

Stock Fundamentals as of April 16, 2007

Sabrient Rating	Sell
Ticker	ALD
Market Cap Designation	Mid-cap
Market Capitalization (Billions)	\$4.5
Price	\$29.38
52-Week High/Low	\$33.07/25.65
EPS (TTM)	\$1.68
P/E Ratio (TTM)	17.5
Dividend Yield	8.6%
S&P 500 P/E Ratio	21.9
Price/Book Ratio	1.6
Price/Sales Ratio	9.9
30-Day Average Volume (Thousands)	643.5
Beta	0.70
Current Ratio	N/A
Short Interest Ratio	22.6
Shares Outstanding (Millions)	152.0
Institutional Holdings	31.7%

Sabrient Ratings

Sabrient's Buy/Hold/Sell ratings are based on a combination of dynamic filters that determine which attributes of a stock are most predictive in the prevailing market and which stocks best reflect those attributes but are not yet rewarded.

Sabrient starts with an "extraction" process that uses the best performing filters to identify stocks having certain compelling attributes currently sought by the market. Then, a composite scoring process uses a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. As a result, the Buy/Hold/Sell rating may, in certain cases, seem inconsistent with a simple average of the scores cited in this analysis.

A BUY rating means the stock is expected to outperform its relevant benchmark substantially over the next 6 months. A SELL rating means the stock is expected to underperform its relevant benchmark substantially over the next 6 months. A HOLD rating means the stock is expected to perform in line with its relevant benchmark over the next 6 months.

If a stock is rated HOLD, the investor should review the stock's history of Sabrient ratings to see if it has recently changed to HOLD from BUY or SELL. If so, this indicates one of the following: (1) there has been a significant change in the stock's fundamentals, (2) the stock is already appropriately rewarded or punished by the market, or (3) there simply has been some recent price consolidation that warrants attention. A reading of Sabrient's analysis should identify which it is.

More about Sabrient on Page 4.

Sabrient's Market Cap Designations

Large Cap	> \$5.0 Billion
Mid Cap	\$1.0 - \$5.0 Billion
Small Cap	\$150 Million - \$1.0 Billion
Micro Cap	< \$150.0 Million

ALLIED CAPITAL CORP



Company Profile

Allied Capital Corporation is a principal investment firm specializing in buyouts, acquisitions, recapitalizations, note purchases, growth capital, and middle market investments.

Earnings and Revenue Update: For the quarter ended December 31, 2006, Allied Capital reported earnings of \$33.9 million or \$0.23 per share compared with \$77.9 million or \$0.53 per share for the prior quarter and \$328.1 million or \$2.36 per share for the same quarter one year ago. Revenues were \$117.7 million for the quarter ended December 31, 2006 compared with \$113.4 million for the prior quarter and \$98.2 million for the same quarter one year ago. Last twelve months' earnings were \$1.68 per share compared with \$6.36 per share a year ago. Last twelve months' revenues were \$452.6 million compared with \$374.2 million a year ago.

Sabrient Analysis

Based on Sabrient's backtested filter analysis, ALD is rated a Sell because some of the stock's attributes have characteristics associated with poor performance in the current market environment.

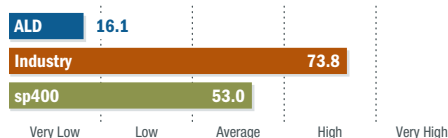
- **Growth:** ALD is near the bottom of the mid-cap segment with a Sabrient Growth Score of 16.1. Since this score is based upon historical earnings success and positive expectations, a mark this low implies poor growth prospects for the company.
- **Value:** The stock is likely to be considered fully valued or possibly overvalued based on its Sabrient Value Score of 22.4.
- **Momentum:** ALD receives a Sabrient Momentum Score of 24.0, which puts it among the lowest Sabrient momentum rankings. The score is a composite measure of price, earnings and group momentum.
- **Timeliness:** ALD has a Sabrient Timeliness Score of 51.1. This measures technical strength based on short-term and long-term price performance and long-term group strength.

