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

**Form 10-Q**

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

For the quarterly period ended March 31, 2010

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File number 000-53618**

**ATEL 12, LLC**

(Exact name of registrant as specified in its charter)

**California**  
(State or other jurisdiction of  
Incorporation or organization)

**20-8712853**  
(I. R. S. Employer  
Identification No.)

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

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

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

The number of Limited Liability Company Units outstanding as of April 30, 2010 was 2,999,482.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

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## ATEL 12, LLC

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements (Unaudited).**

**ATEL 12, LLC**

**BALANCE SHEETS**

**MARCH 31, 2010 AND DECEMBER 31, 2009**

(In Thousands)

(Unaudited)

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,882	\$ 3,976
Due from affiliate	—	1,758
Accounts receivable, net of allowance for doubtful accounts of \$3 at March 31, 2010 and \$19 at December 31, 2009	99	164
Notes receivable, net of unearned interest income of \$124 and allowance for credit losses of \$488 at March 31, 2010 and net of unearned interest income of \$149 and allowance for credit losses of \$375 at December 31, 2009	651	851
Investment in securities	480	467
Investments in equipment and leases, net of accumulated depreciation of \$4,307 at March 31, 2010 and \$3,456 at December 31, 2009	13,359	14,234
Other assets	17	18
<b>Total assets</b>	<u>\$ 20,488</u>	<u>\$ 21,468</u>
<b>LIABILITIES AND MEMBERS' CAPITAL</b>		
Accounts payable and accrued liabilities:		
Managing Member	\$ 17	\$ 19
Due to affiliate	82	—
Accrued distributions to Other Members	230	230
Other	74	116
Unearned operating lease income	72	154
<b>Total liabilities</b>	<u>475</u>	<u>519</u>
Commitments and contingencies		
Members' capital:		
Managing Member	—	—
Other Members	20,013	20,949
<b>Total Members' capital</b>	<u>20,013</u>	<u>20,949</u>
<b>Total liabilities and Members' capital</b>	<u>\$ 20,488</u>	<u>\$ 21,468</u>

See accompanying notes.

**ATEL 12, LLC**  
**STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED**  
**MARCH 31, 2010 AND 2009**  
(In Thousands Except for Units and Per Unit Data)  
**(Unaudited)**

	Three months ended March 31,	
	2010	2009
<b>Revenues:</b>		
Operating lease revenue	\$ 995	\$ 691
Direct financing leases	2	1
Notes receivable interest income	26	40
Other	5	—
<b>Total revenues</b>	<b>1,028</b>	<b>732</b>
<b>Expenses:</b>		
Depreciation of operating lease assets	851	622
Asset management fees to Managing Member	45	32
Acquisition expense	—	255
Cost reimbursements to Managing Member and affiliates	114	44
Provision for credit losses	97	—
Amortization of initial direct costs	21	18
Interest expense	20	25
Professional fees	56	25
Outside services	9	5
Other	21	3
<b>Total operating expenses</b>	<b>1,234</b>	<b>1,029</b>
<b>Net loss</b>	<b>\$ (206)</b>	<b>\$ (297)</b>
<b>Net income (loss):</b>		
Managing Member	\$ 55	\$ 31
Other Members	(261)	(328)
	<b>\$ (206)</b>	<b>\$ (297)</b>
<b>Net loss per Limited Liability Company Unit (Other Members)</b>	<b>\$ (0.09)</b>	<b>\$ (0.20)</b>
<b>Weighted average number of Units outstanding</b>	<b>2,999,482</b>	<b>1,663,638</b>

See accompanying notes.

**A TEL 12, LLC**  
**STATEMENTS OF CHANGES IN MEMBERS' CAPITAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
**AND FOR THE**  
**THREE MONTHS ENDED**  
**MARCH 31, 2010**  
(In Thousands Except for Units and Per Unit Data)  
**(Unaudited)**

	<u>Other Members</u>		<u>Managing</u>	<u>Total</u>
	<u>Units</u>	<u>Amount</u>	<u>Member</u>	
Balance December 31, 2008	1,524,402	\$ 11,376	\$ —	\$ 11,376
Capital contributions	1,477,780	14,778	—	14,778
Redemptions of Units	(2,700)	(27)	—	(27)
Distributions to Other Members (\$0.90 per Unit)	—	(2,088)	—	(2,088)
Less selling commissions to affiliates	—	(1,330)	—	(1,330)
Syndication costs	—	(314)	—	(314)
Distributions to Managing Member	—	—	(169)	(169)
Net (loss) income	—	(1,446)	169	(1,277)
Balance December 31, 2009	<u>2,999,482</u>	<u>20,949</u>	<u>—</u>	<u>20,949</u>
Distributions to Other Members (\$0.23 per Unit)	—	(675)	—	(675)
Distributions to Managing Member	—	—	(55)	(55)
Net (loss) income	—	(261)	55	(206)
Balance March 31, 2010	<u>2,999,482</u>	<u>\$ 20,013</u>	<u>\$ —</u>	<u>\$ 20,013</u>

See accompanying notes.

ATEL 12, LLC  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED**  
**MARCH 31, 2010 AND 2009**  
(In Thousands)  
(Unaudited)

