

FORM 10-Q

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WILEY JOHN SONS, INC. - JW.A

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DESCRIPTION

Quarterly report which provides a continuing view of a company's financial position

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10-Q - FY2005 FIRST QUARTER 10Q

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT 1934

For the quarterly period ended July 31, 2004 Commission File No. 1-11507

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES ACT OF 1934
For the transition period from to

JOHN WILEY & SONS, INC.
(Exact name of Registrant as specified in its charter)

NEW YORK 13-5593032

(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

111 RIVER STREET, HOBOKEN NJ 07030

(Address of principal executive offices) Zip Code

Registrant's telephone number, including area code (201) 748-6000

NOT APPLICABLE

Former name, former address, and former fiscal year,
if changed since last report

Indicate by check mark, whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. YES NO

The number of shares outstanding of each of the Registrant's classes of common
stock as of August 31, 2004 were:

Class A, par value \$1.00 - 50,245,074
Class B, par value \$1.00 - 11,229,164

This is the first page of a 22-page document

JOHN WILEY & SONS, INC.

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EXHIBITS

- 99.1 - 18 U.S.C. Section 1350 Certificate by the President and Chief Executive Officer
- 99.2 - 18 U.S.C. Section 1350 Certificate by the Chief Financial and Operations Officer

JOHN WILEY & SONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands)

	(UNAUDITED) July 31,		April 30,
	2004	2003	2004
Assets			
Current Assets			
Cash and cash equivalents	\$ 40,424	8,085	\$ 82,027
Accounts receivable	146,168	134,128	127,224
Inventories	81,452	83,210	83,789
Deferred income tax benefits	18,115	27,156	18,113
Prepaid and other	11,973	13,956	12,853
Total Current Assets	298,132	266,535	324,006
Product Development Assets	58,022	61,397	60,755
Property, Equipment and Technology	115,835	114,599	117,305
Intangible Assets	280,644	280,106	276,440
Goodwill	195,400	193,354	194,893
Deferred Income Tax Benefits	18,352	30,340	18,976
Other Assets	22,808	21,021	22,207
Total Assets	\$ 989,193	967,352	\$ 1,014,582
Liabilities & Shareholders' Equity			
Current Liabilities			
Current portion of long-term debt and notes payable	\$ -	45,000	\$ -
Accounts and royalties payable	76,325	79,110	68,338
Deferred subscription revenue	90,028	83,524	127,224
Accrued income taxes	29,754	34,877	19,338
Accrued pension liability	5,272	3,301	4,559
Deferred income taxes	5,784	-	5,721
Other accrued liabilities	58,673	53,374	81,185
Total Current Liabilities	265,836	299,186	306,365
Long-Term Debt	200,000	200,000	200,000
Accrued Pension Liability	50,254	54,865	48,505
Other Long-Term Liabilities	31,258	28,184	31,757
Deferred Income Taxes	12,512	12,251	12,891
Shareholders' Equity			
Class A & Class B common stock	83,190	83,190	83,190
Additional paid-in-capital	51,402	41,068	45,887
Retained earnings	456,912	386,736	441,533
Accumulated other comprehensive income (loss)	5,611	(5,346)	2,197
Unearned deferred compensation	(3,465)	(2,176)	(2,134)
Treasury stock	(164,317)	(130,606)	(155,609)
Total Shareholders' Equity	429,333	372,866	415,064
Total Liabilities & Shareholders' Equity	\$ 989,193	967,352	\$ 1,014,582

The accompanying Notes are an integral part of the condensed consolidated financial statements.

JOHN WILEY & SONS, INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED
(In thousands except per share information)

	Three Months Ended July 31,	
	2004	2003
Revenue	\$ 226,939	\$ 219,660
Costs and Expenses		
Cost of sales	75,229	72,109
Operating and administrative expenses	118,434	112,043
Amortization of intangibles	2,499	2,330
Total Costs and Expenses	196,162	186,482
Operating Income	30,777	33,178
Interest Expense and Other	(1,187)	(1,260)
Income Before Taxes	29,590	31,918
Provision For Income Taxes	9,706	10,118
Net Income	\$ 19,884	\$ 21,800
Income Per Share		
Diluted	\$ 0.32	\$ 0.35
Basic	\$ 0.32	\$ 0.35
Cash Dividends Per Share		
Class A Common	\$ 0.075	\$ 0.065
Class B Common	\$ 0.075	\$ 0.065
Average Shares		
Diluted	62,851	62,964
Basic	61,442	61,686

The accompanying Notes are an integral part of the condensed consolidated financial statements.

