

Blasey Ralph Gilbert III  
 Form 3  
 February 14, 2007

**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 and Ticker or Trading Symbol	
Blasey Ralph Gilbert III		(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)
			(Check all applicable)	
1919 PENNSYLVANIA AVENUE, NW, 3RD FLOOR			<input type="checkbox"/> Director	<input type="checkbox"/> 10% Owner
(Street)			<input checked="" type="checkbox"/> Officer	<input type="checkbox"/> Other
WASHINGTON, DC 20006			(give title below)	(specify below)
(City)	(State)	(Zip)	EVP & Chief Compliance Officer	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	1,699	I	by 401K

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

**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.**

**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 Derivative Security	5. Ownership Form of Derivative Security: Direct (D)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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	Date Exercisable	Expiration Date	Amount or Number of Shares			or Indirect (I) (Instr. 5)	
Incentive Stock Option (right to buy)	Â (1)	10/21/2014	Common Stock	16,012	\$ 24.98	D	Â
Non-Qualified Stock Option (right to buy)	Â (1)	10/21/2014	Common Stock	108,988	\$ 24.98	D	Â
Non-Qualified Stock Option (right to buy)	Â (2)	08/03/2015	Common Stock	75,000	\$ 27.51	D	Â
Phantom Stock Units	Â (3)	Â (4)	Common Stock	3,626	\$ (5)	D	Â

## Reporting Owners

Reporting Owner Name / Address	Relationships				Other
	Director	10% Owner	Officer		
Blasey Ralph Gilbert III 1919 PENNSYLVANIA AVENUE, NW 3RD FLOOR WASHINGTON, DC 20006	Â	Â	Â	EVP & Chief Compliance Officer	Â

## Signatures

s/ Ralph G  
Blasey III

02/14/2007

\*\*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 October 21, 2004 option grant vests in four installments on 6/30/05, 6/30/06, 6/30/07 and 6/30/08.
- (2) The August 3, 2005 option grant vests in three installments on 6/30/06, 6/30/07 and 6/30/08.
- (3) The phantom stock units were awarded under the Allied Capital Corporation Deferred Compensation Plan II and are fully vested.
- (4) Upon termination, phantom stock units will be distributed over a two year period or immediately upon a change in control.
- (5) 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. 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.