

Fontana Nathel John III
 Form 5
 January 27, 2005

FORM 5

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

OMB APPROVAL
 OMB Number: 3235-0362
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

1. Name and Address of Reporting Person *
Fontana Nathel John III

 (Last) (First) (Middle)

2. Issuer Name and Ticker or Trading Symbol
ALLIED CAPITAL CORP [ALD]
 3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2004

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 ___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
Managing Director

1919 PENNSYLVANIA AVENUE,
NW, 3RD FLOOR
 (Street)

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

6. Individual or Joint/Group Reporting
 (check applicable line)

WASHINGTON, DC 20006
 (City) (State) (Zip)

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) (A) or (D) Price | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|--|
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|--|

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.

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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 | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Underlying Security (Instr. 3 and 4) |
|--|------------------------------------|--------------------------------------|--|--------------------------------|-------------------------|--|---|--|
|--|------------------------------------|--------------------------------------|--|--------------------------------|-------------------------|--|---|--|

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| Derivative Security | | | | J | Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | | | Title | Amount or Number of Shares |
|---------------------|-----------|------------|---|---|---|-----|------------------|-----------------|--------------|----------------------------|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | | |
| Phantom Stock Units | \$ 24.62 | 10/01/2004 | Â | J | 21 | Â | Â (1) | Â (2) | Common Stock | 21 \$ 24. |
| Phantom Stock Units | \$ 26.145 | 12/31/2004 | Â | J | 31 | Â | Â (1) | Â (2) | Common Stock | 31 \$ 26. |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Fontana Nathel John III 1919 PENNSYLVANIA AVENUE, NW 3RD FLOOR WASHINGTON, DC 20006 | Â | Â | Â Managing Director | Â |

Signatures

s/ Nathel John
Fontana III
01/27/2005
**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 phantom stock units were awarded under the Allied Capital Corporation Deferred Compensation Plan II and are fully vested.
- (2) Upon termination, phantom stock units will be distributed over a two year period or immediately upon a change in control.

Â

Remarks:

Pertains to phantom stock acquired pursuant to a dividend reinvestment plan. The acquisition of the
 Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure.
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