John Wiley & Sons Reports Second Quarter Fiscal Year 2012 Results

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<th>FY12</th>
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| **Revenue:**
  Q2        | $447 | $442 | -0.40%       | 1%           |
  Six Months | $877 | $850 | 0%           | 3%           |
| **Adjusted EPS***:
  Q2        | 0.83 | 0.88 | -6%          | -6%          |
  Six Months| 1.51 | 1.54 | -6%          | -2%          |
| **GAAP EPS:**
  Q2        | 0.83 | 0.88 | -6%          | -6%          |
  Six Months| 1.65 | 1.6  | 0%           | 3%           |

*Excludes a $0.14 and $0.07 per share deferred tax benefit due to changes in the U.K. statutory tax rates in fiscal year 2012 and 2011, respectively.

John Wiley & Sons (NYSE: JWA and JWB), a global provider of content and workflow solutions in the areas of scientific, technical, medical, and scholarly research; professional and personal development; and education today announced results for the second quarter of fiscal year 2012:

- **Revenue growth** of 1% including FX (-0.4% excluding foreign exchange, or "FX")
- **Revenue growth by segment, including FX**: STMS +3%, P/T -1%, Education flat
- **Revenue growth by segment, excluding FX**: STMS +1%, P/T -2%, Education -1%
- **Adjusted EPS** fell 6% to $0.83 (both including and excluding FX). Top line results and higher technology and facility costs offset improved gross margins and lower interest expense.
- **Shared Services and Administrative Costs**, excluding FX, were up 12% to $98 million, driven mostly by technology spending to support investments in digital products and infrastructure and facility costs related to consolidation of operations.
- **Outlook**: Lowering FY12 revenue guidance from mid- to low-single-digit growth excluding FX and reaffirming EPS guidance in a range from $3.15 to $3.20 including the effect of FX and excluding the unusual tax benefits with some potential upside coming from foreign exchange.
- **Share Repurchases**: Wiley repurchased 600,000 shares this quarter at a cost of $28 million. The Company has 3.4 million authorized shares remaining in its program.
- **Credit Facility**: In November, the Company signed a new bank agreement for a $700 million five-year senior revolving credit facility, which will be used to pay down the Company’s prior credit facilities and meet future seasonal operating cash requirements. Net Debt (long term debt less cash and cash equivalents) over the last twelve months was reduced by $117 million to $428 million.

**Year-to-Date Results**

- **Revenue growth** of 3% including FX (flat excluding FX)
- **Revenue growth by segment, including FX**: STMS +6%, P/T -0.3%, Education -1%
- **Revenue growth by segment, excluding FX**: STMS +2%, P/T -2%, Education -3%
- **Adjusted EPS** fell 2% to $1.51, or 6% excluding FX. The decline is due to top line results and higher technology and facility costs. Adjusted EPS excludes a $0.14 and $0.07 per share deferred tax benefit in fiscal year 2012 and 2011, respectively. The tax benefit was derived from two consecutive legislative reductions in the United Kingdom corporate income tax rates. The benefits had no current cash tax impact.
- **GAAP EPS** grew 3% to $1.65, but was flat excluding FX. GAAP EPS includes the above deferred tax benefit.
Management Commentary

"The slowdown in education continued to weigh on overall results," said Stephen Smith, President and CEO. "A year-to-date decline in for-profit enrollments and the impact of rental ordering patterns, which benefited last year's numbers, have had a larger than expected impact on the business. We are encouraged by the continued migration to non-traditional and digital products, which accounted for 28% of overall global education revenue through the first half of the year."

Mr. Smith added: "STMS journals continue to perform well, and while it is very early in the process, our calendar year 2012 journal renewals are proceeding as expected."

Said Mr. Smith: "P/T continues to perform as expected in this cautionary retail environment. We are pleased to see an end to the Borders liquidation sale, which adversely impacted sales at other retailers through much of the first half of the fiscal year. The transition to e-books is accelerating, and gross margins showed improvement this quarter. We continue to maintain or improve market share in the areas we serve."

"Looking ahead, we are focused on containing or reducing costs and improving overall efficiencies to help offset our significant technology investments and infrastructure," said Mr. Smith. "We have begun to launch content-enabled services such as the online job network in STMS, and are deploying innovative business models like the recently announced institutional agreement with Indiana University. We also continue to see gross margin accretion in each of the three businesses."

Outlook

Mr. Smith concluded: "Based on first half results and challenging market conditions impacting principally our Higher Education business, we are lowering our full year revenue guidance from mid-single-digit to low-single-digit growth, excluding FX. We are reiterating our EPS guidance of $3.15 to $3.20, including FX and excluding the unusual tax benefit with some potential upside coming from foreign exchange."

