulted debt. The equipment may be returned in poor condition and the Company may be unable to enforce important lease or loan provisions against an insolvent lessee, including the contract provisions that require the lessee to return the equipment in good condition. In some cases, a lessee's or borrower's deteriorating financial condition may make trying to recover what the lessee or borrower owes the Company impractical. The costs of recovering equipment upon a default, enforcing the lessee's obligations under the lease or loan terms, and transporting, storing, repairing and finding a new lessee or purchaser for the equipment may be high and may affect the Company's profits.

The amount of the Company's profit will depend in part on the value of its equipment when the leases end. In general, leased equipment loses value over a lease term. In negotiating leases, the Manager will assume a value for the equipment at the end of the lease. The Manager will seek lease payments plus equipment value at the end of the lease which is enough to return the Company's investment in the equipment and provide a profit. The value of the equipment at the end of a lease will depend on a number of factors, including:

- the condition of the equipment;
- the cost of similar new equipment;
- the supply of and demand for similar equipment; and
- whether the equipment has become obsolete.

The Company cannot assure that its value assumptions will be accurate or that the equipment will not lose value more rapidly than anticipated.

The Company bears the risks of borrowing, including the potential loss of assets used as collateral for Company debt in the event the Company is unable to satisfy its debt obligations. The Company can expect to make a profit on investments purchased with debt only if the investments produce more than enough cash from lease and other payments and sales proceeds to pay the principal and interest on the debt, recover the purchase price and cover fees and other operating expenses.

When a borrower defaults on a secured loan, the lender usually has the right to immediate payment of the entire debt and to sell the collateral to pay the debt. In this way, the Company's borrowing may involve a greater risk of loss than if no debt were used, because the Company must meet its fixed payment obligations regardless of the amount of revenue it receives from its investments. At the same time, the use of debt increases the potential size of the Company's investment portfolio, the amount of lease and other revenues and potential sale proceeds. Greater amounts of debt would also increase the total fees payable to the Manager, because its asset management fees are determined as a percentage of the Company's total revenues.

There are significant limitations on the transferability of Units. The Manager will take steps to assure that no public trading market develops for the Units. If a public trading market were to develop, the Company could suffer a very unfavorable change in the way it is taxed under the federal tax laws. Investors will probably not be able to sell their Units for full value if they need to in an emergency. Units may also not be accepted as collateral for a loan. Consequently, investors should consider the purchase of Units only as a long-term investment.

Investors will have limited voting rights and must rely on management for the success of the Company. ATEL, as the Manager, will make all decisions in the management of the Company. The success of the Company will, to a large extent, depend on the quality of its management, particularly decisions on the purchase, leasing and sale of its investment portfolio. Investors are not permitted to take part in the management of the Company and have only

limited voting rights. An affirmative vote by holders of a majority of the Units is required to remove the Manager. No person should purchase Units unless he is willing to entrust all aspects of management of the Company to the Manager and has evaluated the Manager's capabilities to perform such functions.

Equipment may be damaged or lost. Fire, weather, accident, theft or other events can cause the damage or loss of equipment. Not all potential casualties can be insured, and, if insured, the insurance proceeds may not be sufficient to cover a loss.

The Manager is subject to certain potential conflicts of interest that could result in the Manager acting in its interest rather than that of the Company. These include potential conflicts relating to the following matters:

- The Manager engages in other, potentially competing activities
- The Company may be in competition for investments with prior programs sponsored by the Manager
- The Company expects to borrow up to 50% of the aggregate cost of its investment portfolio, and this will result in higher Asset Management Fees than if less debt were incurred
- Agreements between the Company and the Manager and its affiliates are not at arm's length
- The Company, the Manager and Unitholders are not represented by separate counsel and
- The Company may, under certain conditions and restrictions, enter into joint ventures with other programs affiliated with the Manager.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

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

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

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

There are certain material conditions and restrictions on the transfer of Units imposed by the terms of the Limited Liability Company Operating Agreement ("Operating Agreement"). Consequently, there is no public market for Units and it is not anticipated that a public market for Units will develop. In the absence of a public market for the Units, there is no currently ascertainable fair market value for the Units.

Holders

As of December 31, 2007, a total of 3,076 investors were Unitholders of record holders in the Company.

Distributions

The Unitholders of record are entitled to certain distributions as provided under the Operating Agreement.

AFS has sole discretion in determining the amount of distributions; provided, however, that AFS 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 AFS.

The rate for monthly distributions from 2007 operations was \$0.075 per Unit for January through December 2007. The rate for quarterly distributions paid in April, July, October 2007 and January 2008 was \$0.225 per Unit.

The rate for monthly distributions from 2006 operations was \$0.075 per Unit for January through December 2006. The rate for quarterly distributions paid in April, July, October 2006 and January 2007 was \$0.225 per Unit.

The following table presents summarized information regarding distributions to members other than the Managing Member ("Other Members"):

	<u>2007</u>	<u>2006</u>
Net income (loss) per Unit, based on weighted average Units outstanding	\$0.19	\$(0.10)
Return of investment	<u>0.71</u>	<u>1.00</u>
Distributions declared per Unit, based on weighted average Other Member Units outstanding	0.90	0.90
Differences due to timing of distributions	<u>—</u>	<u>—</u>
Actual distributions paid per Unit	<u>\$0.90</u>	<u>\$ 0.90</u>

Item 6. SELECTED FINANCIAL DATA

Not applicable.

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

Statements contained in this Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") and elsewhere in this Form 10-K, which are not historical facts, may be forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. In particular, economic recession and changes in general economic conditions, including fluctuations in demand for equipment, lease rates, and interest rates, may result in delays in investment and reinvestment, delays in leasing, re-leasing, and disposition of equipment, and reduced returns on invested capital. The Company's performance is subject to risks relating to lessee defaults and the creditworthiness of its lessees. The Fund's performance is also subject to risks relating to the value of its equipment at the end of its leases, which may be affected by the condition of the equipment, technological obsolescence and the markets for new and used equipment at the end of lease terms. Investors are cautioned not to attribute undue certainty to these forward-looking statements, which speak only as of the date of this Form 10-K. We undertake no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Form 10-K or to reflect the occurrence of unanticipated events, other than as required by law.

Overview

ATEL Capital Equipment Fund IX, LLC (the "Company") is a California limited liability company that was formed in September 2000 for the purpose of engaging in the sale of limited liability company investment units and acquiring equipment to generate revenues from equipment leasing and sales activities, primarily in the United States. The Managing Member of the Company is ATEL Financial Services, LLC ("AFS"), a California limited liability company.

The Company conducted a public offering of 15,000,000 Limited Liability Company Units ("Units"), at a price of \$10 per Unit. The offering was terminated in January 2003. During early 2003, the Company completed its initial acquisition stage with the investment of the net proceeds from the public offering of Units. Subsequently, during the reinvestment period ("Reinvestment Period") (defined as six full years following the year the offering was terminated), the Company has utilized its credit facilities and reinvested cash flow in excess of certain amounts required to be distributed to the Other Members to acquire additional equipment. Throughout the Reinvestment Period, which ends December 31, 2009, the Company anticipates continued reinvestment of cash flow in excess of minimum distributions and other obligations

The Company may continue until December 31, 2020. Periodic distributions are paid at the discretion of the Managing Member.

Capital Resources and Liquidity

The liquidity of the Company varies, increasing to the extent cash flows from leases and proceeds of asset sales exceed expenses and decreasing as lease assets are acquired, as distributions are made to the Members and to the extent expenses exceed cash flows from leases and proceeds from asset sales.

The primary source of liquidity for the Company is its cash flow from 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 AFS's success in re-leasing or selling the equipment as it comes off lease.

The Company participates with AFS and certain of its affiliates, as defined in the Operating Agreement, in a financing arrangement ((the "Master Terms Agreement") comprised of a working capital facility to AFS, an acquisition facility and a warehouse facility to AFS, the Company and affiliates, and a venture facility available to an affiliate) with a group of financial institutions that includes certain financial and non-financial covenants. The financial arrangement was originally \$75 million and expired on June 28, 2007. The facility was renewed for an additional two years with an availability of \$65 million pending redefinition of the lender base. On July 28, 2007, with a redefinition of the lender base, the facility was amended to reset availability to \$75 million. The availability of borrowings available to the Company under this financing arrangement is reduced by the amount outstanding on any of the above mentioned facilities.

Borrowings under the financing arrangement as of December 31, 2007, were as follows (in thousands):

Total available under the financing arrangement	\$75,000
Amount borrowed by the Company under the acquisition facility	(1,500)
Amounts borrowed by affiliated partnerships and Limited Liability Companies under the acquisition and warehouse facilities	<u>(7,125)</u>
Total remaining available under the acquisition and warehouse facilities	<u>\$66,375</u>

The Company is contingently liable for principal payments under the warehouse facility as borrowings are recourse jointly and severally to the extent of the pro-rata share of the Company's net worth as compared to the aggregate net worth of certain of the affiliated partnerships and limited liability companies of the Company and including AFS and ATEL Leasing Corporation ("ALC") (which latter two entities are 100% liable). There were no borrowings under the warehouse facility at December 31, 2007. As of December 31, 2006, borrowings of \$3.1 million were outstanding under the warehouse facility. The Company and its affiliates pay an annual commitment fee to have access to this line of credit.

The interest rate on the Master Terms Agreement is based on either the LIBOR/Eurocurrency rate of 1-, 2-, 3- or 6-month maturity plus a lender designated spread, or the bank's Prime rate, which re-prices daily. Principal amounts of loans made under the Master Terms Agreement that are prepaid may be re-borrowed on the terms and subject to the conditions set forth under the Master Terms Agreement. The effective interest rate on borrowings at December 31, 2007 was 6.12%.

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

To manage the warehousing facility for the holding of assets prior to allocation to specific investor programs, a Warehousing Trust Agreement has been entered into by the Company, AFS, ALC, and certain of the affiliated partnerships and limited liability companies. The warehousing facility is used to acquire and hold, on a short-term basis, certain lease transactions that meet the investment objectives of each of such entities. Each of the leasing programs sponsored by AFS and ALC currently in its acquisition stage is a pro rata participant in the Warehousing Trust Agreement, as described below. When a program no longer has a need for short term financing provided by the warehousing facility, it is removed from participation, and as new leasing investment entities are formed by AFS and ALC and commence their acquisition stages, these new entities will be added. As of December 31, 2007, the investment program participants were the Company, ATEL Capital Equipment Fund X, LLC, ATEL Capital Equipment Fund XI, LLC and ATEL 12, LLC. Pursuant to the Warehousing Trust Agreement, the benefit of the lease transaction assets, and the corresponding liabilities under the warehouse borrowing facility, inure to each of such entities based upon each entity's pro-rata share in the warehousing trust estate. The "pro-rata share" is

calculated as a ratio of the net worth of each entity over the aggregate net worth of all entities benefiting from the warehouse trust estate, excepting that the trustees, AFS and ALC, are both liable for their pro-rata shares of the obligations based on their respective net worth, and jointly liable for the pro rata portion of the obligations of each of the affiliated partnerships and limited liability companies participating under the borrowing facility. Transactions are financed through this warehousing facility only until the transactions are allocated to a specific program for purchase or are otherwise disposed by AFS and ALC. When a determination is made to allocate the transaction to a specific program for purchase by the program, the purchaser repays the debt associated with the asset, either with cash or by means of the acquisition facility financing, the asset is removed from the warehouse facility collateral, and ownership of the asset and any debt obligation associated with the asset are assumed solely by the purchasing entity.

