SEC Filing

WILEY JOHN SONS, INC. - JW.A

Filing Date: December 09, 2004
Filing Period: October 31, 2004

DESCRIPTION
Quarterly report which provides a continuing view of a company's financial position
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10-Q - FY05 SECOND QUARTER

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

**ITEM 3.** QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

**ITEM 4.** CONTROLS AND PROCEDURES

**ITEM 5.** SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

**ITEM 6.** EXHIBITS AND REPORTS ON FORM 8-K

**SIGNATURES**

**CERTIFICATIONS**

Exhibit 99.1

Exhibit 99.2
JOHN WILEY & SONS, INC.  
(Exact name of Registrant as specified in its charter)  
NEW YORK 13-5593032  
(State or other jurisdiction of incorporation or organization)  
(1.R.S. Employer Identification No.)  
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 [X] NO [ ]  

The number of shares outstanding of each of the Registrant's classes of common stock as of October 31, 2004 were:  
Class A, par value $1.00 - 49,905,493  
Class B, par value $1.00 - 11,213,164  

This is the first page of a 27-page document  

JOHN WILEY & SONS, INC.  
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The accompanying Notes are an integral part of the condensed consolidated financial statements.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW - UNAUDITED

(In thousands)

For The Six Months
 Ended October 31, 2004  2003

Operating Activities

 Net income $ 46,343  47,448
 Adjustments to reconcile net income to cash provided by (used for) operating activities
 Amortization of intangibles 5,010  4,865
 Amortization of composition costs 16,569  15,254
 Depreciation of property and equipment 15,123  13,720
 Non-cash charges & other 28,850  25,030
 Change in deferred subscription revenue 77,965  77,444
 Net change in operating assets and liabilities (14,151)  (29,404)

 Cash Provided by (Used for) Operating Activities 19,779  (531)

Investing Activities

 Additions to product development assets (28,255)  (26,305)
 Additions to property and equipment (10,984)  (13,140)
 Acquisition of publishing assets (7,662)  (1,904)

 Cash Used for Investing Activities (46,901)  (41,409)

Financing Activities

 Borrowings of short-term debt -  60,000
 Repayment of long-term debt -  (35,000)
 Purchase of treasury stock (30,657)  (2,486)
 Cash dividends (9,103)  (8,079)
 Proceeds from exercise of stock options 2,853  3,287

 Cash (Used for) Provided By Financing Activities (36,907)  17,722

Effects of Exchange Rate Changes on Cash 361  1,673

 Cash and Cash Equivalents
 Decrease for Period (63,668)  (22,485)
 Balance at Beginning of Period 82,027  33,241

 Balance at End of Period $ 18,359  10,756

Supplemental Information

Businesses/Rights Acquired:
Fair value of assets acquired $ 7,662  1,904
Liabilities assumed - -
Cash Paid for Businesses Acquired $7,662 $1,904

Cash Paid During the Period for:
Interest $2,367 $2,462
Income taxes - Net $6,351 $3,485

The accompanying Notes are an integral part of the condensed consolidated financial statements.
Net income as reported                                        $26,459          $25,648          $46,343          $47,448

Stock-based compensation, net of tax, included in
the determination of net income as reported -

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted stock plans</td>
<td>775</td>
<td>429</td>
<td>1,519</td>
<td>950</td>
</tr>
<tr>
<td>Director stock plan</td>
<td>15</td>
<td>(13)</td>
<td>29</td>
<td>15</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(2,143)</td>
<td>(1,537)</td>
<td>(4,255)</td>
<td>(3,218)</td>
</tr>
</tbody>
</table>

Pro forma net income                                                    $25,106          $24,527          $43,636          $45,195

Reported earnings per share

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted Basic</td>
<td>$0.42</td>
<td>$0.41</td>
<td>$0.74</td>
<td>$0.75</td>
</tr>
<tr>
<td>Basic</td>
<td>$0.43</td>
<td>$0.41</td>
<td>$0.76</td>
<td>$0.77</td>
</tr>
</tbody>
</table>

Pro forma earnings per share

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted Basic</td>
<td>$0.40</td>
<td>$0.39</td>
<td>$0.70</td>
<td>$0.72</td>
</tr>
<tr>
<td>Basic</td>
<td>$0.41</td>
<td>$0.40</td>
<td>$0.71</td>
<td>$0.73</td>
</tr>
</tbody>
</table>