	Three months ended March 31,	
	2010	2009
<b>Operating activities:</b>		
Net loss	\$ (206)	\$ (297)
Adjustment to reconcile net loss to cash used in operating activities:		
Depreciation of operating lease assets	851	622
Amortization of initial direct costs	21	18
Amortization of unearned income on direct financing leases	(2)	(1)
Amortization of unearned income on notes receivable	(26)	(40)
Provision for credit losses	97	—
Changes in operating assets and liabilities:		
Accounts receivable	81	(57)
Prepaid and other assets	1	(4)
Accounts payable, Managing Member	(2)	2
Accounts payable, other	(42)	2,437
Accrued liabilities, affiliates	170	233
Unearned operating lease income	(82)	90
<b>Net cash provided by operating activities</b>	<b>861</b>	<b>3,003</b>
<b>Investing activities:</b>		
Purchases of equipment on operating leases	—	(4,687)
Purchases of equipment on direct financing leases	—	(40)
Purchase of securities	(13)	—
Payments of initial direct costs	(1)	(94)
Payments received on direct financing leases	7	4
Payments received on notes receivable	112	145
<b>Net cash provided by (used in) investing activities</b>	<b>105</b>	<b>(4,672)</b>
<b>Financing activities:</b>		
Borrowings under acquisition facility	—	1,500
Repayments under acquisition facility	—	(500)
Repayment of amount due from affiliate	1,670	—
Selling commissions to affiliates	—	(267)
Syndication costs paid to Managing Member	—	(196)
Distributions to Other Members	(675)	(349)
Distributions to Managing Member	(55)	(28)
Capital contributions	—	2,970
<b>Net cash provided by financing activities</b>	<b>940</b>	<b>3,130</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,906</b>	<b>1,461</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,976</b>	<b>2,050</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 5,882</b>	<b>\$ 3,511</b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for interest	\$ 20	\$ 24
Cash paid during the period for taxes	\$ —	\$ 3
<b>Schedule of non-cash transactions:</b>		
Distributions payable to Other Members at period-end	\$ 230	\$ 137
Distributions payable to Managing Member at period-end	\$ 19	\$ 11

See accompanying notes.

## ATEL 12, LLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Organization and Limited Liability Company matters:

ATEL 12, LLC (the “Company” or the “Fund”) was formed under the laws of the state of California on January 25, 2007 for the purpose of equipment financing and acquiring equipment to engage in equipment leasing and sales activities, as well as in real estate, growth capital investment activities and green technologies (the “principal operations”). The Managing Member of the Company is ATEL Associates 12, LLC (the “Managing Member”), a Nevada limited liability corporation. The Fund may continue until December 31, 2030. As a limited liability company, the liability of any individual member for the obligations of the Fund is limited to the extent of capital contributions to the Fund by the individual member.

The Company conducted a public offering of 20,000,000 Limited Liability Company Units (“Units”), at a price of \$10 per Unit. On January 24, 2008, subscriptions for the minimum number of Units (120,000, representing \$1.2 million), excluding subscriptions from Pennsylvania investors, had been received and the Fund requested subscription proceeds to be released from escrow. On that date, the Company commenced initial operations and continued in its development stage activities until transitioning to an operating enterprise during the second quarter. Pennsylvania subscriptions were subject to a separate escrow to be released to the Fund only when the Fund had received aggregate subscriptions for all investors equal to at least \$7.5 million. Total contributions to the Fund exceeded \$7.5 million on July 15, 2008. The offering was terminated on September 25, 2009.

As of March 31, 2010, cumulative contributions, net of rescissions and/or redemptions, totaling \$30.0 million (inclusive of the \$500 initial member’s capital investment) have been received and 2,999,482 Units were issued and outstanding.

The Fund, or Managing Member and/or affiliates on behalf of the Fund, has incurred costs in connection with the organization, registration and issuance of the limited liability company units (Units). The amount of such costs to be borne by the Fund is limited by certain provisions of the ATEL 12, LLC Limited Liability Company Operating Agreement dated April 3, 2007 (the “Operating Agreement”).

The Company’s principal objectives are to invest in a diversified portfolio of investments that (i) preserves, protects and returns the Company’s invested capital; (ii) generates regular cash distributions to Unit holders, any balance remaining after required minimum distributions to be used to purchase additional investments during the Reinvestment Period (ending six calendar years after the completion of the Company’s public offering of Units) which ends on December 31, 2015 and (iii) provides additional cash distributions following the Reinvestment Period and until all investment portfolio assets have been sold or otherwise disposed. The Company is governed by its Operating Agreement, as amended.

These unaudited interim financial statements should be read in conjunction with the financial statements and notes thereto contained in the report on Form 10-K for the year ended December 31, 2009, filed with the Securities and Exchange Commission.

#### 2. Summary of Significant Accounting Policies:

##### *Basis of presentation:*

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q as mandated by the Securities and Exchange Commission. The unaudited interim financial statements reflect all adjustments which are, in the opinion of the Managing Member, necessary for a fair statement of financial position and results of operations for the interim periods presented. All such adjustments are of a normal recurring nature. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions in the financial statements and accompanying notes. Therefore, actual results could differ from those estimates. Operating results for the three months ended March 31, 2010 are not necessarily indicative of the results to be expected for the full year.

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on equity or net income.

## ATEL 12, LLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 2. Summary of Significant Accounting Policies (continued):

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

In preparing the accompanying unaudited financial statements, the Managing Member has reviewed events that have occurred after March 31, 2010 up until the issuance of the financial statements. No events were noted which would require disclosure in the footnotes to the financial statements.

##### *Use of Estimates*

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

##### *Segment reporting:*

The Company is organized into one operating segment 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 principal decision makers are the Managing Member's Chief Executive Officer and its Chief Financial Officer and 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 principal 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 sought leasing opportunities were North America and Europe. Currently, 100% of the Company's operating revenues and long-lived assets are from customers domiciled in North America.

##### *Investment in securities*

###### *Purchased securities*

Purchased securities are generally not registered for public sale and are carried at cost. Such securities are adjusted to fair value if the fair value is less than the carrying value and such impairment is deemed by the Managing Member to be other than temporary. Factors considered by the Managing Member in determining fair value include, but are not limited to, available financial information, the issuer's ability to meet its current obligations and indications of the issuer's subsequent ability to raise capital. Management has concluded that there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the instruments and that it is not practicable to estimate the fair value of the investment because of its illiquidity. Accordingly, such investment is stated at cost at March 31, 2010 and December 31, 2009.

###### *Warrants*

Warrants owned by the Company are not registered for public sale, but are considered derivatives and are carried at an estimated fair value on the balance sheet at the end of the period, as determined by the Managing Member. At March 31, 2010 and December 31, 2009, the Managing Member estimated the fair value of the warrants to be nominal in amount.

ATEL 12, LLC

NOTES TO THE FINANCIAL STATEMENTS

**2. Summary of Significant Accounting Policies (continued):**

*Per Unit data:*

Net loss and distributions per Unit are based upon the weighted average number of Other Members Units outstanding during the period.

