

ALLIED CAPITAL CORP
Form 8-K
October 14, 2005

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

October 13, 2005

Allied Capital Corporation

(Exact name of registrant as specified in its charter)

Maryland

0-22832

52-1081052

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

1919 Pennsylvania Avenue, N.W.,
Washington, District of Columbia

20006

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

202 331-1112

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Top of the Form

Item 1.01 Entry into a Material Definitive Agreement.

The information set forth in Item 2.03 of this Form 8-K is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On October 13, 2005, Allied Capital Corporation (the "Company") issued \$261 million of five-year, unsecured notes and \$89 million of seven-year, unsecured notes in a private placement. The five-year notes have a fixed interest rate of 6.15% and the seven-year notes have a fixed interest rate of 6.34%. Interest on the notes will be due semiannually on April 13 and October 13, commencing on April 13, 2006. The Company may prepay the notes, in whole or in part, at any time at a price equal to 100% of the principal amount being prepaid, plus accrued and unpaid interest and a "make-whole" prepayment premium.

The proceeds from the issuance of the notes will be used to repay \$125 million of existing unsecured long-term notes that mature on October 15, 2005, as well as to fund new portfolio investments and for general corporate purposes.

The note agreement contains customary events of defaults (with grace periods where customary), including, among other things, failure to pay any principal or interest when due, failure to pay material indebtedness or another default thereunder and failure to comply with certain customary financial and operating covenants. In the event that the Company defaults under certain provisions of the note agreement, it will be prohibited from paying cash distributions to its stockholders.

The foregoing description of the note agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the note agreement attached hereto as Exhibit 10.1.

In a press release dated October 14, 2005, the Company announced its issuance of the notes. The press release is attached to the Form 8-K as Exhibit No. 99.1.

Item 9.01 Financial Statements and Exhibits.

(a) Not applicable.

(b) Not applicable.

(c) Exhibits

Exhibit No. Description

10.1 Note Agreement dated October 13, 2005

99.1 Press Release dated October 14, 2005

Top of the Form

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Allied Capital Corporation

October 14, 2005

By: *Penni F. Roll*

Name: Penni F. Roll

Title: Chief Financial Officer

Top of the Form

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Note Agreement dated October 13, 2005.
99.1	Press release dated October 14, 2005.