2. Comprehensive Income

Comprehensive income was as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months</th>
<th>For the Six Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ending October 31,</td>
<td>Ending October 31,</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>2003</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>2003</td>
</tr>
<tr>
<td>Net income</td>
<td>$26,459</td>
<td>$25,648</td>
</tr>
<tr>
<td>Change in other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(loss), net of taxes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative cash flow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>hedges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>translation adjustment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensivne income</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended October 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beginning Balance</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>$21,537</td>
</tr>
<tr>
<td>Minimum pension liability, net of tax</td>
<td>(15,926)</td>
</tr>
<tr>
<td>Total</td>
<td>$5,611</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Six Months Ended October 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beginning Balance</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>$18,123</td>
</tr>
<tr>
<td>Minimum pension liability, net of tax</td>
<td>(15,926)</td>
</tr>
<tr>
<td>Total</td>
<td>$2,197</td>
</tr>
</tbody>
</table>

3. Weighted Average Shares for Earning Per Share

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

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months</th>
<th>For the Six Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ending October 31,</td>
<td>Ending October 31,</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>2003</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>2003</td>
</tr>
<tr>
<td>Basic</td>
<td>$0.43</td>
<td>$0.41</td>
</tr>
<tr>
<td>Basic</td>
<td>$0.41</td>
<td>$0.40</td>
</tr>
</tbody>
</table>
Weighted average shares outstanding
61,359  62,176  61,518  62,033
Less: Unearned deferred compensation shares  (305)  (285)  (278)  (245)
Shares used for basic income per share  61,054  61,891  61,240  61,788
Dilutive effect of stock options and other stock awards  1,494  1,285  1,490  1,303
Shares used for diluted income per share  62,548  63,176  62,731  63,091

4. Inventories

Inventories were as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>As of October 31,</th>
<th>As of April 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2003</td>
</tr>
<tr>
<td>Finished goods</td>
<td>$68,443</td>
<td>$76,138</td>
</tr>
<tr>
<td>Work-in-process</td>
<td>5,975</td>
<td>5,995</td>
</tr>
<tr>
<td>Paper, cloth and other</td>
<td>5,954</td>
<td>5,671</td>
</tr>
<tr>
<td>LIFO reserve</td>
<td>(2,700)</td>
<td>(3,755)</td>
</tr>
<tr>
<td>Total inventories</td>
<td>$77,672</td>
<td>$84,049</td>
</tr>
<tr>
<td>LIFO reserve</td>
<td>(2,700)</td>
<td>(3,755)</td>
</tr>
<tr>
<td>Total inventories</td>
<td>$77,672</td>
<td>$84,049</td>
</tr>
</tbody>
</table>

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.

In the first quarter of fiscal year 2004, the Company made two additional payments aggregating $1.0 million to complete prior year acquisitions. In the second quarter, the Company purchased higher education titles from Leyh Publishing and extended the publishing rights for two STM journals for a total of $0.9 million.

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 fiscal year 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:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended October 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004 (thousands)</td>
</tr>
<tr>
<td>External segment</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>79,780</td>
</tr>
<tr>
<td>Sales</td>
<td>9,309</td>
</tr>
<tr>
<td>Total</td>
<td>89,089</td>
</tr>
<tr>
<td>Intersegment</td>
<td>77,238</td>
</tr>
<tr>
<td>Customers</td>
<td>9,293</td>
</tr>
<tr>
<td>Sales</td>
<td>86,531</td>
</tr>
<tr>
<td>External segment</td>
<td>77,238</td>
</tr>
<tr>
<td>Customers</td>
<td>9,293</td>
</tr>
<tr>
<td>Sales</td>
<td>86,531</td>
</tr>
<tr>
<td>Scientific, Technical, and Medical</td>
<td>44,839</td>
</tr>
<tr>
<td>Sales</td>
<td>1,857</td>
</tr>
<tr>
<td>Total</td>
<td>46,696</td>
</tr>
<tr>
<td>Intersegment</td>
<td>40,937</td>
</tr>
<tr>
<td>Sales</td>
<td>1,757</td>
</tr>
<tr>
<td>Total</td>
<td>42,694</td>
</tr>
</tbody>
</table>
8. Intangible Assets

Intangible Assets consist of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>As of October 31, 2004</th>
<th>As of October 31, 2003</th>
<th>As of April 30, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets not subject to amortization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branded trade marks</td>
<td>$57,900</td>
<td>$57,900</td>
<td>$57,900</td>
</tr>
<tr>
<td>Acquired publication rights</td>
<td>119,579</td>
<td>116,450</td>
<td>116,584</td>
</tr>
</tbody>
</table>
9. Derivative Financial Instruments

Under certain circumstances, the Company may enter into derivative financial instruments to hedge against foreign currency fluctuation on specific transactions or interest rate volatility. 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 half of fiscal year 2005.