JOHN WILEY & SONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW - UNAUDITED
(In thousands)

	For The Three Months Ended July 31,	
	2004	2003
Operating Activities		
Net income	\$ 19,884	\$ 21,800
Adjustments to reconcile net income to cash provided by operating activities		
Amortization of intangibles	2,499	2,330
Amortization of composition costs	8,349	7,511
Depreciation of property and equipment	7,487	7,083
Non-cash charges & other	12,263	8,306
Change in deferred subscription revenue	(37,528)	(36,948)
Net change in operating assets and liabilities	(19,279)	(24,896)
Cash Used For Operating Activities	(6,325)	(14,814)
Investing Activities		
Additions to product development assets	(11,709)	(12,885)
Additions to property and equipment	(5,066)	(5,633)
Acquisition of publishing assets	(5,709)	(1,006)
Cash Used For Investing Activities	(22,484)	(19,524)
Financing Activities		
Borrowings of short-term debt	-	10,000
Purchase of treasury stock	(9,784)	-
Cash dividends	(4,505)	(4,035)
Proceeds from exercise of stock options	1,350	2,633

Cash (Used For) Provided By Financing Activities	(12,939)	8,598
Effects of Exchange Rate Changes on Cash	145	584
Cash and Cash Equivalents		
Decrease for Period	(41,603)	(25,156)
Balance at Beginning of Period	82,027	33,241
Balance at End of Period	\$ 40,424	\$ 8,085
Supplemental Information		
Businesses Acquired:		
Fair value of assets acquired	\$ 5,709	\$ 1,006
Liabilities assumed	-	-
Cash Paid for Businesses Acquired	\$ 5,709	\$ 1,006
Cash Paid (Refunded) During the Period for:		
Interest	\$ 1,022	\$ 1,308
Income taxes - Net	\$ (3,515)	\$ (4,134)

The accompanying Notes are an integral part of the condensed consolidated financial statements.

JOHN WILEY & SONS, INC., AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the consolidated financial position of John Wiley & Sons, Inc., and Subsidiaries (the "Company") as of July 31, 2004 and 2003, and results of operations and cash flows for the three month period ended July 31, 2004 and 2003. The results for the three months ended July 31, 2004 are not necessarily indicative of the results expected for the full year. These statements should be read in conjunction with the most recent audited financial statements contained in the Company's Form 10-K for the fiscal year ended April 30, 2004.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Certain prior-year amounts have been reclassified to conform to the current year's presentation.

Stock-Based Compensation: Stock options and restricted stock grants are accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and the disclosure-only provisions of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock Based Compensation - Transition and Disclosure." Accordingly, the Company recognizes no compensation expense for fixed stock option grants since the exercise price is equal to the fair value of the shares at date of grant. For restricted stock grants, compensation cost is generally recognized ratably over the vesting period based on the fair value of shares.

Pro forma information under SFAS No. 123 and SFAS No. 148

The per share value of options granted in connection with the Company's stock option plans during the following periods are estimated using the Black Scholes option pricing model with the following weighted average assumptions:

	For the Three Months Ending July 31,	
	2004	2003
Expected life of options (years)	8.1	8.1
Risk-free interest rate	4.5%	2.9%
Volatility	23.8%	30.7%
Dividend yield	0.9%	1.0%
Fair value	\$11.00	\$8.97

For purposes of the following pro forma disclosure, the fair value of the awards was estimated at the date of grant using the Black Scholes option-pricing model and amortized to expense over the options vesting periods.

