Form 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

OR

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

Commission File number 333-62477

ATEL Capital Equipment Fund VIII, LLC

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

Prospectus dated December 7, 1998, filed pursuant to Rule 424(b) (Commission File No. 33-62477) is hereby incorporated by reference into Part IV hereof.

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

PART I

Item 1: BUSINESS

General Development of Business

ATEL Capital Equipment Fund VIII, LLC (the Company) was formed under the laws of the state of California in July 1998. The Company was formed for the purpose of acquiring equipment to engage in equipment leasing and sales activities. The Managing Member of the Company is ATEL Financial Services LLC (ATEL), a California limited liability corporation. Prior to converting to a limited liability company structure, the Managing Member was formerly known as ATEL Financial Corporation.

The Company conducted a public offering of 15,000,000 of Limited Liability Company Units (Units), at a price of $10 per Unit. On January 13, 1999, subscriptions for the minimum number of Units (120,000, $1,200,000) had been received and ATEL requested that the subscriptions, except those received from Pennsylvania investors (7,500 Units, $75,000), be released to the Company. On that date, the Company commenced operations in its primary business (leasing activities). As of February 18, 1999, the Company had received subscriptions for 775,777 Units ($7,757,770) and ATEL requested that the remaining funds in escrow (from Pennsylvania investors) be released to the Company. As of November 30, 2000, the Company had received subscriptions for 13,570,138 ($135,701,380) Units in addition to the Initial Members' Units and the offering was terminated. All of the Units were issued and outstanding as of December 31, 2001.

The Company's principal objectives are to invest in a diversified portfolio of equipment which will (i) preserve, protect and return the Company's invested capital; (ii) generate regular distributions to the partners of cash from operations and cash from sales or refinancing, with any balance remaining after certain minimum distributions to be used to purchase additional equipment during the reinvestment period, ending 72 months after the end of the year in which the Final Closing occurs (which will be December 31, 2006) and (iii) provide additional distributions following the reinvestment period and until all equipment has been sold. The Company is governed by its Limited Liability Company Operating Agreement (Operating Agreement).

Narrative Description of Business

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

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

As of December 31, 2001, the Company had purchased equipment with a total acquisition price of $245,442,880.

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

During 2001, 2000 and 1999, certain lessees generated significant portions of the Company's total lease revenues as follows:

Lessee	Type of Equipment	2001	2000	1999
Union Pacific Railroad	Railcars	16%	*	*
Burlington Northern Santa Fe Railroad	Locomotives and Auto Racks	*	10%	*
Transamerica Leasing Inc.	Intermodal containers	*	*	31%
Staples, Inc.	Point of sale / materials handling	*	*	12%
Stewart & Stevenson Services, Inc.	Gas Compressors	*	*	12%
Seamex International Ltd.	Anchor Handler Tug Supply Vessel	*	*	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 which vary widely depending on the lease term and type of equipment. The ability of the Company to keep the equipment leased and/or operating and the terms of the acquisitions, leases and dispositions of equipment depends on various factors (many of which are not in the control of ATEL or the Company), such as general economic conditions, including the effects of inflation or recession, and fluctuations in supply and demand for various types of equipment resulting from, among other things, technological and economic obsolescence.

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

The business of the Company is not seasonal.

The Company has no full time employees.

Equipment Leasing Activities

Through December 31, 2001, the Partnership has disposed of certain leased assets as set forth below:

Type of Equipment	Original Equipment Cost	Sale Price	Excess of Rents Over Expenses *
Transportation, rail	$ 6,797,710	$ 7,127,880	$ 1,749,708
Office automation	946,119	191,969	865,619
Manufacturing	31,130	31,130	5,054
Transportation, other	21,250	22,398	2,490
	$ 7,796,209	$ 7,373,377	$ 2,622,871

* Individual asset types included in "Other" represent less than 2% of the total.

The Company has acquired a diversified portfolio of equipment. The equipment has been leased to lessees in various industries. The following tables set forth the types of equipment acquired by the Company through December 31, 2001 and the industries to which the assets have been leased. The Company has purchased certain assets subject to existing non-recourse debt. For financial statement purposes, non-recourse debt has been offset against the investment in certain direct finance leases where the right of offset exists.

Asset Types	Purchase Price Excluding Acquisition Fees	Percentage of Total Acquisitions
Transportation, rail	$ 59,769,940	24.35%
Manufacturing	44,048,583	17.95%
Transportation, other	25,757,971	10.49%
Aircraft	38,535,439	15.70%
Transportation, intermodal containers	21,228,750	8.65%
Gas compressors	13,848,465	5.64%
Point of sale / office automation	8,383,996	3.42%
Materials handling	11,018,547	4.49%
Storage tanks	6,712,090	2.73%
Marine vessels	3,952,500	1.61%
Other *	12,186,599	4.97%
	$245,442,880	100.00%

* Individual asset types included in "Other" represent less than 2% of the total.

Industry of Lessee	Purchase Price Excluding Acquisition Fees	Percentage of Total Acquisitions
Transportation, rail	$ 59,769,940	24.35%
Transportation, air	38,535,439	15.70%
Manufacturing, other	34,889,583	14.21%
Transportation, other	27,245,340	11.10%
Transportation, containers	21,228,750	8.65%
Manufacturing, electronics	20,901,071	8.52%
Retail	17,762,440	7.24%
Natural gas	13,848,465	5.64%
Other *	11,261,852	4.59%
	$245,442,880	100.00%

* Individual lessee industries included in "Other" represent less than 2% of the total.

