FORM 10-K

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WILEY JOHN SONS, INC. - JW.A

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DESCRIPTION
Annual report which provides a comprehensive overview of the company for the past year

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FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: April 30, 2006

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the transition period from to
Commission file number 1-11507

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	I.R.S. Employer Identification No.

111 River Street, Hoboken, NJ	07030
Address of principal executive offices	Zip Code

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

Securities registered pursuant to Section 12(b) of the Act: Title of each class	Name of each exchange on which registered
Class A Common Stock, par value $1.00 per share	New York Stock Exchange
Class B Common Stock, par value $1.00 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes |X| No | |

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes | | No |X |

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 | |

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405

of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. | |

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer |X| Accelerated filer | | Non-accelerated filer | |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes | | No |X|

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the closing price as of the last business day of the registrant's most recently completed second fiscal quarter, October 31, 2005, was approximately $1,616,462,936. The registrant has no non-voting common stock.

The number of shares outstanding of the registrant's Class A and Class B Common Stock as of May 31, 2006 was 46,703,338 and 10,253,263 respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for use in connection with its annual meeting of stockholders scheduled to be held on September 21, 2006, are incorporated by reference into Part III of this form 10-K.

JOHN WILEY AND SONS, INC. AND SUBSIDIARIES
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PART I

Item 1. Business

The Company, founded in 1807, was incorporated in the state of New York on January 15, 1904. (As used herein the term "Company" means John Wiley & Sons, Inc., and its subsidiaries and affiliated companies, unless the context indicates otherwise.)

The Company is a global publisher of print and electronic products, providing content and solutions to customers worldwide. Core businesses produce professional and consumer books and subscription products; scientific, technical, and medical journals, encyclopedias, books, and online products; and textbooks and educational materials, including integrated online teaching and learning resources, for undergraduate and graduate students, teachers and lifelong learners. The Company takes full advantage of its content from all three core businesses in developing and cross-marketing products to its diverse customer base of professionals, consumers, researchers, students, and educators. The use of technology enables the Company to make its content more accessible to its customers around the world. The Company maintains publishing, marketing, and distribution centers in the United States, Canada, Europe, Asia, and Australia.

Further description of the Company's business is incorporated herein by reference in the Management's Discussion and Analysis section of this 10-K.

Employees

As of April 30, 2006, the Company employed approximately 3,600 persons on a full-time basis worldwide.

Financial Information About Industry Segments

The note entitled "Segment Information" of the Notes to Consolidated Financial Statements and the Management's Discussion and Analysis section of this 10-K, both listed in the attached index, are incorporated herein by reference.

Financial Information About Foreign and Domestic Operations and Export Sales

The note entitled "Segment Information" of the Notes to Consolidated Financial Statements and the Management's Discussion and Analysis section of this 10-K, both listed in the attached index, are incorporated herein by reference.

Item 1A. Risk Factors

This section describes the major business risks to the Company and should be carefully considered.

Cautionary Statement Under the Private Securities Litigation Reform Act of 1995:

This 10-K and our Annual Report to Shareholders for the year ending April 30, 2006 report contains certain forward-looking statements concerning the Company's operations, performance, and financial condition. In addition, the Company provides forward-looking statements in other materials released to the public as well as oral forward-looking information. Statements which contain the words anticipate, expect, believes, estimate, project, forecast, plan, outlook, intend and similar expressions constitute forward-looking statements that involve risk and uncertainties. Reliance should not be placed on forward-looking statements, as actual results may differ materially from those in any forward-looking statements.

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

Operating Costs and Expenses

The Company has a significant investment, and cost, in its employee base around the world. The Company offers competitive salaries and benefits in order to attract and retain the highly skilled workforce needed to sustain and develop new products and services required for growth. Employment and benefit costs are affected by competitive market conditions for qualified individuals, and factors such as healthcare, pension and retirement benefits costs. The Company is a large paper purchaser, and paper prices may fluctuate significantly from time-to-time. The Company attempts to moderate the exposure to fluctuations in price by entering into multi-year supply contracts and having alternative suppliers available. In general, however, any significant increase in the costs of goods and services provided to the Company may adversely affect the Company's costs of operation.

Protection of Intellectual Property Rights

Substantially all of the Company's publications are protected by copyright, held either in the Company's name, in the name of the author of the work, or in the name of the sponsoring professional society. Such copyrights protect the Company's exclusive right to publish the work in the United States and in many countries abroad for specified periods, in most cases the author's life plus 70 years, but in any event a minimum of 28 years for works published prior to 1978 and 50 years for works published thereafter. The ability of the Company to continue to achieve its expected results depends, in part, upon the Company's ability to protect its intellectual property rights. The Company's results may be adversely affected by lack of legal and/or technological protections for its intellectual property in some jurisdictions and markets.

Maintaining the Company's Reputation

Professionals worldwide rely upon many of the Company's publications to perform their jobs. It is imperative that the Company consistently demonstrates its ability to maintain the integrity of the information included in its publications. Adverse publicity, whether or not valid, may reduce demand for the Company's publications.

Trade Concentration and Credit Risk

Although, the book publishing industry is concentrated in national, regional, and online bookstore chains, the Company's business is not dependent upon a single customer. No one book customer accounts for

more than 7% of total consolidated revenue. The top 10 book customers, however, account for approximately 25% of total consolidated revenue and approximately 46% of total gross trade accounts receivable as of April 30, 2006.

In the journal publishing business, subscriptions are often sourced through journal subscription agents who, acting as agents for library customers, facilitate ordering and consolidate the subscription orders/billings with various publishers. Subscription agents account for approximately 17% of total consolidated subscription revenue and no one agent accounts for more than 7% of total consolidated revenue. Subscription agents generally collect cash in advance from subscribers and remit payments to journal publishers, including the Company, prior to the commencement of the subscriptions. While at fiscal year-end the Company had minimal credit risk exposure to these agents, future calendar-year subscription receipts from these agents may depend significantly on their financial condition and liquidity. Insurance for payment on these accounts is not commercially feasible and/or available.

Changes in Regulation and Accounting Standards

The Company maintains publishing, marketing and distribution centers in Asia, Australia, Canada, Europe and the United States. The conduct of our business, including the sourcing of content, distribution, sales, marketing and advertising is subject to various laws and regulations administered by governments around the world. Changes in laws, regulations or government policies, including taxation requirements and accounting standards, may adversely affect the Company's future financial results.

Introduction of New Technologies or Products

Media and publishing companies exist in rapidly changing technological and competitive environments. Therefore, the Company must continue to invest in technological and other innovations and adapt in order to continue to add value to its products and services and remain competitive. There are uncertainties whenever developing new products and services, and it is often possible that such new products and services may not be launched or if launched, may not be profitable or as profitable as existing products and services.

Competition for Market Share and Author Relationships

The Company operates in highly competitive markets. Success and continued growth depends greatly on developing new products and the means to deliver them in an environment of rapid technological change. Attracting new authors and retaining our existing author relationships are also critical to our success. We believe the Company is well positioned to meet these business challenges with the strength of our brands, our reputation and innovative abilities.

Effects of Inflation and Cost Increases

The Company, from time to time, experiences cost increases reflecting, in part, general inflationary factors. To mitigate the effect of cost increases, the Company may take various steps to reduce development, production and manufacturing costs. In addition, the selling prices for our products may be selectively increased as marketplace conditions permit.

Attracting and Retaining Key Employees

The Company's success is highly dependent upon the retention of key employees globally. In addition, we are dependent upon our ability to continue to attract new employees with key skills to support the continued organic growth of the business.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

The Company occupies office, warehouse, and distribution facilities in various parts of the world, as listed below (excluding those locations with less than 10,000 square feet of floor area, none of which is considered material property). All of the buildings and the equipment owned or leased are believed to be in good condition and are generally fully utilized.

Location	Purpose	Approx. Sq. Ft.	Lease Expiration
Leased			
Australia	Office	33,000	2020
	Warehouse	68,000	2016
Canada	Office and Warehouse	87,000	2011
	Office	18,000	2010
England	Warehouse	131,000	2012
United States:			
New Jersey	Corporate Headquarters	383,000	2017
New Jersey	Distribution Center and Office	188,000	2021
New Jersey	Warehouses	380,000	2021
Indiana	Office	116,000	2009
California	Office	58,000	2012
Singapore	Office and Warehouse	61,000	2007
Owned			
Germany	Office	57,000	
England	Office	50,000	

Item 3. Legal Proceedings

The Company is involved in routine litigation in the ordinary course of its business. In the opinion of management, the ultimate resolution of all pending litigation will not have a material effect upon the financial condition or results of operations of the Company.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to the Company's security holders during the last quarter of the fiscal year ended April 30, 2006.

PART II

Item 5. Market for the Company's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

The Quarterly Share Prices, Dividends, and Related Stockholder Matters listed in the index on page 10 are incorporated herein by reference.

Item 6. Selected Financial Data

The Selected Financial Data listed in the index on page 10 is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations listed in the index on page 10 is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information appearing under the caption "Market Risk" in Management's Discussion and Analysis of Financial Condition and Results of Operations listed in the index on page 10 is incorporated herein by reference.

Item 8. Financial Statements and Supplemental Data

The Financial Statements and Supplemental Data listed in the index on page 10 is incorporated herein by reference.

JOHN WILEY & SONS, INC., AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

The following financial statements and information appearing on the pages indicated are filed as part of this report:

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Other schedules are omitted because of the absence of conditions under which they apply or because the information required is included in the Notes to Consolidated Financial Statements.

Management's Discussion and Analysis of Business,
Financial Condition and Results of Operations

The Company is a global publisher of print and electronic products, providing content and solutions to customers worldwide. Core businesses produce professional and consumer books and subscription products; scientific, technical, and medical journals, encyclopedias, books, and online products; and textbooks and educational materials, including integrated online teaching and learning resources, for undergraduate and graduate students, teachers and lifelong learners. The Company takes full advantage of its content from all three core businesses in developing and cross-marketing products to its diverse customer base of professionals, consumers, researchers, students, and educators. The use of technology enables the Company to make its content more accessible to its customers around the world. The Company maintains publishing, marketing, and distribution centers in the United States, Canada, Europe, Asia, and Australia.

Business growth comes from a combination of title, imprint and business acquisitions which complement the Company's existing businesses; from the

development of new products and services; from designing and implementing new methods of delivering products to our customers; and from organic growth of existing brands and titles.

