#### ANDERSON KELLY A

Form 4

March 19, 2008

# FORM 4

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES** 

Form 4 or Form 5 obligations may continue. See Instruction

Check this box

if no longer

subject to

Section 16.

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * ANDERSON KELLY A	2. Issuer Name <b>and</b> Ticker or Trading Symbol ALLIED CAPITAL CORP [ALD]	5. Relationship of Reporting Person(s) to Issuer  (Check all applicable)			
(Last) (First) (Middle)	3. Date of Earliest Transaction	, ,			
1919 PENNSYLVANIA AVENUE, NW, 3RD FLOOR	(Month/Day/Year) 03/03/2008	Director 10% Owner _X_ Officer (give title Other (specify below)  EVP & Treasurer			
(Street)	4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person			
WASHINGTON, DC 20006	T Hedivional/Day/Teal/				

(City)	(State)	Zip) Table	e I - Non-D	erivative S	Securit	ies Acq	quired, Disposed	of, or Beneficial	lly Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year) 2A. Deemed Execution Date any (Month/Day/Year)		3. Transaction Code (Instr. 8)	4. Securities Acquired n(A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code V	Amount	(A) or (D)	Price	Reported Transaction(s) (Instr. 3 and 4)		
Common Stock	03/18/2008		M	17,901	A	<u>(1)</u>	161,802	D	
Common Stock	03/03/2008		I	288	A	<u>(2)</u>	8,196 (3)	I	by 401K

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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# Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactic Code (Instr. 8)	5. Number of orDerivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	es (Month/Day/Year) ed (A) osed of		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Pr Deri Secu (Inst
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock Units	<u>(1)</u>	03/18/2008		M	17,901	<u>(4)</u>	<u>(4)</u>	Common Stock	17,901	

## **Reporting Owners**

Reporting Owner Name / Address

Director 10% Owner Officer Other

ANDERSON KELLY A 1919 PENNSYLVANIA AVENUE, NW 3RD FLOOR WASHINGTON, DC 20006

EVP & Treasurer

# **Signatures**

s/Kelly A.
Anderson
03/19/2008

\*\*Signature of Date
Reporting Person

## **Explanation of Responses:**

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each Phanton Stock Unit had the economic equivalent of one share of Allied Capital common stock.
- (2) Each share is equivalent to one or more units in the Issuer's stock fund.
- (3) 401(k) Plan holdings adjusted for routine non-reportable transactions.
- (4) On December 14, 2007 the Board of Directors of Allied Capital resolved to terminate the Company's deferred compensation plans and to distribute the accounts to participants on March 18, 2008, the termination and distribution date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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