Wiley Reports Third Quarter Fiscal 2014 Results

Release Date:
Tuesday, March 11, 2014 8:00 am EDT

Terms:
All Corporate News  Earnings Releases

Dateline City:
HOBOKEN, N.J.

- Adjusted revenue of $458 million, up 1% on a constant currency basis
- Adjusted revenue change by segment on a constant currency basis and excluding the divested consumer publishing programs:
  - Research +3%
  - Professional Development -5%
  - Education even
- Journal subscription revenue of $154 million, up 7% over prior year and 4% year-to-date on a constant currency basis
- Adjusted EPS of $0.93, even with prior year on a constant currency basis
- Full year financial outlook reaffirmed

HOBOKEN, N.J. --(BUSINESS WIRE)--John Wiley & Sons, Inc. (NYSE: JWa and JWb), a global provider of knowledge and knowledge-enabled services that improve outcomes in research, professional practice, and education, today announced the following results for the third quarter of fiscal year 2014, ending January 31, 2014:

<table>
<thead>
<tr>
<th>Change</th>
<th>$ millions</th>
<th>FY14</th>
<th>FY13</th>
<th>Excluding FX</th>
<th>Including FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADJUSTED Revenue</td>
<td>Q3</td>
<td>$458</td>
<td>$459</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Nine Months</td>
<td>$1,318</td>
<td>$1,275</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>EPS Q3</td>
<td></td>
<td>$0.93</td>
<td>$0.93</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Nine Months</td>
<td></td>
<td>$2.28</td>
<td>$2.20</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>US GAAP Revenue</td>
<td>Q3</td>
<td>$458</td>
<td>$472</td>
<td>(2%)</td>
<td>(3%)</td>
</tr>
<tr>
<td></td>
<td>Nine Months</td>
<td>$1,318</td>
<td>$1,315</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>EPS Q3</td>
<td></td>
<td>$0.88</td>
<td>$0.95</td>
<td>(7%)</td>
<td>(7%)</td>
</tr>
<tr>
<td>Nine Months</td>
<td></td>
<td>$2.10</td>
<td>$2.26</td>
<td>(7%)</td>
<td>(7%)</td>
</tr>
</tbody>
</table>

Please see the attached financial schedules for more detail.

Business Summary

“Through three quarters, research journal performance has been favorable, with 4% revenue growth in journal subscriptions, strong revenue growth in author-funded open access, and a solid start to subscription billings for volume year 2014,” said Steve Smith, President and CEO of Wiley. “In addition, professional and education solutions, including talent management, WileyPLUS, and online program management, continue to show strong double-digit revenue growth.”

With one quarter remaining in the fiscal year, the company reaffirmed its full-year guidance for low single-digit adjusted
Throughout this report, references are made to variances “excluding foreign exchange” or “on a constant currency basis”; such amounts exclude both period-over-period currency translation effects and transactional gains and losses.

RESEARCH

- **Revenue**: Third quarter revenue on a constant currency basis rose 3% to $248.8 million, driven by journal subscription revenue growth of 7%, which included favorable impacts from production timing. Also contributing were digital book sales (+12%) and open access (+$3 million). Partially offsetting this growth was a 16% decline in print book revenue. For the first nine months, revenue on a constant currency basis was up 3%, with journal subscription revenue up 4%.

- **Adjusted Contribution to Profit**: Third quarter adjusted contribution to profit (after allocated shared services and administrative costs) grew 2% on a constant currency basis to $69.0 million, with higher society royalty costs and accrued incentive compensation partially offsetting revenue growth. For the first nine months, adjusted contribution to profit (after shared services and administrative costs) grew 5% to $210.8 million, excluding the impact of foreign exchange.

- **Calendar Year 2014 Journal Subscriptions**: At the end of January, calendar year 2014 journal subscriptions were up 4% with 81% of targeted business closed for the 2014 volume year.

- **Society Business**: Two new society journals were signed in the quarter with combined annual revenue of $1.7 million; 50 were renewed worth approximately $19 million annually; and eight journals with combined annual revenue of $5.3 million were not renewed, primarily due to the conclusion of one society relationship.

- **Other Key Developments**: In January, Wiley announced a partnership with technology company Knode to provide customized portals to learned societies and other academic organizations worldwide. Wiley’s cloud-based portal is populated with more than 20 million documents and millions of expert profiles. Researchers are using Knode to find experts, identify and connect with collaborators, and promote their expertise to the world. For society executives and institutional research managers, custom analytics provide aggregated views of research expertise and output.