Core Businesses

Professional/Trade:

The Company's Professional/Trade business acquires, develops and publishes books and subscription products in all media, in the subject areas of business, technology, architecture, hospitality and culinary, psychology, education, travel, consumer reference, and general interest. Products are developed for worldwide distribution through multiple channels, including major chains and online booksellers, independent bookstores, libraries, colleges and universities, warehouse clubs, corporations, direct marketing, and Web sites. Global Professional/Trade publishing accounted for approximately 43% of total Company revenue in fiscal year 2006.

Key revenue growth strategies of the Professional/Trade business include adding value to its content, developing its leading brands and franchises, and executing strategic acquisitions. Revenue for the Company's worldwide Professional/Trade business grew at a compound annual rate of approximately 18% over the past five years.

Publishing alliances and franchise products are central to the Company's strategy. The Company's ability to bring together Wiley's product development, sales, marketing, distribution and technological capabilities with a partner's content and brand name recognition has been a driving factor in its success. Professional/Trade alliance partners include General Mills, MTV, the Culinary Institute of America, the American Medical Association, the American Institute of Architects, Mergent, Inc., the National Restaurant Association Educational Foundation, the Leader to Leader Institute (formerly The Peter F. Drucker Foundation) and Morningstar, among many others.

The Company's Professional/Trade customers are professionals, consumers, and students worldwide. Highly respected brands and extensive backlists are especially well suited for online bookstores such as Amazon.com. With their unlimited "virtual" shelf space, online retailers merchandise the Company's products for longer periods of time than brick-and-mortar bookstores.

The Company promotes an active and growing Professional/Trade custom publishing program. Custom publications are typically used by organizations for internal promotional or incentive programs. Books are specifically written for a customer or an existing Professional/Trade publication can be customized, such as having the cover art include custom imprint, messages or slogans. Of special note are customized For Dummies publications, which leverage the power of this well-known brand to meet the specific information needs of a wide range of organizations around the world.

Key Acquisitions: The Company's business plan includes organic growth as well as growth through acquisitions. Key strategic Professional/Trade acquisitions over the past five years include: (i) In fiscal year 2006, the publishing assets of Sybex, Inc., a leading publisher to the global information technology professional community for nearly 30 years. Sybex published about 100 new titles a year and maintained a backlist of over 450 titles in digital photography, operating systems, programming and gaming categories. (ii) In fiscal year 2003, a list of approximately 250 titles from Prentice Hall Direct, a unit of Pearson Education. These titles include a collection of practical, "hands-on" teaching resources, which complement the Company's renowned Jossey-Bass education series and its market-leading Janice Van Cleave series. (iii) In fiscal year 2002, the Company acquired Hungry Minds Inc., a leading publisher with an outstanding collection of respected brands, with such product lines as the For Dummies series, the Frommer's and Unofficial Guide travel series, the Bible and Visual technology series, the CliffsNotes study guides, Webster's New World dictionaries, and Betty Crocker and Weight Watchers cookbooks. (iv) In fiscal year 2002, the Company acquired Frank J. Fabozzi Publishing and Australian publisher, Wrightbooks Pty Ltd., both publishers of high quality finance books for the professional market.

Scientific, Technical, and Medical (STM):

The Company is a leading publisher for the scientific, technical, and medical communities worldwide including, scientists, researchers, clinicians, engineers, students and professors, and academic and corporate librarians. STM products include journals, major reference works, reference books and protocols, in print and online. STM publishing areas include the life and physical sciences, select medical areas, chemistry, statistics and mathematics, electrical and electronics

engineering, and telecommunications. STM develops products for global distribution through multiple channels, including library consortia, subscription agents, bookstores, online booksellers, and direct sales to professional society members and other customers. Global STM represented 38% of total Company revenue in fiscal year 2006. STM's revenue grew at a compound annual rate of 9% over the past five years.

Established commercially in 1999, the Company's web-based service, Wiley InterScience (www.interscience.wiley.com), offers online access to more than 400 journals and 2,000 major reference works, online books, Current Protocols laboratory manuals and databases, as well as a suite of professional and management resources. Wiley InterScience is based on a successful business model that features Enhanced Access Licenses. One to three years in duration, Enhanced Access Licenses provide academic and corporate customers with multi-site online access. The Company also offers other flexible pricing options such as, Basic Access licenses, which provide click-on access title-by-title to the Company's electronic journal content. Access is also provided through Pay-Per-View, which serves customers who wish to purchase individual articles or chapters. With over 24 million users in 90 countries around the globe, Wiley InterScience is one of the world's leading providers of scientific, technical, and medical content.

Wiley InterScience takes advantage of technology to update content frequently, and it adds new features and resources on an ongoing basis to increase the productivity of scientists, professionals and students. Two examples are EarlyView, through which customers can access individual articles well in advance of print publication, and MobileEditions, which enables users to view tables of content and abstracts on wireless handheld devices and Web-enabled phones.

In 2005, the Company announced an ambitious new program to digitize its entire historical journal content, dating back to the 1800s. Wiley's digitization of legacy content is designed to improve the research pathway and ensure content discovery is as seamless and efficient as possible. The initiative is scheduled for completion in 2007. The backfile collection, which is available online through Wiley InterScience, will span two centuries of scientific research and comprise over 7.5 million pages - one of the largest archives of its kind issued by a single publisher. As of April 30, 2006 approximately 70% of the Company's journal content was digitized and made available to customers.

Publishing alliances play a major role in STM's success. The Company publishes the journals of prestigious societies, including the American Cancer Society's flagship publication, Cancer. These alliances bring mutual benefit, with the societies gaining Wiley's publishing and marketing expertise, while Wiley receives peer-reviewed content and enhanced visibility among society memberships.

Key Acquisitions: In fiscal year 2006, the Company acquired InfoPoems Inc., a leading provider of evidence-based medicine (EBM). This acquisition along with the Cochrane Collaboration database provides the foundation for the Company's fast growing suite of EBM products designed to improve patient healthcare at the point of care. Evidenced-based medicine facilitates the effective management of patients through clinical expertise informed by best practice evidence that is derived from medical literature.

In fiscal year 2002, the Company acquired A&M Publishing Ltd., a U.K.-based publisher for the pharmaceutical and health-care sectors, and GIT Verlag GmbH, a German publisher for the chemical, pharmaceutical, biotechnology, security, and engineering industries. These businesses derive revenue principally from advertising. From this base, the Company is building its program of advertising-based journal publications, including the acquisition of Dialysis and Transplantation in fiscal year 2006.

Higher Education:

The Company publishes educational materials for the higher education market in all media, focusing on courses in the sciences, geography, mathematics, engineering, accounting, business, economics, computer science, psychology, education, and modern languages. In Australia, the Company is also a leading publisher for the secondary school market.

Higher Education customers include undergraduate, graduate, and advanced placement students, educators, and lifelong learners worldwide. Product is delivered principally through college bookstores, online booksellers, and Web sites. Globally, Higher Educational publishing generated 19% of total Company revenue in fiscal year 2006. Through organic growth and acquired products, both print and electronic, the Company's worldwide Higher Education publishing revenue grew at a compound annual rate of 5% over the past five years.

Higher Education's mission is to help teachers teach and students learn. Our

strategy is to provide value-added quality materials and services through textbooks, supplemental study aids, course and homework management tools and more, in print and electronic formats. The Higher Education web site offers online learning materials with links to more than 4,000 companion sub-sites to support and supplement textbooks.

Higher Education delivers high-quality online learning materials that offer more opportunities for customization and accommodate diverse learning styles. The prime example is WileyPlus, an activity-based interface that provides an integrated suite of teaching and learning resources on one web site. By offering an electronic version of a text along with supplementary materials, content provided by the instructor, and administrative tools, WileyPlus supports the full range of course-oriented activities online-planning, presentations, study, homework, and testing.

The Company also supports online communities of interest such as the Wiley Faculty Network, a peer-to-peer network of faculty/professors supporting the use of online course material tools and discipline-specific software in the classroom. The Company believes this unique, reliable, and accessible service gives the Company a competitive advantage.

Higher Education is also leveraging the web in its sales and marketing efforts. The web enhances the Company's ability to have direct contact with students and faculty at universities worldwide through the use of interactive electronic brochures and e-mail campaigns.

Key Acquisitions: In fiscal year 2003, the Company acquired the assets of Maris Technologies to support the Company's efforts to produce web-enabled products. This acquisition included the market-leading software Edugen, which provides the underlying technology for WileyPlus. Located in Moscow, the development facility is staffed by approximately 52 programmers and designers who had been employed in the space program of the former Soviet Union. In fiscal year 2002 the Company acquired publishing assets consisting of 47 higher education titles from Thomson Learning. The titles are in such areas as business, earth and biological sciences, foreign languages, mathematics, nutrition, and psychology.

Publishing Operations

Journal Products:

The Company publishes over 2,400 journals and other subscription-based STM and Professional/Trade products, which accounted for approximately 33% of the Company's fiscal year 2006 revenue. Most journals are owned by the Company, in which case they may or may not be sponsored by a professional society. Some are owned by societies and published by the Company pursuant to contracts. Societies that sponsor or own such journals generally receive a royalty and/or other consideration. The Company usually enters into agreements with outside independent editors of journals that state the duties of the editors, and the fees and expenses for their services. Contributors of journal articles transfer publication rights to the Company or a professional society, as applicable.

Journal subscriptions result primarily from licenses for Wiley InterScience negotiated directly with customers or their subscription agent by the Company's sales representatives, direct mail or other advertising, promotional campaigns, and memberships in professional societies for those journals that are sponsored by such societies. Licenses range from one to three years in duration.

Printed journals are generally mailed to subscribers directly from independent printers. Journal content is available online. Subscription revenue is generally collected in advance, and is deferred and recognized as earned when the related issue is shipped or made available online, or over the term of the subscription as services are rendered.

Book Products:

Materials for book publications are obtained from authors throughout most of the world through the efforts of an editorial staff, outside editorial advisors, and advisory boards. Most materials originate with their authors, or as a result of suggestion or solicitations by editors and advisors. The Company enters into agreements with authors that state the terms and conditions under which the materials will be published, the name in which the copyright will be registered, the basis for any royalties, and other matters. Most of the authors are compensated by royalties, which vary with the nature of the product and its anticipated sales potential. The Company may make advance payments against future royalties to authors of certain publications.