(in thousands except per share amount)	For the Three Months Ending July 31,	
	2004	2003
Net income as reported	\$19,884	\$21,800
Stock-based compensation, net of tax, included in the determination of net income as reported -		
Restricted stock plans	744	521
Director stock plan	14	28
Stock-based compensation costs, net of tax, that would have been included in the determination of net income had the fair value-based method been applied	(2,112)	(1,681)
Pro forma net income	\$18,530	\$20,668
Reported earnings per share		
Diluted	\$0.32	\$0.35
Basic	\$0.32	\$0.35
Pro forma earnings per share		
Diluted	\$0.29	\$0.33
Basic	\$0.30	\$0.34

2. Comprehensive Income

Comprehensive income was as follows (in thousands):

	For the Three Months Ending July 31,	
	2004	2003
Net income	\$19,884	\$21,800
Change in other comprehensive income (loss), net of taxes:		
Derivative cash flow hedges	-	(29)
Foreign currency translation adjustment	3,414	1,855
Comprehensive income	\$23,298	\$23,626

A reconciliation of accumulated other comprehensive gain (loss) follows (in thousands):

	Three Months Ended July 31, 2004		
	Beginning Balance	Change for Period	Ending Balance
Foreign currency translation adjustment	\$18,123	3,414	\$21,537
Minimum pension liability, net of tax	(15,926)	-	(15,926)
Total	\$2,197	3,414	\$5,611

3. Weighted Average Shares for Earning Per Share

A reconciliation of the shares used in the computation of income per share follows (in thousands):

For the Three Months Ended July 31,	
2004	2003

Weighted average shares outstanding	61,676	61,892
Less: Unearned deferred compensation shares	(234)	(206)
Shares used for basic income per share	61,442	61,686
Dilutive effect of stock options and other stock awards	1,409	1,278
Shares used for diluted income per share	62,851	62,964

4. Inventories

Inventories were as follows (in thousands):

	As of July 31,		As of
	2004	2003	April 30,
Finished goods	\$70,844	\$75,620	\$74,310
Work-in-process	6,805	5,650	7,582
Paper, cloth and other	6,403	5,597	4,397
LIFO reserve	84,052 (2,600)	86,867 (3,657)	86,289 (2,500)
Total inventories	\$81,452	\$83,210	\$83,789

5. Acquisitions

In the first quarter of fiscal year 2005 the Company acquired the Journal of Microscopy and Analysis, a controlled circulation journal, for approximately \$5.4 million, which is recorded as acquired publication rights.

6. Recent Accounting Standards

In July 2000 the Emerging Issues Task Force (EITF) issued EITF No. 00-21, "Accounting for Revenue Relationships with Multiple Deliverables." The EITF was effective for fiscal years beginning after June 15, 2003. The adoption of EITF No. 00-21 in the current quarter did not have a material impact on the Company's consolidated financial statements.

7. Segment Information

The Company is a global publisher of print and electronic products, providing must-have content and services to customers worldwide. Core businesses include professional and consumer books and subscription services; scientific, technical, and medical journals, encyclopedias, books and online products and services; and educational materials for undergraduate and graduate students, and lifelong learners. The Company has publishing, marketing, and distribution centers in the United States, Canada, Europe, Asia, and Australia. The Company's reportable segments are based on the management reporting structure used to evaluate performance. Segment information is as follows:

	Three Months Ended July 31,					
	2004			2003		
	(thousands)					
	External Customers	Inter-segment Sales	Total	External Customers	Inter-segment Sales	Total
Revenue						
U.S. segments:						
Professional/Trade	\$68,331	7,577	75,908	\$69,450	6,694	76,144
Scientific, Technical, and Medical	44,466	1,740	46,206	40,114	1,593	41,707
Higher Education	37,468	8,007	45,475	40,133	7,635	47,768
European segment	54,131	5,392	59,523	46,864	3,719	50,583
Asia, Australia & Canada	22,543	923	23,466	23,099	297	23,396
Eliminations	-	(23,639)	(23,639)	-	(19,938)	(19,938)

Total revenue	\$226,939	-	226,939	\$219,660	-	219,660
Direct Contribution to Profit	-----					
U.S. segments:						
Professional/Trade			\$15,551			\$18,188
Scientific, Technical, and Medical			22,269			20,716
Higher Education			16,051			18,684
European segment			18,694			15,422
Asia, Australia & Canada			3,191			4,143
Total direct contribution to profit			75,756			77,153
Shared services and administrative costs	-----					
Distribution			(11,739)			(11,261)
Information technology			(12,269)			(11,801)
Finance			(7,339)			(7,051)
Other administration			(13,632)			(13,862)
Total shared services and administration costs			(44,979)			(43,975)
Operating income			30,777			33,178
Interest expense and other - net			(1,187)			(1,260)
Income before taxes			\$29,590			\$31,918
			=====			=====