PROFESSIONAL DEVELOPMENT

- **Adjusted Revenue**: Third quarter adjusted revenue declined 5% to $94.2 million, excluding FX and revenue from the divested consumer publishing programs ($13.9 million) in the prior year period. Adjusted revenue performance was driven by a decline in print books (-9%), particularly due to lower demand for technology titles and the discontinuation of certain low-margin non-divested consumer titles, which offset solid growth in online training and assessment (+20%) and digital books (+9%). Revenue in the year ago period included a $2 million favorable impact from shipments delayed into that quarter due to distribution disruptions caused by Hurricane Sandy. For the first nine months, adjusted revenue on a constant currency basis was down 1%.

- **Adjusted Contribution to Profit**: Third quarter adjusted contribution to profit (after allocated shared service and administrative costs) grew 21% to $11.9 million due to restructuring savings and higher margin digital revenue, which offset the revenue decline in print books. Adjusted contribution to profit excludes restructuring charges and the operating results from the divested consumer assets in the prior year. For the first nine months, adjusted contribution to profit (after shared services and administrative costs) grew 48% to $22.8 million, excluding the impact of foreign exchange.

- **Acquisitions**: In January, Wiley acquired the assets of Elan Guides, an early-stage CFA test preparation company. Elan's CFA test preparation materials will be incorporated into Wiley's test preparation platform for business and finance professionals. Terms were not disclosed.

EDUCATION

- **Revenue**: Third quarter revenue was $114.9 million, essentially even on a constant currency basis. Revenue growth from WileyPLUS (+20%), Deltak (+12%), and Binder and Custom Products (+3%) offset a decline in both print...
textbooks (-8%) and digital books (-8%). Note that Deltak’s third quarter 2013 reported results included an extra week carried forward from the acquisition closing date, which occurred just prior to the end of the second quarter 2013. Excluding the impact of that carry-over period, Deltak revenue increased by approximately 20% as compared to the year-ago quarter. Education revenue in the year ago period also included a $2 million favorable impact from shipments delayed into that quarter due to disruptions caused by Hurricane Sandy, and earlier ordering from Australian schools that benefitted the second quarter of 2014. Digital textbook growth for the period was unfavorably impacted by weakened enrollment at for-profit institutions. For the first nine months, Education revenue overall increased 12% on a constant currency basis to $299.7 million, primarily due to the first half contribution from Deltak ($31 million).

- **Adjusted Contribution to Profit:** Third quarter adjusted contribution to profit (after allocated shared service and administrative costs) declined 9% to $30.5 million, reflecting changes in revenue mix and higher accrued incentive costs. For the first nine months, adjusted contribution to profit (after shared services and administrative costs) increased 2% to $59.4 million, excluding the impact of foreign exchange.

- **Online Program Management (OPM):** Deltak secured two university partners in the quarter, bringing the total number of institutions under contract to 36. As of January 31, 2014, Deltak had 120 programs generating revenue and 45 programs under contract and in development but not yet generating revenue.

*(Please see the attached tables for more information, including Quarter and Year-to-Date Segment Revenue Statistics by Product/Service and Subject Category)*

### Earnings Conference Call

- Scheduled for today, March 11, at 10:00 a.m. (EDT)
- Access the webcast at [www.wiley.com> Investor Relations> Events and Presentations](http://www.wiley.com/WileyCDA/Section/id-370238.html)
- U.S. callers, please dial (888) 337-8198 and enter the participant code 9980621#
- International callers, please dial (719) 325-2464 and enter the participant code 9980621#
- 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.

### About Wiley

Wiley is a global provider of knowledge and knowledge-enabled services that improve outcomes in areas of research, professional practice, and education. Through the **Research** segment, the Company provides digital and print scientific, technical, medical, and scholarly journals, reference works, books, database services, and advertising. The **Professional Development** segment provides digital and print books, online assessment and training services, and test prep and certification. In **Education**, Wiley provides education solutions including online program management services for higher education institutions and course management tools for instructors and students, as well as print and digital content.

---

### UNAUDITED SUMMARY OF OPERATIONS

**FOR THE THIRD QUARTER AND NINE MONTHS ENDED JANUARY 31, 2014 AND 2013 (in thousands, except per share amounts)**

#### THIRD QUARTER ENDED JANUARY 31

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>Adjustments (A,B)</th>
<th>Adjusted</th>
<th>2013</th>
<th>Adjustments (B-D)</th>
<th>Adjusted</th>
<th>% Change US GAAP</th>
<th>Adjusted excl. FX</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$ 457,933</td>
<td>-</td>
<td>457,933</td>
<td>472,435</td>
<td>-(13,858)</td>
<td>458,577</td>
<td>-3%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Costs and Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>130,563</td>
<td>-</td>
<td>130,563</td>
<td>141,794</td>
<td>-(9,143)</td>
<td>132,651</td>
<td>-8%</td>
<td>-1%</td>
</tr>
<tr>
<td>Operating and</td>
<td>238,569</td>
<td>-</td>
<td>238,569</td>
<td>235,857</td>
<td>-(2,678)</td>
<td>233,179</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Restructuring Charges (A)</td>
<td>4,256</td>
<td>-(4,256)</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Nine Months Ended January 31,