*Recent accounting pronouncements:*

In February 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (“ASU”) No. 2010-09 “Subsequent Events - Amendments to Certain Recognition and Disclosure Requirements” (“ASU 2010-09”), which amends FASB ASC Topic 855, Subsequent Events, so that SEC filers no longer are required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. ASU No. 2010-09 was effective immediately and was adopted by the Company for its year end 2009 reporting period with no impact on its financial position, results of operations or cash flows.

In January 2010, the FASB issued ASU No. 2010-06, “Improving Disclosure about Fair Value Measurement” (“ASU 2010-06”). ASU 2010-06 requires additional disclosures related to recurring or nonrecurring fair-value measurements including significant transfers into and out of Level 1 and Level 2 fair-value measurements, and information on purchases, sales, issuances, and settlements in a rollforward reconciliation of Level 3 fair-value measurements. Except for the Level 3 reconciliation disclosures, which will be effective for fiscal years beginning after December 15, 2010, the guidance became effective for the Company beginning January 1, 2010 and was adopted during the first quarter of 2010 with no impact on the Company’s financial position, results of operations or cash flows.

**3. Notes receivable, net:**

The Company has various notes receivable from borrowers who have financed the purchase of equipment through the Company. At March 31, 2010, the original terms of the notes receivable are 36 months and bear interest at rates ranging from 11% to 15%. The notes are generally secured by the equipment financed. The notes mature from 2011 through 2013. At December 31, 2009, the Company had a \$375 thousand reserve related to an impaired note receivable. During the three months ended March 31, 2010, an additional impairment provision totaling \$113 thousand was recorded related to the same note receivable. The impaired note was then placed in nonaccrual status during the quarter ended March 31, 2010. By comparison, there were no impaired notes during the three-month period ended March 31, 2009 and there were no notes placed in nonaccrual status as of December 31, 2009.

As of March 31, 2010, the minimum future payments receivable are as follows (in thousands):

Nine months ending December 31, 2010	\$ 636
Year ending December 31, 2011	522
2012	94
2013	7
	1,259
Less: portion representing unearned interest income	(124)
	1,135
Unamortized indirect costs	3
Less: Reserve for impairment	(487)
Notes receivable, net	\$ 651

	March 31, 2010	December 31, 2009
Note receivables, net placed in non-accrual status	\$ 12	\$ —

ATEL 12, LLC

NOTES TO THE FINANCIAL STATEMENTS

**3. Notes receivable, net (continued):**

IDC amortization expense related to notes receivable and the Company's operating and direct finance leases for the three months ended March 31, 2010 and 2009 are as follows (in thousands):

	Three months ended March 31,	
	2010	2009
IDC amortization - notes receivable	\$ 2	\$ 2
IDC amortization - lease assets	19	16
Total	<u>\$ 21</u>	<u>\$ 18</u>

**4. Investments in equipment and leases, net:**

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

	Balance December 31, 2009	Reclassifications & Additions / Dispositions	Depreciation/ Amortization Expense or Amortization of Leases	Balance March 31, 2010
Net investment in operating leases	\$ 13,953	\$ —	\$ (851)	\$ 13,102
Net investment in direct financing leases	79	—	(5)	74
Initial direct costs, net	202	—	(19)	183
Total	<u>\$ 14,234</u>	<u>\$ —</u>	<u>\$ (875)</u>	<u>\$ 13,359</u>

*Impairment of investments in leases:*

Management periodically reviews the carrying values of its assets on leases. Impairment losses are recorded as an adjustment to the net investment in operating leases. No impairment losses were recorded during the three months ended March 31, 2010 and 2009. Depreciation expense on property subject to operating leases totaled \$851 thousand and \$622 thousand for the respective three months ended March 31, 2010 and 2009.

All of the Company's leased property was acquired in the years 2008 through 2010.

*Operating leases:*

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

	Balance December 31, 2009	Additions	Reclassifications or Dispositions	Balance March 31, 2010
Materials handling	\$ 7,842	\$ —	\$ —	\$ 7,842
Computers	3,963	—	—	3,963
Aviation	2,167	—	—	2,167
Construction	2,156	—	—	2,156
Transportation	1,032	—	—	1,032
Manufacturing	249	—	—	249
	<u>17,409</u>	<u>—</u>	<u>—</u>	<u>17,409</u>
Less accumulated depreciation	(3,456)	(851)	—	(4,307)
Total	<u>\$ 13,953</u>	<u>\$ (851)</u>	<u>\$ —</u>	<u>\$ 13,102</u>

**ATEL 12, LLC**

**NOTES TO THE FINANCIAL STATEMENTS**

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

The average estimated residual value for assets on operating leases was 25% and 26% of the assets' original cost at March 31, 2010 and December 31, 2009, respectively.

*Direct financing leases:*

As of March 31, 2010 and December 31, 2009, investment in direct financing leases consists of cleaning services and materials handling equipment such as sweepers, forklifts and lift trucks. The following lists the components of the Company's investment in direct financing leases as of March 31, 2010 and December 31, 2009 (in thousands):

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
Total minimum lease payments receivable	\$ 76	\$ 82
Estimated residual values of leased equipment (unguaranteed)	8	8
Investment in direct financing leases	84	90
Less unearned income	(10)	(11)
Net investment in direct financing leases	<u>\$ 74</u>	<u>\$ 79</u>

There were no investments in direct financing leases in nonaccrual status at March 31, 2010 and December 31, 2009.