8. Intangible Assets

Intangible assets consisted of the following (in thousands):

	As of July 31,		As of
	2004	2003	April 30, 2004
	-----		-----
Intangible assets not subject to amortization			
Branded trademarks	\$57,900	\$57,900	\$57,900
Acquired publication rights	117,452	116,433	116,584
Total intangible assets not subject to amortization	175,352	174,333	174,484
Net, intangible assets subject to amortization, principally acquired publication rights	105,292	105,773	101,956
Total	\$280,644	\$280,106	\$276,440
	=====	=====	=====

9. Derivative Financial Instruments

Under certain circumstances, the Company enters into derivative financial instruments in the form of forward contracts as a hedge against foreign currency fluctuation of specific transactions, including inter-company purchases. The Company does not use derivative financial instruments for trading or speculative purposes. The Company did not hold any derivative financial instruments during the first quarter of fiscal year 2005.

10. Retirement Plans

The components of net pension expense for the defined benefit plans were as follows:

	For the Three Months Ended July 31,	
(Dollars in thousands)	2004	2003

Service Cost	\$2,147	\$1,521
Interest Cost	2,653	2,174
Expected Return of Plan Assets	(2,268)	(1,519)
Net Amortization of Prior Service Cost	154	153
Net Amortization of Unrecognized Transition Asset	(6)	(8)
Recognized Net Actuarial Loss	457	427
Net Pension Expense	\$3,137	\$2,748
	=====	=====

As of July 31, 2004, no contributions have been made to the domestic defined benefit plans for the fiscal year 2005. The Company does not

anticipate making any contributions to its domestic defined benefit pension plan in fiscal year 2005 as, currently, none is statutorily required. However, from time to time, the Company may elect to voluntarily contribute to the plan to improve its funded status.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company is a global publisher of print and electronic products, providing must-have content and services to customers worldwide. Core businesses include professional and consumer books and subscription services; scientific, technical, and medical journals, encyclopedias, books, and online products and services; and educational materials, including course management and study guides for undergraduate and graduate students, teachers and lifelong learners. The Company takes full advantage of the product content of its various core businesses to develop products that can be cross-marketed to its diverse customer base of academics, professionals, researchers and consumers. The use of technology enables the Company to make its content more accessible to its global communities of interest. The Company maintains publishing, marketing, and distribution centers in the United States, Canada, Europe, Asia, and Australia. See the Company's 10K annual financial report for further information regarding the Company's product lines and business segments.

RESULTS OF OPERATIONS -

FIRST QUARTER ENDED JULY 31, 2004

Revenue for the first quarter of fiscal year 2004 of \$226.9 million increased 3% from \$219.7 million in the prior year's first quarter, or 2% excluding foreign currency gains. The first quarter revenue increase was driven by healthy year-on-year growth in the STM business, with new society journals, existing journals and STM books contributing to these results. As planned, the P/T business was flat with last year's strong first quarter. Higher Education revenue was below our expectations.

Gross profit as a percentage of revenue was 66.9% compared to 67.2% in the prior year's quarter. First quarter operating income of \$30.8 million declined from \$33.2 million in the prior year's first quarter principally due to lower-than-expected revenue from Higher Education and flat Professional/Trade revenue. Operating and administrative expenses increased almost 6% over last year's first quarter, or 4% excluding the adverse effect of foreign exchange. Other than higher-than-anticipated health care costs in the US, operating and administrative costs were as expected.

Net income for the quarter of \$19.9 million declined from \$21.8 million in the prior year mainly due to lower operating income. Earnings per diluted share was \$0.32 compared to \$0.35 in the prior year.

SEGMENT RESULTS

Professional/Trade (P/T) -----

Wiley's U.S. P/T revenue for the first quarter was \$75.9 million, essentially flat with prior year and in line with management's expectations considering last year's first quarter, which was up 8%. The architecture, professional culinary, psychology and education book programs performed well. Subscription journals and online advertising also contributed positively to the first quarter revenue. However, sales in the consumer cooking and business categories lagged behind last year's first quarter.

