directors. Each current non-officer director makes a significant contribution to the management of the Company's business and to analysis and supervision of its portfolio investments. The Company believes that any non-officer directors who are elected initially after issuance of the SEC's order will provide similar services and devote similar time and attention to serving the Company.

- 3. The projected compensatory value of an automatic, one-time grant to the Company's non-officer directors of a stock option to purchase 10,000 shares at fair market value is well within the range of reasonable director compensation in consideration of the time commitment described above, especially given that realization of such compensation is contingent upon the Company's market performance. Automatic, one-time option grants to current and future non-officer directors permit the Company to devote its cash resources to additional investments and not to increases in directors' fees to retain qualified non-officer directors or to attract replacements. Most importantly, as a method of compensation which is contingent on the Company's stock performance, such stock option awards serve the best interest of the stockholders of the Company by reinforcing the alignment of the interests of non-officer directors and stockholders of the Company.
- 4. For all of these reasons, the Company submits that providing for the automatic, one-time grant of stock options to purchase 10,000 shares at fair market value to each of the Company's current and future non-officer directors is fair and reasonable and does not involve overreaching of the Company or its stockholders.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–29384 Filed 12–1–95; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Rel. No. 21542; 812–9010]

Allied Capital Lending Corporation; Notice of Application

November 27, 1995.

AGENCY: Securities and Exchange Commission (the "SEC").

ACTION: Notice of application for an order under the Investment Company Act of 1940 (the "Act").

APPLICANT: Allied Capital Corporation (the "Company").

RELEVANT ACT SECTIONS: Order requested under section 61(a)(3)(B)(i)(II) of the Act.

SUMMARY OF APPLICATION: The Company requests an order approving a proposal to issue stock options to its directors who are not officers or employees of the Company.

FILING DATE: The application was filed on May 20, 1994 and amended on June 24, 1994, July 31, 1995, and November 22, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on December 22, 1995, and should be accompanied by proof of service on the applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reasons for the request, and the issues contested. Persons who wish to be notified of a hearing may request such notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicant, 1666 K Street, N.W., Ninth Floor, Washington, D.C. 20006.

FOR FURTHER INFORMATION CONTACT:
Marilyn Mann, Special Counsel, at (202) 942–0582, or Robert A. Robertson,
Branch Chief, at (202) 942–0564
(Division of Investment Management,
Office of Investment Company
Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. The Company is a closed-end management investment company that has elected to be regulated as a business development company under the Act. The Company is a small business lending company ("SBLC") approved by the U.S. Small Business Administration (the "SBA"). The Company participates in the SBA's section 7(a) guaranteed loan program, under which the SBA will guarantee up to 90% of certain qualifying loans to small business concerns. The Company, through a subsidiary, also provides first mortgage commercial loans in conjunction with the SBA 504 loan program and as

companion loans to section 7(a) guaranteed loans.

2. The Company lends to privatelyowned small businesses directly. It provides loans to qualifying small businesses to acquire or refinance real estate, machinery or equipment, or to provide working capital. Loans made by the Company are secured by a mortgage or other lien on the assets of the borrower and, frequently, of its principals. The Company's loans are diversified in different industries and geographic regions of the United States. At December 31, 1994, the Company had in its portfolio or was servicing loans to, among others, hotels and motels, restaurants, manufacturers, retail shops, food stores, professional service providers, laundries and cleaners, home furnishings concerns, gasoline stations, business services firms, recreational services providers, automobile exhaust repair shops, personal services providers and automotive repair concerns. The Company makes available significant managerial assistance to companies in its portfolio.

3. As permitted by SBA regulations, the Company systematically sells to investors, without recourse, the guaranteed portions of its loans. Such loan sales generally take place approximately three months after the closing of the loan. The Company continues to service those loans for a servicing fee. At December 31, 1994, the Company was servicing over \$116 million aggregate principal amount of loans, of which approximately 72% had been sold to investors.

4. The Company and its investment adviser have entered into an investment advisory agreement that provides that the fees paid and payable to the investment adviser are based on the value of the Company's assets, as determined from time to time, and do not depend in any respect upon any capital gains of the Company or the capital appreciation of any of its funds. The Company does not have a profit-sharing plan described in section 57(n) of the Act.

5. The Company's stock option plan (the "Option Plan") was adopted and approved in 1993. In February 1994, the Company's board of directors adopted amendments to the Option Plan, which were approved by the Company's stockholders in May 1994. Those amendments increased the number of shares reserved for issuance under the Option Plan and provided for the automatic, one-time grant to each person who serves as a director and is not an officer or employee of the Company or an employee of its