The Company continues to add new titles, revise existing titles, and discontinue

the sale of others in the normal course of its business, also creating adaptations of original content for specific markets fulfilling customer demand. The Company's general practice is to revise its textbooks every three to five years, if warranted, and to revise other titles as appropriate. Subscription-based products are updated more frequently on a regular schedule. Approximately 34% of the Company's fiscal year 2006 U.S. book-publishing revenue was from titles published or revised in the current fiscal year.

Professional and consumer books are sold to bookstores and online booksellers serving the general public; wholesalers who supply such bookstores; warehouse clubs; college bookstores for their non-textbook requirements; individual practitioners; and research institutions, libraries (including public, professional, academic, and other special libraries), industrial organizations, and government agencies.

The Company employs sales representatives who call upon independent bookstores, national and regional chain bookstores and wholesalers. Trade sales to bookstores and wholesalers are generally made on a returnable basis with certain restrictions. The Company provides for estimated future returns on sales made during the year principally based on historical experience. Sales of professional and consumer books also result from direct mail campaigns, telemarketing, online access, and advertising and reviews in periodicals.

Adopted textbooks and related supplementary material (i.e., textbooks prescribed for course use) are sold primarily to bookstores including online bookstores, serving educational institutions. The Company employs sales representatives who call on faculty responsible for selecting books to be used in courses, and on the bookstores that serve such institutions and their students. Textbook sales are generally made on a fully returnable basis with certain restrictions. The textbook business is seasonal, with the majority of textbook sales occurring during the June through August and November through January periods. There is an active used textbook market, which adversely affects the sales of new textbooks.

Like most other publishers, the Company generally contracts with independent printers and binderies for their services. The Company purchases its paper from independent suppliers and printers. The fiscal year 2006 weighted average U.S. paper prices increased approximately 6% over fiscal year 2005. Management believes that adequate printing and binding facilities, and sources of paper and other required materials, are available to it, and that it is not dependent upon any single supplier. Printed book products are distributed from both Company-operated warehouses and independent distributors.

The Company develops content in digital format that can be used for both online and print products, which results in productivity and efficiency savings, as well as enabling the Company to offer customized publishing and print-on-demand products. Book content is increasingly being made available online through Wiley InterScience, WileyPlus and other platforms, and in eBook format through licenses with alliance partners. The Company also sponsors online communities of interest, both on its own and in partnership with others, to expand the market for its products.

The Company believes that the demand for new electronic technology products will continue to increase. Accordingly, to properly service its customers and to remain competitive, the Company anticipates it will be necessary to increase its expenditures related to such new technologies over the next several years.

The internet not only enables the Company to deliver content online, but also helps to sell more books. The growth of online booksellers benefits the Company because they provide unlimited virtual "shelf space" for the Company's entire backlist.

Marketing and distribution services are made available to other publishers under agency arrangements. The Company also engages in co-publishing of titles with international publishers and in publication of adaptations of works from other publishers for particular markets. The Company also receives licensing revenue from photocopies, reproductions, and electronic uses of its content as well as advertising revenue from web sites such as Frommers.com.

Global Operations

The Company's publications are sold throughout most of the world through operations located in Europe, Canada, Australia, Asia, and the United States. All operations market their indigenous publications, as well as publications produced by other parts of the Company. The Company also markets publications through agents as well as sales representatives in countries not served by the Company. John Wiley & Sons International Rights, Inc. sells reprint and translations rights worldwide. The Company publishes or licenses others to publish its products, which are distributed throughout the world in many

languages. Approximately 41% of the Company's fiscal year 2006 revenue was derived from non-U.S. markets.

Competition and Economic Drivers Within the Publishing Industry

The sectors of the publishing industry in which the Company is engaged are highly competitive. The principal competitive criteria for the publishing industry are considered to be the following: product quality, customer service, suitability of format and subject matter, author reputation, price, timely availability of both new titles and revisions of existing books, online availability of published information, and timely delivery of products to customers.

The Company is in the top rank of publishers of scientific and technical journals worldwide, as well as a leading commercial chemistry publisher at the research level; one of the leading publishers of university and college textbooks and related materials for the "hardside" disciplines, (i.e. sciences, engineering, and mathematics), and a leading publisher in its targeted professional/trade markets. The Company knows of no reliable industry statistics that would enable it to determine its share of the various international markets in which it operates.

Performance Measurements

The Company measures its performance based upon revenue, operating income, earnings per share and cash flow growth, excluding unusual or one-time events, and considering current worldwide and regional economic conditions. Because of the Company's unique blend of businesses, industry statistics do not always provide meaningful comparisons. The Company does maintain market share statistics for publishing programs in Professional/Trade and Higher Education. For Professional/Trade, market share statistics published by BOOKSCAN, a statistical clearinghouse for book industry point of sale in the United States, are used. The statistics include survey data from all major retail outlets, mass merchandisers, small chain and independent retail outlets. For Higher Education, the Company subscribes to Management Practices Inc., which publishes customized comparative sales reports.

Results of Operations

Fiscal Year 2006 Summary Results

For the full year, revenue advanced 7% over prior year to $1.0 billion, or 8% excluding foreign currency effects. The year-on-year growth was driven by all of Wiley's businesses around the world. Gross profit margin for fiscal year 2006 was 67.2% compared with 66.6% in the prior year. Improvements in STM, Higher Education and the European segment were partially offset by lower gross margins in Professional/Trade and other segments.

Operating and administrative expenses increased 8% over the prior year. Foreign exchange accounted for approximately $1.9 million of the increase. Editorial, sales, marketing and distribution costs to support revenue growth, and investments in technology were partially offset by lower costs associated with certification of internal controls as required by Sarbanes-Oxley 404. Operating and administrative expenses as a percent of revenue were 51% in both years.

Operating income advanced 8% to $152.7 million in fiscal year 2006 or 9% excluding adverse foreign currency effects. Revenue growth and improved gross margins were partially offset by higher amortization due to acquisitions. Operating margin was 14.6% compared with 14.5% in fiscal year 2005. The operating margin increase reflects improvement in gross margin due to product mix, partially offset by higher amortization of intangibles. Net interest expense and other increased $3.1 million to $8.8 million, mainly due to higher interest rates.

The Company's effective tax rate was 23.3% in fiscal year 2006. Excluding the tax charges and benefits described in the non-GAAP financial disclosure, the effective tax rate for fiscal year 2006 increased to 33.2% as compared to 32.7% in fiscal year 2005. The increase was mainly due to higher effective foreign tax rates.

Earnings per diluted share and net income for fiscal year 2006 on a US GAAP basis were $1.85 and $110.3 million, respectively. Excluding the tax adjustments, which are further described below, earnings per diluted share and net income for fiscal year 2006 on a Non-GAAP basis rose 10% to $1.61 and 5% to $96.1 million, respectively. Growth in earnings per diluted share reflects

favorable operating performance and the Company's share repurchase program.

Non-GAAP Financial Measures: The Company's management evaluates performance excluding unusual and/or nonrecurring events. The Company believes excluding such events provides a more effective and comparable measure of performance. Since adjusted net income and adjusted earnings per share are not a measure calculated in accordance with GAAP, it should not be considered as a substitute for other GAAP measures, including net income and earnings per share, as reported, as an indicator of operating performance.

Adjusted net income and adjusted earnings per diluted share excluding the tax charges and benefits are as follows:

Reconciliation of non-GAAP financial disclosure

Net income (in thousands)	For the Years Ended April 30, 2006	2005
As reported	$110,328	$83,841
Tax (benefit) provision on dividends repatriated	(7,476)	7,476
Resolution of tax matters	(6,776)	-
Adjusted	$96,076	$91,317

Earnings per Diluted Share	For the Years Ended April 30, 2006	2005
As reported	$1.85	$1.35
Tax (benefit) provision on dividends repatriated	(.12)	.12
Resolution of tax matters	(.11)	-
Adjusted	$1.61	$1.47

Pursuant to guidance issued by the Internal Revenue Service in May 2005, the Company recorded a tax benefit of approximately $7.5 million, or $0.12 per diluted share, in the first quarter of fiscal year 2006, and reduced income taxes due on the fiscal year 2005 repatriation of earnings from its European subsidiaries. As previously discussed in the Company's Annual Report filed on Form 10-K for fiscal year 2005, the tax benefit offsets a tax charge of $7.5 million recorded in the fourth quarter of fiscal year 2005, neither of which had a cash impact to the Company.

A $6.8 million, or $0.11 per diluted share, tax benefit related to the favorable resolution of certain tax matters with tax authorities was also reported for the full year ending April 30, 2006. The Company's management excludes these tax items for comparative purposes so as to not distort the underlying operating performance of the Company.

Cash flow provided by operating activities in fiscal year 2006 of $242.6 million was used to fund investing activities ($113.6 million), inclusive of $31.4 million for the acquisition of publishing assets; to acquire 2.8 million shares of treasury stock ($108.9 million); repay debt ($32.5 million); and for cash dividends to shareholders ($21.1 million).

Fiscal Year 2006 Segment Results

Professional/Trade (P/T):

Dollars in thousands	2006	2005	% change
Revenue	$380,191	$350,338	9%
Direct Contribution	$106,971	$102,326	5%
Contribution Margin	28.1%	29.2%	

Revenue growth of Wiley's U.S. P/T business accelerated throughout fiscal year

2006, culminating in a strong fourth quarter. Revenue for the full year advanced 9% to $380 million, while fourth quarter revenue reached a record $106 million, 13% over the same period in the prior year. Virtually all of P/T's publishing categories and sales channels contributed to the strong results, with standout performances by the technology, business, finance and architectural programs, as well as global rights and website advertising. P/T's finance and leadership programs, as well as the Sybex technology titles it acquired in May 2005, and the popularity of the Sudoku for Dummies series helped to deliver the record-setting results. The Sybex acquisition contributed approximately $9 million to revenue.

Direct contribution to profit was up 5% for the year. The improvement in top-line results was partially offset by higher cost of sales mainly due to product mix.