The financing arrangement discussed above includes certain financial and non-financial covenants applicable to each borrower. The Company and affiliates were in compliance with all covenants as of December 31, 2007.

Throughout the reinvestment period, the Company anticipates reinvesting a portion of lease payments from assets owned, and/or payments received on notes receivable, in new leasing or financing transactions. Such reinvestment will occur only after the payment of all current obligations including debt (both principal and interest), the payment of management and acquisition fees to AFS and providing for cash distributions to the members.

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

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

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

If interest rates increase significantly, the rates that the Company can obtain on future lease or financing transactions will be expected to increase as the cost of capital is a significant factor in the pricing of lease financing and investments in notes receivable. Leases and notes already in place, for the most part, would not be affected by changes in interest rates. For detailed information on the Company's debt obligations, see footnotes 8 through 10 in the notes to the financial statements in Item 8, Financial Statements and Supplementary Data.

At December 31, 2007, the Company had a \$60 million receivables funding program with a receivables financing company that issues commercial paper rated A1 from Standard and Poor's 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 provides for borrowing at a variable interest rate and requires AFS, 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. AFS 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. As more fully described in Note 10 to the financial statements, Receivables funding program, as set forth in Part II, Item 8, Financial Statements and Supplementary Data, the Company had \$15.5 million outstanding under this receivables funding program as of December 31, 2007. The receivables funding program expires in August 2011. It is the intention of the Company to use the receivables funding program as its primary source of debt financing.

During the years ended December 31, 2007 and 2006, the Company paid program fees, as defined in the receivables funding agreement, totaling \$76 thousand and \$127 thousand, respectively. Such fees are included in interest expense in the Company's statement of operations. The program terminated with respect to new borrowings in January 2006.

The Company also has access to certain sources of non-recourse debt financing, which the Company will use on a transaction basis as a means of mitigating credit risk. During 2007 and 2006, the Company utilized such sources of non-recourse debt financing and at December 31, 2007 and 2006, had \$7.2 million and \$9.4 million, respectively, of outstanding non-recourse debt consisting of notes payable to financial institutions.

AFS 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.

As of December 31, 2007, cash balances consisted of working capital and amounts reserved for distributions to be paid in January 2008, generated from operations in 2007. As of December 31, 2006, cash balances consisted of working capital and amounts reserved for distributions which were paid in January 2007, generated from operations in 2006.

At December 31, 2007, the Company had no commitments to purchase lease assets.

The Company announced the commencement of periodic distributions, based on cash flows from operations, beginning with the month of February 2001. The first distribution payment was made in April 2001 and additional monthly and/or quarterly distributions have been consistently made through December 2007.

Cash Flows

2007 vs. 2006

Operating Activities

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

Net cash provided by operating activities during 2007 increased by \$5.7 million, or 46%, as compared to 2006. The net increase in cash flow was primarily due to (1) significantly reduced payments made against accounts payable and accrued liabilities and (2) increased unearned lease income offset, in part, by (1) the year over year change in results of operations as adjusted for non-cash revenue and expense such as gains on sales of assets and depreciation expense, and (2) increased level of accounts receivable.

The reduction in payments made against accounts payable and accrued liabilities during 2007, as compared to 2006, improved cash flow by \$8.3 million, and was attributable to the 2006 payment of accruals related to the high level of acquisition activity during the fourth quarter of 2005. In addition, the year over year increase in prepaid rents received during 2007, as compared to 2006, increased cash flow by \$328 thousand.

The aforementioned increases in net cash flows were partially offset by decreases of \$1.9 million and \$1.1 million resulting from a decline in results from operations as adjusted for non-cash items, and increased level of accounts receivable, respectively. The year over year decline in result of operations as adjusted for non-cash items, was due primarily to a decline in operating lease revenue. The increase in accounts receivable was primarily a result of year-end revenue billings on leased vessels.

Investing Activities

Cash provided by investing activities during 2007 increased by \$6.9 million, as compared to 2006. The net increase in cash flow was primarily due to increased proceeds from the sale of lease assets combined with increased principal payments received on the Company's investment in direct finance leases.

The growth in proceeds from sales of lease assets was mainly due to a year over year increase in terminating lease assets that were subsequently sold, combined with a stronger market demand which resulted in higher sales proceeds received on assets sold during 2007 as compared to assets sold during 2006. The increase in principal payments received on the Company's investment in equipment on direct financing leases was primarily as a result of payments received in 2007 on one significant operating lease that terminated and was renewed as a direct finance lease in 2006.

Financing Activities

Net cash used in financing activities increased by \$13.1 million, or 99%, during 2007 as compared to 2006. The net decrease in cash flows was due to a year over year increase in net repayments made on the Company's outstanding debt. As of December 31, 2007, the Company had reduced its net outstanding debt by \$14.7 million, when compared to net outstanding debt at December 31, 2006.

Results of Operations

On February 21, 2001, the Company commenced operations in its primary business (acquiring equipment to engage in equipment leasing, lending and sales activities).

Cost reimbursements to the Managing Member are based on its costs incurred in performing administrative services for the Company. These costs are allocated to each managed entity based on certain criteria such as total assets, number of investors or contributed capital based upon the type of cost incurred.

As of December 31, 2007 and 2006, there were concentrations (greater than 10%) of equipment leased to lessees and/or financial borrowers in certain industries (as a percentage of total equipment cost) as follows:

	<u>2007</u>	<u>2006</u>
Manufacturing	40%	40%
Mining	13%	15%
Rail transportation	13%	11%
Marine transportation	11%	11%

During 2007 and 2006, three customers comprised 29% and 25% of the Company's revenues from leases, respectively, as follows:

<u>Lessee</u>	<u>Type of Equipment</u>	<u>Percentage of Total Lease Revenues</u>	
		<u>2007</u>	<u>2006</u>
Ford Motor Company	Material Handling	11%	8%
Whirlpool Corporation	Material Handling	10%	9%
The Sabine Mining Company	Mining	8%	8%

These percentages are not expected to be comparable in future periods due to anticipated changes in the mix of investments and/or lessees as a result of normal business activities.

The Company acquired \$82 thousand and \$739 thousand of equipment on operating leases during 2007 and 2006, respectively. There were no purchases of equipment on direct finance leases during the year. Below is a table that summarizes utilization percentages for assets acquired during the years ended December 31, 2001 through 2007:

<u>Utilization of equipment purchased by year</u>	<u>2007</u>	<u>2006</u>
2007	100%	
2006	100%	100%
2005	100%	100%
2004	100%	100%
2003	100%	100%
2002	100%	100%

It is the Company's objective to maintain a 100% utilization rate for all equipment purchased in that year. As discussed above, the Company remains in its acquisition stage and is continuing to acquire equipment. All equipment transactions are acquired subject to binding lease commitments, so equipment utilization is expected to remain high throughout this acquisition and reinvestment stage, which ends six years after the end of the Company's public offering of Units. Initial lease terms will generally be from 36 to 120 months, and as these initial leases terminate, the Company will attempt to re-lease or sell the equipment. Utilization rates may therefore decrease during the liquidation stage of the Company, which will follow its acquisition and reinvestment stages.

2007 vs. 2006

The Company had net income of \$3.1 million for the year ended December 31, 2007 compared to a net loss of \$353 thousand for the year ended December 31, 2006. Results for 2007 reflect a decrease in total operating expenses offset, in part, by an increase in other expense, net, when compared to 2006; revenues were relatively flat.

Revenues

Total revenue for 2007 was relatively flat and only increased by \$57 thousand, when compared to 2006. The net increase was primarily a result of increases in net gain on sales of lease assets and direct finance lease revenue totaling \$2.6 million and \$600 thousand, respectively, partially offset by a \$3.0 million reduction in operating lease revenue.

The year over year growth in net gain on sales of lease assets was mainly due to an increase in terminating lease assets that were subsequently sold, combined with a stronger market demand which resulted in higher sales proceeds and net gains recognized on assets sold during 2007 as compared to assets sold during 2006. The increase in direct financing lease revenue was primarily due to one significant operating lease that terminated and renewed as a direct finance lease in 2006.

Expenses

Total expenses during 2007 decreased by \$3.7 million, or 13%, as compared to 2006. The decline in expenses was primarily due to decreases in depreciation and interest expenses of \$3.0 million and \$595 thousand, respectively.

The decrease in depreciation expense was primarily a result of continued run-off of the Company's lease portfolio as well as lease asset sales in 2007. As of December 31, 2007, the net decline of the Company's lease asset portfolio totaled \$23.2 million, when compared to December 31, 2006. Similarly, the interest expense was reduced during 2007 due to the net decline in the Company's debt when compared to 2006.

Other

During 2007, other expense, net increased by \$253 thousand, as compared to 2006, and was mainly attributable to increasing unfavorable fair value adjustments on the Company's interest rate swap contracts resulting from the declining interest rate environment.

Recent Accounting Pronouncements

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

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

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements" ("SFAS 157"). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. The provisions of SFAS 157 were to be effective for fiscal years beginning after November 15, 2007. However, in February 2008, the FASB issued FASB Staff Position ("FSP") No. 157-2, which defers the effective date of SFAS No. 157 as it pertains to fair value measurements of nonfinancial assets and nonfinancial liabilities until fiscal years beginning after November 15, 2008. The Company will adopt SFAS 157 except as it applies to its investment in equipment and leases, and other nonfinancial assets and nonfinancial liabilities as noted in FSP FAS 157-2. The Fund is in the process of determining the financial impact the partial adoption of SFAS 157 will have on its results of operations and financial position.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of SFAS 109, Accounting for Income Taxes" ("FIN 48"), to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on deregulation, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company adopted the provisions of FIN 48 on January 1, 2007. The adoption of FIN 48 did not have a significant effect on the Company's financial position, results of operations or cash flows.