The first quarter is the least significant for Professional/Trade, in terms of revenue. We anticipate that solid fall, winter and spring frontlists will drive

year-on-year growth during the balance of fiscal year 2005. The direct contribution margin for the first quarter was 20.5% compared with 23.9% in the prior year's first quarter. The decline was mainly due to lower gross profit attributable to product mix, in addition to higher royalties and employment costs to support planned activity through the remainder of the year.

Several P/T titles received considerable attention from the media and our customers, including Maccioni & Wright/Sirio: The Story of My Life and Le Cirque; Edwards/Edward R. Murrow and the Birth of Broadcast Journalism; and Pescatore/The Hamptons Diet. The Edwards' book was on the New York Times-Expanded Best Seller list for nine weeks. Other titles that were on national and regional best seller lists include Lencioni/Five Dysfunctions of a Team; Lencioni/Death by Meeting; Allen/Multiple Streams of Income; and Mauldin/Bull's Eye Investing.

While the business program fell short of last year's first quarter performance, it performed better than expected. First quarter highlights include the publication of Flying High: How JetBlue Founder and CEO David Neeleman Beat the Competition in the World's Most Turbulent Industry. Ross & Segal/Breakthrough Thinking for Nonprofit Organizations was selected as this year's winner of the Terry McAdam Book Award, a prestigious honor from the Alliance for Nonprofit Management, The Chronicle of Philanthropy, and the New York Community Trust. Four P/T journals were recognized for outstanding quality: Leader to Leader, the National Civic Review, and Natural Gas and Electricity each received a 2004 Apex Award of Excellence from Communications Concepts, while Human Resources Management received a 2004 Golden Page Award for general readability.

P/T's architecture/engineering and professional culinary/hospitality programs had a strong quarter. A bulk sale of a customized edition of our Guide to New York City Landmarks was made during the quarter. The guide will be distributed to every delegate and guest attending the Republican National Convention in New York. Piotrowski/Becoming an Interior Designer was named by the American Society of Interior Designers as this year's Polsky Prize winner. A multi-year contract to provide course plans and textbooks and develop curricula in hospitality management was signed with Axia College, a University of Phoenix sister school. This was a collaborative effort between Wiley's P/T and Higher Education businesses.

Throughout July, Wiley participated in a successful co-promotion with Travelocity. Ads for the campaign appeared in USA Today and The Wall Street Journal, among other publications and online sites. An agreement with MTV was signed during the quarter to publish an eight volume series of travel guides targeted to students and co-branded as MTV and Frommer's.

Guitar For Dummies, Forensics For Dummies, and nine pet-related titles were top performers in the quarter. Two video/DVDs that were produced with Razor & Tie, Golf For Dummies and Poker For Dummies, were released successfully and benefited from a television advertising campaign. PCs Para Dummies, 8th edition, received an award as the "Best Business Book for 2003" from the Latino Book and Family Festival.

Scientific, Technical And Medical (STM)

Wiley's U.S. STM business started the year on a strong note, with revenue in the first quarter up 11% over prior year. Journal revenue increased 12%, with new society journals and existing journals, contributing significantly to the year-on-year growth. The STM book program performed well, as reflected in a 9% revenue increase over prior year.

Direct contribution margin for the first quarter of fiscal year 2005 was 48.2% for the first quarter compared with 49.7% in the prior year quarter. Product

mix, mainly due to the addition of new society journals and higher STM book sales, accounted for the change. Although STM book sales provide a healthy contribution margin, they are less than the contribution margin provided by most STM journals.

In addition to healthy license renewals, several new Enhanced Access Licenses to Wiley InterScience were signed by academic and corporate customers around the world. Customers continue to take advantage of Wiley InterScience's wide range of access options. During the quarter, the number of visits to Wiley InterScience increased by approximately 40% over prior year.

STM launched a number of major reference works in Wiley InterScience during the quarter, including the Encyclopedia of Statistical Sciences, Handbook of Plant Biotechnology, and Handbook of Statistical Genetics, Genomics, and Proteomics. In addition, journals were added to the Company's Biotechnology Backfile collection. Wiley and the American College of Rheumatology signed a long-term contract extension for the journal publications Arthritis and Rheumatism and Arthritis Care and Research.

