



Tax Characterization of 2007 Dividends

Record Date	Payment Date	Distribution Rate per Share	Ordinary Dividends %	Distributed Capital Gain %	Return of Capital %	Non-Qualified Dividend	Qualified Dividend
03/02/07	04/02/07	\$0.89	100%	0%	0%	\$0.89	\$0.00
06/11/07	07/02/07	\$0.91	100%	0%	0%	\$0.91	\$0.00
09/07/07	10/01/07	\$0.92	100%	0%	0%	\$0.89	\$0.03
12/07/07	01/16/08	\$1.00	100%	0%	0%	\$0.90	\$0.10
Total		\$3.72	100%	0%	0%	\$3.59	\$0.13

American Capital, Ltd.'s 2007 dividends of \$3.72 per share were a distribution of ordinary income for federal income tax purposes. Of its 2007 ordinary dividends, \$3.59 per share were non-qualifying dividends and \$0.13 per share were qualified dividends. The \$0.13 per share of qualified dividends reflect qualified dividend income received by American Capital from portfolio companies in 2007.

Qualified dividend income is dividend income received from qualified domestic and foreign corporations. Qualified dividend income is taxed to stockholders at the rates that apply to capital gains. American Capital stockholders should receive IRS Form 1099-DIV containing this information from their brokers, transfer agents or other institutions. American Capital must make certain distributions of its taxable income in order to maintain its tax status as a regulated investment company. Investors can refer to the Company's most recent report on SEC Form 10-K for more information about its tax status.

American Capital reports the estimated tax characteristics of each dividend when announced, while the actual tax characteristics of each year's dividends are reported annually to stockholders on Form 1099-DIV.