



Allied Capital Invests in Leading Regional Insurance Brokerage Firm

WASHINGTON, Aug 07, 2007 -- Allied Capital Corporation (NYSE:ALD) announced today that it has committed \$93.4 million to support the management-led recapitalization of Higginbotham & Associates, a leading middle market insurance brokerage and risk management firm. Allied Capital's investment took the form of senior and subordinated debt and non-voting common equity. The management and employees of Higginbotham made a significant debt and equity investment alongside Allied Capital, and will hold voting control of the company.

Headquartered in Fort Worth, Texas with multiple statewide offices, Higginbotham is a long-standing insurance brokerage firm that provides property and casualty, employee benefits and other insurance products and services. One of the nation's 100 largest independent brokers, the company has a dominant presence in the North Texas market representing thousands of clients and more than 300 insurance carriers.

"Our investment in Higginbotham represents Allied Capital's latest deal in the insurance services sector, where we have developed significant experience," said Bill Walton, Chairman and CEO of Allied Capital. "This deal fits squarely into our investment strategy of investing in strong, stable businesses with leading and defensible market positions and experienced management teams," added Mr. Walton.

"The stability of the Higginbotham business model, with its diverse client base, strong insurance carrier relationships and solid producer partnerships made this an attractive investment opportunity for us," said Mike Grisius, Managing Director of Allied Capital. Added Principal Matt Kelty, "we look forward to working with the company to create additional value for all shareholders and support their acquisition and expansion opportunities."

"As an employee-owned business, we found the partnership with Allied Capital very appealing because their support of our management-led recapitalization has allowed us to retain voting control of our company and maintain a significant level of employee-ownership, while bringing in a strong financial partner to promote our growth," said Rusty Reid, President and CEO of Higginbotham. "We anticipate working with the Allied Capital team to help position our company for its next phase of growth and our continued expansion throughout the state," added Mr. Reid.

About Allied Capital

Allied Capital Corporation (NYSE:ALD) is a leading business development company (BDC) in the U.S. that invests private debt and equity capital in middle market businesses nationwide. Founded in 1958 and operating as a public company since 1960, Allied Capital has paid consistent or increasing regular, quarterly cash dividends annually to shareholders since 1963.

Allied Capital provides long-term debt and equity capital for management and sponsored buyouts, and for recapitalizations, acquisitions and growth of middle market companies. Allied Capital's one-stop financing capabilities include first and second lien senior loans, unitranche debt, junior or subordinated debt and equity. Allied Capital seeks to invest in stable, less cyclical companies that produce significant free cash flow and high returns on invested capital. At March 31, 2007, the Company's private finance portfolio included investments in 144 companies in a variety of industries. These companies currently generate aggregate revenues of over \$13 billion and employ more than 90,000 people.

Headquartered in Washington, DC, Allied Capital offers shareholders the opportunity to participate in the private equity industry through an investment in its New York Stock Exchange-listed stock. Allied Capital invests in the American entrepreneurial economy by providing long-term capital and access to managerial resources often unavailable to middle market companies. For more information, please visit www.alliedcapital.com, call Allied Capital investor relations toll-free at (888) 818-5298, or e-mail us at ir@alliedcapital.com.

About Higginbotham & Associates, Inc.

Higginbotham & Associates serves as a single source for insurance, risk management and financial services by providing access to comprehensive commercial and personal property and casualty coverage lines, employee benefits, retirement plans, life insurance and executive compensation through more than 300 regional and national carrier partnerships. Founded in 1948, Higginbotham is one of the fastest growing brokerage firms in Texas, with nearly 220 employees. The company is headquartered in Fort Worth, and has offices in Dallas, Austin, Denton, McKinney, Weatherford and Waco. For more information, please visit www.higginbotham.net.

Mystic Capital Advisors Group, LLC provided transaction advisory services to Allied Capital. For more information on Mystic Capital, please contact Kevin P. Donoghue at 212-251-0972 or visit www.mysticcapital.com

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