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

Item 2. PROPERTIES

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

Item 3. LEGAL PROCEEDINGS

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

Emery Worldwide Airways, Inc.:

On January 25, 2002, the Company filed a complaint against its lessee, Emery Worldwide Airways, Inc., for failure by the lessee to properly maintain the condition and airworthiness of the aircraft on lease to the lessee, and for certain other breaches and defaults by the lessee as alleged in the complaint. The Company has claimed stipulated loss value damages in the amount of $5,648,173 as a result of the breaches and defaults under the lease by the lessee. As this matter is in its early stages, the outcome of the Company's claim is uncertain, although the Managing Member believes that currently there is a reasonable basis for likelihood of success in this matter.

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

None.

PART II

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

Market Information

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

Holders

As of December 31, 2001, a total of 3,625 investors were record holders of Units in the Company.

Dividends

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

ATEL shall have sole discretion in determining the amount of distributions; provided, however, that the Managing Member will not reinvest in equipment, but will distribute, subject to payment of any obligations of the Company, such available cash from operations and cash from sales or refinancing as may be necessary to cause total distributions to the Members for each year during the reinvestment period to equal an amount between $0.80 and $1.00 per Unit which was to be determined by the Managing Member. In 2001, the Managing Member determined that amount to be $0.91 per Unit.

Investors may elect to receive distributions either on a monthly or quarterly basis.

The rate for distributions from 2001 operations was $0.076667 per Unit per month for January through June 2001. The distributions were paid in February through July 2001. The rate for the distributions for July through December 2001 was $0.075833. The distributions were paid in August through December 2001 and in January 2002. For each quarterly distribution (paid in April and July 2001) the rate was $0.23 per Unit. For the quarterly distributions paid in October 2001 and January 2002, the rate was $0.2275. Distributions were from 2001 cash flows from operations.

The rate for monthly distributions from 2000 operations was $0.075 for January through October 2000. The distributions were paid in February through November 2000. The rate for the distribution for November 2000 was $0.079167. The rate for the distribution for December 2000 was $0.07667. An additional distribution was paid in December 2000. The amount of the distribution was calculated for each Unit so as to bring the average of all monthly distributions received to a total of $0.079167 per Unit per month for the period from February through November 2000. For each quarterly distribution (made in April, July and October 2000) the rate was $0.225 per Unit. For the quarterly distribution paid in January 2001, the rate was $0.235. An additional distribution was paid in December 2000. The amount of the distribution was calculated for each Unit so as to bring the average of all quarterly distributions received to a total of $0.2375 per Unit per quarter for the period from February through October 2000. Distributions were from 2000 cash flows from operations.

The rate for monthly distributions from 1999 operations was $0.0667 per Unit. The distributions were paid in February 1999 through December 1999 and in January 2000. For each quarterly distribution (paid in April, July and October 1999 and in January 2000) the rate was $0.20 per Unit. Distributions were from 1999 cash flows from operations. An additional distribution from 1999 cash flows was paid in January 2000. The amount of the distribution was calculated for each Unit so as to bring the average of all monthly distributions received to a total of $.075 per month per Unit and to $0.225 per Unit per quarter for those receiving distributions on a quarterly basis. The total distributions represent a distribution rate of 9% per annum on the original invested capital. The amounts paid to holders of Units were adjusted based on the length of time within the previous calendar month, quarter or year that the Units were outstanding.

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

	2001	2000	1999
Distributions of net (loss) income	$ (0.0600)	$ (0.2900)	$ 0.0600
Return of investment	0.9700	1.2100	0.5500
Distributions per unit	0.9100	0.9200	0.6100
Differences due to timing of distributions	0.0050	0.0275	0.2900
Nominal distribution rates from above	$ 0.9150	$ 0.9475	$ 0.9000

Item 6. SELECTED FINANCIAL DATA

The following table presents selected financial data of the Company at December 31, 2001, 2000, 1999 and 1998. This financial data should be read in conjunction with the financial statements and related notes included under Item 8 of this report.

	2001	2000	1999	1998
Gross revenues	$ 43,794,097	$ 31,047,485	$ 8,660,653	$ -
Net (loss) income	$ 132,672	$ (2,305,631)	$ 438,835	$ -
Weighted average Units	13,570,188	10,634,792	4,025,294	50
Net income (loss) allocated to Other Members	$ (872,244)	$ (3,100,640)	$ 239,420	$ -
Net (loss) income per Unit, based on weighted average Units outstanding	$ (0.06)	$ (0.29)	$ 0.06	$ -
Distributions per Unit, based on weighted average Units outstanding	$ 0.91	$ 0.92	$ 0.61	$ -
Total Assets	$184,421,674	$ 198,832,652	$ 145,663,336	$ 600
Non-recourse and long-term debt	$ 91,383,964	$ 93,993,744	$ 71,848,617	$ -
Total Members' Capital	$ 83,361,952	$ 101,338,501	$ 64,130,010	$ 600

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

Capital Resources and Liquidity

The Company commenced its offering on December 7, 1998. On January 13, 1999, the Company commenced operations in its primary business (leasing activities). The offering was terminated on November 30, 2000. Total proceeds of the offering was $135,701,880. Until the Company's initial portfolio of equipment has been purchased, funds which have been received, but which have not yet been invested in leased equipment, are invested in interest-bearing accounts or high-quality/short-term commercial paper. The Company's public offering provides for a total maximum capitalization of $150,000,000.

