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Via Email and Overnight Mail

Deirdre Silver, Esq.
Legal Director
John Wiley & Sons, Inc.
111 River Street
Hoboken, N.J. 07030

Re: Allied Capital Corporation

Dear Ms. Silver:

We are in receipt of your letter of September 19 and were confused and concerned about a number of points you made.

First, while we are glad to learn that the promotional copy for the Einhorn book has been revised and that the title of the book likely will change, the cover art for the book is also false and misleading. Your letter did not mention the cover art but we trust that Wiley is revising that as well to remove the implication that Allied Capital is a house of cards that lacks substance.

Secondly, you indicated that the promotional copy for the book – which is being advertised for sale on the website www.amazon.fr – is “old.” Obviously, we do not know how “old” the copy is, but it seemed to have appeared out of nowhere fairly recently. We had not seen this version of the promotional copy before and it raises different and newly outrageous and false charges about Allied Capital with specific reference to the Department of Agriculture. That Wiley would allow this copy to be published, especially in light of our previous correspondence, is astonishing. We trust that Wiley has already requested that Amazon-France remove it from the Internet immediately.

Thirdly, we cannot comprehend why a publisher of Wiley’s stature and experience would publish a book written by an author with a financial stake in attacking and damaging a well-regarded public company. Why would anyone publish a book with such polemically damaging impact without first discussing it with the target –

especially one who stands ready, willing, and able to meet with Wiley editors to discuss Einhorn's charges?

There are at least two pending cases brought by public companies which – like Allied Capital – have been on the receiving end of abusive shorting campaigns by hedge funds. See e.g., *Overstock.com, Inc. v. Gradient Analytics, Inc.*, 151 Cal.App.4th 688, (Cal. Ct. App. 2007), *review denied*, (September 19, 2007) and *Biovail v. Corp. v. S.A.C. Capital Management LLC*, ESX-L-1583-06, Superior Court for Essex County, New Jersey. In each case, a publisher of information about the company, in collaboration with or at the behest of a hedge fund, published misleading statements about the company. The libel claims in the Overstock.com matter will likely proceed to trial now that the appellate courts have issued favorable rulings for the plaintiff. Given David Einhorn's short position in Allied Capital stock, the company would have similar claims were Wiley to publish a book with materially false and misleading statements, such as those we already have seen in the promotional copy published on-line.

Again, Allied Capital's senior management stands ready to meet with you and others at Wiley to ensure that Wiley has the necessary facts to publish a fair and accurate book. Please let us know the new proposed publication date for the book and send us the revised promotional copy and cover art.

Thank you for your attention to this matter and we look forward to hearing from you.

Sincerely yours,

Bruce W. Sanford

Enclosure

Cc: Steve Kippur
Gary Rinck
David Pugh
William L. Walton
Ralph G. Blasey III