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,318,106</td>
<td>-</td>
<td>1,318,106</td>
</tr>
<tr>
<td>Costs and Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>380,706</td>
<td>-</td>
<td>380,706</td>
</tr>
<tr>
<td>Operating and</td>
<td>713,090</td>
<td>-</td>
<td>713,090</td>
</tr>
<tr>
<td>Administrative</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring Charges (A)</td>
<td>27,327</td>
<td>(27,327)</td>
<td>-</td>
</tr>
<tr>
<td>Impairment Charges (B)</td>
<td>4,786</td>
<td>(4,786)</td>
<td>-</td>
</tr>
<tr>
<td>Amortization of</td>
<td>33,066</td>
<td>-</td>
<td>33,066</td>
</tr>
<tr>
<td>Intangibles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Costs and</td>
<td>1,158,975</td>
<td>(32,113)</td>
<td>1,126,862</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on Sale of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel Publishing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program (C)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings Per Share -</td>
<td>$0.88</td>
<td>0.05</td>
<td>0.93</td>
</tr>
<tr>
<td>Diluted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Shares -</td>
<td>59,713</td>
<td>59,713</td>
<td>59,713</td>
</tr>
</tbody>
</table>

**US GAAP**

**Adjusted**

**Adjusted excl. FX**
<table>
<thead>
<tr>
<th>Operating Income</th>
<th>159,131</th>
<th>32,113</th>
<th>191,244</th>
<th>185,562</th>
<th>7,850</th>
<th>193,412</th>
<th>-14%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Margin</td>
<td>12.1%</td>
<td>14.5%</td>
<td>14.1%</td>
<td>15.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(10,348)</td>
<td>-</td>
<td>(10,348)</td>
<td>(9,557)</td>
<td>-</td>
<td>(9,557)</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Foreign Exchange Gain (Loss)</td>
<td>329</td>
<td>-</td>
<td>329</td>
<td>(1,599)</td>
<td>-</td>
<td>(1,599)</td>
<td>-121%</td>
<td>-2%</td>
</tr>
<tr>
<td>Interest Income and Other</td>
<td>2,095</td>
<td>-</td>
<td>2,095</td>
<td>1,569</td>
<td>-</td>
<td>1,569</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>Income Before Taxes</td>
<td>151,207</td>
<td>32,113</td>
<td>183,320</td>
<td>175,975</td>
<td>7,850</td>
<td>183,825</td>
<td>-14%</td>
<td>0%</td>
</tr>
<tr>
<td>Provision (Benefit) for Income Taxes (A-E)</td>
<td>26,588</td>
<td>21,126</td>
<td>47,714</td>
<td>39,701</td>
<td>11,068</td>
<td>50,769</td>
<td>-33%</td>
<td>-5%</td>
</tr>
<tr>
<td>Net Income</td>
<td>$124,619</td>
<td>10,987</td>
<td>135,606</td>
<td>136,274</td>
<td>(3,218)</td>
<td>133,056</td>
<td>-9%</td>
<td>3%</td>
</tr>
<tr>
<td>Earnings Per Share- Diluted</td>
<td>$2.10</td>
<td>0.19</td>
<td>2.28</td>
<td>2.26</td>
<td>(0.05)</td>
<td>2.20</td>
<td>-7%</td>
<td>4%</td>
</tr>
<tr>
<td>Average Shares - Diluted</td>
<td>59,388</td>
<td>59,388</td>
<td>59,388</td>
<td>60,349</td>
<td>60,349</td>
<td>60,349</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See the accompanying Notes to Unaudited Financial Statements for a description of each Adjustment.

JOHN WILEY & SONS, INC.
FOR THE THIRD QUARTER AND NINE MONTHS ENDED
JANUARY 31, 2014 AND 2013

RECONCILIATION OF US GAAP EPS TO ADJUSTED EPS - DILUTED (UNAUDITED)

<table>
<thead>
<tr>
<th></th>
<th>Third Quarter Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>January 31,</td>
<td>January 31,</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>US GAAP Earnings Per Share - Diluted</td>
<td>$0.88</td>
<td>$0.95</td>
</tr>
<tr>
<td>Adjusted to exclude the following:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring Charges (A)</td>
<td>(0.05)</td>
<td>-</td>
</tr>
<tr>
<td>Impairment Charges (B)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain on Sale of Travel Publishing Program (C)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operational Results of Divested Consumer Programs (D)</td>
<td>-</td>
<td>0.02</td>
</tr>
<tr>
<td>Deferred Income Tax Benefit on UK Rate Change (E)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted Earnings Per Share - Diluted</td>
<td>$0.93</td>
<td>$0.93</td>
</tr>
</tbody>
</table>

NOTES TO UNAUDITED FINANCIAL STATEMENTS
Adjustments:

(A) RESTRUCTURING CHARGES: The adjusted results for the three and nine months ended January 31, 2014 and the nine months ended January 31, 2013 exclude restructuring charges related to the Company’s Restructuring and Reinvestment Program of $4.3 million ($2.9 million after tax, $0.05 per share), $27.3 million ($18.3 million after tax, $0.31 per share) and $4.8 million ($3.5 million after tax, $0.06 per share), respectively.

