

March 18, 2009

Chairwoman Nydia M. Velazquez
and Ranking Member Sam Graves
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6315

Dear Chairwoman Velazquez and Ranking Member Graves:

Thank you for your unwavering leadership in protecting the interests of small and middle-market companies. We are especially appreciative of your strong support and leadership in highlighting the important role of business development companies (BDCs) in providing credit to smaller companies. We know you appreciate the very difficult challenges that our industry faces, and the importance to our nation's economy that we successfully overcome them.

More than two decades ago your Committee was instrumental in establishing BDCs as investment companies regulated under the Investment Company Act of 1940 with a specific mandate to provide credit and managerial assistance to small and middle-market companies. Because of the foresight of your Committee, billions of dollars of capital have been invested in small and middle-market companies since 1980, creating tens of millions of jobs across this country. Today, we estimate that collectively our current investments support 1.2 million jobs, and we have become the single largest source of mezzanine financing to small and middle-market companies.

While there is much to be justifiably proud of, our industry is not immune from the current market turmoil. The sector to which we have extended credit by-and-large has continued to perform well and our portfolio companies have generally remained current with their obligations. We are also fortunate that we entered this recession with an Investment Company Act restriction that limited our debt-to-equity ratio. Thus, we entered the current downturn with some of the lowest leverage ratios of any credit provider. Our cash flows have remained strong, and we continue to repay our own lenders.

On the other hand, our industry is facing the worst crisis since it was established in 1980. Our industry has successfully navigated several prior economic downturns. However, due to the interaction of changing accounting interpretations, an extremely conservative leverage ratio, and

severely depressed prices of most assets, our industry's ability to continue to serve small and middle-market companies, and the 1.2 million jobs they support, is now severely threatened. Indeed, in the current environment, BDCs should be viewed as part of the solution to the credit crisis. We know you appreciate the challenges that we face and are acutely aware of the need to ensure that our financial regulators respond appropriately to these challenges.

We hope that you and your Committee will continue to encourage the Securities and Exchange Commission to take appropriate actions to ensure that our industry remains a significant credit provider to small and middle-market companies.

Sincerely,

Allied Capital Corporation
American Capital, Ltd.
Apollo Investment Corporation
Ares Capital Corporation
BlackRock Kelso Capital Corporation
Harris & Harris Group, Inc.
Hercules Technology Growth Capital, Inc.
Keating Capital, Inc.
Kohlberg Capital Corporation
Main Street Capital Corporation
MCG Capital Corporation
MVC Capital, Inc.
NGP Capital Resources Company
Patriot Capital Funding, Inc.
PennantPark Investment Corporation
Plainfield Direct Inc.
Prospect Capital Corporation
TICC Capital Corp.
Tortoise Capital Resources Corporation
Triangle Capital Corporation

cc: : Mary L. Schapiro, Chairman
Securities & Exchange Commission
Kathleen L. Casey, Commissioner
Elisse B. Walter, Commissioner
Luis L. Aguilar, Commissioner
Troy A. Paredes, Commissioner