10. Retirement Plans

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

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months Ending</th>
<th>For the Six Months Ending</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>October 31, 2004</td>
<td>October 31, 2003</td>
</tr>
<tr>
<td>Service Cost</td>
<td>$1,843</td>
<td>$3,990</td>
</tr>
<tr>
<td>Interest Cost</td>
<td>2,720</td>
<td>5,373</td>
</tr>
<tr>
<td>Expected Return of Plan Assets</td>
<td>(2,266)</td>
<td>(4,534)</td>
</tr>
<tr>
<td>Net Amortization of Prior Service Cost</td>
<td>138</td>
<td>292</td>
</tr>
<tr>
<td>Net Amortization of Unrecognized Transition Asset</td>
<td>(7)</td>
<td>(13)</td>
</tr>
<tr>
<td>Recognized Net Actuarial Loss</td>
<td>481</td>
<td>938</td>
</tr>
<tr>
<td>Net Pension Expense</td>
<td>$2,909</td>
<td>$6,046</td>
</tr>
</tbody>
</table>

As of October 31, 2004, no contributions have been made to the domestic defined benefit plans for 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

RESULTS OF OPERATIONS -

SECOND QUARTER ENDED OCTOBER 31, 2004

Revenue for the second quarter increased 8% to $247.1 million from $228.9 million in the prior year driven primarily by continued strength in Scientific, Technical and Medical business, improved return rates in Higher Education and Professional/Trade in the U.S. and foreign exchange translation benefits. Excluding foreign currency gains, revenue for the quarter increased 6%. Earnings per diluted share increased to $0.42 from $0.41 in the prior year's second quarter as higher operating earnings were partially offset by higher income taxes.

Gross profit as a percentage of revenue was 65.5% during the quarter as compared to 65.8% in the prior year's quarter. The majority of the decline was a result of additional expenses associated with new society STM journals and was partially offset by a favorable shift in overall product mix.

Operating and administrative expenses for the second quarter increased 7%, or 5% excluding foreign currency effects, primarily due to shared services and administrative costs. The change in interest and other (net) was due to a gain on the sale of a former office facility in Germany in the prior year. Second quarter operating income of $40.1 million increased 9% from $36.9 million in the same period of the prior year, or 7% excluding foreign currency effects.

The Company's effective tax rate for the second quarter of fiscal year 2005 and 2004 was 31.4% and 29.3%, respectively. The higher tax rate reflects a reduction
of certain foreign and U.S. tax deductions.

SEGMENT RESULTS

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

Wiley's U.S. P/T revenue for the second quarter advanced 3% from the prior year due to improved sales return experience. In addition, improvements in business, architecture, professional culinary, psychology and education programs were partly offset by lower revenue from consumer titles. Journals and revenue generated through brand licensing and website advertising also improved in the quarter. The second quarter direct contribution margin of 29.4% was essentially on par with the prior year's quarter as product mix was offset by higher inventory provisions.

Several P/T titles received considerable attention from the media and customers, including Tisch/The Power of We: Succeeding Through Partnerships; Winget/Shut Up, Stop Whining and Get a Life; Obeidi and Pitzer/The Bomb in My Garden; and Wirthlin/The Greatest Communicator. Five Wiley titles were featured on major bestseller lists, The Power of We; Shut Up, Stop Whining, and Get a Life; Five Dysfunctions of a Team; Mentored by a Millionaire; and Investing For Dummies.

Second quarter highlights also included the publication of MaGee/Ford Tough: Bill Ford and the Battle to Rebuild America's Automaker; Hagstrom/The Warren Buffett Way; Taguchi, Chowdhury and Wu/Taguchi's Quality Engineering; Palmer/The Hidden Wholeness; and The American Medical Association Family Medical Guide. The second editions of three best-selling Windows XP For Dummies titles were published during the quarter, tied to Microsoft's launch of the Windows XP Service Pack 2.

