

Edgar Filing: ALLIED CAPITAL CORP - Form 4

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 of Underlying Security (Instr. 3 and 4)	Amount or Number of Shares
Non-Qualified Stock Option (right to buy)	\$ 16.813	07/18/2007		D	17,012	⁽¹⁾ 05/26/2010	Common Stock	17,012
Non-Qualified Stock Option (right to buy)	\$ 21.375	07/18/2007		D	33,208	⁽³⁾ 01/08/2008	Common Stock	33,208
Non-Qualified Stock Option (right to buy)	\$ 21.52	07/18/2007		D	47,134	⁽⁴⁾ 12/13/2012	Common Stock	47,134
Non-Qualified Stock Option (right to buy)	\$ 21.59	07/18/2007		D	13,938	⁽⁵⁾ 09/20/2011	Common Stock	13,938

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SPARROW SUZANNE V 1919 PENNSYLVANIA AVENUE, NW 3RD FLOOR WASHINGTON, DC 20006			Executive Vice President	

Signatures

s/ Suzanne V. Sparrow 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.

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- 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.
- (2) The canceled options, granted on January 8, 1998, provided for vesting in six equal annual installments commencing on grant date.
 - (4) The canceled options, granted on December 13, 2002, provided for vesting in three equal installments commencing on June 30, 2003.
 - (5) 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.