At March 31, 2010, the aggregate amounts of future minimum lease payments receivable are as follows (in thousands):

	<u>Operating Leases</u>	<u>Direct Financing Leases</u>	<u>Total</u>
Nine months ending December 31, 2010	\$ 2,908	\$ 20	\$ 2,928
Year ending December 31, 2011	3,355	27	3,382
2012	2,083	22	2,105
2013	1,159	7	1,166
2014	817	—	817
2015	189	—	189
	<u>\$10,511</u>	<u>\$ 76</u>	<u>\$10,587</u>

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

<u>Equipment category</u>	<u>Useful Life</u>
Aviation	15 - 20
Manufacturing	10 - 20
Materials handling	7 - 10
Transportation	7 - 10
Construction	7 - 10
Computers	3 - 5

## ATEL 12, LLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 5. Related party transactions:

The terms of the Operating Agreement provide that the Managing Member 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 Managing Member and/or affiliates for providing administrative services to the Company. Administrative services provided include Company accounting, investor relations, legal counsel and lease and equipment documentation. The Managing Member is not reimbursed for services whereby it is entitled to receive a separate fee as compensation for such services, such as management of investments. The Company would be liable for certain future costs to be incurred by the Managing Member to manage the administrative services provided to the Company.

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

Cost reimbursements to the Managing Member or its affiliates are based on its costs incurred in performing administrative services for the Company. These costs are allocated to each managed entity based on certain criteria such as total assets, number of investors or contributed capital based upon the type of cost incurred. The Managing Member believes that the costs reimbursed are the lower of (i) actual costs incurred on behalf of the Company or (ii) the amount the Company would be required to pay independent parties for comparable administrative services in the same geographic location.

During the three months ended March 31, 2010 and 2009, the Managing Member and/or affiliates earned commissions and reimbursements, pursuant to the Operating Agreement as follows (in thousands):

	Three Months Ended	
	March 31,	
	2010	2009
Selling commissions, equal to 9% of the selling price of the Limited Liability Company Units, deducted from Other Members capital	\$ —	\$ 267
Reimbursement of other syndication costs to AFS and affiliates, deducted from Other Members capital	—	196
Administrative costs reimbursed to Managing Member and/or affiliates	114	44
Asset management fees to Managing Member and/or affiliates	45	32
Acquisition and initial direct costs paid to Managing Member and/or affiliates	—	332
	<u>\$ 159</u>	<u>\$ 871</u>

#### 6. Syndication Costs:

With the termination of the offering on September 25, 2009, the Company ceased to incur syndication costs. At December 31, 2009, syndication costs incurred during 2009 are reflected as a reduction to Members’ capital as such costs are netted against the capital raised. Total syndication costs were \$463 thousand for the three months ended March 31, 2009. The amount was primarily comprised of selling commissions and fees pertaining to document preparation, regulatory filing fees, legal, and other direct costs associated with the Company’s registration.

The Operating Agreement places a limit for cost reimbursements to the Managing Member and/or affiliates. When added to selling commissions, such cost reimbursements may not exceed a total equal to 15% of all offering proceeds up to \$25 million and 14% of any additional offering proceeds. As of March 31, 2010 and December 31, 2009, there were no syndication costs in excess of the limitation.

## ATEL 12, LLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 7. Borrowing facilities:

The Company participates with AFS and certain of its affiliates in a revolving credit facility (the “Credit Facility”) comprised of a working capital facility to AFS, an acquisition facility (the “Acquisition Facility”) and a warehouse facility (the “Warehouse Facility”) to AFS, the Company and affiliates, and a venture facility available to an affiliate with a syndicate of financial institutions which Credit Facility includes certain financial covenants. The Credit Facility is for an amount up to \$75 million. Originally scheduled to expire in June 2009, the Credit Facility was amended effective December 22, 2008 to extend the term of the agreement through June 2010.

As of March 31, 2010 and December 31, 2009, borrowings under the facility were as follows (in thousands):

	March 31, 2010	December 31, 2009
Total available under the financing arrangement	\$ 75,000	\$ 75,000
Amount borrowed by the Company under the acquisition facility	—	—
Amounts borrowed by affiliated partnerships and Limited Liability Companies under the working capital, acquisition and warehouse facilities	(1,159)	(1,750)
Total remaining available under the working capital, acquisition and warehouse facilities	\$ 73,841	\$ 73,250

The Company and its affiliates pay an annual commitment fee to have access to this line of credit. As of March 31, 2010, the aggregate amount remaining unutilized under the Credit Facility is potentially available to the Company, subject to certain sub-facility and borrowing-base limitations. However, as amounts are drawn on the Credit Facility by each of the Company and the affiliates who are borrowers under the Credit Facility, the amount remaining available to all borrowers to draw under the Credit Facility is reduced. As the Warehousing Facility is a short term bridge facility, any amounts borrowed under the Warehousing Facility, and then repaid by the affiliated borrowers (including the Company) upon allocation of an acquisition to a specific purchaser, become available under the Warehouse Facility for further short term borrowing.

As of March 31, 2010, the Company’s Tangible Net Worth requirement under the Credit Facility was \$7.5 million, the permitted maximum leverage ratio was not to exceed 1.25 to 1, and the required minimum interest coverage ratio was not to be less than 2 to 1. The Company was in compliance with these financial covenants under the Credit Facility with a minimum Tangible Net Worth, leverage ratio and interest coverage ratio, as calculated per the Credit Facility agreement of \$20.0 million, no leverage ratio as there is no debt, and 43.70 to 1, respectively, as of March 31, 2010. As such, as of March 31, 2010, the Company and its affiliates were in compliance with all material financial covenants, and with all other material conditions of the Credit Facility. The Company does not anticipate any covenant violations nor does it anticipate that any of these covenants will restrict its operations or its ability to procure additional financing.

#### Fee and interest terms

The interest rate on the Credit Facility is based on either the LIBOR/Eurocurrency rate of 1-, 2-, 3- or 6-month maturity plus a lender designated spread, or the bank’s Prime rate, which re-prices daily. Principal amounts of loans made under the Credit Facility that are prepaid may be re-borrowed on the terms and subject to the conditions set forth under the Credit Facility. At March 31, 2010 and December 31, 2009, the Company has no outstanding borrowings under the acquisition facility. The weighted average interest rate on borrowings was 1.92% during the three months ended March 31, 2009.