A number of successful titles contributed to the year's results, notably The Little Book That Beats the Market by Joel Greenblatt; Sudoku For Dummies, Volumes 1-3 by Andrew Herron and Edmund James; Weight Watcher's New Complete Cookbook; Betty Crocker Cookbook: Everything You Need to Know to Cook Today; and Hedgehogging by Barton Biggs. Several perennial favorites and new titles also made significant contributions, including Five Dysfunctions of a Team by Patrick Lencioni; his new title, Silos, Politics, and Turf Wars; Automatic Wealth by Michael Masterson; and The Party of the Century: The Fabulous Story of Truman Capote and His Black and White Ball by Deborah Davis. A new series, Frommer's Day by Day, and the first Frommers.com Podcast, successfully extended this key brand.

Media attention was particularly focused on a number of titles tied to current affairs (Bird Flu by Marc Siegel and The Global Class War by Jeff Faux); popular products (The Bear Necessities of Business: Building a Company with Heart by Maxine Clark and Amy Joyner at the flagship Build-a-Bear store); or movies (Party of the Century by Deborah Davis which capitalized on the success of the movie, Capote), as well as well-known authors (The Poker Face of Wall Street, Aaron Brown and Hedgehogging by Barton Biggs). Aggressive marketing kept Wiley brands and titles in the public eye, including a major advertising campaign for Little Book That Beats the Market in The Wall Street Journal and Bloomberg radio; the annual For Dummies month promotions; and a pay-per-view webcast with Amazon.com, featuring author Pat Lencioni.

More than 800 articles were adapted from the For Dummies text for licensing with Yahoo Tech, a new website that provides consumers with advice and information on technology. An agreement with Microsoft was signed to license content from seven of Wiley's top cookbooks, including How to Cook Everything by Mark Bittman, Cooking at Home with The Culinary Institute of America, and Mr. Boston: Official Bartender's and Party Guide by Mr. Boston, Anthony Giglio, and Steven McDonald).

Mark Bittman received a James Beard Foundation Media Broadcast Award in the category National Television Food Show for his work as host of the PBS series, How to Cook Everything, which is tied in with the Wiley title of the same name. The Handbook of Human Resources Management in Government by Stephen Condrey won "Best Public Sector Human Resources Management Book" award of the American Society for Public Administration. Lee Shulman, President of the Carnegie Foundation for the Advancement of Teaching, won the prestigious Grawemeyer Award in Education for 2006, for The Wisdom of Practice.

Scientific, Technical, and Medical (STM):

Dollars in thousands	2006	2005	% change
Revenue	$206,008	$190,515	8%
Direct Contribution	$96,009	$88,899	8%
Contribution Margin	46.6%	46.7%	

Wiley's U.S. STM business delivered consistently excellent results throughout fiscal year 2006, growing revenue over prior year by 8% to $206 million. Direct contribution to profit also rose by 8% for the year.

Subscription and non-subscription revenue from journal backfiles, advertising, and commercial reprints contributed significantly to growth. The reference book program completed its second year of strong growth driven by strong title output and global market strength. STM also benefited from recent acquisitions of Dialysis and Transplantation, a medical journal and InfoPOEMs, a provider of evidence-based medicine content.

Wiley InterScience, the Company's online service, reached a milestone midway through the fiscal year: more than one million journal articles are now available online. The value of this growing body of literature to the global

research community can be quantified in the concurrent increase in the number of users, as well as the number of manuscripts submitted for publication.

In fiscal year 2006, U.S. STM received approximately 9% more journal manuscripts and published 8% more journal pages than the previous year. More people gained access to Wiley InterScience by taking advantage of alternate purchasing programs, such as Pay-Per-View, which began offering individual article sales from the growing backfile collection during this year. At the end of the fiscal year, Wiley participated with Microsoft in the launch of Windows Live Academic Search pilot, which improves the search capabilities of journal content from Wiley and ten other major STM publishers.

Important publications during the year include the inaugural issue of a pharmaceutical-company sponsored Chinese-language digest version of Hepatology; the Physics and Astronomy Backfile, which includes the oldest journal published by Wiley, Annalen der Physik, founded in 1799; the first two issues of the Journal of Hospital Medicine; and a refurbished Annals of Neurology. Also released during the fourth quarter were the new 18th edition of the Merck Manual; the 8th edition of The Wiley Registry of Mass Spectral Data; and a wide array of single and multi-volume reference works.

During the fourth quarter, the Company reached an agreement with the Institute of Electrical and Electronics Engineers of Japan to publish a new English-language journal, IEEJ Transactions; extended its long-term publishing agreement for the Journal of Research in Science Teaching; and began publication of the Journal of Orthopedic Research in partnership with the Orthopedic Research Society.

Higher Education:

Dollars in thousands	2006	2005	% change
Revenue	$156,235	$150,905	4%
Direct Contribution	$40,065	$38,221	5%
Contribution Margin	25.6%	25.3%	

Wiley's U.S. Higher Education business increased 4% to $156 million in fiscal year 2006. Continuing to build on the strength experienced in the third quarter, fourth quarter revenue advanced 15% to $23 million compared to the previous year's quarter. Higher Education's direct contribution margin for the year improved 30 basis points to 25.6% mainly due to lower composition costs and inventory provisions.

The mathematics, life sciences, engineering and computer science programs performed extremely well during the year, with strong showings by Tortora/Principles of Anatomy and Physiology; Black/Microbiology; Voet/Fundamentals of Biochemistry; Hughes-Hallet/Calculus; Anton/Calculus; Munson/Fluid Mechanics; and Horstman/Big Java.

WileyPLUS continued to gain traction during fiscal year 2006, as more students and faculty around the world chose to use its customizable multi-format suite of content, teaching and learning tools to help them do homework, study for tests, assess coursework, and administer classes.

Wiley has developed a wider array of products at varied price points. The Company is now offering over 50 titles in Wiley Desktop Editions, which are in downloadable e-text format, intended for students who want lower-priced versions of textbooks. Wiley began to produce Desktop Editions in partnership with VitalSource Technologies, Inc., during the second quarter, and expects to nearly double the number of titles in the program by calendar year-end.

Soon after the end of the fiscal year, Wiley became Microsoft's sole publishing partner worldwide for all Microsoft Official Academic Course (MOAC) materials. Microsoft and Wiley will collaborate on a new co-branded series of textbook and e-learning products for the higher education market, to be released under Wiley-Microsoft logos. Wiley will also assume responsibility for the sale of existing MOAC titles. The new series will offer topics covering Windows Vista, Microsoft Office Systems 2007, and the Windows Server codenamed "Longhorn." All titles will be marketed globally and available in several languages. With Microsoft's position as the world's leading software company and Wiley's global presence in higher education, the alliance is an ideal strategic fit.

Earlier in the year, Higher Education extended its global alliance with the National Geographic Society to create new products sold exclusively with Wiley

textbooks and WileyPLUS.

Europe:

Dollars in thousands	2006	2005	% change	% excluding FX
Revenue	$292,462	$268,857	9%	12%
Direct Contribution	$93,415	$86,226	8%	11%
Contribution Margin	31.9%	32.1%		

Fiscal Year 2006 was another strong year for Wiley's European-based companies, with revenues for the year advancing 9% over the prior year to $292 million, or 12% excluding foreign currency effects. Virtually all of Wiley Europe's businesses, product lines, and markets contributed to the performance. Strong performance was exhibited in P/T and STM book publishing, as well as journals. Global sales from the Sudoku For Dummies series contributed to the increase in P/T revenue. Direct contribution margin was essentially in line with the prior year's results.

Best-selling books included products as diverse as the second edition of Encyclopedia of Inorganic Chemistry, edited by R. Bruce King, and the enormously popular Sudoku For Dummies and Kakuro For Dummies. The power of the For Dummies brand was evidenced by the publication of a six-figure print run of a custom mini-book for the World Cup, Winning on Betfair For Dummies. The German For Dummies program published 51 new titles and 49 reprints during fiscal year 2006.

The expansion of Wiley Europe's publishing portfolio has opened up new markets and customer groups. The technology channel saw strong growth throughout the year with a series of agreements with major telecommunications corporations. In February, the Company entered a popular new market with the acquisition of Fernhurst Books, a best-selling list of manuals and guides on sailing, boating, and other nautical sports. The first seven titles of the Securities and Investment Institute series published during fiscal year 2006.

Wiley Europe's new journals, small, an interdisciplinary journal on nanoscience and nanotechnology embracing materials science, physics, chemistry and biosciences and the related engineering areas ChemMedChem; and the Biotechnology Journal, all performed well. Chemistry-An Asian Journal, an alliance between Wiley-VCH, the German Chemical Society, and several major Asian chemical societies, gained traction during the year as new societies signed on, including The Singapore National Institute of Chemistry and the Chemical Society located in Taipei.

The Cochrane Collaboration, an evidence-based medicine collection, available through Wiley InterScience, finished the year strongly reflecting Wiley's ability to increase revenue through the Company's multiple sales channels. To extend Wiley's product offering in evidence-based medicine, Wiley Europe and Duodecim Medical Publications Limited of Helsinki, Finland announced an expanded agreement to grant Wiley the exclusive publishing, sales, and distribution rights of its English language version of Evidence-Based Medicine Guidelines (EBM Guidelines). The guidelines are designed to be read on small screens, and are available via the Internet and through Personal Digital Assistants (PDA) devices.

Asia, Australia, and Canada:

Dollars in thousands	2006	2005	% change	% excluding FX
Revenue	$123,950	$108,649	14%	12%
Direct Contribution	$26,747	$24,868	8%	3%
Contribution Margin	21.6%	22.9%		

Wiley's revenue in Asia, Australia, and Canada advanced 14% over the previous year to $124 million, or 12% excluding foreign currency effects. Higher Education and secondary school publishing in Australia and P/T sales in Asia and Canada drove the improvement over the prior year. Direct contribution to profit for the year increased 8%, or 3% excluding foreign currency effects.

Revenue growth was partially offset by product mix in Canada and Asia. Wiley Asia experienced growth across all product lines, particularly in India, Japan and China. Wiley Canada's P/T performance was very strong and its Higher Education program was solid. In Australia, all three businesses delivered strong

results.

At the end of the third quarter, Wiley Asia acquired the remaining outstanding shares of Wiley Dreamtech (India) Private LTD. The acquisition is an important step in the Company's plans to grow Wiley's presence in India, extending its sales and marketing reach and building local publishing capabilities in an important and rapidly growing market. Wiley acquired a majority interest in Dreamtech in 2001 as part of its highly successful acquisition of Hungry Minds, Inc.