Critical Accounting Policies and Estimates

The policies discussed below are considered by management of the Company to be critical to an understanding of the Company's financial statements because their application requires significant complex or subjective judgments, decisions, or assessments, with financial reporting results relying on estimation about the effect of matters that are inherently uncertain. Specific risks for these critical accounting policies are described in the following paragraphs. The Company also states these accounting policies in the notes to the financial statements and in relevant sections in this discussion and analysis. For all of these policies, management cautions that future events rarely develop exactly as forecast, and the best estimates routinely require adjustment.

Use of estimates:

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

Direct financing leases and related revenue recognition:

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 interest income portion of each rental payment is calculated so as to generate a constant rate of return on the net receivable outstanding.

Allowances for losses on direct financing leases are typically established based on historical charge off and collection experience and the collectability of specifically identified lessees and billed and unbilled receivables. Direct financing leases are charged off to the allowance as they are deemed uncollectible.

Direct financing leases are generally placed in a non-accrual status (i.e., no revenue is recognized) when payments are more than 90 days past due. Additionally, management periodically reviews the credit worthiness of all direct finance lessees with payments outstanding less than 90 days. Based upon management's judgment, direct finance lessees with balances less than 90 days delinquent may be placed in a non-accrual status. Leases placed on non-accrual status are only returned to an accrual status when the account has been brought current and management believes recovery of the remaining unpaid lease payments is probable.

Equipment on operating leases and related revenue recognition:

Equipment subject to operating leases is stated at cost. Depreciation is being recognized on a straight-line method over the terms of the related leases to the equipment's estimated residual values at the end of the leases. Maintenance costs associated with the Fund's portfolio of leased assets are expensed as incurred.

Operating lease revenue is recognized on a straight-line basis over the term of the underlying leases. The initial lease terms will vary as to the type of equipment subject to the leases, the needs of the lessees and the terms to be negotiated, but initial leases are generally from 36 to 120 months. The difference between rent received and rental revenue recognized is recorded as unearned operating lease income on the balance sheet.

Notes receivable, unearned interest income and related revenue recognition:

The Company records all future payments of principal and interest on notes as notes receivable which is then offset by the amount of any related unearned interest income. For financial statement purposes, the Company reports only the net amount of principal due on the balance sheet. The unearned interest is recognized over the term of the note and the income portion of each note payment is calculated so as to generate a constant rate of return on the net balance outstanding. Any fees or costs related to notes receivable are recorded as part of the net investment in notes receivable and amortized over the term of the loan.

Allowances for losses on notes receivable are typically established based on historical charge off and collection experience and the collectability of specifically identified borrowers and billed and unbilled receivables. Notes are charged off to the allowance as they are deemed uncollectible.

Notes receivable are generally placed in a non-accrual status (i.e., no revenue is recognized) when payments are more than 90 days past due. Additionally, management periodically reviews the credit worthiness of companies with note payments outstanding less than 90 days. Based upon management's judgment, notes may be placed in a non-accrual status. Notes placed on non-accrual status are only returned to an accrual status when the account has been brought current and management believes recovery of the remaining unpaid receivable is probable.

Initial direct costs:

The Company capitalizes initial direct costs ("IDC") associated with the origination and funding of lease assets and investments in notes receivable as defined in Statement of Financial Accounting Standards ("SFAS") No. 91 ("SFAS No. 91") "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases." IDC includes both internal costs (e.g., labor and overhead) and external broker fees incurred with the origination. The costs are amortized on a lease by lease (or note by note) basis based on actual

contract term using a straight-line method for operating leases and the effective interest rate method for direct finance leases and notes receivable. Upon disposal of the underlying lease assets, both the initial direct costs and the associated accumulated amortization are relieved. Costs related to leases or notes receivable that are not consummated are not eligible for capitalization as initial direct costs and are expensed as acquisition expense.

Asset valuation:

Recorded values of the Company's asset portfolio are periodically reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." An impairment loss is measured and recognized only if the estimated undiscounted future cash flows of the asset are less than their net book value. The estimated undiscounted future cash flows are the sum of the estimated residual value of the asset at the end of the asset's expected holding period and estimates of undiscounted future rents. The residual value assumes, among other things, that the asset is utilized normally in an open, unrestricted and stable market. Short-term fluctuations in the market place are disregarded and it is assumed that there is no necessity either to dispose of a significant number of the assets, if held in quantity, simultaneously or to dispose of the asset quickly. Impairment is measured as the difference between the fair value (as determined by a valuation method using discounted estimated future cash flows) of the asset and its carrying value on the measurement date.

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 to be 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, AFS 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, 2007 and 2006, there were outstanding balances of \$1.5 million and \$4.0 million, respectively, on the floating rate line of credit. The effective interest rate of the borrowings was 6.12% for 2007 and ranged from 6.60% to 8.25% for 2006.

Also, as described in the caption "Capital Resources and Liquidity," the Company entered 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 reduce 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 other income 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 interest rate. There were \$15.5 million and \$25.5 million in borrowings under this facility at December 31, 2007 and 2006, respectively.

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 Registered Public Accounting Firm, Financial Statements and Notes to Financial Statements attached hereto at pages 19 through 39.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Members
ATEL Capital Equipment Fund IX, LLC

We have audited the accompanying balance sheet of ATEL Capital Equipment Fund IX, LLC (the "Company") as of December 31, 2007 and 2006, and the related statements of operations, changes in members' capital, and cash flows for the years then ended. These financial statements are the responsibility of the Company's Managing Member. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Moss Adams LLP

San Francisco, California
March 27, 2008

ATEL CAPITAL EQUIPMENT FUND IX, LLC

BALANCE SHEETS

DECEMBER 31, 2007 AND 2006

(In Thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 4,326	\$ 3,194
Accounts receivable, net of allowance for doubtful accounts of \$144 at December 31, 2007 and \$28 at December 31, 2006	1,409	982
Notes receivable, net of unearned interest income of \$991 at December 31, 2007 and \$1,439 at December 31, 2006	4,133	4,902
Prepaid expenses and other assets	48	133
Interest rate swap contracts	—	273
Investment in securities, at cost	70	70
Investments in equipment and leases, net of accumulated depreciation of \$49,383 at December 31, 2007 and \$45,624 at December 31, 2006	<u>57,593</u>	<u>80,825</u>
Total assets	<u>\$67,579</u>	<u>\$90,379</u>
LIABILITIES AND MEMBERS' CAPITAL		
Accounts payable and accrued liabilities:		
Managing Member	\$ 455	\$ 561
Accrued distributions to Other Members	1,208	1,208
Other	1,024	603
Deposits due lessees	92	100
Non-recourse debt	7,198	9,415
Interest rate swap contracts	79	—
Acquisition facility obligation	1,500	4,000
Receivables funding program obligation	15,479	25,490
Unearned operating lease income	<u>879</u>	<u>729</u>
Total liabilities	<u>27,914</u>	<u>42,106</u>
Commitments and contingencies		
Members' capital:		
Managing Member	—	—
Other Members	<u>39,665</u>	<u>48,273</u>
Total Members' capital	<u>39,665</u>	<u>48,273</u>
Total liabilities and Members' capital	<u>\$67,579</u>	<u>\$90,379</u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF OPERATIONS

**FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006**

(In Thousands Except for Units and Per Unit Data)

	<u>2007</u>	<u>2006</u>
Revenues:		
Leasing activities:		
Operating leases	\$ 22,463	\$ 25,432
Direct financing leases	1,566	966
Interest on notes receivable	447	564
Gain on sales of assets	2,873	314
Other revenue	183	199
Total revenues	<u>27,532</u>	<u>27,475</u>
Expenses:		
Depreciation of operating lease assets	16,890	19,938
Asset management fees to Managing Member	1,348	1,266
Acquisition expense	19	17
Cost reimbursements to Managing Member	1,112	969
Provision for doubtful accounts	151	18
Amortization of initial direct costs	443	659
Amortization of loan fee	3	6
Interest expense	1,907	2,502
Professional fees	678	598
Outside services	510	644
Insurance	120	92
Other	897	1,039
Total operating expenses	<u>24,078</u>	<u>27,748</u>
Other expense, net	(333)	(80)
Net Income (loss)	<u>\$ 3,121</u>	<u>\$ (353)</u>
Net income (loss):		
Managing Member	\$ 880	\$ 880
Other Members	2,241	(1,233)
	<u>\$ 3,121</u>	<u>\$ (353)</u>
Net income (loss) per Limited Liability Company Unit (Other Members)	<u>\$ 0.19</u>	<u>\$ (0.10)</u>
Weighted average number of Units outstanding	12,055,016	12,055,016

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC
STATEMENTS OF CHANGES IN MEMBERS' CAPITAL
FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006
(In Thousands Except for Units and Per Unit Data)

	<u>Other Members</u>		<u>Managing Member</u>	<u>Total</u>
	<u>Units</u>	<u>Amount</u>		
Balance December 31, 2005	12,055,016	\$ 60,356	\$ —	\$ 60,356
Distributions to Other Members (\$0.90 per Unit)	—	(10,850)	—	(10,850)
Distributions to Managing Member	—	—	(880)	(880)
Net (loss) income	—	(1,233)	880	(353)
Balance December 31, 2006	12,055,016	48,273	—	48,273
Distributions to Other Members (\$0.90 per Unit)	—	(10,849)	—	(10,849)
Distributions to Managing Member	—	—	(880)	(880)
Net income	—	2,241	880	3,121
Balance December 31, 2007	<u>12,055,016</u>	<u>\$ 39,665</u>	<u>\$ —</u>	<u>\$ 39,665</u>

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007, AND 2006
(In Thousands)