#### Warehouse facility

To hold the assets under the Warehousing Facility prior to allocation to specific investor programs, a Warehousing Trust has been entered into by the Company, AFS, ALC, and certain of the affiliated partnerships and limited liability companies. The Warehousing Trust is used by the Warehouse Facility borrowers 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, as

## ATEL 12, LLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 7. Borrowing facilities (continued):

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 March 31, 2010, the investment program participants were ATEL Capital Equipment Fund X, LLC, ATEL Capital Equipment Fund XI, LLC and the Company. Pursuant to the Warehousing Trust, the benefit of the lease transaction assets, and the corresponding liabilities under the Warehouse 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 Warehousing Trust estate, excepting that the trustees, AFS and ALC, are both jointly and severally liable for the pro rata portion of the obligations of each of the affiliated partnerships and limited liability companies participating under the Warehouse Facility. Transactions are financed through this Warehouse 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 proceeds of a draw under the Acquisition Facility, and 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.

As of March 31, 2010, borrowings of \$1.2 million were outstanding under the Warehouse Facility. The Company's maximum obligation on the outstanding warehouse balance at March 31, 2010 was approximately \$269 thousand. As of December 31, 2009, there were no borrowings under the Warehouse Facility.

#### 8. Commitments:

The terms of the Operating Agreement provided that the Managing Member and/or affiliates are entitled to receive certain fees, in addition to the allocations described above, which are more fully described in Section 8 of the Operating Agreement. The additional fees to management include fees for equipment management, administration and resale.

At March 31, 2010, there were commitments to purchase lease assets and fund investments in notes receivable totaling approximately \$4.3 million and \$1.9 million, respectively. These amounts represent contract awards which may be canceled by the prospective borrower/investee or may not be accepted by the Company.

#### 9. 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.

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.

## ATEL 12, LLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 10. Members' Capital:

A total of 2,999,482 Units were issued and outstanding as of March 31, 2010 and December 31, 2009, respectively. The Fund was authorized to issue up to 20,000,000 total Units.

The Company has the right, exercisable in the Manager's discretion, but not the obligation, to repurchase Units of a Unit holder who ceases to be a U.S. Citizen, for a price equal to 100% of the holder's capital account. The Company is otherwise permitted, but not required, to repurchase Units upon a holder's request. The repurchase of Fund units is made in accordance with Section 13 of the Amended and Restated Limited Liability Company Operating Agreement. The repurchase would be at the discretion of the Manager on terms it determines to be appropriate under given circumstances, in the event that the Manager deems such repurchase to be in the best interest of the Company; provided, the Company is never required to repurchase any Units. Upon the repurchase of any Units by the Fund, the tendered Units are cancelled. Units repurchased in prior periods were repurchased at amounts representing the original investment less cumulative distributions made to the unit-holder with respect to the Units. All Units repurchased during a quarter are deemed to be repurchased effective the last day of the preceding quarter, and are not deemed to be outstanding during, or entitled to allocations of net income, net loss or distributions for the quarter in which such repurchase occurs.

The Fund's net income or net losses are to be allocated 100% to the Members. From the commencement of the Fund until the initial closing date, as defined in the Company's Operating Agreement, net income and net loss shall be allocated 99% to the Managing Member and 1% to the initial Other Members. Commencing with the initial closing date, net income and net loss shall be allocated 92.5% to the Other Members and 7.5% to the Managing Member.

Fund distributions are to be allocated 7.5% to the Managing Member and 92.5% to the Other Members. Distributions to the Other Members were as follows (in thousands, except as to Units and per Unit data):

	Three Months Ended	
	March 31,	
	2010	2009
Distributions	\$ 675	\$ 374
Weighted average number of Units outstanding	2,999,482	1,663,638
Weighted average distributions per Unit	\$ 0.23	\$ 0.22

#### 11. Fair value measurements:

Fair value measurements and disclosures are based on a fair value hierarchy as determined by significant inputs used to measure fair value. The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuations in which all significant inputs are observable in the market.

Level 3 – Valuation is modeled using significant inputs that are unobservable in the market. These unobservable inputs reflect the Company's own estimates of assumptions that market participants would use in pricing the asset or liability.

At March 31, 2010, only the Company's warrants were measured on a recurring basis. Such estimate of measurement methodology is as follows:

##### *Warrants*

The fair value of the Company's holdings in warrants is estimated by the Managing Member based on reasonable assumptions and information available. Accordingly, such warrants are classified within Level 3 of the valuation hierarchy. Given these instruments lack an active market and are illiquid as they represent warrants in private companies, it is very difficult to obtain market driven fair values. Therefore, the Company has developed an internally generated valuation method based on assumptions other market participants would use in similar circumstances. The significant assumptions utilized by management in its warrant valuation methodology include intrinsic value, risk free rate of return and volatility. In addition, the Company has considered illiquidity of these holdings and has applied an illiquidity discount. At March 31, 2010 and December 31, 2009, the Managing Member estimated the fair value of the warrants to be nominal in amount.



ATEL 12, LLC

NOTES TO THE FINANCIAL STATEMENTS

**11. Fair value measurements (continued):**

The Company has determined the estimated fair value amounts by using market information and valuation methodologies that it considers appropriate and consistent with the fair value accounting guidance. Considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize or has realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The following disclosure of the estimated fair value of financial instruments is made in accordance with the guidance provided by the Financial Instruments Topic of the FASB Accounting Standards Codification. Fair value estimates, methods and assumptions, set forth below for the Company's financial instruments, are made solely to comply with the requirements of the Financial Instruments Topic and should be read in conjunction with the Company's financial statements and related notes.

*Cash and cash equivalents*

The recorded amounts of the Company's cash and cash equivalents approximate fair value because of the liquidity and short-term maturity of these instruments.

*Due from (due to) affiliates*

The recorded amounts of due from (due to) affiliates approximate fair value because of the short-term period of settlement.

*Notes receivable*

The fair value of the Company's notes receivable is estimated using discounted cash flow analyses, based upon current market rates for similar types of lending arrangements.

*Investment in securities*

The Company's investment securities are not registered for public sale and are carried at cost. The investment securities are adjusted for impairment, if any, based upon factors which include, but are not limited to, available financial information, the issuer's ability to meet its current obligations and indications of the issuer's subsequent ability to raise capital. Management has concluded that there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the instruments and that it is not practicable to estimate the fair value of the investment because of its illiquidity. Accordingly, such investment is stated at cost.