(B) Impairment Charges: The adjusted results for the nine months ended January 31, 2014 exclude asset impairment charges related to certain technology investments of $4.8 million ($3.4 million after tax, $0.06 per share). The adjusted results for the nine months ended January 31, 2013 exclude asset impairment charges related to the divested Professional Development consumer publishing programs of $15.5 million ($9.6 million after tax, $0.16 per share).

(C) Gain on Sale of Travel Publishing Program: The adjusted results for the nine months ended January 31, 2013 exclude a gain on sale of the travel publishing program of $9.8 million ($6.2 million after tax, $0.10 per share).

(D) Operating Results of Divested Consumer Programs: The adjusted results for the three and nine months ended January 31, 2013 exclude the operating results of the divested Professional Development consumer publishing programs sold in fiscal year 2013.

(E) Deferred Income Tax Benefit on UK Rate Change: The adjusted results for the nine months ended January 31, 2014 and 2013 exclude deferred tax benefits of $10.6 million ($0.18 per share) and $8.4 million ($0.14 per share), respectively. The tax benefits are associated with tax legislation enacted in the United Kingdom that reduced the U.K. corporate income tax rates by 3% and 2%, respectively. The benefits reflect the remeasurement of the Company’s deferred tax balances to the new income tax rates of 21% effective April 1, 2014 and 20% effective April 1, 2015 and had no current cash tax impact.

Non-GAAP Financial Measures:
In addition to providing financial results in accordance with GAAP, the Company has provided adjusted financial results that exclude the impact of other nonrecurring items described in more detail throughout this press release. These non-GAAP financial measures are labeled as "Adjusted" and are used for evaluating the results of operations for internal purposes. These non-GAAP measures are not intended to replace the presentation of financial results in accordance with GAAP. Rather, the Company believes the exclusion of such items provides additional information to investors to facilitate the comparison of past and present operations. Unless otherwise noted, adjusted amounts in the attached schedules include foreign exchange.

JOHN WILEY & SONS, INC.
UNAUDITED SEGMENT RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED
JANUARY 31, 2014 AND 2013
(in thousands)

THIRD QUARTER ENDED JANUARY 31,

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>Adjustments (A,B)</th>
<th>Adjusted</th>
<th>2013</th>
<th>Adjustments (B-D)</th>
<th>Adjusted</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>US GAAP</td>
<td></td>
<td></td>
<td>US GAAP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>$ 248,797</td>
<td>-</td>
<td>248,797</td>
<td>240,902</td>
<td>-</td>
<td>240,902</td>
<td>3%</td>
</tr>
<tr>
<td>Professional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3%</td>
</tr>
<tr>
<td>Development</td>
<td>94,201</td>
<td>-</td>
<td>94,201</td>
<td>113,106</td>
<td>(13,858)</td>
<td>99,248</td>
<td>-17%</td>
</tr>
<tr>
<td>Education</td>
<td>114,935</td>
<td>-</td>
<td>114,935</td>
<td>118,427</td>
<td>-</td>
<td>118,427</td>
<td>-3%</td>
</tr>
<tr>
<td>Total</td>
<td>$ 457,933</td>
<td>-</td>
<td>457,933</td>
<td>472,435</td>
<td>(13,858)</td>
<td>458,577</td>
<td>-3%</td>
</tr>
<tr>
<td>Direct</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1%</td>
</tr>
<tr>
<td>Contribution</td>
<td>US GAAP</td>
<td>Adjusted excl. FX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>$ 103,244</td>
<td>(782)</td>
<td>102,462</td>
<td>100,369</td>
<td>-</td>
<td>100,369</td>
<td>3%</td>
</tr>
<tr>
<td>Professional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3%</td>
</tr>
<tr>
<td>Development</td>
<td>31,740</td>
<td>(833)</td>
<td>30,907</td>
<td>30,780</td>
<td>(2,037)</td>
<td>28,743</td>
<td>3%</td>
</tr>
<tr>
<td>Education</td>
<td>44,505</td>
<td>117</td>
<td>44,622</td>
<td>48,376</td>
<td>-</td>
<td>48,376</td>
<td>-8%</td>
</tr>
</tbody>
</table>