	<u>2007</u>	<u>2006</u>
Operating activities:		
Net income (loss)	\$ 3,121	\$ (353)
Adjustment to reconcile net income (loss) to cash provided by operating activities:		
Gain on sales of lease assets	(2,873)	(314)
Depreciation of operating lease assets	16,890	19,938
Amortization of initial direct costs	443	659
Amortization of loan fees	—	6
Provision for doubtful accounts	151	18
Loss (gain) on interest rate swap contracts	352	(2)
Changes in operating assets and liabilities:		
Accounts receivable	(578)	567
Prepaid and other assets	85	29
Accounts payable, Managing Member	(106)	(1,236)
Accounts payable, other	421	(6,751)
Deposits due lessees	(8)	(11)
Unearned operating lease income	150	(178)
Net cash provided by operating activities	<u>18,048</u>	<u>12,372</u>
Investing activities:		
Purchases of equipment on operating leases	(82)	(739)
Purchases of equipment on direct financing leases	(189)	—
Purchase of securities	—	(7)
Proceeds from sales of lease assets	7,264	1,119
Payments of initial direct costs	(12)	(6)
Reduction of net investment in direct financing leases	1,801	1,078
Payments received on notes receivable	759	1,224
Net cash provided by investing activities	<u>9,541</u>	<u>2,669</u>
Financing activities:		
Borrowings under acquisition facility	—	10,335
Repayments under acquisition facility	(2,500)	(10,335)
Borrowings under receivables funding program	—	2,500
Repayments under receivables funding program	(10,011)	(13,512)
Proceeds of non-recourse debt	—	10,874
Repayments of non-recourse debt	(2,217)	(1,459)
Distributions to Other Members	(10,849)	(10,850)
Distributions to Managing Member	(880)	(880)
Net cash used in by financing activities	<u>(26,457)</u>	<u>(13,327)</u>
Net increase in cash and cash equivalents	1,132	1,714
Cash and cash equivalents at beginning of year	3,194	1,480
Cash and cash equivalents at end of year	<u>\$ 4,326</u>	<u>\$ 3,194</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 1,936	\$ 2,479
Cash paid during the year for taxes	\$ 68	\$ 132
Schedule of non-cash transactions:		
Distributions payable to Other Members at year end	\$ 1,208	\$ 1,208
Accrued equipment purchases at year end	\$ —	\$ 360

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

1. Organization and Limited Liability Company matters:

ATEL Capital Equipment Fund IX, LLC (the “Company”) was formed under the laws of the State of California on September 27, 2000 for the purpose of engaging in the sale of limited liability company investment units and acquiring equipment to engage in equipment leasing, lending and sales activities, primarily in the United States. The Managing Member of the Company is ATEL Financial Services, LLC (“AFS”), a California limited liability company. The Company may continue until December 31, 2020. Contributions in the amount of \$600 were received as of December 31, 2000, \$100 of which represented AFS’s continuing interest, and \$500 of which represented the Initial Member’s capital investment.

The Company conducted a public offering of 15,000,000 Limited Liability Company Units (“Units”), at a price of \$10 per Unit. On February 21, 2001, subscriptions for the minimum number of Units (120,000, representing \$1.2 million) had been received (excluding subscriptions from Pennsylvania investors) and AFS requested that the subscriptions be released to the Company. On that date, the Company commenced operations in its primary business (acquiring equipment to engage in equipment leasing, lending and sales activities). As of April 3, 2001, the Company had received subscriptions for 753,050 Units (\$7.5 million), thus exceeding the \$7.5 million minimum requirement for Pennsylvania, and AFS requested that the remaining funds in escrow (from Pennsylvania investors) be released to the Company.

As of January 15, 2003, the offering was terminated. As of that date, the Company had received subscriptions for 12,065,266 Units (\$120.7 million). Subsequent to January 15, 2003, units totaling 10,250 were rescinded or repurchased and funds returned to investors. As of December 31, 2007, 12,055,016 units were issued and outstanding.

Pursuant to the terms of the Limited Liability Company Operating Agreement (“Operating Agreement”), AFS receives compensation and reimbursements for services rendered on behalf of the Company (Note 7). AFS is required to maintain in the Company reasonable cash reserves for working capital, the repurchase of Units and contingencies.

The Company’s principal objectives are to invest in a diversified portfolio of equipment that (i) preserves, protects and returns the Company’s invested capital; (ii) generates regular distributions to the members of cash from operations and cash from sales or refinancing, with any balance remaining after certain minimum distributions to be used to purchase additional equipment during the reinvestment period (“Reinvestment Period”) (defined as six full years following the year the offering was terminated), which ends on December 31, 2009 and (iii) provides additional distributions following the Reinvestment Period and until all equipment has been sold. The Company is governed by the Operating Agreement, as amended.

2. Summary of significant accounting policies:

Basis of presentation:

The accompanying balance sheets as of December 31, 2007 and 2006 and the related statements of operations and changes in members’ capital and cash flows for each of the two years in the period ended December 31, 2007 have been prepared in accordance with accounting principles generally accepted in the United States, (“GAAP”). Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on equity or net income.

Footnote and tabular amounts are presented in thousands, except as to Units and per Unit data.

Use of estimates:

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

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Cash and cash equivalents:

Cash and cash equivalents include cash in banks and cash equivalent investments with original maturities of ninety days or less.

Credit risk:

Financial instruments that potentially subject the Company to concentrations of credit risk include cash and cash equivalents, direct finance lease receivables, notes receivable and accounts receivable. The Company places its cash deposits and temporary cash investments with creditworthy, high quality financial institutions and believes that such concentration of such deposits and temporary cash investments is not deemed to create a significant risk. Accounts and notes receivable represent amounts due from lessees or borrowers in various industries, related to equipment on operating and direct financing leases or notes receivable. See Note 3 for a description of lessees and financial borrowers by industry as of December 31, 2007 and 2006.

Accounts receivable:

Accounts receivable represent the amounts billed under operating and direct financing lease contracts which are due to the Company. Allowances for doubtful accounts are typically established based on historical charge off and collection experience and the collectability of specifically identified lessees and invoiced amounts. Accounts receivable deemed uncollectible are charged off to the allowance on specific identification basis. Amounts recovered that were previously written-off are recorded as other income in the period received.

Direct financing leases and related revenue recognition:

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 interest income portion of each rental payment is calculated so as to generate a constant rate of return on the net receivable outstanding.

Allowances for losses on direct financing leases are typically established based on historical charge off and collection experience and the collectability of specifically identified lessees and billed and unbilled receivables. Direct financing leases are charged off to the allowance as they are deemed uncollectible.

Direct financing leases are generally placed in a non-accrual status (i.e., no revenue is recognized) when payments are more than 90 days past due. Additionally, management periodically reviews the credit worthiness of all direct finance lessees with payments outstanding less than 90 days. Based upon management's judgment, direct finance lessees with balances less than 90 days delinquent may be placed in a non-accrual status. Leases placed on non-accrual status are only returned to an accrual status when the account has been brought current and management believes recovery of the remaining unpaid lease payments is probable.

Equipment on operating leases and related revenue recognition:

Equipment subject to operating leases is stated at cost. Depreciation is being recognized on a straight-line method over the terms of the related leases to the equipment's estimated residual values at the end of the leases. Maintenance costs associated with the Fund's portfolio of leased assets are expensed as incurred.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Operating lease revenue is recognized on a straight-line basis over the term of the underlying leases. The initial lease terms will vary as to the type of equipment subject to the leases, the needs of the lessees and the terms to be negotiated, but initial leases are generally from 36 to 120 months. The difference between rent received and rental revenue recognized is recorded as unearned operating lease income on the balance sheet.

Notes receivable, unearned interest income and related revenue recognition:

The Company records all future payments of principal and interest on notes as notes receivable which is then offset by the amount of any related unearned interest income. For financial statement purposes, the Company reports only the net amount of principal due on the balance sheet. The unearned interest is recognized over the term of the note and the income portion of each note payment is calculated so as to generate a constant rate of return on the net balance outstanding. Any fees or costs related to notes receivable are recorded as part of the net investment in notes receivable and amortized over the term of the loan.

Allowances for losses on notes receivable are typically established based on historical charge off and collection experience and the collectability of specifically identified borrowers and billed and unbilled receivables. Notes are charged off to the allowance as they are deemed uncollectible.

Notes receivable are generally placed in a non-accrual status (i.e., no revenue is recognized) when payments are more than 90 days past due. Additionally, management periodically reviews the credit worthiness of companies with note payments outstanding less than 90 days. Based upon management's judgment, notes may be placed in a non-accrual status. Notes placed on non-accrual status are only returned to an accrual status when the account has been brought current and management believes recovery of the remaining unpaid receivable is probable.

The fair value of the Company's notes receivable is commensurate with the amount at which the asset could be collected in a current transaction, exclusive of transaction costs such as prepayment penalties. The estimated fair value of the Company's notes receivable were \$4.1 million and \$4.9 million at December 31, 2007 and 2006, respectively.

Initial direct costs:

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

Acquisition expense:

Acquisition expense represents costs which include, but are not limited to, legal fees and expenses, travel and communication expenses, cost of appraisals, accounting fees and expenses and miscellaneous expenses related to the selection and acquisition of equipment which are reimbursable to the Managing Member under the terms of the Operating Agreement. As the costs are not eligible for capitalization as initial direct costs, such amounts are expensed as incurred.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Asset valuation:

Recorded values of the Company's asset portfolio are periodically reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." An impairment loss is measured and recognized only if the estimated undiscounted future cash flows of the asset are less than their net book value. The estimated undiscounted future cash flows are the sum of the estimated residual value of the asset at the end of the asset's expected holding period and estimates of undiscounted future rents. The residual value assumes, among other things, that the asset is utilized normally in an open, unrestricted and stable market. Short-term fluctuations in the market place are disregarded and it is assumed that there is no necessity either to dispose of a significant number of the assets, if held in quantity, simultaneously or to dispose of the asset quickly. Impairment is measured as the difference between the fair value (as determined by a valuation method using discounted estimated future cash flows) of the asset and its carrying value on the measurement date.

Segment reporting:

The Company reports segment information in accordance with SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 establishes annual and interim standards for operating segments of a company. It also requires entity-wide disclosures about the products and services an entity provides, the material countries in which it holds assets and reports revenue, and its major customers. The Company is not organized by multiple operating segments for the purpose of making operating decisions or assessing performance. Accordingly the Company operates in one reportable operating segment in the United States.

The Company's chief operating decision makers are the Managing Member's Chief Executive Officer and its Chief Operating Officer. The Company believes that its equipment leasing business operates as one reportable segment because: a) the Company measures profit and loss at the equipment portfolio level as a whole; b) the chief operating decision makers do not review information based on any operating segment other than the equipment leasing transaction portfolio; c) the Company does not maintain discrete financial information on any specific segment other than its equipment financing operations; d) the Company has not chosen to organize its business around different products and services other than equipment lease financing; and e) the Company has not chosen to organize its business around geographic areas.

The primary geographic regions in which the Company seeks leasing opportunities are North America and Europe. The table below summarizes geographic information relating to the sources, by nation, of the Company's total net revenues for the years ended December 31, 2007 and 2006, and long-lived tangible assets as of December 31, 2007 and 2006 (in thousands):

	For the year ended December 31,			
	2007	% of Total	2006	% of Total
Revenue				
United States	\$25,954	94%	\$25,985	95%
United Kingdom	1,341	5%	1,230	4%
Canada	237	1%	260	1%
Total International	1,578	6%	1,490	5%
Total	<u>\$27,532</u>	<u>100%</u>	<u>\$27,475</u>	<u>100%</u>
	As of December 31,			
	2007	% of Total	2006	% of Total
Long-lived assets				
United States	\$53,809	93%	\$76,374	95%
United Kingdom	3,784	7%	4,451	5%
Total International	3,784	7%	4,451	5%
Total	<u>\$57,593</u>	<u>100%</u>	<u>\$80,825</u>	<u>100%</u>

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Derivative financial instruments:

In June 1998, the Financial Accounting Standards Board (“FASB”) issued 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, by SFAS No. 138, issued in June 2000 and by SFAS No. 149, issued in June 2003.