The global STM book program performed very well during the first quarter. Product output was excellent; manuscript transmittals have been strong; global market conditions were relatively favorable; and online sales channels have fueled growth. Key titles that are contributing to these results include VanBelle/Biostatistics: A Methodology for the Health Sciences, second edition; Freeman/Telecommunications Systems Engineering, fourth edition; Proctor and Hughes/Chemical Hazards of the Workplace, fifth edition; Witcoff/Industrial Organic Chemicals, second edition; Grob/Modern Practice of Gas Chromatography, fourth edition; Basagni/Mobile Ad Hoc Networking; and Hancock/Dictionary of Bioinformatics and Computational Biology. Further, the publication of new volumes of major continuation titles, such as the Kirk-Othmer Encyclopedia of Chemical Technology and the Encyclopedia of Statistical Sciences, bolstered sales.

Higher Education

Revenue of Wiley's U.S. Higher Education business declined 5% during the first quarter. Softness in engineering, computer science, and business was partially offset by continued strength in the social sciences. Management believes some delayed ordering and tighter inventory controls by college bookstores, as well as increases in used book sales and the sharing of textbooks by students appear to have contributed to the disappointing results. Management also believes that some of these factors may have a positive effect on Higher Education sales returns later in the year. For the first semester, college bookstores purchase inventory in July and August, with reorders in the first half of September, followed by returns in October when the cycle is repeated for the second semester.

The decline in direct contribution to profit of \$2.6 million was mainly due to lower revenue and higher composition costs.

Strong performances were recorded by titles such as Tortora/Anatomy and Physiology, tenth edition; Kieso/Intermediate Accounting, eleventh edition; Cutnell/Physics, sixth edition; deBlij/Regions; and Solomons/Organic Chemistry, eleventh edition.

The Company's online product, eGrade Plus, was launched for 30 new courses in the first quarter. eGrade Plus delivers integrated content that is organized around teaching and learning activities. Several pricing options are available to students. In addition to purchasing a textbook, the student receives online study guides and self-testing products, which provide immediate feedback to promote understanding of the subject and help the student succeed in the course. Professors who adopt eGrade Plus can customize the course content to fit their curriculum.

During the quarter, Wiley Higher Education and Rand McNally & Co. renewed and expanded an agreement for Wiley to be the exclusive distributor to the academic community of Rand McNally's Goode's World Atlas, 21st Edition. Wiley is also publishing and distributing new regional and course editions of Goode's Atlas, as well as the Goode's World Atlas Map Workbook.

Europe

Wiley Europe's first quarter revenue was up 18% over prior year, or 12% excluding foreign currency effects. Journal revenue was up across all markets. Book sales increased, especially through online sales channels. Of particular note were the strong sales of indigenous products from both the U.K. and Germany, as well as of imported U.S. Professional/Trade titles. The improvement in the first quarter direct contribution to profit of \$3.3 million, or \$2.7 million excluding foreign currency effects, was principally driven by higher revenue.

Corporate and special sales of Prechter/Conquer the Crash, Hasslacher/Diabetes and the Kidney, Concise Encyclopedia of Computer Science, and a customized version of Wi-Fi For Dummies contributed to the quarter's strength. An agreement was signed with Lilly to sponsor a series of newsletters based on Practical Diabetes International.

Wiley Europe's general interest and consumer publishing program continues to generate publicity. First quarter highlights include the serialization in national newspapers and magazines for Morrison/My Life Among the Serial Killers; Pound/Inside the Olympics; and Pescatore/The Hamptons Diet. Interior Angles, a new series in interior design, was launched during the quarter, as part of a revamped U.K. architecture list. The first title, Fashion Retail, was well received by the market.

During the quarter, Wiley-VCH successfully launched the new journal, Plasma, Processes, and Polymers and published a number of new major reference works.

Asia, Australia & Canada

Wiley's revenue in Asia, Australia, and Canada was flat during the first quarter, or down 2% excluding foreign exchange. Growth was encouraging throughout most of Asia. However, sluggish results in Australia and Canada due to lower indogeneous sales offset this growth. The decline in direct contribution to profit was due to product mix resulting from lower indigenous sales.