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

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

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

Amount borrowed by the Company under the acquisition facility	$ 2,500,000
Amounts borrowed by affiliated partnerships and limited liability companies under the acquisition facility	15,100,000
Total borrowings under the acquisition facility	17,600,000
Amounts borrowed by the Managing Member and its sister corporation under the warehouse facility *	10,999,501
Total outstanding balance	$ 28,599,501
Total available under the line of credit	$ 62,000,000
Total outstanding balance	(28,599,501)
Remaining availability	$ 33,400,499

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

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

The Company anticipates reinvesting a portion of lease payments from assets owned in new leasing transactions. Such reinvestment will occur only after the payment of all obligations, including debt service (both principal and interest), the payment of management and acquisition fees to the Managing Member and providing for cash distributions to the Other Members. At December 31, 2001, there were no commitments to purchase lease assets.

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

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

In 1999, the Company established a $70 million receivables funding program (which was subsequently increased to $125 million) with a receivables financing company that issues commercial paper rated A1 from Standard and Poors and P1 from Moody's Investor Services. In this receivables funding program, the lenders received a general lien against all of the otherwise unencumbered assets of the Company. The program provides for borrowing at a variable interest rate and requires the Managing Member on behalf of the Company to enter into interest rate swap agreements with certain counterparties (also rated A1/P1) to mitigate the interest rate risk associated with a variable rate note. The Managing Member believes that this program allows the Company to avail itself of lower cost debt than that available for individual non-recourse debt transactions. The program expires as to new borrowings in April 2002.

See Item 7a and Note 5 to the financial statements for additional information regarding this program and related interest rate swaps.

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

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

See Note 4 to the financial statements for additional information regarding non-recourse debt.

The Company commenced regular distributions, based on cash flows from operations, beginning with the month of January 1999. See Item 5 and 6 for additional information regarding distributions.

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

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

Cash Flows

2001 vs. 2000:

In 2001, operating lease rents were the primary source of cash flows. In both 2001 and 2000, it was the Company's primary source of cash from operations.

Sources of cash from investing activities consisted of the proceeds from sales of lease assets and cash flows from direct financing leases. In 2001, sales proceeds consisted largely of the proceeds from the sale of a fleet of railroad box cars. There was no similar sale in 2000.

Financing sources of cash in 2001 consisted of borrowings on the line of credit and the proceeds of long-term debt. The Company's offering was concluded in 2000 and, therefore, there were no offering proceeds and related costs in 2001 comparable to those in

2000 vs. 1999:

In 2000 and 1999, the Company's primary sources of cash were various types of debt proceeds and the proceeds of its public offering of Units.

The primary source of cash from operating activities in both 2000 and 1999 was operating lease rents.

Rents from direct financing leases was the only significant source of cash from investing activities in either 2000 or in 1999. In both years, uses of cash in investing activities consisted primarily of purchases of assets on operating and direct financing leases. Cash was also used to pay initial direct costs associated with those leases.

In 2000 and 1999, the primary source of cash from financing activities was the proceeds of the Company's public offering. Proceeds from non-recourse and long-term debt and borrowings under the line of credit also provided cash in 2000 and 1999. Cash provided by financing activities was used to purchase lease assets.

Results of Operations

As of January 13, 1999, subscriptions for the minimum amount of the offering ($1,200,000) had been received and accepted by the Company. As of that date, the Company commenced operations in its primary business (leasing activities). Because of the timing of the commencement of operations and the fact that the initial portfolio acquisitions were not been completed until 2001, the results of operations in 2001, 2000 and 1999 are not expected to be comparable to future periods. After the Company's public offering and its initial asset acquisition stage terminate, the results of operations are expected to change significantly.

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

2001 vs. 2000:

In 2001, operations resulted in net income of $132,672 compared to a loss of $2,305,631 in 2000. Operating lease rents increased substantially compared to 2000 as a result of acquisitions in 2000 and in 2001. This was largely offset by increased depreciation expense associated with the acquisitions and interest expense on the additional debt that was used to finance them.

Income increased for the most part as a result of an increase in the amounts of gains realized on the sales of assets in 2001 compared to 2000. These gains increased by $1,799,839 compared to 2000.

2000 vs. 1999:

Operations in 2000 resulted in a net loss of $2,305,631. Operations in 1999 resulted in net income of $438,835. Operations in future periods are not expected to be comparable to those in 2000 and 1999.

Revenues from operating leases and direct finance leases increased significantly in 2000 compared to 1999. These increases were the result of asset acquisitions over the last two years. Revenues are expected to increase again in 2001, but not as dramatically as in 2000.

Depreciation expense also increased as a result of the purchases of lease assets in 2000 and 1999.

Average debt balances increased in 2000 compared to 1999. This led to the increase in interest expense compared to 1999. The proceeds of the debt were used to acquire additional lease assets.

Derivative Financial Instruments

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

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

The Company adopted SFAS No. 133, as amended, on January 1, 2001. Upon adoption, the Company recorded interest rate swap hedging instruments at fair value in the balance sheet and recognized the offsetting gains or losses reported in net income or other comprehensive income, as appropriate. See Note 5 to the financial statements for additional information.

Recent Accounting Pronouncement

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

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 manages its exposure to interest rate risk by obtaining fixed rate debt. The fixed rate debt is structured so as to match the cash flows required to service the debt to the payment streams under fixed rate lease receivables. The payments under the leases are assigned to the lenders in satisfaction of the debt. Furthermore, the Company has historically been able to maintain a stable spread between its cost of funds and lease yields in both periods of rising and falling interest rates. Nevertheless, the Company frequently funds leases with its floating rate line of credit and is, therefore, exposed to interest rate risk until fixed rate financing is arranged, or the floating rate line of credit is repaid. As of December 31, 2001, there was $2,500,000 outstanding on the floating rate line of credit and the effective interest rates of the borrowings ranged from 3.93% to 3.9325%.

