

ALLIED CAPITAL CORP

Form 4

July 19, 2007

FORM 4
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN 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

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
burden hours per
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
BINDER SCOTT S

(Last) (First) (Middle)

**1919 PENNSYLVANIA AVENUE,
NW, 3RD FLOOR**

(Street)

WASHINGTON, DC 20006

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
ALLIED CAPITAL CORP [ALD]

3. Date of Earliest Transaction
(Month/Day/Year)
07/18/2007

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
____X____ Officer (give title below) ____ Other (specify below)

Chief Valuation Officer

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	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
Common Stock	07/18/2007		A		116,680	A	\$ 31.75
Common Stock							192,700
Common Stock							2,209
Common Stock							273
Common Stock							20,000
							D
							I
							I
							I
							by 401K
							by IRA
							by Trust

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

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. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Security (Instr. 3 and 4)	8. Amount Owned (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title	Am Nun Sha
Non-Qualified Stock Option (right to buy)	\$ 16.813	07/18/2007		D	275,000	<u>(1)</u> 05/26/2010	Common Stock	27
Non-Qualified Stock Option (right to buy)	\$ 17.75	07/18/2007		D	25,820	<u>(3)</u> 12/30/2009	Common Stock	25
Non-Qualified Stock Option (right to buy)	\$ 17.875	07/18/2007		D	8,217	<u>(4)</u> 12/08/2008	Common Stock	8
Non-Qualified Stock Option (right to buy)	\$ 21.375	07/18/2007		D	163,637	<u>(5)</u> 01/08/2008	Common Stock	16
Non-Qualified Stock Option (right to buy)	\$ 21.52	07/18/2007		D	30,354	<u>(6)</u> 12/13/2012	Common Stock	30
Non-Qualified Stock Option (right to buy)	\$ 21.59	07/18/2007		D	80,489	<u>(7)</u> 09/20/2011	Common Stock	80

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
BINDER SCOTT S 1919 PENNSYLVANIA AVENUE, NW 3RD FLOOR WASHINGTON, DC 20006	Chief Valuation Officer

Signatures

s/ Scott S.
Binder

07/19/2007

 Signature of
Reporting Person

Date

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) The canceled options, granted on May 26, 2000, provided for vesting in three annual installments commencing one year from date of grant.

On July 18, 2007, the issuer canceled, pursuant to the issuer's tender offer, options previously granted to the reporting person. In exchange for the options, the reporting person received an option cancellation payment ("OCP") which was paid one-half in cash and one-half in unregistered shares of the issuer's common stock. The value of the OCP was equal to the difference between the weighted average market price of \$31.75, less the exercise price of the option, multiplied by the number options canceled.
- (3) The canceled options, granted on December 30, 1999, provided for vesting in six annual installments commencing on grant date.
- (4) The canceled options, granted on December 8, 1998, provided for vesting in six annual installments commencing on grant date.
- (5) The canceled options, granted on January 8, 1998, provided for vesting in six equal annual installments commencing on grant date.
- (6) The canceled options, granted on December 13, 2002, provided for vesting in three equal installments commencing on June 30, 2003.
- (7) The canceled options, granted on September 20, 2001, provided for vesting in three equal annual installments commencing one year from grant date.

Remarks:

401(k) Plan holdings adjusted for routine non-reportable transactions.

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.