 Non-GAAP Financial Measures: In addition to providing financial results in accordance with GAAP, the Company has provided adjusted financial results that exclude the impact of other nonrecurring items described in more detail throughout this press release. These non-GAAP financial measures are labeled as "Adjusted" and are used for evaluating the results of operations for internal purposes. These non-GAAP measures are not intended to replace the presentation of financial results in accordance with GAAP. Rather, the Company believes the exclusion of such items provides additional information to investors to facilitate the comparison of past and present operations. Unless otherwise noted, adjusted amounts in the attached schedules include foreign exchange.
**NINE MONTHS ENDED JANUARY 31,**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>$747,532</td>
<td>-</td>
<td>747,532</td>
<td>726,679</td>
<td>-</td>
<td>726,679</td>
<td>3%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Professional Development</td>
<td>270,832</td>
<td>-</td>
<td>270,832</td>
<td>316,360</td>
<td>(40,359)</td>
<td>276,001</td>
<td>-14%</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>299,742</td>
<td>-</td>
<td>299,742</td>
<td>271,885</td>
<td>-</td>
<td>271,885</td>
<td>10%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,318,106</td>
<td>-</td>
<td>1,318,106</td>
<td>1,314,924</td>
<td>(40,359)</td>
<td>1,274,565</td>
<td>0%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td><strong>Direct Contribution to Profit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>$309,832</td>
<td>4,590</td>
<td>314,422</td>
<td>300,624</td>
<td>2,966</td>
<td>303,590</td>
<td>3%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Professional Development</td>
<td>76,759</td>
<td>4,834</td>
<td>81,593</td>
<td>71,949</td>
<td>4,263</td>
<td>76,212</td>
<td>7%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>102,687</td>
<td>375</td>
<td>103,062</td>
<td>99,150</td>
<td>169</td>
<td>99,319</td>
<td>4%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$489,278</td>
<td>9,799</td>
<td>499,077</td>
<td>471,723</td>
<td>7,398</td>
<td>479,121</td>
<td>4%</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>
Contribution to Profit (After Allocated Shared Services and Admin. Costs)

<table>
<thead>
<tr>
<th></th>
<th>Third Quarter Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Research</td>
<td>$206,230</td>
<td>4,590</td>
</tr>
<tr>
<td>Professional Development</td>
<td>17,944</td>
<td>4,834</td>
</tr>
<tr>
<td>Education</td>
<td>59,019</td>
<td>375</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$283,193</td>
<td>9,799</td>
</tr>
</tbody>
</table>

Unallocated Shared Services and Admin. Costs

<table>
<thead>
<tr>
<th></th>
<th>Third Quarter Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Research</td>
<td>$103,244</td>
<td>100,369</td>
</tr>
<tr>
<td>Professional Development</td>
<td>(782)</td>
<td>-</td>
</tr>
<tr>
<td>Education</td>
<td>309,832</td>
<td>300,624</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$312,116</td>
<td>100,683</td>
</tr>
</tbody>
</table>

See the accompanying Notes to Unaudited Financial Statements for a description of each Adjustment.
<table>
<thead>
<tr>
<th>Description</th>
<th>Adjusted Contribution to Profit</th>
<th>Adjusted Contribution to Profit</th>
<th>Adjusted Contribution to Profit</th>
<th>Adjusted Contribution to Profit</th>
<th>Adjusted Contribution to Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>to Profit</td>
<td>$11,927</td>
<td>9,840</td>
<td>21%</td>
<td>21%</td>
<td>22,778</td>
</tr>
<tr>
<td>Allocated Shared Services and Admin. Costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>(9,320)</td>
<td>(10,196)</td>
<td>-9%</td>
<td>-7%</td>
<td>(27,861)</td>
</tr>
<tr>
<td>Technology</td>
<td>(7,543)</td>
<td>(7,238)</td>
<td>4%</td>
<td>4%</td>
<td>(23,260)</td>
</tr>
<tr>
<td>Occupancy and Other</td>
<td>(2,117)</td>
<td>(1,469)</td>
<td>44%</td>
<td>44%</td>
<td>(7,694)</td>
</tr>
<tr>
<td>Professional Development:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Contribution to Profit</td>
<td>$31,740</td>
<td>30,780</td>
<td>3%</td>
<td>4%</td>
<td>76,759</td>
</tr>
<tr>
<td>Restructuring Charges (Credits) (A)</td>
<td>(833)</td>
<td>-</td>
<td></td>
<td></td>
<td>4,834</td>
</tr>
<tr>
<td>Impairment Charges (B)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on Sale of Travel Publishing Program (C)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,829)</td>
</tr>
<tr>
<td>Direct Contribution to profit - Divested Consumer Publishing Programs (D)</td>
<td>-</td>
<td>(2,037)</td>
<td>-</td>
<td>(2,683)</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted Direct Contribution to Profit</td>
<td>30,907</td>
<td>28,743</td>
<td>8%</td>
<td>8%</td>
<td>81,593</td>
</tr>
<tr>
<td>Education:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Contribution to Profit</td>
<td>$44,505</td>
<td>48,376</td>
<td>-8%</td>
<td>-4%</td>
<td>102,687</td>
</tr>
<tr>
<td>Restructuring Charges (A)</td>
<td>117</td>
<td>-</td>
<td></td>
<td></td>
<td>375</td>
</tr>
<tr>
<td>Adjusted Direct Contribution to Profit</td>
<td>44,622</td>
<td>48,376</td>
<td>-8%</td>
<td>-4%</td>
<td>103,062</td>
</tr>
<tr>
<td>Allocated Shared Services and Admin. Costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Services and Admin. Costs:

<table>
<thead>
<tr>
<th></th>
<th>Third Quarter</th>
<th>% of</th>
<th>% Change</th>
<th>Nine Months</th>
<th>% of</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Adjusted Contribution to Profit (after allocated Shared Services and Admin. Costs)

<table>
<thead>
<tr>
<th></th>
<th>Third Quarter</th>
<th>% of</th>
<th>% Change</th>
<th>Nine Months</th>
<th>% of</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Total Adjusted Contribution to Profit (after allocated Shared Services and Admin. Costs)

<table>
<thead>
<tr>
<th></th>
<th>Third Quarter</th>
<th>% of</th>
<th>% Change</th>
<th>Nine Months</th>
<th>% of</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Unallocated Shared Services and Admin. Costs:

<table>
<thead>
<tr>
<th></th>
<th>Third Quarter</th>
<th>% of</th>
<th>% Change</th>
<th>Nine Months</th>
<th>% of</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Adjusted Operating Income

<table>
<thead>
<tr>
<th></th>
<th>Third Quarter</th>
<th>% of</th>
<th>% Change</th>
<th>Nine Months</th>
<th>% of</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### See the accompanying Notes to Unaudited Financial Statements for a description of each Adjustment.
Revenue by
Subject Category:

<table>
<thead>
<tr>
<th>Program/Service</th>
<th>2014</th>
<th>2013</th>
<th>% of Total</th>
<th>% Change excl. FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reprints, Backfiles, Rights, Advertising</td>
<td>46,789</td>
<td>47,654</td>
<td>19%</td>
<td>-2%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$248,797</td>
<td>240,902</td>
<td>100%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Note: Percentage change is calculated excluding foreign exchange impact.

Revenue by
Product/Service:

<table>
<thead>
<tr>
<th>Product/Service</th>
<th>2014</th>
<th>2013</th>
<th>% of Total</th>
<th>% Change excl. FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print Books</td>
<td>64,757</td>
<td>71,465</td>
<td>69%</td>
<td>-9%</td>
</tr>
<tr>
<td>Digital Books</td>
<td>11,459</td>
<td>10,507</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>Online Training &amp; Assessment</td>
<td>8,792</td>
<td>7,336</td>
<td>9%</td>
<td>20%</td>
</tr>
<tr>
<td>Other (includes Rights, Translations,</td>
<td>9,193</td>
<td>9,940</td>
<td>10%</td>
<td>-7%</td>
</tr>
<tr>
<td>Advertising)</td>
<td>-</td>
<td>13,858</td>
<td>-</td>
<td>-2%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$94,201</td>
<td>113,106</td>
<td>100%</td>
<td>-5%</td>
</tr>
</tbody>
</table>

Note: Percentage change is calculated excluding foreign exchange impact.

Revenue by
Subject Category:

<table>
<thead>
<tr>
<th>Program/Service</th>
<th>2014</th>
<th>2013</th>
<th>% of Total</th>
<th>% Change excl. FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>42,298</td>
<td>42,048</td>
<td>45%</td>
<td>1%</td>
</tr>
<tr>
<td>Technology</td>
<td>21,863</td>
<td>24,747</td>
<td>23%</td>
<td>-11%</td>
</tr>
<tr>
<td>Consumer</td>
<td>10,709</td>
<td>12,642</td>
<td>11%</td>
<td>-15%</td>
</tr>
<tr>
<td>Professional Education</td>
<td>6,515</td>
<td>5,939</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>Architecture</td>
<td>6,685</td>
<td>6,764</td>
<td>7%</td>
<td>-1%</td>
</tr>
<tr>
<td>Psychology</td>
<td>4,576</td>
<td>3,694</td>
<td>5%</td>
<td>24%</td>
</tr>
<tr>
<td>Other</td>
<td>1,555</td>
<td>3,414</td>
<td>2%</td>
<td>-52%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$94,201</td>
<td>113,106</td>
<td>100%</td>
<td>-5%</td>
</tr>
</tbody>
</table>

Note: Percentage change is calculated excluding foreign exchange impact.

\[ \text{Total Revenue} = \sum (\text{Revenue} \times \text{% of Total}) \]

Note (a) - Variance excludes the revenue of the divested Professional Development consumer publishing programs sold in fiscal year 2013.

