

Mathias Edward J
Form 4
April 05, 2010

FORM 4

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

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person *
Mathias Edward J

(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)

04/01/2010

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)

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 Ownership (Instr. 4) | | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|---|---|-------------|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 04/01/2010 | | D | | 716 | D | 11 | 0 | D | |
| Common Stock | 04/01/2010 | | D | | 1,220 | D | 11 | 0 | I | by Daughter |
| Common Stock | 04/01/2010 | | D | | 33,000 | D | 11 | 0 | I | by IRA |

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. 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) | \$ 2.63 | 04/01/2010 | | D | 10,000 | (2) 05/13/2016 | Common Stock | 10,000 |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Mathias Edward J
1919 PENNSYLVANIA AVENUE, NW
3RD FLOOR
WASHINGTON, DC 20006

X

Signatures

By: s/Kelly A. Anderson attorney in fact For: Edward J. Mathias

04/05/2010

__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).

On April 1, 2010, ARCC Odyssey Corp., a wholly owned subsidiary of Ares Capital Corporation ("Ares Capital"), was merged with and into Allied Capital Corporation (the "Company") pursuant to an Agreement and Plan of Merger, dated as of October 26, 2009, among the

(1) Company, Ares Capital and ARCC Odyssey Corp. (the "Merger Agreement"). Immediately thereafter, Allied Capital merged with and into Ares Capital. Pursuant to the Merger Agreement, each Company stockholder received 0.325 shares of Ares Capital common stock for each share of Company common stock owned (the "Exchange Ratio").

(2) This option, which vested on May 13, 2009, was cancelled in connection with the merger in exchange for 1,453 ARCC shares of Ares Capital common stock. Pursuant to the Merger Agreement, the shares of Ares Capital common stock were equal to (1) the product of (a) the total number of shares of Company common stock subject to the option multiplied by (b) the excess of the option closing amount (calculated as the difference between the exercise price of the option and the five-day average closing price of Ares Capital multiplied by 0.325, the Exchange Rate, or \$4.758 per share) over the exercise price per share for such option, divided by (2) the five-day average closing price of Ares Capital common stock.

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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