*Limitations*

The fair value estimates presented herein were based on pertinent information available to the Company as of March 31, 2010 and December 31 2009. Although the Company is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since those dates and, therefore, current estimates of fair value may differ significantly from the amounts presented herein.

The following table presents estimated fair values of the Company's financial instruments in accordance with the guidance provided by the Financial Instruments Topic of the FASB Accounting Standards Codification at March 31, 2010 and December 31, 2009 (in thousands):

	<u>March 31, 2010</u>		<u>December 31, 2009</u>	
	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
<b>Financial assets:</b>				
Cash and cash equivalents	\$ 5,882	\$ 5,882	\$ 3,976	\$ 3,976
Due from affiliates	—	—	1,758	1,758
Notes receivable	651	651	851	851
<b>Financial liabilities:</b>				
Due to affiliates	82	82	—	—

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

Statements contained in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this Form 10-Q, which are not historical facts, may be forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. In particular, the economic recession and changes in general economic conditions, including, fluctuations in demand for equipment, lease rates, and interest rates, may result in delays in investment and reinvestment, delays in leasing, re-leasing, and disposition of equipment, and reduced returns on invested capital. The Company's performance is subject to risks relating to lessee defaults and the creditworthiness of its lessees. The Company's performance is also subject to risks relating to the value of its equipment at the end of its leases, which may be affected by the condition of the equipment, technological obsolescence and the market for new and used equipment at the end of lease terms. Investors are cautioned not to attribute undue certainty to these forward-looking statements, which speak only as of the date of this Form 10-Q. We undertake no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect the occurrence of unanticipated events, other than as required by law.

### **Overview**

ATEL 12, LLC (the "Company" or the "Fund") is a California limited liability company that was formed in January 2007 for the purpose of equipment financing and acquiring equipment to engage in equipment leasing and sales activities, as well as in real estate, growth capital investment activities and green technologies (the "principal operations"), primarily in the United States.

The Company conducted a public offering of 20,000,000 Limited Liability Company Units ("Units"), at a price of \$10 per Unit. On January 24, 2008, subscriptions for the minimum number of Units (120,000, representing \$1.2 million), excluding subscriptions from Pennsylvania investors, had been received and the Fund requested subscription proceeds to be released from escrow. On that date, the Company commenced initial operations and continued in its development stage activities until transitioning to an operating enterprise during the second quarter. Pennsylvania subscriptions were subject to a separate escrow to be released to the Fund only when the Fund had received aggregate subscriptions for all investors equal to at least \$7.5 million. Total contributions to the Fund exceeded \$7.5 million on July 15, 2008. As of September 25, 2009, the offering was terminated.

During 2009, the Company completed its initial acquisition stage with the investment of the net proceeds from the public offering of Units. Through March 31, 2010, the Company has purchased a total of \$17.5 million of equipment for long-term operating and direct financing leases and funded investments in notes receivable totaling \$1.7 million.

Subsequently, during the reinvestment period ("Reinvestment Period") (defined as six full years following the year the offering was terminated), the Company will reinvest cash flow in excess of certain amounts required to be distributed to the Other Members and/or utilize its credit facilities to acquire additional equipment. Throughout the Reinvestment Period, which ends December 31, 2015, the Company anticipates continued reinvestment of cash flow in excess of minimum distributions and other obligations. The Company is governed by its Limited Liability Company Operating Agreement ("Operating Agreement"), as amended.

The Company may continue until December 31, 2030. Periodic distributions are paid at the discretion of the Managing Member.

### **Results of Operations**

*The three months ended March 31, 2010 versus the three months ended March 31, 2009*

The Company had net losses of \$206 thousand and \$297 thousand for the first quarter of 2010 and 2009, respectively. Results for the first quarter of 2010 reflect an increase in total revenues offset, in part, by an increase in operating expenses. First quarter 2010 revenues and operating expenses increased as the Company's asset base and operations expanded commensurate with increased contributions and investment.

### *Revenues*

Total first quarter 2010 revenues increased by \$296 thousand as compared to the prior year period. The increase was primarily due to revenues derived from assets acquired and/or investments funded since March 31, 2009.

During both periods, a majority of the Company's revenues were derived from its investments in lease assets and notes receivable. Combined, such revenues constituted 99.5% and 100% of total revenues during the first quarters of 2010 and 2009, respectively. During the first quarter of 2010, approximately \$5 thousand of the Company's total revenues were derived from processing and servicing fees on certain lease transactions.

### *Expenses*

Total expenses during the first quarter of 2010 were higher by \$205 thousand as compared to the prior year. A majority of the period over period increase was attributable to increases in depreciation expense, the provision for credit losses, costs reimbursed to AFS and professional fees totaling \$229 thousand, \$97 thousand, \$70 thousand and \$31 thousand, respectively. These increases in expenses were offset, in part, by a \$255 thousand decline in acquisition expenses.

The increase in depreciation expense was mainly due to the period over period increase in the Company's lease asset portfolio; and, the increase in provision for credit losses was mainly due to a \$113 thousand additional impairment reserve related to a note receivable partially offset by a \$16 thousand recovery of a prior period provision related to delinquent receivables. Moreover, costs reimbursed to AFS increased as a result of higher administrative costs related to expanded operations and a refinement of cost allocation methodologies employed by the Managing Member; and, professional fees increased primarily due to a period over period increase in audit related fees.

As a partial offset, acquisition costs decreased due to the decline in acquisition phase activity subsequent to the completion of the Company's initial acquisition stage during 2009.

### **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.

During the funding period, which ended on September 25, 2009, the Company's primary source of liquidity was subscription proceeds from the public offering of Units. Through September 30, 2009, cumulative contributions, net of rescissions, totaling \$30.0 million had been received. Subsequent to that date, the primary source of liquidity for the Company has been its cash flow from fixed-term leasing activities.