Foreign Exchange

Any references to "currency neutral," "excluding foreign exchange (FX)," and "performance basis" exclude the effect of foreign exchange transactions and translation. The weighted average foreign exchange translation rates reflected in Wiley's income statement during fiscal year 2011 were approximately 1.56 Sterling and 1.33 Euro.

SCIENTIFIC, TECHNICAL, MEDICAL, AND SCHOLARLY (STMS)

- Second quarter revenue +3%, or +1% excluding FX
- Second quarter contribution to profit +4%, or +2% excluding FX
- Journal license subscription renewals proceeding as expected; showing moderate growth over prior year

STMS revenue for the quarter was up 3% to $251 million, or 1% excluding foreign exchange. Journal subscription and reprint growth offset a decline in book sales and other publishing income. Direct contribution to profit for the quarter grew 4% to $107 million, or 2% excluding foreign exchange, due to top line growth and gross margin improvement.

Society Partnerships

- 6 new society journals were signed in the quarter with combined annual revenue of $3 million; 20 new journals signed in the first six months
- 10 renewals/extensions were signed with $11 million in combined annual revenue; 46 journals renewed in the first six months
- 4 journals lost in the quarter and year-to-date ($560K in combined annual revenue)

New Society Contracts

- European Journal of Pain for the European Federation of IASP Chapters (EFIC)
- Pharmacotherapy, for the American College of Clinical Pharmacists
- Rehabilitation Nursing Journal, for the Association of Rehabilitation Nurses (ARN)
- British Journal of Educational Technology, for the British Educational Research Association (BERA)
- Oceania and Archaeology in Oceania, for the University of Sydney for 5 years
- Biology of the Cell for the French Society for Cell Biology and the French Society for Microscopy

Alliances

- Signed a contract with the German Research Foundation (DFG) for a new open access business model for the foundation's books and loose-leaf material.
- Partnered with the Association of Applied Biologists (AAB) for a new open access title, Food and Energy Security, due to launch in 2012. The journal will publish high quality and high impact original research on agricultural crop and forest productivity to improve food and energy security.
- Signed open access funding agreements with three European research organizations: the Max Planck Society in Germany, the FWF Austrian Science Fund, and Telethon, one of the largest biomedical non-profit organizations in Italy.

Online Library Usage and Other Digital Initiatives

- In the 12 months ending October 31, Wiley Online Library total usage, measured by articles accessed, increased 50% compared with the previous 12-month period.
- In September, launched the Wiley Job Network – a new online recruitment tool that enables employers to attract talented applicants from high-caliber users in science, technology, healthcare, law, and business. Recruiters and employers who advertise jobs on our network of career sites reach a large pool of talented professionals and...
specialists who are regular users of one of the world’s leading research platforms.

- Launched the first mobile application for *UCL Hospitals Injectable Medicines Administration Guide*, accessible via iPhone, iPad, and iPod touch, as well as a version for BlackBerry. The app was launched in conjunction with MedHand International AB, a provider of mobile knowledge for medical professionals.

**PROFESSIONAL/TRADE (P/T)**

- Second quarter revenue fell 1%, or 2% excluding FX
- E-book revenue grew 145% for the quarter to $9 million, or 8% of P/T revenue overall
- Second quarter gross margin grew from 61.2% to 63.3% due to digital migration and product mix

P/T revenue fell 1% to $112 million, or 2% excluding FX, due primarily to softness in the consumer line, particularly cooking and travel. The decline was a result of Borders liquidation sales (completed in mid-September) combined with the soft global economy. Business and Technology categories performed well due to new titles, strong backlist sales, and e-books.

Direct contribution to profit grew 6% to $31 million, or 5% excluding foreign exchange, reflecting top line results, higher gross margins from digital products, and cost control.

**Results by Major Category (excluding FX)**

- **Business** was up 3% to $36 million, with solid growth in digital sales
- **Consumer** fell 10% to $34 million due in large part to Borders
- **Technology** was up 7% to $21 million due to programming titles
- **Professional Education** was up 3% to $7 million
- **Architecture** fell 4% to $7 million
- **Psychology** fell 8% to $3 million

**Digital Revenue**

- E-book sales increased $5 million in the quarter to $9 million, accounting for 8% of P/T revenue (vs. 3% in the prior year). Strong growth at Amazon, Barnes & Noble, and Apple drove results.