Also, as described in the caption "Capital Resources and Liquidity," the Company entered into a receivables funding facility in 1999. Since interest on the outstanding balances under the facility varies, the Company is exposed to market risks associated with changing interest rates. To hedge its interest rate risk, the Company enters into interest rate swaps which effectively convert the underlying interest characteristic on the facility from floating to fixed. Under the swap agreements, the Company makes or receives variable interest payments to or from the counterparty based on a notional principal amount. The net differential paid or received by the Company is recognized as an adjustment to interest expense related to the facility balances. The amount paid or received represents the difference between the payments required under the variable interest rate facility and the amounts due under the facility at the fixed (hedged) interest rate. As of December 31, 2001, borrowings on the facility were $85,369,000 and the associated variable interest rate was 2.0624%. The average fixed interest rate achieved with the swap agreements was 6.889% at December 31, 2001.

In general, these swap agreements eliminate the Company's interest rate risk associated with variable interest rate borrowings. However, the Company is exposed to and manages credit risk associated with the counterparty by dealing only with institutions it considers financially sound. If these agreements were not in place, based on the Company's facility borrowings at December 31, 2001, a hypothetical 1.00% increase or decrease in market interest rates, would increase or decrease the Company's 2002 variable interest expense by approximately $745,000.

See the Notes to the financial statements for additional information.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the Report of Independent Auditors, Financial Statements and Notes to Financial Statements attached hereto at pages 12 through 27.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Members
ATEL Capital Equipment Fund VIII, LLC

We have audited the accompanying balance sheets of ATEL Capital Equipment Fund VIII, LLC (Company) as of December 31, 2001 and 2000, and the related statements of operations, changes in members' capital and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ATEL Capital Equipment Fund VIII, LLC at December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

San Francisco, California
February 1, 2002

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

BALANCE SHEETS

DECEMBER 31, 2001 AND 2000

ASSETS

	2001	2000
Cash and cash equivalents	$ 2,269,137	$ 2,484,785
Accounts receivable, net of allowance for doubtful accounts of $41,365 in 2001 and none in 2000	3,256,527	5,339,569
Other assets	85,000	115,000
Investments in equipment and leases	178,811,010	190,893,298
Total assets	$ 184,421,674	$198,832,652

LIABILITIES AND MEMBERS' CAPITAL

	2001	2000
Long-term debt	$ 85,369,000	$ 86,668,000
Non-recourse debt	6,014,964	7,325,744
Line of credit	2,500,000	-
Accounts payable:		
Managing Member	-	695,548
Other	649,538	485,895
Accrued interest payable	76,980	267,823
Interest rate swap contracts	4,700,622	-
Unearned operating lease income	1,748,618	2,051,141
Total liabilities	101,059,722	97,494,151
Members' capital	83,361,952	101,338,501
Total liabilities and members' capital	$ 184,421,674	$198,832,652

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

	2001	2000	1999
Revenues:			
Leasing activities:			
Operating leases	$ 40,911,071	$ 29,965,693	$ 8,212,649
Direct financing leases	920,026	810,501	347,764
Gain on sales of assets	1,801,292	1,453	3,017
Interest	131,575	175,029	95,948
Other	30,133	94,809	1,275
	43,794,097	31,047,485	8,660,653
Expenses:			
Depreciation and amortization	31,243,646	22,588,276	5,392,504
Interest expense	9,058,622	7,365,041	1,340,804
Asset management fees to Managing Member	1,849,335	1,465,566	443,943
Administrative cost reimbursements to Managing Member	924,375	1,408,523	767,386
Professional fees	215,450	127,345	155,743
Provision for doubtful accounts	82,615	-	-
Other	287,382	398,365	121,438
	43,661,425	33,353,116	8,221,818
Net income (loss)	$ 132,672	$ (2,305,631)	$ 438,835
Net income (loss):			
Managing Member	$ 1,004,916	$ 795,009	$ 199,415
Other members	(872,244)	(3,100,640)	239,420
	$ 132,672	$ (2,305,631)	$ 438,835
Net (loss) income per Limited Liability Company Unit (other members)	$ (0.06)	$ (0.29)	$ 0.06
Weighted average number of Units outstanding	13,570,188	10,634,792	4,025,294

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

STATEMENT OF CHANGES IN MEMBERS' CAPITAL

YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

	Other Members Units	Other Members Amount	Managing Member	Accumulated Other Comprehensive Income (Loss)	Total
Balance December 31, 1998	50	$ 500	$ 100	$ -	$ 600
Capital contributions	7,744,276	77,442,760	-	-	77,442,760
Less selling commissions to affiliates		(7,357,062)	-	-	(7,357,062)
Other syndication costs to affiliates		(3,734,924)	-	-	(3,734,924)
Distributions to Managing Member		-	(199,515)	-	(199,515)
Distributions to other members ($0.61 per Unit)		(2,460,684)	-	-	(2,460,684)
Net income		239,420	199,415		438,835
Balance December 31, 1999	7,744,326	64,130,010	-	-	64,130,010
Capital contributions	5,825,862	58,258,620	-	-	58,258,620
Less selling commissions to affiliates		(5,534,569)	-	-	(5,534,569)
Other syndication costs to affiliates		(2,619,534)	-	-	(2,619,534)
Distributions to Managing Member		-	(795,009)		(795,009)
Distributions to other members ($0.92 per Unit)		(9,795,386)	-	-	(9,795,386)
Net (loss) income		(3,100,640)	795,009	-	(2,305,631)
Balance December 31, 2000	13,570,188	101,338,501	-	-	101,338,501
Distributions to Managing Member		-	(1,004,916)		(1,004,916)
Distributions to other members ($0.91 per Unit)		(12,403,683)	-	-	(12,403,683)
Cumulative effect of change in accounting principle at January 1, 2001		-	-	(821,196)	(821,196)
Unrealized decrease in value of interest rate swap contracts		-	-	(3,879,426)	(3,879,426)
Net (loss) income		(872,244)	1,004,916	-	132,672
Balance December 31, 2001	13,570,188	$ 88,062,574	$ -	$ (4,700,622)	$ 83,361,952