During the quarter, Wiley signed a licensing deal with Acadient for the creation of a CPA exam review online course that is expected to go live in January 2005. The Company also reached an agreement to be Agora Publishing's financial book publisher, whose publications reach more than one million readers around the world.

Wiley entered into a brand licensing agreement with American Media Inc. (AMI) to publish For Dummies-branded micro magazines that will be sold at cash register display racks at key mass merchandisers, drug and grocery chain outlets in North America. The first four titles of the series, which were published during the quarter, are: Organizing For Dummies, Home Decorating For Dummies, Kitchen Remodeling For Dummies and Bathroom Remodeling For Dummies.

Scientific, Technical And Medical (STM)
---------------------------------------

Wiley's U.S. STM business continued to exhibit strength with revenue up over prior year by 9% for the quarter. Journal performance was strong, with new society publications contributing significantly to the growth. Direct contribution margin for the second quarter of fiscal year 2005 declined 2.2% points to 45.8% principally due to additional expenses associated with new society publications and product mix.

Globally, STM revenue increased approximately 11% for the second quarter reflecting robust journal and book sales.

In addition to strong renewals, new Wiley InterScience licenses were signed by the Chinese Academy of Sciences, University of Western Australia, Fraunhofer Gesellschaft, Saxony Consortium and The Scripps Research Institute. Customers continue to take advantage of Wiley InterScience's wide range of access options, as reflected in the continuing growth in usage. Full-text accesses of Wiley InterScience journal content was up 25% year-on-year for the six months, driven by our ongoing program to enhance the discoverability of our content, including our participation in CrossRef Search, in collaboration with Google.

During the quarter, STM launched in Wiley InterScience the NeuroScience Backfile Collection and Specinfo, a spectral database previously available only on CD-ROM. Several major reference works were also made available to customers through Wiley's online service.

Wiley and the Movement Disorders Society signed a long-term contract extension for the publication of its journal, Movement Disorders. During the quarter, the Company also reached an agreement with the Society for Hospital Medicine to publish its newsletter as a controlled-circulation, advertising-supported publication and to launch its new flagship journal, which is targeted to the large and growing market of hospital-based medical practitioners.
Revenue of Wiley's U.S. Higher Education business increased 8% during the second quarter. The revenue increase reflects the combined effect of improved sales return experience and growth in the Social Science and Science programs. Market conditions continue to be difficult due to student concerns regarding the price/value of textbooks and related materials. The direct contribution to profit improved approximately $2.5 million mainly due to improved sales returns and operating cost savings.

Wiley's innovative online product, eGrade Plus, was launched successfully this summer. Currently available with 32 major frontlist textbooks through several pricing options, eGrade Plus provides the student with a print and/or online textbook, as well as online study guides and self-testing products, which provide immediate feedback to help the student succeed in the course. Professors who adopt eGrade-Plus can customize the course content to fit their specific curriculum.

With 50,000 units sold and as many as 15,000 students accessing eGrade Plus at any given time, Wiley has delivered uninterrupted service this fall. In addition, more than half of the instructors using eGrade Plus attended peer-to-peer training sessions led by Wiley's Faculty Resource Network. Students and faculty have access to Wiley's extensive technical support resources for the product. Feedback has been positive in the States and abroad.

Europe
-----
Second quarter revenue for Wiley's European operations was up 13% over prior year to $67.7 million, or 6% excluding foreign currency effects. Direct contribution margin for the second quarter was 32.6% as compared to 32.0% in the second quarter of the prior year, excluding foreign exchange effects.

Continuing the positive trends of the first quarter, journal and book revenues were up. Indigenous products from both the U.K. and Germany were robust, as were imported U.S. P/T titles. Sales of The Cochrane Collection, which is now available through Wiley InterScience, were strong throughout Europe.

Several agreements were created or extended during the quarter. The Cochrane Collaboration selected Wiley as the publisher of a series of books in evidence-based medicine. The Society of Chemical Industry extended its agreement with Wiley to publish its four primary journals.

Wiley-VCH formed an alliance with the Shanghai Institute of Organic Chemistry, a part of the Chinese Academy of Sciences, to publish the Chinese Journal of Chemistry, the Institute's flagship journal. The journal, which was founded in 1983, is published in English 12 times a year and covers all fields of chemistry, including physical, organic, inorganic and analytical, primarily through original research papers.