Sabrient Analysis continued on Page 3

Current Sabrient Scores Compared with Industry and Relevant Benchmark

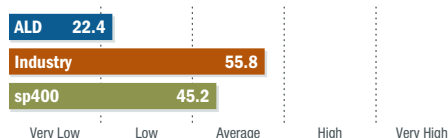
These Sabrient scores compare various aspects of ALLIED CAPITAL CORP with its industry and relevant benchmarks. The scores are percentile rankings from 0 to 99.9. Higher scores are better. We use a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. Therefore, the Sabrient rating may seem inconsistent with a simple average of the scores cited in this analysis.

Growth Score: 16.1



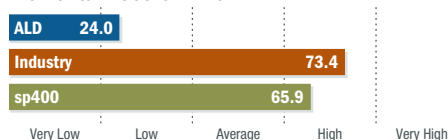
The Sabrient Growth Score reflects a company's historical and projected earnings growth, revenue and sales growth, projected cash flow, analyst activity, and changes in earnings estimates, each over various time periods. The higher the score, the better the combined performance of these key measures. With a Sabrient Growth Score of 16.1, Allied Capital is dramatically lower than the average of its industry group, which has a Sabrient Growth Score of 73.8.

Value Score: 22.4



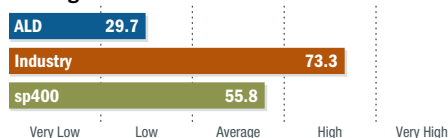
The Sabrient Value Score measures the relationship between a company's stock price and its intrinsic value, as indicated by earnings and balance sheet attributes, with an emphasis on earnings. Also considered are cash flow measures and fundamental valuation ratios. With a Sabrient Value Score of 22.4, Allied Capital is well below the average of its industry group, which has a Sabrient Value Score of 55.8.

Momentum Score: 24.0



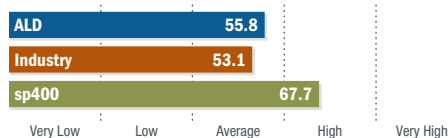
The Sabrient Momentum Score measures a company's earnings and price momentum, evenly weighted, and augmented by group strength, money flow, and relative volume. Core technical factors include current price relative to periodic highs and moving averages. With a Sabrient Momentum Score of 24.0, Allied Capital is significantly lower than the average of its industry group, which carries a Sabrient Momentum Score of 73.4.

Earnings Score: 29.7



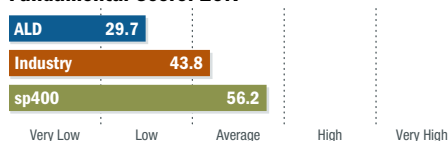
The Sabrient Earnings Score assesses a company's overall earnings performance and projected outlook. Time periods include an average look-back of three years with an emphasis on the past four quarters and a forward look of one to five years. With a Sabrient Earnings Score of 29.7, Allied Capital is significantly lower than the average of its industry group, which has a Sabrient Earnings Score of 73.3.

Balance Sheet Score: 55.8



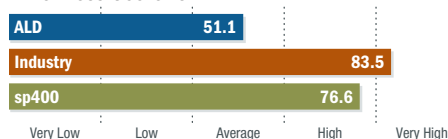
The Sabrient Balance Sheet Score measures a company's liquidity and debt issues, as well as receivables and inventory quality. This score is used to assess relative risk associated with a stock: the lower the score, most likely the higher the inherent risk. With a Sabrient Balance Sheet Score of 55.8, Allied Capital is marginally higher than the average of its industry group, which carries a Sabrient Balance Sheet Score of 53.1.

Fundamental Score: 29.7



The Sabrient Fundamental Score is the broad measure of a company's financial health, including its balance sheet, cash flow, revenue, and earnings quality. With a Sabrient Fundamental Score of 29.7, Allied Capital is moderately lower than the average of its industry group, which carries a Sabrient Fundamental Score of 43.8.

Timeliness Score: 51.1

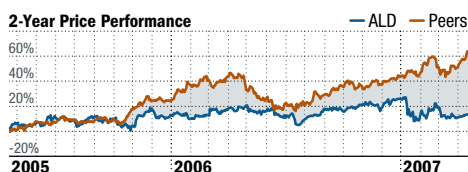


The Sabrient Timeliness Score is an assessment of a stock's short and long-term price strength as determined by various chart-based indicators and measures of group momentum and relative price performance. With a Sabrient Timeliness Score of 51.1, Allied Capital is well below the average of its industry group, which carries a Sabrient Timeliness Score of 83.5.