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

	2001	2000	1999
Operating activities:			
Net income (loss)	$ 132,672	$ (2,305,631)	$ 438,835
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Gain on sales of assets	(1,801,292)	(1,453)	(3,017)
Depreciation and amortization	31,243,646	22,588,276	5,392,504
Provision for doubtful accounts	82,615	-	-
Changes in operating assets and liabilities:			
Accounts receivable	2,000,427	(3,214,783)	(2,124,786)
Other assets	30,000	30,000	(145,000)
Accounts payable, Managing Member	(695,548)	(115,739)	811,287
Accounts payable, other	163,643	484,772	1,123
Accrued interest	(190,843)	153,221	114,602
Unearned lease income	(302,523)	793,444	1,257,697
Net cash provided by operating activities	30,662,797	18,412,107	5,743,245
Investing activities:			
Purchases of equipment on operating leases	(26,556,373)	(66,010,813)	(135,053,806)
Purchases of equipment on direct financing leases	(810,271)	(9,367,277)	(9,992,009)
Reduction of net investment in direct financing leases	2,806,236	2,154,474	951,549
Payment of initial direct costs to Managing Member	(147,721)	(844,058)	(753,607)
Proceeds from sales of assets	7,348,063	7,761	38,178
Net cash used in investing activities	(17,360,066)	(74,059,913)	(144,809,695)
Financing activities:			
Borrowings under line of credit	23,556,335	28,555,729	76,641,662
Repayments of line of credit	(21,056,335)	(36,055,729)	(69,141,662)
Proceeds of other long-term debt	19,000,000	34,900,000	65,000,000
Repayments of other long-term debt	(20,299,000)	(12,906,000)	(326,000)
Distributions to other members	(12,403,683)	(9,795,386)	(2,460,684)
Distributions to Managing Member	(1,004,916)	(795,009)	(199,515)
Repayments of non-recourse debt	(1,310,780)	(2,186,487)	-
Proceeds of non-recourse debt	-	2,337,614	7,174,617
Capital contributions received	-	58,258,620	77,442,760
Payment of selling commissions and other syndication costs to Managing Member	-	(8,154,103)	(11,091,986)
Net cash (used in) provided by financing activities	(13,518,379)	54,159,249	143,039,192
Net (decrease) increase in cash and cash equivalents	(215,648)	(1,488,557)	3,972,742
Cash and cash equivalents at beginning of year	2,484,785	3,973,342	600
Cash and cash equivalents at end of year	$ 2,269,137	$ 2,484,785	$ 3,973,342
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest	$ 9,249,465	$ 6,571,597	$ 1,340,804

See accompanying notes.

1. Organization and Limited Liability Company matters:

ATEL Capital Equipment Fund VIII, LLC (the Company) was formed under the laws of the state of California on July 31, 1998 for the purpose of acquiring equipment to engage in equipment leasing and sales activities. The Company may continue until December 31, 2019. The Managing Member of the Company is ATEL Financial Services LLC (ATEL), a California corporation. Prior to converting to a limited liability company structure, the Managing Member was formerly known as ATEL Financial Corporation. Each Member's personal liability for obligations of the Company generally will be limited to the amount of their respective contributions and rights to undistributed profits and assets of the Company.

On January 13, 1999, subscriptions for the minimum number of Units (120,000, $1,200,000) had been received. On that date, the Company commenced operations in its primary business (leasing activities).

The Company's business consists of leasing various types of equipment. As of December 31, 2001, the original terms of the leases ranged from six months to nine years.

Pursuant to the Operating Agreement, the Managing Member receives compensation and reimbursements for services rendered on behalf of the Company (see Note 6). The Managing Member is required to maintain in the Company reasonable cash reserves for working capital, the repurchase of Units and contingencies.

2. Summary of significant accounting policies:

Equipment on operating leases:

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

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

Direct financing leases:

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

2. Summary of significant accounting policies (continued):

Statements of cash flows:

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

Income taxes:

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

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

	2001	2000
Financial statement basis of net assets	$ 83,361,952	$ 101,338,501
Tax basis of net assets	50,905,460	79,812,598
Difference	$ 32,456,492	$ 21,525,903

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

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

	2001	2000	1999
Net (loss) income per financial statements	$ 132,672	$ (2,305,631)	$ 438,835
Adjustment to depreciation expense	(19,612,115)	(29,978,571)	(16,401,065)
Adjustments to lease revenues	3,980,905	3,265,841	2,343,563
Net loss per federal tax return	$ (15,498,538)	$ (29,018,361)	$ (13,618,667)

Per unit data:

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

2. Summary of significant accounting policies (continued):

Credit risk:

Financial instruments which potentially subject the Company to concentrations of credit risk include cash and cash equivalents and accounts receivable. The Company places its cash deposits and temporary cash investments with creditworthy, high quality financial institutions. The concentration of such deposits and temporary cash investments is not deemed to create a significant risk to the Company. Accounts receivable represent amounts due from lessees in various industries, related to equipment on operating and direct financing leases. See Note 8 for a description of lessees by industry as of December 31, 2001, 2000 and 1999.