**Other Digital Initiatives/Products**

- **Advantage**, by Patrick Lencioni, is an iOS mobile app that allows users to take a quick survey to access the health of their organization.
- **Academic Leadership App for the iPhone**. This standalone product augments the book content by providing department chairs and other academic leaders with a daily tip and helpful resource information.
- **CPA Test Bank Applications: Financial Reporting, Business Environments, Auditing, Regulation**. As a follow-up to the successful CPA flashcard apps, Wiley is offering a series of Q&A apps for the iPhone, which include much of the content from the CPA online course.
- **For Dummies Mobile Apps: General Knowledge, Asian Cooking, and Driving Exam**. These iPad and iPhone apps incorporate content from Wiley’s cooking, driving instruction, and general knowledge (game) titles. Many were translated into French.

**New Books of Note**

- **Business and Finance**: *Democracy and the Inner Life*, by Parker Palmer, which was released in August.
- **Technology**: *Mac OS X Lion For Dummies*, by Bob LeVitus; *Teach Yourself VISUALLY Mac OS X Lion*, by Paul McFedries.
- **Consumer**: *Investing For Dummies, 6e* by Eric Tyson. This title is a perennial bestseller in the For Dummies series. *Comfort Food Fix*, by Ellie Krieger; *The Betty Crocker Cookbook, 11e* in print and e-book format; *Culinary Institute of America's The Professional Chef, 9e* in both print and digital formats.

**GLOBAL EDUCATION**

- Second quarter revenue flat, or down 1% excluding FX
- Second quarter contribution flat, or down 1% excluding FX
- Non-traditional and digital revenue was up 10% to $27 million, and now accounts for 32% of Education revenue vs. 29% in the prior year
- Digital revenue was 17% of Global Education revenue in the quarter

Second quarter Education revenue was essentially flat at $84 million, or down 1% excluding FX. The results were attributed to lower enrolments in the for-profit segment, prior year rental stock build-up, and higher sales returns. Non-traditional and digital revenue, which includes WileyPLUS, e-books, digital content sold directly to institutions, binder editions, and custom publishing, was up 10% to $27 million and accounted for 32% of total Education revenue. Flat performance in the U.S. and a decline in EMEA offset modest gains in Asia-Pacific.

Direct contribution to profit was flat at $32 million, or fell 1% excluding FX. Top line results and higher direct operating costs offset higher gross profit.

**Global Revenue**
Americas was flat at $65 million
EMEA fell 6% to $7 million
Asia-Pacific grew 7% to $12 million

Digital Revenue/Initiatives
WileyPLUS revenue was down 6% to $10 million for the quarter
In October, announced an institutional licensing agreement with Indiana University. This innovative model, which will allow the university to provide e-textbooks and WileyPLUS directly to its students via a per-section fee, will reduce costs to students while expanding access and improving learning efficacy.

Copyright Settlement
Wiley, along with McGraw-Hill Companies, Cengage Learning, Pearson Education, and Elsevier, entered into a settlement with the online tutoring site Student of Fortune, Inc. (www.studentoffortune.com) to resolve claims for copyright and trademark infringement. Each publisher discovered unauthorized digital copies of its learning materials, including full textbooks and instructor solutions manuals, that had been uploaded by third parties and sold to users on the Student of Fortune site.

Other Corporate Items
The United Kingdom, the United States, and Canada have imposed new sanctions following a November 8, 2011, United Nations report targeting Iran, including restrictions on financial transactions and business relationships and prohibitions on direct and indirect trading with listed "designated persons." The European Union has also signaled further extension of its existing sanctions regime. The Company is currently assessing its business relationship and transactions with Iran to ensure compliance with the regulations. As of October 31, 2011, the Company had outstanding trade receivables of approximately $5 million related to prior journal and book sales before the imposition of new sanctions. It is unclear at present whether these latest sanctions will have an effect on the recovery of this outstanding receivable.

Note
The Company provides cash flow and income measures referred to as adjusted EPS and free cash flow, which exclude certain items. Management believes the exclusion of such items provides additional information to facilitate the analysis of results. These non-GAAP measures are not intended to replace the financial results reported in accordance with GAAP.

Conference Call
Scheduled for today, December 8, at 10:00 a.m. (EST). Wiley will discuss financial results for the second quarter of fiscal year 2012.
U.S. callers, please dial (866) 551-3680 and enter the participant code 76914994#
International callers, please dial (212) 401-6760 and enter the participant code 76914994#
Access the webcast at www.wiley.com> Investor Relations> Events and Presentations, or http://www.wiley.com/WileyCDA/Section/id-370238.html
A replay of the conference call will be available through December 15, 2011, and may be accessed by calling (866) 551-4520 and entering pin code 278191#. Additionally, an archive of the webcast will be available for a period of up to 14 days.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995
This release 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; (viii) the Company's ability to protect its copyrights and other intellectual property worldwide; (ix) the ability of the Company to successfully integrate acquired operations and realize expected opportunities and (x) 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.

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