The Company records all derivatives as either assets or liabilities in the balance sheet and measures those instruments at fair value. It further provides criteria as to when derivative instruments can 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. The Company records derivative instruments at fair value in the balance sheet and recognizes the offsetting gains or losses as adjustments to net income.

Credit exposure from derivative financial instruments, which are assets, arises from the risk of a counterparty default on the derivative contract. The amount of the loss created by the default is the replacement cost or current positive fair value of the defaulted contract.

Foreign currency transactions:

Foreign currency transaction gains and losses are reported in the results of operations as other income in the period in which they occur. Currently, the Company does not use derivative instruments to hedge its economic exposure with respect to assets, liabilities and firm commitments as the foreign currency transactions and risks to date have not been significant. During the year ended December 31, 2007 and 2006, the Company recognized a foreign currency gain of \$19 thousand and a foreign currency loss of \$87 thousand, respectively, which are included in other expense, net.

Investment in securities:

Purchased securities

Purchased securities are not registered for public sale and are carried at cost. Securities are adjusted to fair value if the carrying value is less than fair value and such impairment is deemed by the Managing Member to be other than temporary. Factors considered by the Managing Member in determining fair value include cost, the type of investment, subsequent purchases of the same or similar investments by the Company or other investors, the current financial position and operating results of the company issuing the securities and such other factors as may be deemed relevant. Such other factors include, but are not limited to, available financial information, the issuer’s ability to meet its current obligations and indications of the issuer’s subsequent ability to raise capital. The Managing Member’s estimate and assumption of fair value of the private securities may differ significantly from the values that would have been used had a ready market existed, and the differences could be material.

Warrants

Warrants owned by the Company are not registered for public sale, but are considered derivatives and are carried at an estimated fair value on the balance sheet at the end of the period, as determined by the Managing Member. Factors considered by the Managing Member in determining fair value include cost, the type of investment, subsequent purchases of the same or similar investments by the Company or other investors, the current financial position and operating results of the company issuing the securities and such other factors as may be deemed relevant. The Managing Member’s estimate and assumption of fair value of the private securities may differ significantly from the values that would have been used had a ready market existed, and the differences could be material. At December 31, 2007 and 2006, the Managing Member estimated the fair value of the warrants to be nominal in amount.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Unearned operating lease income:

The Company records prepayments on operating leases as a liability, unearned operating lease income. The liability is recorded when the prepayments are received and recognized as operating lease revenue ratably over the period to which the prepayments relate.

Income taxes:

The Company is treated as a partnership for federal income tax purposes. Pursuant to the provisions of Section 701 of the Internal Revenue Code, a partnership is not subject to federal income taxes. Accordingly, the Company has provided current income taxes for only those states which levy income taxes on partnerships. For the years ended December 31, 2007 and 2006, the related provision for state income taxes was approximately \$8 thousand and \$132 thousand, respectively.

The tax bases of the Company's net assets and liabilities vary from the amounts presented in these financial statements at December 31, 2007 and 2006 (in thousands):

	<u>2007</u>	<u>2006</u>
Financial statement basis of net assets	\$39,665	\$48,273
Tax basis of net assets (unaudited)	35,020	41,049
Difference	<u>\$ (4,645)</u>	<u>\$ (7,224)</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 (loss) reported in these financial statements to the net income (loss) reported on the Company's federal tax return (unaudited) for each of the years ended December 31, 2007 and 2006 (in thousands):

	<u>2007</u>	<u>2006</u>
Net income (loss) per financial statements	\$ 3,121	\$ (353)
Tax adjustments (unaudited):		
Adjustment to depreciation expense	(1,195)	(6,635)
Provision for losses and doubtful accounts	116	18
Adjustments to revenues	2,139	(630)
Other	1,518	—
Net income (loss) per federal tax return (unaudited)	<u>\$ 5,699</u>	<u>\$ (7,600)</u>

Other income (expense), net:

Other income (expense), net consists of amounts received as settlement from former customers previously written off, gains and losses on interest rate swap contracts and gains and losses on foreign exchange transactions. The table below details the Company's other expense, net for the years ended December 31, 2007 and 2006 (in thousands):

	<u>2007</u>	<u>2006</u>
Foreign currency gain (loss)	\$ 19	\$(87)
Change in fair value of interest rate swap contracts	(352)	2
Recoveries of amounts previously written-off	—	5
	<u>\$(333)</u>	<u>\$(80)</u>

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Per unit data:

Net income (loss) and distributions per unit are based upon the weighted average number of Other Members' units outstanding during the period.

Recent accounting pronouncements:

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

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

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements" ("SFAS 157"). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. The provisions of SFAS 157 were to be effective for fiscal years beginning after November 15, 2007. However, in February 2008, the FASB issued FASB Staff Position ("FSP") No. 157-2, which defers the effective date of SFAS No. 157 as it pertains to fair value measurements of nonfinancial assets and nonfinancial liabilities until fiscal years beginning after November 15, 2008. The Company will adopt SFAS 157 except as it applies to its investment in equipment and leases, and other nonfinancial assets and nonfinancial liabilities as noted in FSP FAS 157-2. The Fund is in the process of determining the financial impact the partial adoption of SFAS 157 will have on its results of operations and financial position.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of SFAS 109, Accounting for Income Taxes" ("FIN 48"), to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on deregulation, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company adopted the provisions of FIN 48 on January 1, 2007. The adoption of FIN 48 did not have a significant effect on the Company's financial position, results of operations or cash flows.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

3. Concentration of credit risk and major customers:

The Company leases equipment to lessees and provides debt financing to borrowers in diversified industries. Leases and notes receivable are subject to AFS's credit committee review. The leases and notes receivable provide for the return of the equipment to the Company upon default.

As of December 31, 2007 and 2006, there were concentrations (greater than 10% as a percentage of total equipment cost) of equipment leased to lessees and/or financial borrowers in certain industries as follows:

	<u>2007</u>	<u>2006</u>
Manufacturing	40%	40%
Mining	13%	15%
Rail transportation	13%	11%
Marine transportation	11%	11%

During 2007 and 2006, three customers comprised 29% and 25% of the Company's revenues from leases, respectively, as follows:

<u>Lessee</u>	<u>Type of Equipment</u>	<u>Percentage of Total Lease Revenues</u>	
		<u>2007</u>	<u>2006</u>
Ford Motor Company	Material Handling	11%	8%
Whirlpool Corporation	Material Handling	10%	9%
The Sabine Mining Company	Mining	8%	8%

4. Notes receivable net:

The Company has various notes receivable from parties who have financed their purchase of equipment through the Company. At December 31, 2007, the terms of the notes receivable are 36 to 120 months and bear interest at rates ranging from 11% to 14%. The notes are secured by the equipment financed. There were no impaired notes as of December 31, 2007 and 2006. As of December 31, 2007, the minimum future payments receivable are as follows (in thousands):

Year ending December 31, 2008	\$ 856
2009	2,211
2010	393
2011	393
2012	393
Thereafter	870
	<u>5,116</u>
Less: portion representing unearned interest income	(991)
	<u>4,125</u>
Unamortized indirect costs	8
Notes receivable, net	<u>\$4,133</u>

For the respective years ended December 31, 2007 and 2006, IDC amortization expense related to notes receivable was \$9 thousand and \$23 thousand. Together with IDC amortization expense related to operating leases and direct finance leases (discussed in Note 6) of \$434 thousand and \$636 thousand, respectively, total IDC amortization expense was \$443 thousand and \$659 thousand for the years ended December 31, 2007 and 2006, respectively.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

5. Allowance for doubtful accounts:

The Company's allowance for doubtful accounts is as follows (in thousands):

	<u>Allowance for Doubtful Accounts</u>
Balance December 31, 2005	\$ 10
Provision	18
Balance December 31, 2006	<u>28</u>
Provision	116
Balance December 31, 2007	<u>\$ 144</u>

6. Investment in equipment and leases, net:

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

	<u>Balance December 31, 2006</u>	<u>Reclassifications & Additions / Dispositions</u>	<u>Depreciation/ Amortization Expense or Amortization of Leases</u>	<u>Balance December 31, 2007</u>
Net investment in operating leases	\$ 73,086	\$ (4,814)	\$ (16,841)	\$ 51,431
Net investment in direct financing leases	6,777	473	(1,671)	5,579
Assets held for sale or lease, net	31	92	(49)	74
Initial direct costs, net of accumulated amortization of \$1,075 and \$1,166 at December 31, 2007 and 2006, respectively	<u>931</u>	<u>12</u>	<u>(434)</u>	<u>509</u>
Total	<u>\$ 80,825</u>	<u>\$ (4,237)</u>	<u>\$ (18,995)</u>	<u>\$ 57,593</u>

Additions to net investment in operating leases are stated at cost and include amounts accrued at December 31, 2006 related to asset purchase obligations. There were no such amounts accrued at December 31, 2007.

For the respective years ended December 31, 2007 and 2006, IDC amortization expense related to operating leases and direct finance leases was \$434 thousand and \$636 thousand, respectively.

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

Management periodically reviews the carrying values of its assets on leases and assets held for lease or sale. No impairment losses were recorded in 2007 or 2006.

Impairment losses are recorded as an adjustment to the net investment in operating leases. Depreciation expense on property subject to operating leases and property held for lease or sale was \$16.9 million and \$19.9 million for the years ended December 31, 2007 and 2006, respectively.

All of the leased property was acquired during the years 2001 through 2007.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

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

Operating leases:

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

	Balance December 31, 2006	Additions	Reclassifications or Dispositions	Balance December 31, 2007
Material handling	\$ 27,933	\$ —	\$ (1,218)	\$ 26,715
Manufacturing	22,812	—	(8,878)	13,934
Mining	17,762	—	(5,111)	12,651
Transportation, rail	13,399	—	(40)	13,359
Marine vessels	12,718	6	(1,948)	10,776
Transportation, other	12,790	76	1,806	14,672
Office automation	5,884	—	(1,884)	4,000
Construction	3,380	—	(61)	3,319
Office furniture	1,174	—	—	1,174
Natural gas compressors	540	—	(540)	—
Communications	196	—	(196)	—
	118,588	82	(18,070)	100,600
Less accumulated depreciation	(45,502)	(16,841)	13,174	(49,169)
Total	<u>\$ 73,086</u>	<u>\$(16,759)</u>	<u>\$ (4,896)</u>	<u>\$ 51,431</u>

The average estimated residual value for assets on operating leases at December 31, 2007 and 2006 were both 26% of the assets' original cost.

