

Murphy Diane Elizabeth  
 Form 3  
 January 25, 2006

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

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

(Print or Type Responses)

|   |         |                                      |  |  |
|---|---------|--------------------------------------|--|--|
| 1. Name and Address of Reporting Person * |         | 2. Date of Event Requiring Statement | 3. Issuer Name <b>and</b> Ticker or Trading Symbol |  |
| Â Murphy Diane Elizabeth                  |         | (Month/Day/Year)                     | ALLIED CAPITAL CORP [ALD]                          |  |
| (Last)                                    | (First) | (Middle)                             | 4. Relationship of Reporting Person(s) to Issuer   | 5. If Amendment, Date Original Filed(Month/Day/Year)                   |
| 1919 PENNSYLVANIA AVENUE, NW, Â 3RD FLOOR |         | 01/20/2006                           | (Check all applicable)                             |  |
| (Street)                                  |         |                                      | <input type="checkbox"/> Director                  | <input type="checkbox"/> 10% Owner                                     |
| WASHINGTON, Â DC Â 20006                  |         |                                      | <input checked="" type="checkbox"/> Officer        | <input type="checkbox"/> Other   |
| (City)                                    | (State) | (Zip)                                | (give title below)                                 | (specify below)  |
|   |         |                                      | Executive Vice President                           | 6. Individual or Joint/Group Filing(Check Applicable Line)             |
|   |         |                                      |  | <input checked="" type="checkbox"/> Form filed by One Reporting Person |
|   |         |                                      |  | <input type="checkbox"/> Form filed by More than One Reporting Person  |

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---------------------------------|---|--|---|
| Common Stock                    | 5,947   | D  | Â   |
| Common Stock                    | 12  | I  | by 401K   |

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

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of | 5. Ownership Form of Derivative | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|--|--|---|------------------------------------|---------------------------------|---|
|--|--|---|------------------------------------|---------------------------------|---|

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|   | Date Exercisable | Expiration Date | Title        | Amount or Number of Shares | Derivative Security | Security: Direct (D) or Indirect (I) (Instr. 5) |   |
|---|------------------|-----------------|--------------|----------------------------|---------------------|---|---|
| Incentive Stock Option (right to buy)     | Â (1)            | 05/26/2010      | Common Stock | 11,894                     | \$ 16.813           | D   | Â |
| Incentive Stock Option (right to buy)     | Â (2)            | 12/13/2012      | Common Stock | 4,646                      | \$ 21.52            | D   | Â |
| Incentive Stock Option (right to buy)     | Â (3)            | 09/20/2011      | Common Stock | 4,631                      | \$ 21.59            | D   | Â |
| Incentive Stock Option (right to buy)     | Â (4)            | 08/03/2015      | Common Stock | 3,635                      | \$ 27.51            | D   | Â |
| Incentive Stock Option (right to buy)     | Â (5)            | 03/11/2014      | Common Stock | 6,900                      | \$ 28.98            | D   | Â |
| Non-Qualified Stock Option (right to buy) | Â (1)            | 05/26/2010      | Common Stock | 120,148                    | \$ 16.813           | D   | Â |
| Non-Qualified Stock Option (right to buy) | Â (2)            | 12/13/2012      | Common Stock | 64,785                     | \$ 21.52            | D   | Â |
| Non-Qualified Stock Option (right to buy) | Â (3)            | 09/20/2011      | Common Stock | 42,813                     | \$ 21.59            | D   | Â |
| Non-Qualified Stock Option (right to buy) | Â (4)            | 08/03/2015      | Common Stock | 46,365                     | \$ 27.51            | D   | Â |
| Non-Qualified Stock Option (right to buy) | Â (5)            | 03/11/2014      | Common Stock | 71,350                     | \$ 28.98            | D   | Â |
| Phantom Stock Units                       | Â (6)            | Â (7)           | Common Stock | 16,989                     | \$ (8)              | D   | Â |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |                            |       |
|---|---------------|-----------|----------------------------|-------|
|   | Director      | 10% Owner | Officer                    | Other |
| Murphy Diane Elizabeth<br>1919 PENNSYLVANIA AVENUE, NW<br>3RD FLOOR<br>WASHINGTON, DC 20006 | Â             | Â         | Â Executive Vice President | Â     |

## Signatures

s/ Diane E  
Murphy

01/24/2006

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(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) The May 26, 2000 grant vests in three annual installments commencing one year from date of grant.
- (2) The December 13, 2002 grant vests over a three-year period, commencing on June 30, 2003.
- (3) The September 20, 2001 grant vests in three annual installments commencing one year from date of grant.
- (4) The August 3, 2005 option grant vests in three installments on 6/30/06, 6/30/07 and 6/30/08.
- (5) The 3/11/2004 option grant vests evenly over a four year period, starting on 06/30/04
- (6) The phantom stock units were awarded under the Allied Capital Corporation Deferred Compensation Plan II and are fully vested.
- (7) Upon termination, phantom stock units will be distributed over a two year period or immediately upon a change in control.
- (8) Phantom Stock Units acquired have a 1 for 1 conversion.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

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