

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): September 25, 2001

SUNSOURCE INC.

(Exact Name of Registrant Specified in Charter)

<TABLE>			
<S>	<C>	<C>	
Delaware	1-13293	23-2874736	
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)	
</TABLE>			

<TABLE>		<C>
<S>	3000 One Logan Square Philadelphia, Pennsylvania	19103
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(Address of Principal Executive Offices)		(Zip Code)
</TABLE>		

Registrant's telephone number, including area code: (215) 282-1290

(Former Name or Former Address, if Changed Since Last Report)

ITEM 1. CHANGE IN CONTROL OF REGISTRANT

On June 18, 2001, SunSource Inc. ("SunSource") filed a Form 8-K announcing the execution of an Agreement and Plan of Merger (the "Merger Agreement") by SunSource, Allied Capital Corporation, a Maryland corporation ("Allied Capital"), and Allied Capital Lock Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Allied ("Merger Sub"), pursuant to which Merger Sub would be merged into SunSource (the "Merger"). On September 25, 2001, the stockholders of SunSource voted at a special meeting of the stockholders to approve the Merger. The Certificate of Merger was effective September 26, 2001, and the Merger was thereby consummated.

Prior to the Merger, a new class of preferred stock, Series B Preferred Stock, \$.01 par value per share, of SunSource ("Series B Preferred Stock"), was authorized and designated and certain shares of the common stock, \$.01 par value per share, of SunSource ("SunSource Common Stock"), held by members of management and other stockholders who will continue their ownership in SunSource after the Merger were exchanged for an equal number of shares of Series B Preferred Stock. At the effective time of the Merger, (a) each share of SunSource Common Stock outstanding was converted into the right to receive \$10.375 in cash (the "Merger Consideration"), (b) each share of Series B Preferred Stock was converted into one share of SunSource Common Stock to remain outstanding after the Merger and (c) each share of common stock, par value \$.01 per share, of Merger Sub outstanding at the effective time was converted into SunSource Common Stock to remain outstanding after the Merger. The Merger Consideration was financed by Allied Capital from cash on hand. As a result of the Merger, Allied Capital now owns approximately 94% of the outstanding SunSource Common Stock and approximately 6% is owned by the continuing stockholders.

The Merger Agreement was filed as Exhibit 2.1 to the Form 8-K announcing the execution of the Merger Agreement on June 18, 2001, and the press release

relating to the completion of the Merger is filed as Exhibit 99.1 to this Form 8-K, and both Exhibits are incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) Exhibits.

<TABLE>	
<CAPTION>	
Exhibit Number	Description of Document
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<S>	<C>
2.1	Agreement and Plan of Merger dated as of June 18, 2001 by and among Allied Capital Corporation, Allied Capital Lock Acquisition Corporation and SunSource Inc. (Incorporated by reference to the Form 8-K filed by SunSource on June 18, 2001.)
99.1	Press Release dated September 27, 2001.

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SIGNATURE

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.

SUNSOURCE INC.

By /s/ Joseph M. Corvino

Joseph M. Corvino
Senior Vice President and Chief
Financial Officer

Dated: October 10, 2001

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<TABLE>	
<CAPTION>	
Exhibit	

<S>	<C>
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99.1	Press Release dated September 27, 2001.

PHILADELPHIA, Sept. 27/PRNewswire/ -- Allied Capital Corporation (NYSE: ALD - news) and SunSource Inc. (Amex: SDP & SDP.PR) reported today that Allied Capital completed the acquisition of SunSource Inc. ("SunSource" or the "Company") on September 26, 2001. As previously announced, Allied Capital will pay \$10.375 per SunSource common share for all of the outstanding common equity of SunSource.

As a result of the merger, the common stock of SunSource Inc. has been delisted from trading. Common Shareholders will shortly be receiving instructions for redeeming their common stock in the form of a Letter of Transmittal from the exchange agent for the transaction. The Company's trust preferred securities will remain outstanding, and will not be converted or exchanged and will continue to trade on the Amex under the symbol SDP.PR. As a result of the outstanding trust preferred securities, SunSource will continue to file quarterly reports with the SEC pursuant to the Exchange Act of 1934.

About Allied Capital

Allied Capital is the nation's largest business development company, and provides long-term investment capital to support the expansion of growing middle-market companies. The company provides mezzanine debt and equity financing, and also participates in the real estate capital markets as an investor in commercial mortgage-backed securities. The company is headquartered in Washington, DC. For more information, please visit the web site at www.alliedcapital.com, or call Allied Capital Investor Relations toll-free at (888) 818-5298, or e-mail Allied at ir@alliedcapital.com.

About SunSource Inc.

SunSource Inc. has two principal businesses, one focused on retail markets and the other on industrial customers. The retail business is comprised of The Hillman Group, Inc., including its Axxess Technologies subsidiary, which sells to hardware stores, home centers, pet suppliers, mass merchants, and other retail outlets principally in the U.S., Canada, Mexico and South America. Their product line includes thousands of small parts such as fasteners and related hardware items, keys, key duplication systems, and identification items such as tags, letters, numbers, and signs. Services offered include design and installation of merchandising systems and maintenance of appropriate in-store inventory levels.

SunSource serves the industrial market with two companies. SunSource Technology Services provides engineering, repair, and fabrication services as well as parts and equipment to manufacturers throughout the U.S. and Canada. The Company's Kar Products affiliate distributes maintenance and repair parts and offers customized inventory management services to commercial and industrial customers of all sizes in the U.S. and Canada.