Direct financing leases:

As of December 31, 2007, investment in direct financing leases consists of material handling equipment and office furniture. The following lists the components of the Company's investment in direct financing leases as of December 31, 2007 and 2006 (in thousands):

	2007	2006
Total minimum lease payments receivable	\$ 8,946	\$10,948
Estimated residual values of leased equipment (unguaranteed)	821	872
Investment in direct financing leases	9,767	11,820
Less unearned income	(4,188)	(5,043)
Net investment in direct financing leases	<u>\$ 5,579</u>	<u>\$ 6,777</u>

At December 31, 2007, the aggregate amounts of future minimum lease payments receivable are as follows (in thousands):

	Operating Leases	Direct Financing Leases	Total
Year ending December 31, 2008	\$14,298	\$ 2,709	\$17,007
2009	9,918	1,868	11,786
2010	4,152	1,322	5,474
2011	1,602	1,299	2,901
2012	1,227	1,748	2,975
Thereafter	2,343	—	2,343
	<u>\$33,540</u>	<u>\$ 8,946</u>	<u>\$42,486</u>

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

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

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

<u>Equipment category</u>	<u>Useful Life</u>
Mining	30 - 40
Transportation, rail	30 - 35
Marine vessels	20 - 30
Manufacturing	10 - 20
Material handling	7 - 10
Transportation, other	7 - 10
Natural gas compressors	7 - 10
Office furniture	7 - 10
Communications	3 - 5

7. Related party transactions:

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

The Operating Agreement allows for the reimbursement of costs incurred by AFS in providing administrative services to the Company. Administrative services provided include Company accounting, finance/treasury, investor relations, legal counsel and lease and equipment documentation. AFS is not reimbursed for services whereby it is entitled to receive a separate fee as compensation for such services, such as management of equipment. Reimbursable costs incurred by AFS are allocated to the Company based upon estimated time incurred by employees working on Company business and an allocation of rent and other costs based on utilization studies. The Company would be liable for certain future costs to be incurred by AFS to manage the administrative services provided to the Company.

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

Cost reimbursements to the Managing Member are based on its costs incurred in performing administrative services for the Company. These costs are allocated to each managed entity based on certain criteria such as total assets, number of investors or contributed capital based upon the type of cost incurred.

AFS and/or affiliates earned fees, commissions and reimbursements, pursuant to the Operating Agreement as follows during each of the years ended December 31, 2007 and 2006 (in thousands):

	<u>2007</u>	<u>2006</u>
Cost reimbursements to Managing Member	\$1,112	\$ 969
Asset management fees to Managing Member	1,348	1,266
Acquisition and initial direct costs paid to Managing Member	19	17
	<u>\$2,479</u>	<u>\$2,252</u>

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

8. Non-recourse debt

At December 31, 2007, non-recourse debt consists of notes payable to financial institutions. The notes are due in varying quarterly and semi-annual installments. Interest on the notes is at fixed rates ranging from 5.99% to 6.16%. The notes are secured by assignments of lease payments and pledges of assets. At December 31, 2007, the carrying value of the pledged assets is \$9.1 million. The notes mature from 2008 through 2015.

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

	Principal	Interest	Total
Year ending December 31, 2008	\$ 2,355	\$ 376	\$2,731
2009	678	279	957
2010	721	236	957
2011	653	194	847
2012	694	153	847
Thereafter	<u>2,097</u>	<u>184</u>	<u>2,281</u>
	<u>\$ 7,198</u>	<u>\$1,422</u>	<u>\$8,620</u>

9. Borrowing facilities:

The Company participates with AFS and certain of its affiliates in a financing arrangement ((the "Master Terms Agreement") comprised of a working capital facility to AFS, an acquisition facility and a warehouse facility to AFS, the Company and affiliates and a venture facility available to an affiliate) with a group of financial institutions that includes certain financial and non-financial covenants. The financial arrangement was originally \$75 million and expired on June 28, 2007. The facility was renewed for an additional two years with an availability of \$65 million pending redefinition of the lender base. On July 28, 2007, with a redefinition of the lender base, the facility was amended to reset availability to \$75 million. The arrangement expires in June 2009. The availability of borrowings to the Company under this financing arrangement is reduced by the amount outstanding on any of the above mentioned facilities.

As of December 31, 2007 and 2006, borrowings under the facility were as follows (in thousands):

	2007	2006
Total available under the financing arrangement	\$75,000	\$ 75,000
Amount borrowed by the Company under the acquisition facility	(1,500)	(4,000)
Amounts borrowed by affiliated partnerships and Limited Liability Companies under the acquisition and warehouse facilities	<u>(7,125)</u>	<u>(22,561)</u>
Total remaining available under the acquisition and warehouse facilities	<u>\$66,375</u>	<u>\$ 48,439</u>

The Company is contingently liable for principal payments under the warehouse facility as borrowings are recourse jointly and severally to the extent of the pro-rata share of the Company's net worth as compared to the aggregate net worth of certain of the affiliated partnerships and limited liability companies of the Company and including AFS and ALC (which latter two entities are 100% liable). The Company and its affiliates pay an annual commitment fee to have access to this line of credit. There were no borrowings under the warehouse facility at December 31, 2007. As of December 31, 2006, borrowings of \$3.1 million were outstanding under the warehouse facility. The Company's maximum obligation on the outstanding warehouse balance at December 31, 2006 was approximately \$641 thousand.

The interest rate on the Master Terms Agreement is based on either the LIBOR/Eurocurrency rate of 1-, 2-, 3- or 6-month maturity plus a lender designated spread, or the bank's Prime rate, which re-prices daily. Principal amounts of loans made under the Master Terms Agreement that are prepaid may be re-borrowed on the terms and subject to the conditions set forth under the Master Terms Agreement. The effective interest rate on borrowings was 6.12% at December 31, 2007, and ranged from 6.60% to 8.25% at December 31, 2006. During the fiscal years ended December 31, 2007 and 2006, the weighted average interest rate on borrowings was 6.60% and 6.69%, respectively.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

9. Borrowing facilities (continued):

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

To manage the warehousing facility for the holding of assets prior to allocation to specific investor programs, a Warehousing Trust Agreement has been entered into by the Company, AFS and ALC, and certain of the affiliated partnerships and limited liability companies. The warehousing facility is used to acquire and hold, on a short-term basis, certain lease transactions that meet the investment objectives of each of such entities. Each of the leasing programs sponsored by AFS and ALC currently in its acquisition stage is a pro rata participant in the Warehousing Trust Agreement, as described below. When a program no longer has a need for short term financing provided by the warehousing facility, it is removed from participation, and as new leasing investment entities are formed by AFS and ALC and commence their acquisition stages, these new entities are added. As of December 31, 2007, the investment program participants were the Company, ATEL Capital Equipment Fund X, LLC, ATEL Capital Equipment Fund XI, LLC and ATEL 12, LLC. Pursuant to the Warehousing Trust Agreement, the benefit of the lease transaction assets, and the corresponding liabilities under the warehouse borrowing facility, inure to each of such entities based upon each entity's pro-rata share in the warehousing trust estate. The "pro-rata share" is calculated as a ratio of the net worth of each entity over the aggregate net worth of all entities benefiting from the warehouse trust estate, excepting that the trustees, AFS and ALC, are both liable for their pro-rata shares of the obligations based on their respective net worth, and jointly liable for the pro rata portion of the obligations of each of the affiliated partnerships and limited liability companies participating under the borrowing facility. Transactions are financed through this warehousing facility only until the transactions are allocated to a specific program for purchase or are otherwise disposed by AFS and ALC. When a determination is made to allocate the transaction to a specific program for purchase by the program, the purchaser repays the debt associated with the asset, either with cash or by means of the acquisition facility financing, the asset is removed from the warehouse facility collateral, and ownership of the asset and any debt obligation associated with the asset are assumed solely by the purchasing entity.

The financing arrangement discussed above includes certain financial and non-financial covenants applicable to each borrower. The Company and affiliates were in compliance with all covenants as of December 31, 2007.

The financial institutions providing the above discussed financing arrangement have a blanket lien on the Company's assets as collateral on any and all borrowings.

10. Receivables funding program:

As of December 31, 2007, the Company had a \$60 million receivables funding program (the "Program") with a receivables financing company that issues commercial paper rated A1 from Standard and Poor's 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 expires August 2011.

The Program provides for borrowing at a variable interest rate and requires AFS, 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. AFS 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.

As of December 31, 2007 and 2006, the Company had \$15.5 million and \$25.5 million outstanding under the Program, respectively. During the years ended December 31, 2007 and 2006, the Company paid program fees, as defined in the receivables funding agreement, totaling \$76 thousand and \$127 thousand, respectively. Such fees are included in interest expense in the Company's statement of operations. The program terminated with respect to new borrowings in January 2006.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

10. Receivables funding program (Continued):

As of December 31, 2007, the Company has entered into interest rate swap agreements to receive or pay interest on a notional principal of \$15.5 million based on the difference between nominal rates ranging from 3.75% to 4.81% and the variable rates that ranged from 5.57% to 6.19% under the Program. As of December 31, 2006, the Company had interest rate swap agreements to receive or pay interest on a notional principal of \$25.5 million based on the difference between nominal rates ranging from 3.75% to 4.80% and the variable rates that ranged from 2.88% to 4.64% under the Program. No actual borrowing or lending is involved. The termination of the swaps coincides with the maturity of the debt. Through the swap agreements, the interest rates have been effectively fixed. The differential to be paid or received is accrued as interest rates change and is recognized currently as an adjustment to interest expense related to the debt. The interest rate swaps are carried at fair value on the balance sheet with unrealized gain/loss included in the statement of operations in other income/(loss).