Peer Analysis

This table compares ALD with other similar-sized companies in the same industry group, focusing on Sabrient's growth, momentum and value scores, which represent the three main investing styles. The Peer Analysis chart compares ALD's price performance with these companies.

2-Year Price Performance

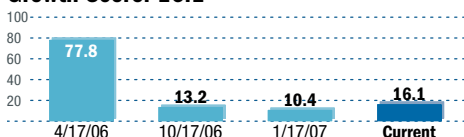


Symbol	Company	Growth Score	Momentum Score	Value Score	Market Cap.(B)
EV	Eaton Vance	41.6	66.1	24.1	\$4.7
JNS	Janus Capital	47.6	76.9	47.4	\$4.7
ALD	ALLIED CAPITAL CORP	16.1	24.0	22.4	\$4.5
IFIN	Investors Financial	49.3	78.9	24.2	\$4.0
FII	Federated Investors	56.4	58.6	38.7	\$4.0
JNC	Nuveen	83.2	68.9	33.4	\$4.0
AMG	AMG	82.2	59.6	36.9	\$3.4

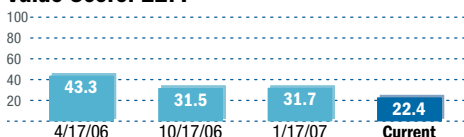
Historical Sabrient Scores

The recent history of key Sabrient scores provide insight into the stock's trend—whether it is increasing or decreasing in strength in a particular area, or simply holding steady. The Sabrient scores are percentile rankings from 0 to 99.9, with higher scores better. Keep in mind that Sabrient ratings may seem inconsistent with a simple average of these key scores because a weighted average of several key scores is used to quantify the relative likelihood of upside or downside price action.

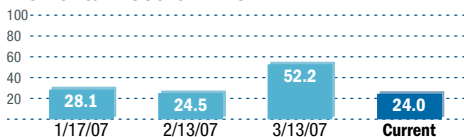
Growth Score: 16.1



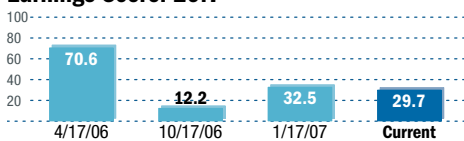
Value Score: 22.4



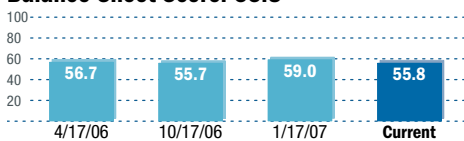
Momentum Score: 24.0



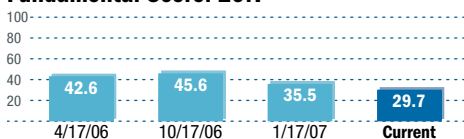
Earnings Score: 29.7



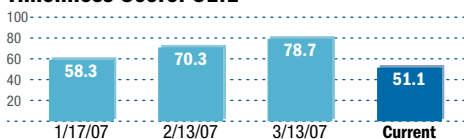
Balance Sheet Score: 55.8



Fundamental Score: 29.7



Timeliness Score: 51.1



Sabrient Analysis continued from Page 1

• **Best Performing Filters:** To determine the likelihood of near-term performance, Sabrient builds and backtests "Smart Filters" to establish which caps, styles and attributes are drawing a premium in today's market. Currently, the three most predictive filters for the relevant segment are:

Cash Flow vs. Valuation Filter: The Cash Flow vs. Valuation Filter considers the absolute change of earnings growth, its price-to-earnings valuation, and strength of free cash flow. The filter shows a substantial premium to its mid-cap benchmark over the past three months. ALD's score for this filter is 35.6.

Earnings Momentum Filter: The Earnings Momentum Filter scores stocks for rapid acceleration in earnings momentum over the past four quarters. Backtesting reveals that this filter has dramatically outperformed its mid-cap benchmark over the past 90 days. ALD scores 18.6 for this filter.

Group Momentum Filter: The Group Momentum Filter measures industry group performance in multiple periods with an emphasis on the last three months and serves as a proxy for broader market sentiment toward a group or niche. Backtesting shows that the filter has earned a significant premium to its mid-cap benchmark over the past three months. ALD scores 65.8 for this filter.