<table>
<thead>
<tr>
<th>Program/Service</th>
<th>2014</th>
<th>2013</th>
<th>% of Total</th>
<th>% Change excl. FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td>2014</td>
<td>2013</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$248,797</td>
<td>240,902</td>
<td>100%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Revenue by

<table>
<thead>
<tr>
<th>Program/Service</th>
<th>2014</th>
<th>2013</th>
<th>% of Total</th>
<th>% Change excl. FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reprints, Backfiles, Rights, Advertising</td>
<td>46,789</td>
<td>47,654</td>
<td>19%</td>
<td>-2%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$248,797</td>
<td>240,902</td>
<td>100%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Note: Percentage change is calculated excluding foreign exchange impact.
### Product/Service

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Print Textbooks</td>
<td>$ 54,358</td>
<td>$ 62,395</td>
<td>47%</td>
<td>-8%</td>
</tr>
<tr>
<td>Binder and Custom Products</td>
<td>12,896</td>
<td>12,463</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>Online Program Management (Deltak)</td>
<td>19,145</td>
<td>17,145</td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>Digital Books</td>
<td>7,964</td>
<td>8,803</td>
<td>7%</td>
<td>-8%</td>
</tr>
<tr>
<td>WileyPLUS</td>
<td>18,578</td>
<td>15,554</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>1,994</td>
<td>2,067</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$114,935</strong></td>
<td><strong>$118,427</strong></td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Revenue by Subject Category

<table>
<thead>
<tr>
<th>Subject Category</th>
<th>January 31, 2014</th>
<th>April 30, 2013</th>
<th>Growth</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>$ 26,259</td>
<td>$ 26,620</td>
<td>23%</td>
<td>1%</td>
</tr>
<tr>
<td>Sciences</td>
<td>16,587</td>
<td>17,101</td>
<td>14%</td>
<td>-1%</td>
</tr>
<tr>
<td>Social Sciences</td>
<td>14,444</td>
<td>15,193</td>
<td>13%</td>
<td>-4%</td>
</tr>
<tr>
<td>Engineering &amp; Computer Science</td>
<td>12,865</td>
<td>14,388</td>
<td>11%</td>
<td>-9%</td>
</tr>
<tr>
<td>Mathematics &amp; Statistics</td>
<td>6,843</td>
<td>6,981</td>
<td>6%</td>
<td>-2%</td>
</tr>
<tr>
<td>Schools (Australia K-12)</td>
<td>13,906</td>
<td>17,040</td>
<td>12%</td>
<td>-7%</td>
</tr>
<tr>
<td>Online Program Management (Deltak)</td>
<td>19,145</td>
<td>17,145</td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>Other</td>
<td>4,886</td>
<td>3,959</td>
<td>4%</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$114,935</strong></td>
<td><strong>$118,427</strong></td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

---

**JOHN WILEY & SONS, INC.**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**

*(in thousands)*

<table>
<thead>
<tr>
<th></th>
<th>January 31, 2014</th>
<th>April 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>$ 315,985</td>
<td>285,858</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>205,796</td>
<td>238,112</td>
</tr>
<tr>
<td>Inventories</td>
<td>79,168</td>
<td>85,999</td>
</tr>
<tr>
<td>Prepaid and other</td>
<td>60,540</td>
<td>53,552</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>661,489</td>
<td>663,521</td>
</tr>
<tr>
<td><strong>Product Development Assets</strong></td>
<td>89,142</td>
<td>99,186</td>
</tr>
<tr>
<td><strong>Technology, Property and Equipment</strong></td>
<td>181,092</td>
<td>193,856</td>
</tr>
<tr>
<td><strong>Intangible Assets</strong></td>
<td>961,931</td>
<td>989,534</td>
</tr>
<tr>
<td><strong>Goodwill</strong></td>
<td>856,707</td>
<td>844,673</td>
</tr>
<tr>
<td><strong>Income Tax Deposits</strong></td>
<td>61,086</td>
<td>34,055</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td>61,799</td>
<td>56,059</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>2,873,246</strong></td>
<td><strong>2,880,884</strong></td>
</tr>
</tbody>
</table>

| **Current Liabilities**  |                  |                |
| Accounts and royalties payable | 205,154      | 199,621        |
| Deferred revenue          | 279,681         | 287,063        |
| Accrued employment costs  | 88,514          | 57,116         |
| Accrued income taxes      | 6,802           | 15,478         |
| Accrued pension liability | 4,386           | 3,606          |
| Other accrued liabilities | 48,017          | 57,843         |
### JOHN WILEY & SONS, INC.