Wiley Europe's general interest and consumer publishing program continued to generate interest, publicity and sales. Five months after publication, Barrow/Starting a Business For Dummies, became the best-selling small business title in the U.K. A psychology title, Iwaniec/Failure to Thrive, was awarded a commendation at the British Medical Association book awards.

A noteworthy development during the quarter was the U.K. government's response to the House of Commons Science and Technology Committee report, which was clearly influenced by publishers' concerns regarding open access to journals and author-pay business models. The government dismissed most of the Committee's recommendations, reinforcing the view of publishers' that science is best served by a competitive market-driven approach.

Asia, Australia & Canada
------------------------
Wiley's revenue in Asia, Australia and Canada was up 7% during the second quarter, or 3% excluding foreign currency effects. Asia contributed to the majority of the improvement reflecting growth in all of Wiley businesses with strong results in India, the Philippines, Thailand, Indonesia and Japan.

Second quarter results were slightly lower than expected in Australia, primarily because of delayed ordering for the school market. Wiley Canada's performance during the second quarter was mixed with Higher Education falling short of prior year, while P/T delivered solid results.

eGrade Plus was rolled out internationally, driving sales in Australia and Canada by helping to win new adoptions, as well as maintaining existing business. eGrade Plus is now being used at Tongji University in China.
The Australian Campus Booksellers Association and the Australian Publishers Association have named Wiley Australia as "Tertiary Publisher of the Year" and "Secondary Publisher of the Year," respectively. Wiley has won these awards consistently over the last five years.

Shared Services and Administrative Costs
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Shared services and administrative costs increased 9% to $47.4 million or 7% excluding the impact of foreign exchange mainly due to higher employment related costs, as planned, and costs associated with Sarbanes Oxley legislation compliance.

SIX MONTHS ENDED OCTOBER 31, 2004

Revenue for the first half of fiscal year 2005 increased 6%, or 4% excluding foreign currency translation gains. The improvement was driven by worldwide growth in STM journals and books and P/T results in both the U.K. and U.S. Net income for the six-month period of fiscal year 2005 and 2004 were $46.3 million and $47.4 million, respectively. Earnings per diluted share declined slightly from $0.75 to $0.74 mainly due to a higher effective tax rate.

Gross profit as a percentage of revenue for the six-month period was 66.1% as compared to 66.5% in the prior year's period reflecting the higher cost of new society STM journals and overall product mix.

Operating and administrative expenses increased 6% over last year's period, or 5% excluding foreign currency effects. The increase was primarily due to employment related costs, as planned, higher depreciation on technology investment associated with the transition of certain aspects of the business from print to electronic delivery and costs associated with Sarbanes Oxley legislation compliance. Operating income for the six-month period of $70.9 million was up slightly from prior year. The change in interest and other (net) was due to a gain on the sale of a former office facility in Germany in the prior year.

The Company's effective income tax rate increased by 1.6% points to 32.0% mainly due to a reduction of certain U.S. and foreign tax deductions.

SEGMENT RESULTS

Professional/Trade (P/T)
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U.S. P/T revenue for the first half of fiscal year 2005 was $165.0 million compared to $162.7 million in the prior year. Growth in architecture and education programs, journal revenue, brand licensing and website advertising were partially offset by lower sales of technology and consumer titles. The contribution margin in the first half of fiscal year 2005 was 25.3% compared to 26.8% in the prior year mainly due to higher inventory provisions and higher editorial and production costs, as planned.

Scientific, Technical And Medical (STM)
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U.S. STM revenue for the first half of fiscal year 2005 increased 10% to $92.9 million. Journal performance was strong, up approximately 13% over prior year with new society journals contributing significantly to the growth. STM books also contributed to the growth with year-to-date revenues up approximately 6% over prior year. The contribution margin was 47.0% for the first half of fiscal year 2005 compared to 48.8% in the prior year reflecting additional expenses associated with new society journals. Globally, STM revenue for the first half of fiscal year 2005 increased approximately 11% over the prior year period.