In summary, Sabrient rates ALD a Sell because the stock has qualities associated with poor performance. This analysis should be considered along with the recent behavior of the market, discussed below.

What the Market Wants: April 2007

[Note: 'What the Market Wants' is based on the market behavior and Sabrient's filter backtesting results for the previous month.]

RECOVERY BEGINS

The aftermath of the mini-crash in late February was relatively mild. The market meandered for the first half of March and then produced a modest gain over the last two weeks of the month. The S&P 500 gained exactly 1% for March, while the Nasdaq was up 23 basis points and the Dow Jones, up 70 basis points. So while the March market was nothing to get excited about, it could have been much worse, and indeed many thought it would be.

In the wake of the unnerving drop on February 27, it is not surprising that the value style easily outpaced growth in all four market caps. This flight to quality is not necessarily long-term, but it is the norm after such a drop. There was very little difference among market cap performance, with large-caps and small-caps gaining nearly 1%, mid-caps and micro-caps, a little more than .5% -- not much on which to base a prognosis.

This value-based market continues to favor conservatively priced, GARP-like companies with strong, stable cash flow growth and conservative accounting. This is to be expected as well.

All in all, we enter April with more positive underpinnings to the market. We have seen a small lessening of tensions in the Middle East, an easing of fears about interest rate increases, and some calming of nerves with regard to the subprime mortgage market.

Make no mistake, though; the severe February quake was induced by subprime mortgage worries, which are still rumbling beneath the surface. But if this rumbling grows into another quake, it is unlikely to shake financial stocks to the extent that this first tremor did.

What the Market Wants: April 2007 continued on Page 4

What the Market Wants: April 2007 continued from Page 3

Next update: Second week in May.

Company Description

Allied Capital Corporation is a principal investment firm specializing in buyouts, acquisitions, recapitalizations, note purchases, growth capital, and middle market investments. The firm also provides debt financing in the form of senior loans, second lien debt, subordinated debt, and unitranche facilities. It prefers to invest in business services, financial services, consumer products, healthcare services, energy services, and consumer services sectors. The firm seeks to invest between \$50 million and \$250 million in buyout transactions and between \$10 million and \$100 million in debt transactions. It provides equity capital, typically in conjunction with a debt investment for management buyouts of companies with enterprise values between \$50 and \$250 million. The firm prefers to provide junior debt between

\$10 million to \$100 million. Allied Capital was founded in 1958 and is based in Washington, D.C., with additional offices in New York City; Chicago, Illinois; and Los Angeles, California.

About Sabrient

Sabrient Systems is an independent research firm providing statistical analysis of a company's fundamental data to investment professionals. We use a computer-driven, quantitative methodology to identify stocks that appear poised to outperform or underperform the market.

The Sabrient methodology was developed by an experienced research team led by David Brown, a former NASA scientist and retired CEO of Telescan and designer of its premier stock search program, ProSearch. The research team employs a scientific approach to the creation and testing of multi-factor filters. Each filter targets a key area of traditional stock analysis, including value, growth, momentum, fundamentals, earnings, balance sheet, and group strength. Using an adaptive process, filters are continually tested and monitored to ensure that only the best performing filters are at work.

Sabrient's ratings begin with an extraction process in which each of the few best-performing filters scans the universe of equities to identify stocks having certain compelling attributes sought, but not sufficiently rewarded, by the current market. Then, a composite scoring system employs a broader set of "weighting" filters to rank the extracted stocks. To support individual investors, Sabrient uses the same sophisticated methodology to provide individual stock reports on a universe of approximately 5,600 stocks.

Sabrient regularly tests the performance of its stock selections, using its primary list of published rankings and statistical techniques it believes appropriate. These recommendations have consistently outperformed relevant benchmarks across a broad range of investing styles, market caps, time frames and market conditions, demonstrating the robustness of Sabrient's proprietary methodology. While past performance is no guarantee of future results, Sabrient believes it can maintain its strong performance through its rigorous, scientific approach to filter construction and ongoing backtesting within a dynamic and adaptive composite scoring system.

For more information on Sabrient and its performance, go to www.sabrient.com

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