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October 31, 2007

Via Email and Overnight Mail

Richard B. Zabel, Esq.
Akin Gump Strauss Hauer & Feld LLP
590 Madison Avenue
New York, NY 10022-2524

Re: John Wiley & Sons, Inc.

Dear Mr. Zabel:

Your letter of October 5, 2007 has been forwarded to us by Deirdre Silver, Legal Director for John Wiley & Sons, Inc.

Allied Capital has offered over the last six months to meet with editors from Wiley to answer any questions and address any concerns they may have regarding statements about Allied in Mr. Einhorn's manuscript. It would also present the opportunity to provide Wiley the full picture regarding Allied's business, including how the public, the courts, the markets, and others have concluded that Mr. Einhorn's charges against Allied are not valid. Like any public company, Allied is used to criticism, even cheap shots, but it should not have to tolerate false and misleading charges of criminality and wrongdoing that damage its business and injure its shareholders' stake in the company.

Mr. Einhorn has a five-year track record of attacking Allied. He is not an objective, disinterested journalist but a hedge fund manager shorting Allied stock. He has the financial incentive to drive down Allied's stock price and has attempted to do so through any means available to him. Our correspondence with Ms. Silver at Wiley does not attempt to intimidate or censor anyone. It is simply to inform Wiley of these facts about Mr. Einhorn and Allied and ask that Wiley discharge its responsibilities as a publisher by properly vetting the proposed book to insure that it is accurate and fair.

Any manuscript, of course, contains specific statements and subject matter. Allied will be glad to consider an appropriate response, consistent with its disclosure obligations under the federal securities laws, once it has received a copy of Mr. Einhorn's manuscript and had an opportunity to review it.

Of course, our response to Mr. Einhorn would be governed by Regulation FD (Fair Disclosure) of the Securities and Exchange Commission. As you know, Regulation FD restricts a company from sharing material non-public information with a member of the investing public, especially one who trades in the stock such as Mr. Einhorn. We can address those issues once Allied has received a copy of the manuscript and determines that a response is appropriate and advisable.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Bruce", with a long horizontal flourish extending to the right.

Bruce W. Sanford

cc: Deirdre Silver, Esq.
Steve Kippur
Gary Rinck
David Pugh