Wiley Australia was once again named Secondary Publisher of the Year by the Australian Publishers Association and Higher Education Publisher of the Year by the Australian Campus Booksellers Association, for the 9th and 8th times, respectively, during the last decade. Wiley Australia was also awarded, for the fifth year in a row, the 'Employer of Choice for Women' citation by the Federal Government's Equal Opportunity in the Workplace Agency. Wiley is the only publisher that has earned this honor during the program's entire five-year history.

Considerable success was achieved in Canada with the sale of WileyPLUS, demonstrating the product's global appeal. The number of titles available with WileyPLUS more than doubled from fiscal year 2005, giving the sales force opportunity to sell it into more course areas. During fiscal year 2006, Wiley Canada added to its indigenous P/T program by becoming a key publisher in the regional real estate markets. Sales throughout the year in real estate investing, home inspection, property management, tax, and other subcategories were very strong, as the Company added a number of titles to its portfolio.

Fiscal Year 2005 Summary Results

In fiscal year 2005 revenue advanced 6% over the prior year to $974 million, or 4% excluding foreign currency effects. The year-on-year growth was driven primarily by the Company's global Scientific, Technical and Medical business and the Professional/Trade business, particularly in Europe and Asia. Gross profit margin for fiscal year 2005 was 66.6% compared with 66.5% in the prior year. Improvements in U.S. Professional/Trade and the European segment were partially offset by lower gross margins in other segments.

Operating and administrative expenses, excluding the adverse impact of foreign exchange on costs (approximately $6.5 million), increased 3% over the prior year. Sales and marketing costs to support revenue growth, annual performance compensation costs, auditing and compliance costs associated with certification of internal controls as required by Sarbanes-Oxley 404 ($3.2 million) and investments in technology to deliver products to our customers were partially offset by relocation incentive receipts from the State of New Jersey. Operating and administrative expenses as a percent of revenue improved 50 basis points to 51%, reflecting prudent expense management.

Operating income advanced 9% to $141.4 million in fiscal year 2005, or 7% excluding foreign currency gains. Primarily revenue growth, lower inventory and royalty provisions and prudent expense management drove the year-on-year growth. Operating margin was 14.5% compared with 14.0% in fiscal year 2004. The operating margin increase reflects improvement in gross margin and lower operating and administrative expenses as a percentage of revenue. Net interest expense and other increased $1.4 million to $5.7 million. Higher interest rates were partially offset by lower debt.

The Company's effective tax rate was 38.2% in fiscal year 2005. Excluding the tax charges and benefits described in the non-GAAP financial disclosure, the effective tax rate for fiscal year 2005 increased to 32.7% as compared to 31.4% in fiscal year 2004, mainly due to higher effective foreign tax rates.

Earnings per diluted share and net income for fiscal year 2005 were $1.35 and $83.8 million. Excluding the tax accrual on the dividends repatriated from European subsidiaries in fiscal year 2005 and the tax benefit reported in fiscal year 2004, which are described below, earnings per diluted share and net income for the fiscal year ended April 30, 2005 rose 8% to $1.47 and 6% to $91.3 million, respectively.

Non-GAAP Financial Measures: The Company's management evaluates operating performance excluding unusual and/or nonrecurring events. The Company believes excluding such events provides a more effective and comparable measure of performance. Since adjusted net income and adjusted earnings per share are not a measure calculated in accordance with GAAP, it should not be considered as a substitute for other GAAP measures, including net income and earnings per share, as reported, as an indicator of operating performance.

Adjusted net income and adjusted earnings per diluted share excluding the tax

charges and benefits are as follows:

Reconciliation of non-GAAP financial disclosure

Net income (in thousands)	For the Years Ended April 30, 2005	2004
As reported	$83,841	$88,840
Resolution of tax matters	-	(3,019)
Tax charge on dividends repatriated	7,476	-
Adjusted	$91,317	$85,821

Earnings per Diluted Share	For the Years Ended April 30, 2005	2004
As reported	$1.35	$1.41
Resolution of tax matters	-	(.05)
Tax charge on dividends repatriated	.12	-
Adjusted	$1.47	$1.36

During the fourth quarter of fiscal year 2005, the Company elected to repatriate approximately $94 million of dividends from its European subsidiaries under the American Jobs Creation Act of 2004, which became law in October 2004. The law provided a favorable one-time tax rate on dividends from foreign subsidiaries. The tax accrual on the dividend included approximately $7.5 million, or $0.12 per diluted share of tax, which had no cash impact on the Company. The income statement effect recorded in the fourth quarter of fiscal year 2005 was fully offset by a tax benefit recognized by the Company in the first quarter of fiscal year 2006.

In the third quarter of fiscal year 2004, the Company reported a net tax benefit of $3.0 million, or $0.05 per diluted share, due to a favorable resolution of certain state and federal tax matters and an adjustment of accrued foreign taxes.

Cash flow provided by operating activities in fiscal year 2005 increased 15% to $243.5 million from $212.2 million in the prior year. Cash provided by operating activities, net of cash used for investments in product development and property, equipment and technology of $91.2 million, was utilized during the year to acquire 2.9 million shares of Class A common stock ($94.8 million); acquire publishing assets (aggregating $22.5 million); purchase marketable securities of ($10.0 million); and pay dividends to shareholders ($18.1 million).

Fiscal Year 2005 Segment Results

Professional/Trade (P/T):

Dollars in thousands	2005	2004	% change
Revenue	$350,338	$340,252	3%
Direct Contribution	$102,326	$93,945	9%
Contribution Margin	29.2%	27.6%	

Revenue of Wiley's U.S. P/T business increased 3% to $350.3 million in fiscal year 2005, as a result of organic growth in key publishing categories, particularly For Dummies books, the professional culinary program and Webster's New World Dictionary. High-end technology titles showed improvement for the year, while consumer technology publishing remained sluggish. Other publishing revenue, principally generated through brand licensing, the sale of rights and online advertising and improved sales return experience also contributed to the favorable results.

P/T's direct contribution to profit was up 9% over fiscal year 2004, reflecting gross margin improvement due to lower inventory, sales returns and author advance provisions, and prudent expense management. Contribution margin increased by 160 basis points to 29.2% reflecting lower provisions and product mix.

Titles included on bestseller lists for the year were the market-leading J.K. Lasser's Your Income Tax, as well as Lencioni/Five Dysfunctions of a Team and Tyson/Investing For Dummies; Winger/Shut Up, Stop Whining and Get a Life; Scott/Mentored by a Millionaire; Harkins/Everybody Wins; Lencioni/Death by Meeting; Allen/Multiple Streams of Income; Mauldin/Bull's Eye Investing; and Tisch/The Power of We. The second editions of three bestselling Windows XP For Dummies titles were published during the year, tied to Microsoft's launch of the Windows XP Service Pack 2.

P/T took advantage of the considerable potential of its industry-leading brands throughout fiscal year 2005. Frommers.com, Dummies.com, and CliffsNotes.com all had a strong year, in terms of site traffic, subscriber counts and sales. A redesigned CliffsNotes.com launched in August, forming the cornerstone of a major brand awareness initiative and significantly increasing traffic to the website. In January, a redesigned Frommers.com site was launched that includes several new features, improved search functionality and standard ad sizes to accommodate advertiser demand. These improvements were well received, as evidenced by record highs in monthly traffic and book sales.

An agreement with MTV was signed during the year to publish an eight volume series of travel guides targeted to students and co-branded as MTV and Frommer's. A new site supporting direct ordering by government employees went live in March, providing product information and facilitating the purchase of Wiley titles.

P/T's custom publishing had a banner year in fiscal year 2005. These products are typically used by organizations for promotional or incentive programs. Books are specifically written for a customer or an existing P/T publication can be customized, such as having the cover art include custom imprint, messages or slogans. Of special note are customized For Dummies publications, which are in great demand by corporations and organizations around the world that want to leverage the power of this well known brand.

During the year, Wiley signed an agreement with TTE Corporation, the manufacturer of RCA digital television products, to publish HDTV For Dummies; launch a "Digital TV Center" site featuring technical articles and related information; and create a customized reference and setup guide that will be packaged with select RCA products.

Scientific, Technical, and Medical (STM):

Dollars in thousands	2005	2004	% change
Revenue	$190,515	$178,100	7%
Direct Contribution	$88,899	$86,310	3%
Contribution Margin	46.7%	48.5%	

Wiley's U.S. STM revenue increased 7% to $190.5 million in fiscal year 2005. Electronic journals, new society publications and non-subscription revenue, such as STM reference books, journal backfiles and advertising sales, all contributed to the year-on-year growth.

STM's direct contribution to profit for fiscal year 2005 was up 3% over prior year, reflecting the combined effects of increased revenue and favorable product mix, partially offset by costs associated with new society journals. Contribution margin for the year decreased 180 basis points to 46.7% principally due to increased revenue from new professional society journals and STM reference books. While society journals generate margins that exceed the Company's consolidated margins, they are less than the margins of wholly owned journals.

Globally, the STM business recorded strong growth, up approximately 9% for the full year. Journals and books, in print and online, contributed to year-on-year growth. The global STM book program recorded its sixth consecutive quarter of robust growth, especially in Europe and Asia, resulting in an increase of 12% in fiscal year 2005 over the previous year. It was also a strong year for the electronic major reference work program.

The Company's STM business continued its transformation to digital access through Wiley InterScience. Electronic journal subscriptions to Wiley

InterScience are principally sold through Enhanced Access Licenses. One to three years in duration, these licenses provide academic and corporate customers with multi-site online access. In fiscal year 2005, STM enjoyed healthy renewals of Enhanced Access Licenses for Wiley InterScience.

More customers are also gaining access to Wiley InterScience through Google and taking advantage of alternative pricing programs such as Pay-Per-View and the new, customer-driven pricing model for Wiley InterScience Online Books. Reference linking improvements, new marketing initiatives like Google Adword, ISI alerts and Wiley InterScience feature boxes and the addition of content, including new society journals and backfile collections, also contributed to access growth. As a result, usage during the fourth quarter increased 23% over the third quarter and 56% over the previous year's fourth quarter.

Additional digitized journal backfiles were added to Wiley InterScience through the launch of the Cell & Developmental Biology, Analytical Science and Neuroscience collections. The Company announced its ambitious new program to digitize its entire historical journal content, dating back to the 1800s. Wiley's digitization of legacy content is designed to improve the research pathway and ensure content discovery is as seamless and efficient as possible. This initiative is scheduled for completion in 2007.