Key Wiley Asia publications for the quarter included Lexus: The Relentless Pursuit by Business Week auto-correspondent Chester Dawson, as well as Structured Credit Products and Fixed Income Markets, both by Moorad Choudhry. The gradual economic recovery in Japan, combined with the development of a local market partnership with a major online bookseller, had a positive effect on results in Asia.

Sales of Wiley's Higher Education products in Canada were below expectations. Nonetheless, the market response to eGrade Plus, including a Canadian adaptation for Weygandt/Accounting Principles, third edition, was positive. Wiley Canada's indigenous titles did well during the quarter, in particular, Pound/Inside the Olympics, which picked up interest outside of Canada.

Wiley Australia's School division won Secondary Publisher of the Year, for the fifth consecutive year, at the seventh annual Awards for Excellence in Australian Educational Publishing. Recognizing overall excellence, the award was granted by a panel of judges that included booksellers, teachers, and publishers.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities for the first quarter of fiscal year 2005 improved \$8.5 million principally due to lower pension contributions, reported as non-cash charges & other, and higher trade receivable collections, partially offset by higher annual incentive compensation payments related to fiscal year 2004 performance. The increase in accounts receivable over the prior year is primarily attributable to EAL licenses and foreign exchange. The increase in accounts receivable since April 30, 2004 is due to the seasonality of the Higher Education business.

Investing activities used \$22.5 million for the first quarter of fiscal year 2005 as compared to \$19.5 million in the prior year period. Investing activities in the first quarter include \$11.7 million for product development and \$5.1 million for property, equipment and technology expenditures, the majority of which was for investments in technology. Estimated spending on product development and property, equipment and technology for the full fiscal year 2005 is projected to be approximately \$70 million and \$30 million, respectively. During the first quarter of fiscal year 2005, the Company acquired publishing rights to a controlled circulation journal, The Journal of Microscopy and Analysis.

The first quarter's financing activities include the continuation of the Company's stock repurchase program. During the quarter 312,400 shares were purchased at an average price of \$31.32 per share. The Company increased its quarterly dividend to shareholders by 15% to \$0.075 per share.

The Company believes its cash balances together with existing credit facilities are sufficient to meet its obligations. At July 31, 2004 the Company had \$200 million of variable rate loans outstanding, which approximated fair value and \$132 million available under its revolving credit facilities and other short-term lines of credit. The final payment on the variable rate term loan is due September 2006. The Company intends to utilize existing cash balances and the revolving credit facility to satisfy the payment.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

This report contains certain forward-looking statements concerning the Company's operations, performance, and financial condition. Reliance should not be placed on forward-looking statements, as actual results may differ materially from those in any forward-looking statements. Any such forward-looking statements are based upon a number of assumptions and estimates that are inherently subject to uncertainties and contingencies, many of which are beyond the control of the Company, and are subject to change based on many important factors. Such factors include, but are not limited to (i) the level of investment in new technologies and products; (ii) subscriber renewal rates for the Company's journals; (iii) the financial stability and liquidity of journal subscription agents; (iv) the consolidation of book wholesalers and retail accounts; (v) the market position and financial stability of key online retailers; (vi) the seasonal nature of the Company's educational business and the impact of the used book market; (vii) worldwide economic and political conditions; and (viii) the Company's ability to protect its copyrights and other intellectual property worldwide (ix) other factors detailed from time to time in the Company's filings with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any such forward-looking statements to reflect subsequent events or circumstances.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

The Company is exposed to market risk primarily related to interest rates, foreign exchange and customer credit risk. It is the Company's policy to monitor these exposures and to use derivative financial instruments and/or insurance contracts from time to time to reduce fluctuations in earnings and cash flows when it is deemed appropriate to do so. The Company does not use derivative financial investments for trading or speculative purposes. The Company did not hold any derivative financial instruments during the first quarter of fiscal year 2005.

Interest Rates

The Company did not use any derivative financial investments to manage this exposure. The weighted average interest rate as of July 31, 2004 was approximately 2.56%. A hypothetical 1% change in interest rates for the variable rate debt would affect annual net income and cash flow by approximately \$1.2 million.