Basis of presentation:

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

Use of estimates:

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

Reserve for losses and impairments:

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

Derivative financial instruments:

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

SFAS No. 133, as amended, requires the Company to recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. It further provides criteria for derivative instruments to be designated as fair value, cash flow, or foreign currency hedges, and establishes accounting standards for reporting changes in the fair value of the derivative instruments. Upon adoption on January 1, 2001, the Company recorded its interest rate swap hedging instruments at fair value in the balance sheet and recognized the offsetting gains or losses as adjustments to be reported in net income or other comprehensive income, as appropriate.

2. Summary of significant accounting policies (continued):

The Company utilizes cash flow hedges comprised of interest rate swaps (hedges of variable rate interest bearing debt instruments). Such interest rate swaps are linked to and adjust effectively the interest rate sensitivity of specific long-term debt.

The effective portion of the change in fair value of the interest rate swaps is recorded in Accumulated Other Comprehensive Income (AOCI) and the ineffective portion (if any) directly in earnings. Amounts in AOCI are reclassified into earnings in a manner consistent with the earnings pattern of the underlying hedged item (generally reflected in interest expense). If a hedged item is dedesignated prior to maturity, previous adjustments to AOCI are recognized in earnings to match the earnings recognition pattern of the hedged item (e.g., level yield amortization if hedging an interest bearing instruments). Interest income or expense on most hedging derivatives used to manage interest rate exposure is recorded on an accrual basis as an adjustment to the yield of the link exposures over the periods covered by the contracts. This matches the income recognition treatment of the exposure (i.e., the liabilities, which are carried at historical cost, with interest recorded on an accrual basis).

Credit exposure from derivative financial instruments 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.

Recent accounting pronouncement:

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

3. Investments in equipment and leases:

The Company's investments in equipment and leases consist of the following:

	December 31, 2000	Additions	Depreciation Expense or Amortization of Leases	Reclass-ifications or Dispositions	December 31, 2001
Net investment in operating leases	$ 173,395,247	$ 26,556,373	$ (30,867,668)	$ (11,525,795)	$ 157,558,157
Net investment in direct financing leases	16,253,263	810,271	(2,806,236)	(75,624)	14,181,674
Assets held for sale or lease	-	-	-	6,055,819	6,055,819
Initial direct costs, net of accumulated amortization of $730,615 in 2001 and $354,638 in 2000	1,244,788	147,721	(375,978)	(1,171)	1,015,360
	$ 190,893,298	$ 27,514,365	$ (34,049,882)	$ (5,546,771)	$ 178,811,010

Operating leases:

Property on operating leases consists of the following:

	December 31, 2000	Additions	Reclass-ifications or Dispositions	December 31, 2001
Manufacturing	$ 48,027,279	$ 1,190,814	$ (31,130)	$ 49,186,963
Aircraft	31,614,874	6,920,565	-	38,535,439
Transportation, rail	39,634,498	16,523,854	(18,532,075)	37,626,277
Transportation, other	23,583,472	(145,316)	-	23,438,156
Containers	21,228,750	-	-	21,228,750
Natural gas compressors	14,045,134	6,467	-	14,051,601
Materials handling	5,858,081	1,487,451	317,025	7,662,557
Marine vessel	4,314,031	-	-	4,314,031
Other	12,711,963	572,538	(541,448)	12,743,053
	201,018,082	26,556,373	(18,787,628)	208,786,827
Less accumulated depreciation	(27,622,835)	(30,867,668)	7,261,833	(51,228,670)
	$ 173,395,247	$ (4,311,295)	$ (11,525,795)	$ 157,558,157

Direct financing leases:

As of December 31, 2001 and 2000, investment in direct financing leases consists of anhydrous ammonia storage tanks, office automation equipment, point of sale equipment, refrigerated trailers and laundry equipment. The following lists the components of the Company's investment in direct financing leases as of December 31, 2001 and 2000:

	2001	2000
Total minimum lease payments receivable	$ 12,119,703	$ 15,045,821
Estimated residual values of leased equipment (unguaranteed)	4,785,886	4,810,693
Investment in direct financing leases	16,905,589	19,856,514
Less unearned income	(2,723,915)	(3,603,251)
Net investment in direct financing leases	$ 14,181,674	$ 16,253,263

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

3. Investments in equipment and leases (continued):

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

Year ending December 31,	Operating Leases	Direct Financing Leases	Total
2002	$ 31,675,122	$ 3,260,750	$ 34,935,872
2003	25,198,860	2,948,178	28,147,038
2004	15,739,916	1,989,108	17,729,024
2005	11,389,500	1,901,705	13,291,205
2006	7,222,444	1,677,533	8,899,977
Thereafter	9,209,491	342,429	9,551,920
	$100,435,333	$ 12,119,703	$ 112,555,036

At December 31, 2001, there were no commitments to purchase lease assets.

4. Non-recourse debt:

At December 31, 2001, non-recourse debt consists of notes payable to financial institutions. The notes are due in varying quarterly and semi-annual payments. Interest on the notes is at fixed rates ranging from 7.98% to 10.00%. The notes are secured by assignments of lease payments and pledges of assets. At December 31, 2001, the carrying value of the pledged assets is $19,140,104. The notes mature from 2002 through 2006.