Wiley continued to develop its journal and book programs by forming partnerships with prominent national, regional and international societies. In the fourth quarter, the Company executed a multi-year co-publishing agreement with the American Institute of Chemical Engineers. Earlier in the year, the Company signed agreements with the Orthopaedic Research Society and the Society of Hospital Medicine. The American Society of Cytopathology adopted as its official journal Cancer Cytopathology, which Wiley publishes on behalf of the American Cancer Society.

Higher Education:

Dollars in thousands	2005	2004	% change
Revenue	$150,905	$152,861	-1%
Direct Contribution	$38,221	$41,749	-8%
Contribution Margin	25.3%	27.3%	

Wiley's U.S. Higher Education business closed out a challenging year with revenue of $150.9 million, down 1% from the previous year. The decrease reflected industry-wide price resistance among students and continued softness in engineering, mathematics and computer sciences, and was partially offset by improved sales returns. Higher Education's direct contribution to profit in fiscal year 2005 was down 8% from the previous year and contribution margin decreased 200 basis points to 25.3%, reflecting the top-line results, investments in new products, services and business models, and inventory write-offs.

During the fourth quarter, Higher Education began to roll out a strong frontlist for the coming academic year, with a number of promising first editions, as well as revisions of widely used titles. In addition, the number of lower-cost textbooks being offered continues to increase. Outside the States, more local adaptations of U.S. textbooks are being published, primarily for markets in Asia and the Middle East.

During fiscal year 2005, Higher Education signed a multi-year publishing agreement with the National Geographic Society (NGS), one of the world's foremost research and educational societies. Wiley will create textbooks and digital learning tools that will incorporate maps, photographs, graphics, illustrations and videos from the NGS's vast library. During the first quarter, Wiley renewed and expanded its agreement with Rand McNally & Co. to be the exclusive distributor to the higher education community of their Goode's World Atlas. Other alliances formed during the year include agreements with GlobalSpec to provide search functionality to engineering students through WileyPlus; OuterNet Publishing to co-develop lab manuals for introductory biology textbooks; Tata, a software developer in India, for licensing and selling business simulations; Just Ask! to create customized online solutions for several Wiley textbooks; and Aplia to sell Besanko/Microeconomics 2e along with their software product.

Europe:

Dollars in thousands	2005	2004	% change	% excluding FX
Revenue	$268,857	$238,436	13%	8%
Direct Contribution	$86,226	$74,585	16%	11%
Contribution Margin	32.1%	31.3%		

Fiscal year 2005 was a strong year for Wiley's European-based companies, with revenue for the year advancing 13% over the prior year to $268.9 million, or 8% excluding foreign currency effects. Journals and non-subscription revenue, such as STM reference books and advertising sales, contributed to the year-on-year growth. Indigenous and imported P/T titles also performed well. Direct contribution to profit for the year was up 16% over prior year or 11%, excluding foreign currency effects, reflecting top-line growth and favorable product mix.

Wiley's success in Europe was widespread with nearly all business categories growing strongly. Noteworthy performances included the Cochrane Collaboration in evidence-based medicine, the success of the U.K. For Dummies program and the robust performance of the STM book program.

Wiley continues to grow in Europe through an effective combination of organic growth and acquisitions. During the fourth quarter, the Company completed the acquisition of London-based publisher of books and journals for the Nursing, Speech and Language Therapy and Audiology, Psychology and Special Education markets. The acquisition brought to Wiley a distinguished list of professional reference books, peer-reviewed journals and textbooks. Acquisitions completed in fiscal year 2005 also included Microscopy and Analysis, a controlled circulation journal; the life science reference portfolio of the Nature Publishing Group; the book list of Professional Engineering Publishing; the publishing program of the Institute of Mechanical Engineers; and four journals from Henry Stewart Publications.

Wiley signed an agreement during the fourth quarter with the British Library for delivery of Wiley content through their document delivery service. Earlier in the year, the Company extended its publishing partnerships with the Society of Chemical Industry and the Cochrane Collaboration database. Closer collaboration with the American Health Care Journalists Society and the Centre for the Advancement of Health has generated media exposure for the database. Cooperative marketing initiatives with a number of scholarly societies have also been formed to promote other Wiley publications.

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. An agreement was also signed during the third quarter with the Securities Institute to publish a series of introductory finance books, bringing to Wiley a new source of authors and customers.

The power of the For Dummies brand in Europe was evident throughout fiscal year 2005. More than one million copies of Wi-Fi For Dummies, which was custom published for Intel, were distributed to their customers throughout the U.K. All visitors to the 2005 London Book Fair received a copy of the London Book Fair Tips For Dummies, which was supported and distributed by Reed Exhibitions. Over 160,000 copies of French History for Dummies have been sold since its publication.

Asia, Australia, and Canada:

Dollars in thousands	2005	2004	% change	% excluding FX
Revenue	$108,649	$98,986	10%	6%
Direct Contribution	$24,868	$22,218	12%	2%
Contribution Margin	22.9%	22.4%		

Wiley's revenue in Asia, Australia and Canada was up a combined 10% to $108.6 million, or 6% excluding foreign currency effects. Revenue growth in all regions contributed to the improvement, particularly Asia, which grew 11% for the year. Direct contribution to profit in fiscal year 2005 increased 12% over the previous year, or 2% excluding foreign currency effects. The Canadian and Australian companies purchase certain products from other Wiley locations in U.S. dollars while primarily selling in local currency, thereby contributing to the more favorable results including foreign currency effects.

Asia showed impressive revenue growth, particularly during the second half of

the year. STM books had an excellent year, driven by strong library markets in India, Taiwan, Japan and Korea, and increased research funding in Malaysia and Thailand. P/T revenue was up despite the challenging retail environment in many Asian markets. Sales grew strongly in adoption, library and corporate channels and in the business and finance, culinary and hospitality and architecture categories. Wiley Asia's Higher Education business picked up in the fourth quarter, mainly driven by strong adoption sales in the sciences, mathematics and engineering.

In Australia, the Higher Education and School businesses both had a good year due to the strength of local publishing, while P/T's performance was disappointing, as a result of a challenging retail environment. Wiley Australia was once again awarded the Employer of Choice citation from the Federal Government's Equal Opportunity in the Workplace Agency. Earlier in the year, the Australian Campus Booksellers Association and the Australian Publishers Association awarded Wiley Australia with Publisher of the Year awards.

In Canada, P/T sales exceeded expectations as a result of improved sell-through and lower returns at certain retail, online and mass-market accounts. Solid gains were realized in the For Dummies and STM book programs. Higher Education had a difficult year in Canada, reflecting similar concerns and conditions as in the U.S.

Liquidity and Capital Resources

The Company's cash and cash equivalents balance was $60.8 million at the end of fiscal year 2006, compared with $89.4 million a year earlier. Cash provided by operating activities in fiscal year 2006 was $242.6 million compared with $243.5 million in the prior year.

Net income plus non-cash items improved $43.4 million to $245.3 million and was offset by lower cash provided from working capital. Higher accounts receivable, reflecting higher fourth quarter book sales; increased inventory purchases; and higher income tax payments, net of refunds were partially offset by higher accounts and royalties payable, mainly due to business growth and timing; and higher accrued liabilities.

Pension contributions in fiscal year 2006 were $7.0 million, compared to $16.6 million in the prior year. The Company anticipates making pension contributions in fiscal year 2007 of approximately $15 million. Included within cash flow from deferred subscription revenues is higher journal subscription collections offset by a reduction of deferred revenue reflecting the recognition of the prior year subscription cash collections.

Cash used for investing activities for fiscal year 2006 was $113.6 million compared to $123.8 million in fiscal year 2005. The Company invested $31.4 million in acquisitions of publishing assets and rights compared to $22.5 million in the prior year. The current year acquisitions included the assets of Sybex Inc., a publisher of computer books and software; and InfoPOEM, Inc., a leading provider of evidence-based medicine content; rights to publish the Journal of Dialysis & Transplantation, a controlled circulation renal care journal; and the newsletter publishing division of Manisses Communications Group, a leading publisher of mental health and addiction information.

Marketable Securities of $10 million were sold during the year consisting of shares of variable rate securities issued by closed-end funds.

An increase in cash used for product development was partially offset by lower spending on property, equipment and technology. Additions to property, plant and equipment in fiscal years 2006 and 2005 are principally computer hardware and software to support customer products and improve productivity.

Cash used for financing activities was $157.3 million in fiscal year 2006, as compared to $113.5 million in fiscal year 2005. Cash was used primarily to purchase treasury stock, repay debt and pay dividends to shareholders.

On November 9, 2005, John Wiley and Sons, Inc. entered into a new $300 million revolving credit agreement with Bank of America as Administrative Agent and 14 other lenders. The Company has the option of borrowing at the following floating interest rates: (i) at a rate based on the London Interbank Offered Rate (LIBOR) plus an applicable margin ranging from .37% to .825% depending on the coverage ratio of debt to EBITDA; or (ii) at the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its prime rate; and (iii) LIBOR plus or minus an amount determined through a competitive bidding process among the lenders. The maximum amount outstanding at any time under option (iii) above cannot exceed $25 million. In addition, the Company will pay a facility fee ranging from .08% to .175% on the facility depending on the coverage ratio

of debt to EBITDA. The Company has the option to request an increase of up to $100 million in the size of the facility in minimum amounts of $25 million. The credit agreement contains certain restrictive covenants similar to those in the Company's prior credit agreements related to an interest coverage ratio, funded debt levels, and restricted payments, including a limit on dividends paid and share repurchases. The credit agreement will terminate on November 9, 2010. As of April 30, 2006, $150.0 million was outstanding under the new agreement.

Simultaneous with the execution of this agreement, the Company terminated its previous credit agreement and paid in full the amounts outstanding under that agreement by utilizing funds from the new facility. In connection with the early termination of the credit agreement the Company wrote-off $0.5 million of unamortized origination fees in the third quarter.

Borrowings this period, including those under the new credit agreement were $303.8 million while payments, including the paydown of the prior revolving credit and term loan facility were $336.3 million. Included in this activity is $50.0 million of borrowings under its former revolving credit facility to repay $50.0 million of the former outstanding term loan facility in advance of the scheduled due date. During fiscal 2005 the Company's European subsidiaries entered into a multicurrency revolving credit facility under which $46 million was borrowed during fiscal 2005.