Foreign Exchange Rates

Under certain circumstances, the Company enters into derivative financial instruments in the form of forward contracts as a hedge against foreign currency fluctuation of specific transactions, including inter-company purchases.

Customer Credit Risk

The Company's business is not dependent upon a single customer; however, the industry has experienced a significant concentration in national, regional, and online bookstore chains in recent years. Although no one book customers accounted for more than 6% of total fiscal year 2004 consolidated revenue, the top ten book customers accounted for approximately 25% of total fiscal year 2004 consolidated revenue and approximately 50% of total gross trade accounts receivable at April 30, 2004. To mitigate its credit risk exposure, the Company obtains credit insurance where available and economically justifiable.

In the journal publishing business, subscriptions are primarily sourced through independent subscription agents who, acting as agents for library customers, facilitate ordering by consolidating the subscription orders/billings of each subscriber with various publishers. Cash is generally collected in advance from subscribers by the subscription agents and are remitted to the journal publisher, including the Company, generally prior to the commencement of the subscriptions. Although at fiscal year-end the Company had minimal credit risk exposure to these agents, future calendar-year subscription receipts from these agents are highly dependent on their financial condition and liquidity. Subscription agents accounted for approximately 22% of total fiscal year 2004 consolidated revenue and no one agent accounted for more than 7% of total fiscal year 2004 consolidated revenue. Insurance for these accounts is not commercially feasible and/or available.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and regulations. The Company's Chief Executive Officer and Chief Financial Officer, together with the Chief Accounting Officer and other members of the Company's management, have conducted an evaluation of these disclosure controls and procedures as of a date within 90 days prior to the date of filing this report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect such internal controls subsequent to this evaluation. Accordingly, no corrective actions were required or undertaken with respect to the internal controls.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Executive Officer

99.2 - 18 U.S.C. Section 1350 Certificate by the Chief Financial and Operations Officer

- (b) The following reports on Form 8-K were furnished to the Securities and Exchange Commission since the filing of the Company's 10-K on July 12, 2004.
- i. Earnings release on the first quarter fiscal 2004 results issued on form 8-K dated August 31, 2004, which include the condensed financial statements of the Company.

The following reports on Form 8-K were filed with the Securities and Exchange Commission since the filing of the Company's 10-K on July 12, 2004.

None

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 thereunto duly authorized

JOHN WILEY & SONS, INC.
Registrant

By /s/ William J. Pesce

William J. Pesce
President and
Chief Executive Officer

By /s/ Ellis E. Cousens

Ellis E. Cousens
Executive Vice President and
Chief Financial & Operations Officer

By /s/ Edward J. Melando

Edward J. Melando
Vice President, Controller and
Chief Accounting Officer

Dated: September 9, 2004

CERTIFICATIONS

- I, William J. Pesce, certify that:
- I have reviewed this quarterly report on Form 10-Q of John Wiley & Sons, Inc.;
 - Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and
 - Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.
 - The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our

- supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
- b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting and
- The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

By /s/ William J. Pesce

William J. Pesce
President and
Chief Executive Officer

Dated: September 9, 2004

I, Ellis E. Cousens, certify that

- I have reviewed this quarterly report on Form 10-Q of John Wiley & Sons, Inc.;
- Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and
- Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.
- The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting and
- The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

By /s/ Ellis E. Cousens

Ellis E. Cousens
Executive Vice President and
Chief Financial & Operations Officer

Dated: September 9, 2004

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of John Wiley & Sons, Inc. (the "Company") on Form 10-Q for the period ending July 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William J. Pesce, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934 (as amended), as applicable; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/William J. Pesce

William J. Pesce
President and
Chief Executive Officer

Dated: September 9, 2004

Exhibit 99.2

CERTIFICATION PURSUANT TO
18 .S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of John Wiley & Sons, Inc. (the "Company") on Form 10-Q for the period ending July 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ellis E. Cousens, Executive Vice President and Chief Financial & Operations Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934 (as amended), as applicable; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Ellis E. Cousens

Ellis E. Cousens
Executive Vice President and
Chief Financial & Operations Officer

Dated: September 9, 2004