The changes in the Company's cash flow for the three months ended March 31, 2010 when compared to the three months ended March 31, 2009 are as follows:

- *Operating Activities*

Cash provided by operating activities during the first quarter of 2010 declined by \$2.1 million as compared to the prior year period. The net decrease in cash flow was mainly attributable to an unfavorable year over year three-month change in accounts payable and accrued liabilities activities, coupled with a decline in unearned operating lease income. These decreases in cash flow were partially offset by an increase in net operating results, as adjusted for non-cash expense items such as depreciation and amortization expense, and a favorable year over year three-month change in accounts receivable activities.

The change in accounts payable and accrued liabilities reduced cash flow by \$2.5 million and was largely due to first quarter 2009 period-end accruals related to equipment purchases and costs reimbursable to affiliates. Likewise; the decrease in unearned lease income reduced cash flow by \$172 thousand, largely due to a period over period decrease in unearned rents received and increased amortization of prepaid rents received in previous periods.

Partially offsetting the above mentioned decreases in cash flow was the improvement in operating results, as adjusted for non-cash items, which improved cash flow by \$433 thousand. The improvement in net operating results, as adjusted for non-cash items, was largely a result of increased revenues derived from the Company's expanding

revenue-earning assets. In addition, the change in accounts receivable activities improved cash flow by \$138 thousand. The increase was mainly due to higher lease, loan and property tax billings at year-end 2009 versus 2008 resulting primarily from the increase in Fund investments. Accordingly, higher amounts of receivables were collected during the current quarter as compared to the prior year period.

- *Investing Activities*

Cash provided by investing activities totaled \$105 thousand for the first quarter of 2010 as compared to cash used totaling \$4.7 million for the first quarter of 2009. The \$4.8 million net increase in cash flow was mainly due to a \$4.7 million period over period reduction in cash used to purchase lease assets, as the Company completed its initial acquisition stage during the second half of 2009 with the investment of the net proceeds from the public offering of Units.

- *Financing Activities*

Net cash provided by financing activities during the first quarter of 2010 decreased by \$2.2 million as compared to the prior year period. The net decrease in cash flow was comprised of a \$3.0 million reduction in subscription proceeds, a \$1.0 million decrease in net proceeds from borrowings and a \$326 thousand increase in distributions paid to Other Members.

Subscription proceeds declined as the Fund terminated the offering of its Units in September 2009. Net proceeds from borrowings decreased as the Company did not utilize its credit facilities during the current quarter; and, distributions paid to Other Members increased as a result of the period over period increase in Units issued and outstanding.

The aforementioned decreases in cash flow were partially offset by the receipt of a \$1.7 million settlement related to a December 31, 2009 reassignment of a newly purchased lease asset to an affiliate. In addition, cash flow improved by \$463 thousand as a result of the period over period reduction in syndication costs, which declined pursuant to the termination of the offering.

Throughout the Reinvestment Period (as defined in the Operating Agreement), 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 obligations, including debt service (both principal and interest), the payment of management fees to AFS and providing for cash distributions to the Members.

In a normal economy, if inflation in the general economy becomes significant, it may affect the Company in as much as the residual (resale) values and rates on re-leases of the Company's leased assets may increase as the costs of similar assets increase. However, the Company's revenues from existing leases and notes would not increase as such rates are generally fixed for the terms of the leases and notes without adjustment for inflation. In addition, if interest rates increase significantly under such circumstances, 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 leases and investments in notes receivable. Leases and notes already in place, for the most part, would not be affected by changes in interest rates.

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

#### Revolving credit facility

The Company participates with AFS and certain of its affiliates in a revolving credit facility (the "Credit Facility") comprised of a working capital facility to AFS, an acquisition facility (the "Acquisition Facility") and a warehouse facility (the "Warehouse Facility") to AFS, the Company and affiliates, and a venture facility available to an affiliate, with a syndicate of financial institutions.

#### Compliance with covenants

The Credit Facility includes certain financial and non-financial covenants applicable to each borrower, including the Company. Such covenants include covenants typically found in credit facilities of the size and nature of the

Credit Facility, such as accuracy of representations, good standing, absence of liens and material litigation, etc. The Company and affiliates were in compliance with all covenants under the Credit Facility as of March 31, 2010. The Company considers certain financial covenants to be material to its ongoing use of the Credit Facility and these covenants are described below.

Material financial covenants

Under the Credit Facility, the Company is required to maintain a specific tangible net worth, to comply with a leverage ratio and an interest coverage ratio, and to comply with other terms expressed in the Credit Facility, including limitation on the incurrence of additional debt and guaranties, defaults, and delinquencies.

The material financial covenants are summarized as follows:

Minimum Tangible Net Worth: \$7.5 million

Leverage Ratio (leverage to Tangible Net Worth): Not to exceed 1.25 to 1

Collateral Value: Collateral value under the Warehouse Facility must exceed outstanding borrowings under that facility.

EBITDA to Interest Ratio: Not to be less than 2 to 1 for the four fiscal quarters just ended.

“EBITDA” is defined under the Credit Facility as, for the relevant period of time (1) gross revenues (all payments from leases and notes receivable) for such period minus (2) expenses deducted in determining net income for such period plus (3) to the extent deducted in determining net income for such period (a) provision for income taxes and (b) interest expense, and (c) depreciation, amortization and other non-cash charges. Extraordinary items and gains or losses on (and proceeds from) sales or dispositions of assets outside of the ordinary course of business are excluded in the calculation of EBITDA. “Tangible Net Worth” is defined as, as of the date of determination, (i) the net worth of the Company, after deducting therefrom (without duplication of deductions) the net book amount of all assets of the Company, after deducting any reserves and other amounts for assets which would be treated as intangibles under accounting principles generally accepted in the United States of America (“GAAP”), and after certain other adjustments permitted under the agreements.

The financial covenants referred to above are applicable to the Company only to the extent that the Company has borrowings outstanding under the Credit Facility. As of March 31, 2010, the Company’s Tangible Net Worth requirement under the Credit Facility was \$7.5 million, the permitted maximum leverage ratio was 1.25 to 1, and the required minimum interest coverage ratio (EBITDA/interest expense) was 2 to 1. The Company was in compliance with each of these financial covenants with a minimum Tangible Net Worth, leverage ratio and (EBITDA) interest coverage ratio, as calculated per the Credit Facility agreement of \$20.0 million, no leverage ratio as there is no debt, and 43.70 to 1, respectively, as of March 31, 2010. As such, as of March 31, 2010, the Company and its affiliates were in compliance with all such material financial covenants.