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

Year ending December 31,	Principal	Interest	Total
2002	312,109	515,608	$ 827,717
2003	397,915	483,617	881,532
2004	4,425,556	170,437	4,595,993
2005	418,256	77,737	495,993
2006	461,128	34,866	495,994
	$ 6,014,964	$ 1,282,265	$ 7,297,229

5. Other long-term debt:

In 1999, the Company entered into a $70 million receivables funding program (the Program) (which was subsequently increased to $125 million) with a receivables financing company that issues commercial paper rated A1 by Standard and Poors and P1 by Moody's Investor Services. Under the Program, the receivables financing company receives a general lien against all of the otherwise unencumbered assets of the Company. The Program provides for borrowing at a variable interest rate (2.0624% at December 31, 2001), based on an index of A1 commercial paper.

The Program requires the Managing Member on behalf of the Company to enter into various interest rate swaps with a financial institution (also rated A1/P1) to manage interest rate exposure associated with variable rate obligations under the Program by effectively converting the variable rate debt to fixed rates. As of December 31, 2001, the Company receives or pays interest on a notional principal of $85,369,000, based on the difference between nominal rates ranging from 4.35% to 7.72% and the variable rate under the Program. No actual borrowing or lending is involved. The termination of the swaps coincide with the maturity of the debt. The differential to be paid or received is accrued as interest rates change and is recognized currently as an adjustment to interest expense related to the debt.

Borrowings under the Program are as follows:

Date Borrowed	Original Amount Borrowed	Balance December 31, 2001	Payment Rate on Interest Swap Agreement
11/11/1999	$ 20,000,000	$ 10,250,000	6.84%
12/21/1999	20,000,000	16,646,000	7.41%
12/24/1999	25,000,000	14,694,000	7.44%
4/17/2000	6,500,000	4,870,000	7.45%
4/28/2000	1,900,000	1,107,000	7.72%
8/3/2000	19,000,000	15,132,000	7.50%
10/31/2000	7,500,000	5,914,000	7.13%
1/29/2001	8,000,000	6,756,000	5.91%
6/1/2001	2,000,000	1,585,000	5.04%
9/1/2001	9,000,000	8,415,000	4.35%
	$ 118,900,000	$ 85,369,000	

The long-term debt borrowings mature from 2002 through 2009. Future minimum principal payments of long-term debt and annual swap notional reductions are as follows:

Year ending December 31,	Swap Notional / Debt Principal	Interest	Total	Rates on Interest Swap Agreements*
2002	$ 23,297,000	$ 5,139,613	$ 28,436,613	6.885% - 6.921%
2003	21,173,000	3,605,271	24,778,271	6.916% - 6.989%
2004	14,771,000	2,363,448	17,134,448	6.986% - 7.079%
2005	11,079,000	1,487,319	12,566,319	7.076% - 7.286%
2006	6,830,000	877,080	7,707,080	7.299% - 7.309%
2007	4,529,000	448,677	4,977,677	7.299% - 7.334%
2008	3,013,000	183,173	3,196,173	7.333% - 7.410%
2009	677,000	12,616	689,616	7.410%
	$ 85,369,000	$ 14,117,197	$ 99,486,197	

5. Other long-term debt (continued):

* Represents the range of monthly weighted average fixed interest rates paid for amounts maturing in the particular year. The receive-variable rate portion of the swap represents commercial paper rates (2.0624% at December 31, 2001).

In 2001, the net effect of the interest rate swaps was to increase interest expense by $2,166,018.

6. Related party transactions:

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

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

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

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

	2001	2000	1999
Asset management fees to Managing Member	$ 1,849,335	$ 1,465,566	$ 443,943
Administrative costs reimbursed to Managing Member	924,375	1,408,523	767,386
Initial direct costs paid to Managing Member	147,721	844,058	753,607
Selling commissions (equal to 9.5% of the selling price of the Limited Liability Company units, deducted from Other Members' capital)	-	5,534,569	7,357,062
Reimbursement of other syndication costs to Managing Member	-	2,619,534	3,734,924
	$ 2,921,431	$ 11,872,250	$ 13,056,922

7. Members' capital:

As of December 31, 2001, 13,570,188 Units were issued and outstanding. The Company is authorized to issue up to 15,000,000 Units in addition to the Units issued to the initial members (50 Units).

The Company's Net Income, Net Losses, and Distributions are to be allocated 92.5% to the Members and 7.5% to ATEL. In accordance with the terms of the of Operating Agreement, additional allocations of income was made to the Managing Member in 2001, 2000 and 1999. The amount allocated was determined so as to bring the Managing Member's ending capital account balance to zero at the end of each year.

8. Concentration of credit risk and major customers:

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

As of December 31, 2001, 2000 and 1999 there were concentrations (greater than 10%) of equipment leased to lessees in certain industries (as a percentage of total equipment cost) as follows:

	2001	2000	1999
Transportation, rail	18%	20%	27%
Transportation, air	17%	15%	17%
Manufacturing, other	15%	15%	15%
Transportation, other	12%	13%	*
Transportation, containers	*	10%	15%
Manufacturing, electronics	*	10%	*

* Less than 10%

During 2001, one customer comprised 16% of the Company's revenues from leases. During 2000, one customer comprised 10% of the Company's revenues from leases. During 1999, four customers comprised 31%, 12%, 12% and 10% of the Company's revenues from leases.