At December 31, 2007 and 2006, borrowings under the Program are as follows (in thousands):

<u>Date Borrowed</u>	<u>Original Amount Borrowed</u>	<u>Balance December 31, 2007</u>	<u>Notional Balance December 31, 2007</u>	<u>Swap Value December 31, 2007</u>	<u>Payment Rate On Interest Swap Agreement</u>
February 14, 2005	\$20,000	\$ 4,837	\$ 4,837	\$ 10	3.75%
March 22, 2005	9,892	4,180	4,180	(21)	4.31%
December 15, 2005	13,047	5,016	5,016	(50)	4.80%
January 9, 2006	2,500	1,446	1,446	(18)	4.81%
	<u>\$45,439</u>	<u>\$ 15,479</u>	<u>\$ 15,479</u>	<u>\$ (79)</u>	

<u>Date Borrowed</u>	<u>Original Amount Borrowed</u>	<u>Balance December 31, 2006</u>	<u>Notional Balance December 31, 2006</u>	<u>Swap Value December 31, 2006</u>	<u>Payment Rate On Interest Swap Agreement</u>
February 14, 2005	\$20,000	\$ 8,529	\$ 8,529	\$ 151	3.75%
March 22, 2005	9,892	6,278	6,278	80	4.31%
December 15, 2005	13,047	8,682	8,682	34	4.80%
January 9, 2006	2,500	2,001	2,001	8	4.81%
	<u>\$45,439</u>	<u>\$ 25,490</u>	<u>\$ 25,490</u>	<u>\$ 273</u>	

At December 31, 2007, the minimum repayment schedule under the Program is as follows (in thousands):

Year ending December 31, 2008	\$ 7,470
2009	5,604
2010	1,990
2011	415
	<u>\$15,479</u>

At December 31, 2007, there are specific leases that are identified as collateral under the Program with expected future lease receivables of approximately \$15.7 million at their discounted present value.

During the years ended December 31, 2007 and 2006, the weighted average interest rate on the Program was 5.70% and 5.32%, respectively.

The Program discussed above includes certain financial and non-financial covenants applicable to each borrower. The Company and affiliates were in compliance with all covenants as of December 31, 2007.

11. Commitments:

At December 31, 2007, the Company had no commitments to purchase lease assets.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

12. Guarantees:

The Company enters into contracts that contain a variety of indemnifications. The Company's maximum exposure under these arrangements is unknown. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

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

13. Members' capital:

As of December 31, 2007, 12,055,016 Units were issued and outstanding. The Company was authorized to issue up to 15,000,000 Units in addition to the Units issued to the initial members (50 Units).

As defined in the Operating Agreement, the Company's Net Income, Net Losses, and Distributions are to be allocated 92.5% to the Members and 7.5% to AFS. In accordance with the terms of the Operating Agreement, additional allocations of income were made to AFS in 2007 and 2006. The amounts allocated were determined to bring AFS's ending capital account balance to zero at the end of each year.

Distributions to the Other Members were as follows (in thousands except Units and per Unit data):

	2007	2006
Distributions declared	\$ 10,849	\$ 10,850
Weighted average number of Units outstanding	12,055,016	12,055,016
Weighted average distributions per Unit	<u>\$ 0.90</u>	<u>\$ 0.90</u>

14. Fair value of financial instruments:

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments." Fair value estimates, methods and assumptions, set forth below for the Company's financial instruments, are made solely to comply with the requirements of Statement No. 107 and should be read in conjunction with the Company's consolidated financial statements and related notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

14. Fair value of financial instruments (continued):

The Company has determined the estimated fair value amounts by using market information and valuation methodologies that it considers appropriate. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize or has realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. For all of these reasons, the aggregation of the fair values presented herein does not represent, and should not be construed to represent, their underlying value.

Cash and cash equivalents, and other accounts:

The Company's cash and cash equivalents, accounts receivable, accounts payable and accruals recorded at December 31, 2007 and 2006 approximate fair value because of the liquidity and short-term maturity of these instruments.

Notes receivable:

The Company's notes receivable are stated at the amount at which the asset could be collected in a current transaction, exclusive of transaction costs such as prepayment penalties.

Investment securities

The Company's investment securities are not registered for public sale and are stated at cost. The investment securities are adjusted for impairment, if any, based upon factors which include, but are not limited to, available financial information, the issuer's ability to meet its current obligations and indications of the issuer's subsequent ability to raise capital.

Borrowings:

Borrowings include the outstanding amounts on the Company's acquisition facility, receivables funding program and non-recourse debt. The carrying amount of these variable rate obligations approximate fair value based on current borrowing rates for similar types of borrowings.

Interest rate swap contracts:

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap agreements at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Non-recourse debt:

The fair value of the Company's non-recourse debt is estimated using discounted cash flow analyses, based upon the Company's estimated current incremental borrowing rates for similar types of borrowing arrangements. The estimated fair value of the Company's non-recourse debt at December 31, 2007 and 2006 were \$7.4 million and \$9.4 million, respectively.

Limitations

The fair value estimates presented herein were based on pertinent information available to the Company as of December 31, 2007 and 2006. Although the Company is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since those dates and, therefore, current estimates of fair value may differ significantly from the amounts presented herein.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

14. Fair value of financial instruments (continued):

The following table sets forth the estimated fair values of the Company's financial instruments as of December 31, 2007 and 2006 (in thousands):

	2007		2006	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and cash equivalents	\$ 4,326	\$ 4,326	\$ 3,194	\$ 3,194
Accounts receivable, net	1,409	1,409	982	982
Notes receivable	4,133	4,133	4,902	4,902
Investment in securities, at cost	70	70	70	70
Financial liabilities:				
Accounts payable and accrued liabilities	2,687	2,687	2,372	2,372
Non-recourse debt	7,198	7,386	9,415	9,415
Borrowings	16,979	16,979	29,490	29,490
Interest rate swap contracts	79	79	(273)	(273)

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS' ACCOUNTING AND FINANCIAL DISCLOSURES

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

The Company's Managing Member's Chief Executive Officer, and Executive Vice President and Chief Financial and Operating Officer ("Management"), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on the evaluation of the Company's disclosure controls and procedures, the Chief Executive Officer and Executive Vice President and Chief Financial and Operating Officer concluded that as of the end of the period covered by this report, the design and operation of these disclosure controls and procedures were effective.

The Company does not control the financial reporting process, and is solely dependent on the Management of the Managing Member, who is responsible for providing the Company with financial statements in accordance with generally accepted accounting principles in the United States. The Managing Member's disclosure controls and procedures were effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Management's Report on Internal Control over Financial Reporting

The Management of the Managing Member is responsible for establishing and maintaining adequate internal control over financial reporting as that term is defined in Exchange Act Rule 13a-15(f) for the Company, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2007. The internal control process of the Managing Member, as is applicable to the Company, was designed to provide reasonable assurance to Management regarding the preparation and fair presentation of published financial statements, and includes those policies and procedures that:

- (1) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States, and that the Company's receipts and expenditures are being made only in accordance with authorization of the Management of the Managing Member; and
- (2) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All internal control processes, no matter how well designed, have inherent limitations. Therefore, even those processes determined to be effective can provide only reasonable assurance with respect to the reliability of financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

Management of the Managing Member assessed the effectiveness of its internal control over financial reporting, as is applicable to the Company, as of December 31, 2007. In making this assessment, it used the criteria set forth in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, Management of the Managing Member concluded that the Managing Member's internal control over financial reporting, as is applicable to the Company, was effective as of December 31, 2007.

The Company is a "non-accelerated filer" for the 2007 fiscal year. Accordingly, the Company's independent registered public accounting firm is not currently required to issue an audit report on the Company's internal control over financial reporting.

Changes in internal control

There were no changes in the Managing Member's internal control over financial reporting, as is applicable to the Company, during the quarter ended December 31, 2007 that has materially affected, or is reasonably likely to materially affect, the Managing Member's internal control over financial reporting, as is applicable to the Company.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS

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

ATEL Financial Services, LLC (“AFS”) is the Company’s Managing Member or Manager. AFS is controlled by ATEL Capital Group (“ACG” or “ATEL”), a holding company formed to control ATEL and affiliated companies, through its subsidiaries, ATEL Leasing Corporation (“ALC”), AFS’s managing member, and ATEL Business Credit, Inc. (“ABC”), the other member of AFS. ALC and ABC are AFS’s only members. The outstanding voting capital stock of ATEL Capital Group is owned 100% by Dean Cash.

Each of ALC, ATEL Equipment Corporation (“AEC”), ATEL Investor Services (“AIS”) and ATEL Financial Services, LLC (“AFS”) is a subsidiary under the control 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 AFS which performed distribution services in connection with the Company’s public offering of its Units.

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

Dean L. Cash	President and Chief Executive Officer of ATEL Financial Services, LLC (Managing Member)
Paritosh K. Choksi	Executive Vice President and Chief Financial Officer and Chief Operating Officer of ATEL Financial Services, LLC (Managing Member)
Vasco H. Morais	Executive Vice President, Secretary and General Counsel of ATEL Financial Services, LLC (Managing Member)

Dean L. Cash, age 57, 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 54, joined ATEL in 1999 as a director, senior vice president and its chief financial officer. He became its executive vice president and CFO/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 is a member of the board of directors of Syntel, Inc. 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.

Vasco H. Morais, age 49, 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.

Audit Committee

ATEL Leasing Corporation is the managing member of ATEL Financial Services, LLC. ATEL Financial Services, LLC is the Managing Member of the registrant. The board of directors of ATEL Leasing Corporation acts as the audit committee of the registrant. Dean L. Cash and Paritosh K. Choksi are members of the board of directors of ALC and are deemed to be financial experts. They are not independent of the Company.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely on a review of Forms 3, 4 and 5, the Company is not aware of any failures to file reports of beneficial ownership required to be filed during or for the year ended December 31, 2007.

Code of Ethics

ACG on behalf of AFS and ALC has adopted a code of ethics for its Chief Executive Officer, Chief Financial Officer and Chief Operating Officer and Senior Vice President and General Counsel. The Code of Ethics is included as Exhibit 14.1 to this report.

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 AFS and its affiliates. The amount of such remuneration paid in 2007 and 2006 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 7 thereof, which information is hereby incorporated by reference.

Asset Management Fee

The Company pays AFS an Asset Management Fee in an amount equal to 4% of Operating Revenues, which includes Gross Lease Revenues and Cash From Sales or Refinancing. The Asset Management Fee is paid on a monthly basis. The amount of the Asset Management Fee payable in any year is reduced for that year to the extent it would otherwise exceed the Asset Management Fee Limit, as described below. The Asset Management Fee is paid for services rendered by AFS 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.

AFS supervises 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. AFS 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 is subject to the Asset Management Fee Limit. The Asset Management Fee Limit is calculated each year during the Company's term by calculating the total fees that would be paid to AFS if AFS 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 AFS's Carried Interest, as described below. To the extent that the amount paid to AFS 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 is 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 AFS 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 AFS 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 AFS 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 release 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 7 to the financial statements included in Item 8, Financial Statements and Supplementary Data, for amounts paid.