**UNAUDITED STATEMENTS OF FREE CASH FLOW**

*(in thousands)*

<table>
<thead>
<tr>
<th></th>
<th>Nine Months Ended</th>
<th>January 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td><strong>Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$124,619</td>
<td>136,274</td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>33,066</td>
<td>30,404</td>
</tr>
<tr>
<td>Amortization of composition costs</td>
<td>33,940</td>
<td>39,047</td>
</tr>
<tr>
<td>Depreciation of technology, property and equipment</td>
<td>43,596</td>
<td>41,124</td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>27,327</td>
<td>4,841</td>
</tr>
<tr>
<td>Impairment charges</td>
<td>4,786</td>
<td>15,521</td>
</tr>
<tr>
<td>Gain on sale of travel publishing program</td>
<td>-</td>
<td>(9,829)</td>
</tr>
<tr>
<td>Deferred tax benefits on U.K. rate changes</td>
<td>(10,634)</td>
<td>(8,402)</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>10,995</td>
<td>9,998</td>
</tr>
<tr>
<td>Excess tax benefits from stock-based compensation</td>
<td>2,880</td>
<td>(1,129)</td>
</tr>
<tr>
<td>Royalty advances</td>
<td>(83,237)</td>
<td>(83,317)</td>
</tr>
<tr>
<td>Earned royalty advances</td>
<td>77,663</td>
<td>69,726</td>
</tr>
<tr>
<td>Other non-cash charges and credits</td>
<td>12,547</td>
<td>31,570</td>
</tr>
<tr>
<td>Change in deferred revenue</td>
<td>(91,174)</td>
<td>(52,302)</td>
</tr>
<tr>
<td>Income tax deposit</td>
<td>(10,433)</td>
<td>(29,705)</td>
</tr>
<tr>
<td>Net change in operating assets and liabilities, excluding acquisitions</td>
<td>(22,144)</td>
<td>(31,666)</td>
</tr>
<tr>
<td><em>Cash Provided by Operating Activities</em></td>
<td>153,797</td>
<td>162,155</td>
</tr>
</tbody>
</table>

| Investments in organic growth: |                   |             |
| Composition spending           | (30,460)          | (35,599)    |
| Additions to technology, property and equipment | (38,733)         | (41,606)    |

| Free Cash Flow                 | 84,604            | 84,950      |

| Other Investing and Financing Activities: |                   |             |
| Acquisitions, net of cash        | (5,150)           | (258,735)   |
| Proceeds from sale of consumer publishing programs | -              | 28,600      |
| Repayment of long-term debt      | (486,600)         | (318,600)   |
| Borrowings of long-term debt     | 447,600           | 578,400     |
| Change in book overdrafts        | (21,859)          | (20,984)    |
| Cash dividends                   | (44,182)          | (43,252)    |
| Purchase of treasury shares      | (38,533)          | (45,172)    |
| Proceeds from exercise of stock options and other | 48,540          | 24,232      |
| Excess tax benefits from stock-based compensation | (2,880)         | 1,129       |
| *Cash Used for Investing and Financing Activities* | (103,064)       | (54,382)    |

<p>| Effects of Exchange Rate Changes on Cash | 305              | (4,540)     |</p>
<table>
<thead>
<tr>
<th>Activity</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composition spending</td>
<td>$ (30,460)</td>
<td>$ (35,599)</td>
</tr>
<tr>
<td>Additions to technology, property and equipment</td>
<td>$ (38,733)</td>
<td>$ (41,606)</td>
</tr>
<tr>
<td>Acquisitions, net of cash</td>
<td>$ (5,150)</td>
<td>$ (258,735)</td>
</tr>
<tr>
<td>Proceeds from sale of consumer publishing programs</td>
<td>-</td>
<td>$ 28,600</td>
</tr>
<tr>
<td><strong>Cash Used for Investing Activities</strong></td>
<td>$ (74,343)</td>
<td>$ (307,340)</td>
</tr>
</tbody>
</table>

**Financing Activities:**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisitions, net of cash</td>
<td>-</td>
<td>$ 28,600</td>
</tr>
<tr>
<td>Proceeds from sale of consumer publishing programs</td>
<td>-</td>
<td>$ 28,600</td>
</tr>
<tr>
<td><strong>Cash (Used for) Provided by Financing Activities</strong></td>
<td>$ (97,914)</td>
<td>$ 175,753</td>
</tr>
</tbody>
</table>

Note: The Company's management evaluates performance using free cash flow. The Company believes free cash flow provides a meaningful and comparable measure of performance. Since free cash flow is not a measure calculated in accordance with GAAP, it should not be considered as a substitute for other GAAP measures, including cash used for or provided by operating activities, investing activities and financing activities, as an indicator of performance.