Higher Education
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U.S. Higher Education revenue for the first half of fiscal year 2005 was $86.2 million compared to $85.4 million in the prior year. Improved sales return experience and growth in Social Sciences and Science programs were partially offset by shortfalls in Engineering, Math, Computer Science, Business and Accounting. While revenue improved slightly for the year, market conditions continue to be difficult due to student concerns regarding the price/value of college textbooks and related materials. The contribution margin decreased 0.5% points to 33.0% reflecting higher composition costs partially offset by product mix and cost contingency savings.
Europe
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European revenue of $127.2 million in the first six-months of fiscal year 2005 increased 15% over the prior year, or 9% excluding foreign exchange effects. STM journal and book sales in Europe accounted for the majority of the improvement, continuing the positive trend of the first quarter. New society journals continue to contribute to journal performance. Sales of indigenous and imported P/T titles in the UK also contributed to the favorable results. For the first six-months of fiscal year 2005, the contribution margin excluding foreign exchange improved 0.8% points to 32.2% reflecting higher journal revenues and cost savings.

Asia, Australia & Canada
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Asia, Australia and Canada revenue increased 4% to $50.4 million for the six-months of fiscal year 2005, but was flat excluding foreign currency effects. Direct contribution to profit, excluding foreign exchange effects, declined 3.1% points to 16.8% principally due to product mix in Asia and Australia.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities for the first half of fiscal year 2005 improved $20.3 million versus the same period last year due to improved U.S. receivable collections and effective inventory management, partly offset by the higher author royalty payments and the timing of vendor payments. In addition, higher annual incentive compensation payments related to fiscal year 2004 performance were offset by lower pension contributions.

Investing activities used $46.9 million for the first half of fiscal year 2005 as compared to $41.3 million in the prior year period. Investing activities in the current six-month period include $28.3 million for product development and $11.0 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 $65 million and $30 million, respectively. During the first half of fiscal year 2005, the Company acquired publishing rights to a controlled circulation journal, The Journal of Microscopy and Analysis.

Current year financing activities include the continuation of the Company's stock repurchase program. During the second quarter and six-month periods ending October 31, 2004, the Company purchased 646,800 and 959,200 common shares of its capital stock at an average price of $32.27 and $31.96 per share, respectively.

Under the current stock repurchase program, the Company has remaining authorization to purchase up to 2.8 million shares of its Class A common stock. The Company paid dividends to shareholders consistent with the prior year of $0.15 per share. The Company was able to execute the stock repurchases, dividend payments and the capital investments without any additional drawings on the revolving credit facility. During the same period last year the Company had net borrowings $25 million.

The Company believes its cash balances together with existing credit facilities are sufficient to meet its obligations. At October 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 cash in excess of operating requirements, in conjunction with a possible refinancing of all or a portion of the existing term loan and revolving credit facility, to repay outstanding principal upon their maturity.

"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
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 half 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 October 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 customer 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.

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.

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.
ITEM 5. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The following matters were voted upon at the annual meeting of shareholders of the Company on September 15, 2004. All significant contracts were filed with the Securities and Exchange Commission as exhibits to the Company’s Shareholder Proxy Statement on August 5, 2004.

Election of Directors
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Ten directors as indicated in the proxy Statement were elected to the Board, three of whom were elected by the holders of Class A Common Stock, and seven by the holders of Class B Common Stock.

Proposal to Ratify the Appointment of KPMG LLP as Independent Public Accountants for the Year Ending April 30, 2005.

The proposal was ratified as follows:
Votes For 13,733,842
Votes Against 40,044
Abstentions 7,477

Proposal to Approve the 2004 Key Employee Stock Plan.

The proposal was adopted as follows:
Votes For 11,406,008
Votes Against 774,068
Abstentions 9,960
Non-Votes 1,591,327

Proposal to Approve the 2004 Executive Annual Incentive Plan.

The proposal was adopted as follows:
Votes For 12,499,172
Votes Against 107,893
Abstentions 14,322
Non-Votes 1,159,975

Proposal to Approve the Directors Stock Plan.

The proposal was adopted as follows:
Votes For 12,030,955
Votes Against 148,553
Abstentions 10,527
Non-Votes 1,591,328

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) 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

(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 June 17, 2004.

i. Earnings release on the first quarter fiscal 2005 results issued on form 8-K dated September 1, 2004, which include the condensed financial statements of the Company.

ii. Earnings release on the second quarter fiscal 2005 results issued on form 8-K dated December 1, 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 June 17, 2004.
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
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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: December 09, 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: December 09, 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
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Ellis E. Cousens
Executive Vice President and
Chief Financial & Operations Officer

Dated: December 09, 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 October 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
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William J. Pesce
President and
Chief Executive Officer

Dated: December 09, 2004

Exhibit 99.2

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