Managing Member's Interest in Operating Proceeds

As defined in the Limited Liability Company Operating Agreement, the Company's Net Income, Net Losses, and Distributions are to be allocated 92.5% to the Members and 7.5% to AFS. In accordance with the terms of the Operating Agreement, additional allocations of income were made to AFS in 2007 and 2006. The amounts allocated were determined to bring AFS's ending capital account balance to zero at the end of each year. See financial statements as set forth in Part II, Item 8, Financial Statements and Supplementary Data, of this report for amounts allocated to AFS in 2007 and 2006.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**Security Ownership of Certain Beneficial Owners**

At December 31, 2007, no investor is known to hold beneficially more than 5% of the issued and outstanding Units.

Security Ownership of Management

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

(1) Title of Class	(2) Name and Address of Beneficial Owner	(3) Amount and Nature of Beneficial Ownership	(4) Percent of Class
Limited Liability Company Units	ATEL Capital Group 600 California Street, 6th Floor San Francisco, CA 94108	Initial Limited Liability Company Units 50 Units (\$500)	0.0004%

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.

AFS 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 members 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 footnote 7 thereof, and Item 11 of this report under the caption “Executive Compensation,” are hereby incorporated by reference.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

During the most recent two years, the Company incurred audit and audit related fees with its principal auditors as follows (in thousands):

	2007	2006
Audit fees	\$143	\$154
Other	1	—
	<u>\$144</u>	<u>\$154</u>

Audit Fees consist of the aggregate fees and expenses billed in connection with the audit of the Company’s annual financial statements and the review of the financial statements included in the Company’s quarterly reports on Form 10-Q.

Other fees represent costs incurred in connection with various Agreed-Upon Procedures engagements.

ATEL Leasing Corporation is the managing member of ATEL Financial Services, LLC. ATEL Financial Services, LLC is the Managing Member of the registrant. The board of directors of ATEL Leasing Corporation acts as the audit committee of the registrant. Engagements for audit services, audit related services and tax services are approved in advance by the Chief Financial Officer of ATEL Leasing Corporation acting on behalf of the board of directors of ATEL Leasing Corporation in its role as the audit committee of the Company.

PART IV

Item 15. 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 Registered Public Accounting Firm

Balance Sheets at December 31, 2007 and 2006

Statements of Operations for the years ended December 31, 2007 and 2006

Statements of Changes in Members' Capital for the years ended December 31, 2007 and 2006

Statements of Cash Flows for the years ended December 31, 2007 and 2006

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) Exhibits

(3) and (4) Amended and Restated Limited Liability Company Agreement, included as Exhibit B to the Prospectus included in the registrant's registration statement on form S-1 effective January 16, 2001, (File Number 333-47196) is hereby incorporated herein by reference.

(14.1) Code of Ethics

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

(31.2) Rule 13a-14(a)/ 15d-14(a) Certification of Paritosh K. Choksi

(32.1) Certification pursuant to 18 U.S.C. section 1350 of Dean L. Cash

(32.2) Certification pursuant to 18 U.S.C. section 1350 of Paritosh K. Choksi

SIGNATURES

Pursuant to the requirements of 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: March 27, 2008

ATEL Capital Equipment Fund IX, LLC (Registrant)

By: ATEL Financial Services, LLC
Managing Member of Registrant

By: /s/ Dean L. Cash
Dean L. Cash,
President and Chief Executive Officer of
ATEL Financial Services, LLC (Managing
Member)

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

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 L. Cash	President and Chief Executive Officer of ATEL Financial Services, LLC (Managing Member)	March 27, 2008
<u>/s/ Paritosh K. Choksi</u> Paritosh K. Choksi	Executive Vice President and Chief Financial Officer and Chief Operating Officer of ATEL Financial Services, LLC (Managing Member)	March 27, 2008

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.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

CODE OF ETHICS FOR CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL AND OPERATING OFFICER

A. SCOPE

This Code of Ethics is applicable to ATEL Capital Fund IX, LLC (“Fund IX”), including the Chief Executive Officer and Chief Financial and Operating Officer of its Manager, ATEL Financial Services, LLC (“AFS”), or persons acting in such capacity (collectively the “Covered Officers”) on behalf of Fund IX, referred to herein as the “Company.”

Accordingly, under the Securities and Exchange Commission’s interpretation of its disclosure rules, the Board of Directors of the Manager of AFS, ATEL Leasing Corporation (“ALC”), functions as the de facto audit committee for the Company with respect to all procedural and disclosure requirements applicable to audit committees under Securities and Exchange Commission rules. The Board of Directors shall have oversight responsibility over the activities of the Company for purposes of this Code of Ethics.

B. PURPOSE

The Company is proud of the values with which it conducts business. It has and will continue to uphold the highest levels of business ethics and personal integrity in all types of transactions and interactions. To this end, this Code of Ethics serves to (1) emphasize the Company’s commitment to ethics and compliance with the law; (2) set forth basic standards of ethical and legal behavior; (3) provide reporting mechanisms for known or suspected ethical or legal violations; and (4) help prevent and detect wrongdoing. This Code of Ethics is intended to augment and supplement the standard of ethics and business conduct expected of all Company employees, and its limitation to Covered Officers is not intended to limit the obligation of all Company employees to adhere to the highest standards of business ethics and integrity in all transactions and interactions conducted while in the Company’s employ.

Given the variety and complexity of ethical questions that may arise in the course of business of the Company, this Code of Ethics serves only as a rough guide. Confronted with ethically ambiguous situations, the Covered Officers should remember the Company’s commitment to the highest ethical standards and seek independent advice, where necessary, to ensure that all actions they take on behalf of the Company honor this commitment.

C. ETHICS STANDARDS**1. Honest and Ethical Conduct**

The Covered Officers shall behave honestly and ethically at all times and with all people. They shall act in good faith, with due care, and shall engage only in fair and open competition, by treating ethically competitors, suppliers, customers, and colleagues. They shall not misrepresent facts or engage in illegal, unethical, or anti-competitive practices for personal or professional gain.

2. Conflicts of Interest

This fundamental standard of honest and ethical conduct extends to the handling of conflicts of interest. The Covered Officers shall avoid any actual, potential, or apparent conflicts of interest with the Company, and any personal activities, investments, or associations that might give rise to such conflicts. They shall not compete with or use the Company, for personal gain, self-deal, or take advantage of any corporate opportunities. They shall act on behalf of the Company free from improper influence or the appearance of improper influence on their judgment or performance of duties. A Covered Officer shall disclose any material transaction or relationship that reasonably could be expected to give rise to such a conflict to the Company’s General Counsel or a member of the Company’s Board of Directors. No action may be taken with respect to such transaction or party unless and until the Company’s Board of Directors has approved such action.

Notwithstanding the foregoing, it is understood, as fully disclosed in the offering documents for the Company, that AFS as managing member of the Company has certain inherent conflicts of interest. The provisions of the Company's Operating Agreement have been drafted to address the obligations, restrictions and limitations on the power and authority of AFS to manage the Company's affairs, including restrictions prohibiting or limiting the terms of any transactions in which conflicts of interest may arise. Furthermore, AFS has a fiduciary duty to the Company as its manager. It is therefore expressly understood by the Company and the Covered Officers that any and all actions by AFS and its personnel that comply with the provisions of the Company's Operating Agreement, and which are consistent with AFS's fiduciary duty to the Company, will not be considered material transactions or relationships which require disclosure or reporting under this Code of Ethics.

3. Timely and Truthful Disclosure

In reports and documents filed with or submitted to the Securities and Exchange Commission and other regulators by the Company and in other public communications made by the Company, the Covered Officers shall make disclosures that are full, fair, accurate, timely, and understandable. The Covered Officers shall provide thorough and accurate financial and accounting data for inclusion in such disclosures. The Covered Officers shall not knowingly conceal or falsify information, misrepresent material facts, or omit material facts necessary to avoid misleading the Company's independent public auditors or investors.

4. Legal Compliance

In conducting the business of the Company shall comply with applicable governmental laws, rules, and regulations at all levels of government in the United States and in any non-U.S. jurisdiction in which the Company does business, as well as applicable rules and regulations of self-regulatory organizations of which the Company is a member. If the Covered Officer is unsure whether a particular action would violate an applicable law, rule, or regulation, he or she should seek the advice of inside counsel (if available), and, where necessary, outside counsel before undertaking it.

D. VIOLATIONS OF ETHICAL STANDARDS

1. Reporting Known or Suspected Violations

The Covered Officers will promptly bring to the attention of the Company's General Counsel or the Board of Directors any information concerning a material violation of any of the laws, rules or regulations applicable to the Company and the operation of its businesses, by the Company or any agent thereof, or of violation of this Code of Ethics. The Company's General Counsel will investigate reports of violations and the findings communicated to the Company's Board of Directors.

2. Accountability for Violations

If the Company's Board of Directors determines that this Code of Ethics has been violated, either directly, by failure to report a violation, or by withholding information related to a violation, it may discipline the offending Covered Officer for non-compliance with penalties up to and including termination of employment. Violations of this Code of Ethics may also constitute violations of law and may result in criminal penalties and civil liabilities for the offending Covered Officer and the Company.

RULE 13a-14(a) / 15D-14(A)
CERTIFICATION

I, Dean L. Cash, certify that:

1. I have reviewed this annual report on Form 10-K of ATEL Capital Equipment Fund IX, LLC;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparations of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2008

/s/ Dean L. Cash

Dean L. Cash
President and Chief Executive Officer of
ATEL Financial Services, LLC (Managing Member)

RULE 13a-14(a) / 15D-14(A)
CERTIFICATIONS

I, Paritosh K. Choksi, certify that:

1. I have reviewed this annual report on Form 10-K of ATEL Capital Equipment Fund IX, LLC;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparations of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2008

/s/ Paritosh K. Choksi

Paritosh K. Choksi
Executive Vice President and Chief Financial Officer
and Chief Operating Officer of
ATEL Financial Services, LLC (Managing Member)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350**

In connection with the Annual Report of ATEL Capital Equipment Fund IX, LLC, (the "Company") on Form 10-K for the period ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dean L. Cash, President and Chief Executive Officer of ATEL Financial Services, LLC, Managing Member of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 27, 2008

/s/ Dean L. Cash

Dean L. Cash

President and Chief Executive Officer of

ATEL Financial Services, LLC (Managing Member)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350**

In connection with the Annual Report of ATEL Capital Equipment Fund IX, LLC, (the "Company") on Form 10-K for the period ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paritosh K. Choksi, Executive Vice President and Chief Financial and Operating Officer of ATEL Financial Services, LLC, Managing Member of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 27, 2008

/s/ Paritosh K. Choksi

Paritosh K. Choksi
Executive Vice President and Chief Financial Officer
and Chief Operating Officer of
ATEL Financial Services, LLC (Managing Member)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.