



Tax Characterization of 2009 Dividends

Record Date	Payment Date	Distribution Rate per Share	Ordinary Dividends %	Distributed Capital Gain %	Return of Capital %	Long-Term Capital Gain Distribution	Non-Qualified Dividend	Qualified Dividend
6/22/09	8/07/09	\$1.07	100%	0%	0%	\$0.00	\$0.98	\$0.09
Total		\$1.07	100%	0%	0%	\$0.00	\$0.98	\$0.09

American Capital Ltd.'s 2009 cash and stock dividend distribution of \$1.07 per share consisted of \$1.07 of ordinary income for federal income tax purposes. American Capital also announced that the \$1.07 of 2009 dividend income included \$0.98 per share of non-qualified dividends and \$0.09 per share of qualified dividends. The \$0.09 per share of qualified dividends reflects qualified dividend income received by American Capital from portfolio companies in 2009. 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. Stockholders should consult their tax advisor as to how to report such income and their applicable capital gains tax rate.

Total ordinary dividends of \$1.07 per share will be reported on the 2009 IRS Form 1099-DIV distributed to each American Capital stockholder regardless of whether a stockholder elected to receive cash or stock dividends. Stockholders should receive the 2009 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.