9. Line of credit:

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

Amount borrowed by the Company under the acquisition facility	$ 2,500,000
Amounts borrowed by affiliated partnerships and limited liability companies under the acquisition facility	15,100,000
Total borrowings under the acquisition facility	17,600,000
Amounts borrowed by the Managing Member and its sister corporation under the warehouse facility *	10,999,501
Total outstanding balance	$ 28,599,501

Total available under the line of credit	$ 62,000,000
Total outstanding balance	(28,599,501)
Remaining availability	$ 33,400,499

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

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

9. Line of credit (continued):

The Company borrowed $23,556,335, $28,555,729 and $76,641,662 under the line of credit during 2001, 2000 and 1999, respectively. Repayments on the line of credit were $21,056,335, $36,055,729 and $69,141,662 during 2001, 2000 and 1999, respectively. At December 31, 2001, $2,500,000 remained outstanding. Interest on the line of credit is based on either the thirty day LIBOR rate or the bank's prime rate. The effective interest rate on borrowings at December 31, 2001 ranged from 3.92% to 3.93%.

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

10. Fair value of financial instruments:

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

Cash and cash

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

Non-recourse debt:

The fair value of the Company's non-recourse debt is estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The estimated fair value of the Company's non-recourse debt at December 31, 2001 is $6,103,611.

Other long-term debt:

The carrying value of the Company's other long-term debt approximates its fair value at December 31, 2001.

Line of credit:

The carrying amounts of the Company's variable rate line of credit approximates fair value.

Interest rate swaps:

The fair value of interest rate swaps is estimated by obtaining independent valuations or discounting the fixed cash flows paid under each swap using the rate at which the Company could enter into new swaps of similar maturities. Swaps are recorded on the balance sheet at fair value at December 31, 2001.

11. Other comprehensive income:

In 2001, 2000 and in 1999, other comprehensive income consisted of the following:

	2001	2000	1999
Net income (loss)	$ 132,672	$ (2,305,631)	$ 438,835
Other comprehensive income:			
Cumulative effect of change in accounting principle at January 1, 2001	(821,196)		
Decrease in value of interest rate swap contracts during the year	(3,879,426)	-	-
Comprehensive net (loss) income	$ (4,567,950)	$ (2,305,631)	$ 438,835

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

None

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS

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

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

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

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

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

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

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

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

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

Item 11. EXECUTIVE COMPENSATION

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

Set forth hereinafter is a description of the nature of remuneration paid and to be paid to ATEL and its Affiliates. The amount of such remuneration paid in 2001, 2000 and 1999 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 6 thereof, which information is hereby incorporated by reference.

Selling Commissions

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

Through December 31, 2000, $12,891,631 of such commissions had been paid to ATEL or its affiliates. Of that amount, $11,050,485 was re-allowed to other broker/dealers. There are no further amounts to be paid.

Asset Management Fee

The Company will pay ATEL an Asset Management Fee in an amount equal to 4.5% of Operating Revenues, which will include Gross Lease Revenues and Cash From Sales or Refinancing. The Asset Management Fee will be paid on a monthly basis. The amount of the Asset Management Fee payable in any year will be reduced for that year to the extent it would otherwise exceed the Asset Management Fee Limit, as described below. The Asset Management Fee will be paid for services rendered by ATEL and its Affiliates in determining portfolio and investment strategies (i.e., establishing and maintaining the composition of the Equipment portfolio as a whole and the Company's overall debt structure) and generally managing or supervising the management of the Equipment.

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

Asset Management Fee Limit:

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

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

Alternative Fee Schedule:

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

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

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

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

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

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

Managing Member's Interest in Operating Proceeds

Net income, net loss and investment tax credits are allocated 92.5% to the Members and 7.5% to ATEL. See financial statements included in Item 8, Part I of this report for amounts allocated to the Managing Member in 2001, 2000 and 1999.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

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

Security Ownership of Management

The shareholders of ATEL are beneficial owners 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	A. J. Batt 235 Pine Street, 6th Floor San Francisco, CA 94104	Initial Limited Liability Company Units 25 Units ($250) (owned by wife)	0.0002%
Limited Liability Company Units	Dean Cash 235 Pine Street, 6th Floor San Francisco, CA 94104	Initial Limited Liability Company Units 25 Units ($250) (owned by wife)	0.0002%

Changes in Control

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

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

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The responses to Item 1 of this report under the caption "Equipment Leasing Activities," Item 8 of this report under the caption "Financial Statements and Supplemental Data - Notes to the Financial Statements - Related party transactions" at Note 6 thereof, and Item 11 of this report under the caption "Executive Compensation," are hereby incorporated by reference.

PART IV

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

(a) Financial Statements and Schedules

1. Financial Statements
   Included in Part II of this report:
   Report of Independent Auditors
   Balance Sheets at December 31, 2001 and 2000
   Statements of Operations for the years ended December 31, 2001, 2000 and 1999
   Statements of Changes in Members' Capital for the years ended December 31, 2001, 2000 and 1999
   Statements of Cash Flows for the years ended December 31, 2001, 2000 and 1999
   Notes to Financial Statements

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

(b) Reports on Form 8-K for the fourth quarter of 2001
   None

(c) Exhibits
   (3) and (4) Agreement of Limited Liability Company, included as Exhibit B to Prospectus, is incorporated herein by reference to the report on Form 10K for the period ended December 31, 1998 (File Number 333-62477) (Exhibit 28.1)

SIGNATURES

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

Date: 3/25/2002

ATEL Capital Equipment Fund VIII, LLC
(Registrant)

By: ATEL Financial Services LLC,
Managing Member of Registrant

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

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

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

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

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

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