Reconciliation to GAAP of EBITDA

For purposes of compliance with the Credit Facility covenants, the Company uses a financial calculation of EBITDA, as defined therein, which is a non-GAAP financial performance measure. The EBITDA is utilized by the Company to calculate its debt covenant ratios.

The following is a reconciliation of EBITDA to the net loss for the three months ended March 31, 2010 (in thousands):

Net loss - GAAP basis	\$ (206)
Interest expense	20
Depreciation and amortization	851
Amortization of initial direct costs	21
Reversal of provision for doubtful accounts	(15)
Provision for losses on notes receivable	112
Payments received on direct finance leases	7
Payments received on notes receivable	112
Amortization of unearned income on direct finance leases	(2)
Amorization of unearned income on notes receivable	(26)
EBITDA (for Credit Facility financial covenant calculation only)	<u>\$ 874</u>

#### Events of default, cross-defaults, recourse and security

The terms of the Credit Facility include standard events of default by the Company which, if not cured within applicable grace periods, could give lenders remedies against the Company, including the acceleration of all outstanding borrowings and a demand for repayment in advance of their stated maturity. If a breach of any material term of the Credit Facility should occur, the lenders may, at their option, increase borrowing rates, accelerate the obligations in advance of their stated maturities, terminate the facility, and exercise rights of collection available to them under the express terms of the facility, or by operation of law. The lenders also retain the discretion to waive a violation of any covenant at the Company's request.

The Company is currently in compliance with its obligations under the Credit Facility. In the event of a technical default (e.g., the failure to timely file a required report, or a one-time breach of a financial covenant), the Company believes it has ample time to request and be granted a waiver by the lenders, or, alternatively, cure the default under the existing provisions of its debt agreements, including, if necessary, arranging for additional capital from alternate sources to satisfy outstanding obligations.

The lending syndicate providing the Credit Facility has a blanket lien on all of the Company's assets as collateral for any and all borrowings under the Acquisition Facility, and on a pro-rata basis under the Warehouse Facility.

The Acquisition Facility is generally recourse solely to the Company, and is not cross-defaulted to any other obligations of affiliated companies under the Credit Facility, except as described in this paragraph. The Credit Facility is cross-defaulted to a default in the payment of any debt (other than non-recourse debt) or any other agreement or condition beyond the period of grace (not exceeding 30 days), the effect of which would entitle the lender under such agreement to accelerate the obligations prior to their stated maturity in an individual or aggregate principal amount in excess of 15% of the Company's consolidated Tangible Net Worth. Also, a bankruptcy of AFS will trigger a default for the Company under the Credit Facility.

For detailed information on the Company's debt obligations, see Note 7, Borrowing facilities, as set forth in Item 1. Financial Statements.

The Company commenced periodic distributions, based on cash flows from operations, beginning with the month of February 2008. Additional distributions have been consistently made through March 31, 2010.

At March 31, 2010, there were commitments to purchase lease assets and fund investments in notes receivable (see Note 8, Commitments, as set forth in Item 1. Financial Statements).

#### **Item 4T. Controls and procedures.**

##### **Evaluation of disclosure controls and procedures**

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

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

##### **Changes in internal control**

There were no changes in the Managing Member's internal control over financial reporting, as it is applicable to the Company, during the quarter ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Managing Member's internal control over financial reporting, as it is applicable to the Company.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

In the ordinary course of conducting business, there may be certain claims, suits, and complaints filed against the Managing Member. In the opinion of management, the outcome of such matters, if any, will not have a material impact on the Managing Member's financial position or results of operations.

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

None.

### **Item 3. Defaults Upon Senior Securities.**

None.

### **Item 4. [Reserved].**

### **Item 5. Other Information.**

None.

### **Item 6. Exhibits.**

Documents filed as a part of this report:

1. Financial Statement Schedules

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

2. Other Exhibits

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 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: May 7, 2010

ATEL 12, LLC  
(Registrant)

By: ATEL Associates 12, LLC  
Managing Member of Registrant

By: /s/ Dean L. Cash  
Dean L. Cash  
Chairman of the Board, President and Chief Executive  
Officer of ATEL Associates 12, LLC (Managing Member)

By: /s/ Paritosh K. Choksi  
Paritosh K. Choksi  
Director, Executive Vice President and Chief Financial  
Officer and Chief Operating Officer of ATEL Associates 12,  
LLC (Managing Member)

By: /s/ Samuel Schussler  
Samuel Schussler  
Vice President and Chief Accounting Officer of ATEL  
Associates 12, LLC (Managing Member)

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dean L. Cash, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ATEL 12, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2010

/s/ Dean L. Cash

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Dean L. Cash

Chairman of the Board, President and Chief  
Executive Officer of ATEL Associates 12, LLC  
(Managing Member)

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paritosh K. Choksi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ATEL 12, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2010

/s/ Paritosh K. Choksi

Paritosh K. Choksi

Director, Executive Vice President and Chief

Financial Officer and Chief Operating Officer of

ATEL Associates 12, LLC (Managing Member)

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

In connection with the Quarterly Report of ATEL 12, LLC (the "Company") on Form 10-Q for the period ended March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dean L. Cash, Chairman of the Board, President and Chief Executive Officer of ATEL Associates 12, 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: May 7, 2010

/s/ Dean L. Cash

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Dean L. Cash

Chairman of the Board, President and Chief

Executive Officer of ATEL Associates 12, LLC

(Managing Member)

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

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

In connection with the Quarterly Report of ATEL 12, LLC (the "Company") on Form 10-Q for the period ended March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paritosh K. Choksi, Director, Executive Vice President and Chief Financial Officer and Chief Operating Officer of ATEL Associates 12, 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: May 7, 2010

/s/ Paritosh K. Choksi

Paritosh K. Choksi

Director, Executive Vice President and Chief  
Financial Officer and Chief Operating Officer of  
ATEL Associates 12, 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.