Current year financing activities included the continuation of the Company's stock repurchase program as approximately 2,787,000 shares were repurchased at an average price of approximately $39.06. On February 4, 2005, the Company repurchased one million shares of its Class A stock at a price of $32.45 per share from several entities associated with the Bass group of Fort Worth, Texas. The transaction was paid out of existing cash balances.

The Company paid quarterly dividends of $0.09 per share versus $0.075 per share in the prior year. Under the current share repurchase program approved by the Company's Board of Directors in June of 2005, the Company has authorization to purchase up to approximately 2.1 million additional shares of its Class A Common Stock as of April 30, 2006.

The Company's operating cash flow is affected by the seasonality of its U.S. Higher Education business and receipts from its journal subscriptions. Journal receipts occur primarily during November and December from companies commonly referred to as journal subscription agents. Reference is made to the Credit Risk section, which follows, for a description of the impact on the Company as it relates to journal agents' financial position and liquidity. Sales in the U.S. higher education market tend to be concentrated in June through August, and again in November through January. The Company normally requires increased funds for working capital from May through September. Subject to variations that may be caused by fluctuations in inventory levels or in patterns of customer payments, the Company's operating cash flow is not expected to vary materially in the near term.

Working capital at April 30, 2006 was negative $35.8 million. Working capital is negative as a result of including, in current liabilities, deferred revenue related to journal subscriptions for which cash has been received. This deferred revenue will be recognized into income as the journals are shipped or made available online to the customers over the term of the subscription. Current liabilities as of April 30, 2006 include $143.9 million of such deferred subscription revenue.

The Company has adequate cash and cash equivalents available, as well as short-term lines of credit to finance its short-term seasonal working capital requirements. The Company does not have any off-balance-sheet debt.

Projected product development and property, equipment and technology capital spending for fiscal year 2007 is forecast to be approximately $75 million and $35 million, respectively. These investments will be funded primarily from internal cash generation, the liquidation of cash equivalents, and the use of short-term lines of credit.

A summary of contractual obligations and commercial commitments as of April 30, 2006 is as follows:

Dollars in millions

Contractual Obligations	Total	Payments due by period: Within Year 1	2-3 Years	4-5 Years	After 5 Years
Total debt	$160.5	$ -	$10.5	$150.0	$ -
Non cancelable Leases	195.6	27.4	50.8	41.7	75.7
Minimum royalty obligations	51.6	7.9	15.7	12.7	15.3

Other long term commitments	10.3	5.1	5.2	-	-
Total	$418.0	$40.4	$82.2	$204.4	$91.0

Market Risk

The Company is exposed to market risk primarily related to interest rates, foreign exchange, and credit risk. It is the Company's policy to monitor these exposures and to use derivative financial investments 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 instruments for trading or speculative purposes.

Interest Rates:

The Company had $160.5 million of variable rate loans outstanding at April 30, 2006, which approximated fair value. The Company did not use any derivative financial investments to manage this exposure. A hypothetical 1% change in interest rates for this variable rate debt would affect net income and cash flow by approximately $1.1 million.

Foreign Exchange Rates:

The Company is exposed to foreign exchange movements primarily in sterling, euros, Canadian and Australian dollars, and certain Asian currencies. Under certain circumstances, the Company may enter into derivative financial instruments in the form of foreign currency forward contracts as a hedge against specific transactions, including inter-company purchases. The Company does not use derivative financial instruments for trading or speculative purposes.

During the first quarter of fiscal year 2004 the Company entered into derivative contracts to hedge potential foreign currency volatility on a portion of fiscal year 2004 inventory purchases in Australia and Canada. The contracts were designated as cash flow hedges. All of the derivative foreign exchange contracts settled during fiscal year 2004 resulting in a pretax loss of approximately $300,000, which was recognized in cost of sales as the related inventory was sold. The Company did not enter into any other derivative contracts.

Credit Risk:

The Company's business is not dependent upon a single customer; however, the industry is concentrated in national, regional, and online bookstore chains. Although no one book customer accounts for more than 7% of total consolidated revenue, the top 10 book customers account for approximately 25% of total consolidated revenue and approximately 46% of total gross trade accounts receivable at April 30, 2006.

In the journal publishing business, subscriptions are primarily sourced through journal 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 is 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 account for approximately 17% of total consolidated revenue and no one agent accounts for more than 7% of total consolidated revenue. Insurance for these accounts is not commercially feasible and/or available.

Critical Accounting Policies

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Management continually evaluates the basis for its estimates; however, actual results could differ from those estimates, which could affect the reported results from operations.

Financial Reporting Release No. 60, released by the Securities and Exchange Commission, requires all companies to discuss critical accounting policies or

methods used in the preparation of financial statements. Note 2 of the " Notes to Consolidated Financial Statements" includes a summary of the significant accounting policies and methods used in preparation of our Consolidated Financial Statements. Set forth below is a discussion of the Company's more critical accounting policies and methods.

Revenue Recognition: In accordance with SEC Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements," the Company recognizes revenue when the following criteria are met: persuasive evidence that an arrangement exists; delivery has occurred or services have been rendered; the price to the customer is fixed or determinable; and collectibility is reasonably assured. If all of the above criteria have been met, revenue is principally recognized upon shipment of products or when services have been rendered. Subscription revenue is generally collected in advance, and is deferred and recognized as earned when the related issue is shipped or made available online over the term of the subscription. Where a product has been sold with multiple deliverables the Company follows EITF No. 00-21 "Accounting for Revenue Relationships with Multiple Deliverables" to determine the timing of revenue recognition. Collectibility is evaluated based on the amount involved, the credit history of the customer, and the status of the customer's account with the Company.

Allowance for Doubtful Accounts: The estimated allowance for doubtful accounts is based on a review of the aging of the accounts receivable balances, the historical write-off experience, and a credit evaluation of the customer. A change in the evaluation of a customer's credit could affect the estimated allowance. The allowance for doubtful accounts is shown as a reduction of accounts receivable in the accompanying consolidated balance sheets and amounted to $6.6 million and $7.3 million at April 30, 2006 and 2005, respectively.

Sales Return Reserve: The estimated allowance for sales returns is based on a review of the historical return patterns associated with the various sales outlets, as well as current market trends in the businesses in which we operate. Sales return reserves, net of estimated inventory and royalty costs, are reported as a reduction of accounts receivable in the Consolidated Statement of Financial Position and amounted to $55.8 million and $56.7 million at April 30, 2006 and 2005, respectively. A one percent change in the estimated sales return rate could affect net income by approximately $3.7 million. A change in the pattern or trends in returns could affect the estimated allowance.

Reserve for Inventory Obsolescence: Inventories are carried at cost or market whichever is lower. A reserve for inventory obsolescence is estimated based on a review of damaged, obsolete, or otherwise unsaleable inventory. The review encompasses historical unit sales trends by title; current market conditions, including estimates of customer demand; and publication revision cycles. A change in sales trends could affect the estimated reserve. The inventory obsolescence reserve is reported as a reduction of the inventory balance in the Consolidated Statement of Financial Position and amounted to $30.7 million and $24.2 million as of April 30, 2006 and 2005, respectively.

Allocation of Acquisition Purchase Price to Assets Acquired and Liabilities Assumed: In connection with acquisitions, the Company allocates the cost of the acquisition to the assets acquired and the liabilities assumed based on estimates of the fair value of such items including goodwill and other intangible assets. Such estimates include expected cash flows to be generated by those assets and the expected useful lives based on historical experience, current market trends, and synergies to be achieved from the acquisition and expected tax basis of assets acquired. For major acquisitions, the Company uses independent appraisers to confirm the reasonableness of such estimates.

Goodwill and Other Intangible Assets: Goodwill is the excess of the purchase price paid over the fair value of the net assets of the business acquired. Other intangible assets principally consist of branded trademarks, acquired publication rights and non-compete agreements. In accordance with SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment, or more often if events or circumstances occur which would more likely than not reduce the fair value of a reporting unit below its carrying amount. Other finite-lived intangible assets continue to be amortized over their useful lives. Acquired publication rights with definitive lives are amortized on a straight-line basis over periods ranging from 5 to 30 years. Noncompete agreements are amortized over the terms of the individual agreement.

Impairment of Long-Lived Assets: Depreciable and amortizable assets are only evaluated for impairment upon a significant change in the operating or macroeconomic environment. In these circumstances, if an evaluation of the undiscounted cash flows indicates impairment, the asset is written down to its estimated fair value based on discounted future cash flow.

Recent Accounting Standards

In December 2004, the FASB issued Statement No. 123 (revised 2004) ("SFAS 123R") "Share-Based Payments." SFAS 123R will require the Company to measure the cost of all employee stock-based compensation awards based on the grant-date-fair-value and to record that cost as compensation expense over the period during which the employee is required to perform service under the terms of the award. The statement requires that the unvested portion of all outstanding awards upon adoption be recognized using the fair value and the attribution methodologies previously determined under SFAS 123. The statement eliminates the alternative method of accounting for the employee share-based payments previously available under Accounting Principles Board Opinion No. 25.

In November 2005, the FASB issued FASB Staff Position (FSP) 123R-3, Transition Election Related to Accounting for the Tax effects of Share-Based Payment Awards, which provides an optional short cut method for calculating the historical pool of tax benefits upon adoption of FAS 123R. The Company will adopt FAS 123R, and the FSP beginning in the Company's first quarter of fiscal year 2007. The company will continue to use the Black-Scholes valuation method and will apply the modified prospective method. The magnitude of the impact of adoption of SFAS 123R cannot be predicted at this time, as it will depend on the levels of share-based incentive awards granted in the future. However, had the Company adopted SFAS 123R in prior periods, the pro forma impact of that standard would have approximated the impact of SFAS 123 as described in the "Stock-Based Compensation" section of Note 2.

There have been no other new accounting pronouncements issued during fiscal year 2006 that have had, or are expected to have, a material impact on our consolidated financial statements.

