

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