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

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

Results by Quarter (Unaudited)

Dollars in millions except per share data

	2006	2005
Revenue		
First Quarter	$236.7	$226.9
Second Quarter	262.7	247.1
Third Quarter	278.2	258.4
Fourth Quarter	266.6	241.6
Fiscal Year	$1,044.2	$974.0
Operating Income		
First Quarter	$32.2	$30.8
Second Quarter	43.5	40.1
Third Quarter	54.1	50.4
Fourth Quarter	22.9	20.1
Fiscal Year	$152.7	$141.4

Net Income		
First Quarter (a)	$27.9	$19.9
Second Quarter	27.0	26.5
Third Quarter (b)	40.9	32.8
Fourth Quarter (a)	14.5	4.6
Fiscal Year (a) (b)	$110.3	$83.8

Income Per Share	Diluted	Basic	Diluted	Basic
First Quarter (a)	$0.46	$0.47	$.32	$.32
Second Quarter	0.45	0.46	.42	.43
Third Quarter (b)	0.69	0.71	.53	.54
Fourth Quarter (a)	0.25	0.25	.08	.08
Fiscal Year (a)(b)	1.85	1.90	1.35	1.38

(a) In the fourth quarter of fiscal year 2005, the Company elected to repatriate approximately $94 million of dividends from its European subsidiaries under the American Jobs Creation Act of 2004, which became law on October 2004. The law provided for a favorable one-time tax rate on dividends from foreign subsidiaries. The tax accrued on the dividend in the fourth quarter of fiscal year 2005 was approximately $7.5 million, or $0.12 per diluted share. Pursuant to guidance issued by the Internal Revenue Service in May 2005, the Company recorded a tax benefit in the first quarter of fiscal year 2006 reversing the accrued tax recorded in the previous year. Neither the first quarter fiscal year 2006 tax benefit nor the corresponding fourth quarter fiscal year 2005 tax accrual had a cash impact on the Company.

(b) In the third quarter of fiscal year 2006, the Company recognized a net tax benefit of $6.8 million, or $0.11 per diluted share, related to the settlement of certain matters with tax authorities.

Quarterly Share Prices, Dividends, and Related Stockholder Matters

The Company's Class A and Class B shares are listed on the New York Stock Exchange under the symbols JWa and JWb, respectively. Dividends per share and the market price range by fiscal quarter for the past two fiscal years were as follows:

	Class A Common Stock			Class B Common Stock		
		Market Price			Market Price	
	Dividends	High	Low	Dividends	High	Low
2006						
First Quarter	$.090	$43.30	$35.65	$.090	$43.09	$35.85
Second Quarter	.090	45.23	36.69	.090	45.10	37.50
Third Quarter	.090	41.33	37.50	.090	41.01	37.82
Fourth Quarter	.090	39.63	35.83	.090	39.25	36.01
2005						
First Quarter	$.075	$33.50	$28.80	$.075	$33.30	$28.95
Second Quarter	.075	33.38	30.82	.075	33.30	31.15
Third Quarter	.075	35.58	32.07	.075	35.75	32.20
Fourth Quarter	.075	36.99	33.30	.075	37.00	33.45

As of April 30, 2006, the approximate number of holders of the Company's Class A and Class B Common Stock were 1,182 and 128 respectively, based on the holders of record and other information available to the Company.

During the fourth quarter ending on April 30, 2006 the Company purchased the following Common Stock under its stock repurchase program. The program was approved by the Company's Board of Directors and publicly announced in June 2005.

Month	Number of Shares Purchased	Average Price Paid Per Share	Maximum Shares Yet to be Purchased Under the Repurchase Plan
February	261,700	$38.64	2,541,230
March	241,500	$37.97	2,299,730
April	189,000	$37.23	2,110,730
Total	692,200	$38.02	

The Company's credit agreement contains certain restrictive covenants related to the payment of dividends and share repurchases. Under the most restrictive covenant, approximately $425.0 million was available for such restricted payments. Subject to the foregoing, the Board of Directors considers quarterly the payment of cash dividends based upon its review of earnings, the financial position of the Company, and other relevant factors.

Selected Financial Data

Dollars in thousands (except per share data)	For the years ended April 30 2006	2005	2004	2003	2002
Revenue	$1,044,185	$974,048	$922,962	$853,971	$734,396
Operating Income	152,679	141,381	129,379	120,261 (a)	87,763 (a)(b)
Net Income	110,328 (c)(d)	83,841 (c)	88,840 (e)	87,275 (a)(f)	57,316 (a)(b)
Working Capital (g)	(35,801)	(2,393)	17,641	(60,814)	(66,915)
Total Assets	1,026,009	1,032,569	998,946	972,240	896,145
Long-Term Debt	160,496	196,214	200,000	200,000	235,000
Shareholders' Equity	401,840	396,574	415,064	344,004	276,650
Per Share Data					
Income Per Share					
Diluted	$1.85 (c)(d)	$1.35 (c)	$1.41 (e)	$1.38 (a)(f)	$.91 (a)(b)
Basic	$1.90 (c)(d)	1.38 (c)	1.44 (e)	1.42 (a)(f)	.94 (a)(b)
Cash Dividends					
Class A Common	.36	.30	.26	.20	.18
Class B Common	.36	.30	.26	.20	.18

(a) In the fourth quarter of fiscal year 2002 Wiley finalized its commitment to relocate the Company's headquarters to Hoboken, N.J. The relocation was completed in the first quarter of fiscal year 2003. The amounts reported above include an unusual charge associated with the relocation of approximately $2.5 million, or $1.5 million after tax equal to $0.02 per diluted share in fiscal year 2003, and $12.3 million, or $7.7 million after tax equal to $0.12 per diluted share, in fiscal year 2002.

(b) At the beginning of fiscal year 2003, the Company adopted Statement of Financial Accounting Standard (SFAS) No. 142: "Goodwill and Other Intangible Assets." In accordance with SFAS No. 142, amortization of goodwill and indefinite life intangibles is discontinued. Fiscal year 2002 includes amortization, which is no longer recorded of $9.6 million ($7.8 million after-tax).

(c) In the fourth quarter of fiscal year 2005, the Company elected to repatriate approximately $94 million of dividends from its European subsidiaries under the American Jobs Creation Act of 2004, which became law on October 2004. The law provided for a favorable one-time tax rate on dividends from foreign subsidiaries. The tax accrued on the dividend in the fourth quarter of fiscal year 2005 was approximately $7.5 million, or $0.12 per diluted share. Pursuant to guidance issued by the Internal Revenue Service in May 2005, the Company recorded a tax benefit in the first quarter of fiscal year 2006 reversing the accrued tax recorded in the previous year. Neither the first quarter fiscal year 2006 tax benefit nor the corresponding fourth quarter fiscal year 2005 tax accrual had a cash impact on the Company.

(d) In the third quarter of fiscal year 2006, the Company recognized a net tax benefit of $6.8 million, or $0.11 per diluted share, related to the favorable resolution of certain matters with tax authorities.

(e) In fiscal year 2004, the Company recognized a net tax benefit of $3.0 million, or $0.05 per diluted share, related to the favorable resolution of certain state and federal tax matters, and an adjustment to accrued foreign taxes.

(f) Fiscal year 2003 includes a one-time tax benefit of $12.0 million, or $0.19 per diluted share, relating to an increase in the tax-deductible net asset basis of a European subsidiary's assets.

(g) Working capital is reduced or negative as a result of including in current liabilities the deferred revenue related to journal subscriptions for which the cash has been received. The deferred revenue will be recognized into income as the journals are shipped or made available online to the customers over the term of the subscription.

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To our Shareholders
John Wiley and Sons, Inc.:

The management of John Wiley and Sons, Inc. and subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the framework in Internal Control - Integrated Framework issued by COSO, our management concluded that our internal control over financial reporting was effective as of April 30, 2006.

Our management's assessment of the effectiveness of our internal control over financial reporting as of April 30, 2006 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which is included herein.

The Company's Corporate Governance Principles, Committee Charters, Business Conduct and Ethics Policy and the Code of Ethics for Senior Financial Officers are published on our web site at www.wiley.com under the "About Wiley--Investor Relations--Corporate Governance" captions. Copies are also available free of charge to shareholders on request to the Corporate Secretary, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030-5774.

/s/ William J. Pesce

William J. Pesce
President and Chief Executive Officer

/s/ Ellis E. Cousens

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

/s/ Edward J. Melando

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

June 28, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors and Shareholders
of John Wiley & Sons, Inc.:

We have audited the accompanying consolidated statements of financial position of John Wiley & Sons, Inc. (the "Company") and subsidiaries as of April 30, 2006 and 2005, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the

three-year period ended April 30, 2006. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule (as listed in the index to Item 8). These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of John Wiley & Sons, Inc. and subsidiaries as of April 30, 2006 and 2005, and the results of their operations and their cash flows for each of the years in the three-year period ended April 30, 2006, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of April 30, 2006, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated June 28, 2006 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP
New York, New York

June 28, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Stockholders
John Wiley & Sons, Inc.:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting that John Wiley and Sons, Inc. (the "Company") and subsidiaries maintained effective internal control over financial reporting as of April 30, 2006, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment, and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of April 30, 2006, is fairly stated, in all material respects, based on criteria established in Internal Control - Integrated Framework issued by COSO. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 30, 2006, based on criteria established in Internal Control - Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of the Company as of April 30, 2006 and 2005, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended April 30, 2006, and our report dated June 28, 2006 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
New York, New York

June 28, 2006

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

John Wiley & Sons, Inc., and Subsidiaries	April 30	
Dollars in thousands	2006	2005
Assets		
Current Assets		
Cash and cash equivalents	$ 60,757	$ 89,401
Marketable securities	-	10,000
Accounts receivable	158,275	137,787
Inventories	88,578	83,372
Deferred income tax benefits	5,536	5,921
Prepaid and other	13,162	12,437
Total Current Assets	326,308	338,918
Product Development Assets	65,641	61,511
Property, Equipment and Technology	102,123	115,383
Intangible Assets	302,384	291,041
Goodwill	198,416	195,563
Deferred Income Tax Benefits	3,809	4,285
Other Assets	27,328	25,868
Total Assets	$ 1,026,009	$ 1,032,569
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts and royalties payable	97,231	70,958
Deferred subscription revenue	143,923	142,766
Accrued income taxes	24,226	36,376
Accrued pension liability	6,074	6,229
Other accrued liabilities	90,655	84,982
Total Current Liabilities	362,109	341,311
Long-Term Debt	160,496	196,214
Accrued Pension Liability	56,068	62,116
Other Long-Term Liabilities	35,627	34,652
Deferred Income Taxes	9,869	1,702
Shareholders' Equity		
Preferred Stock, $1 par value: Authorized - 2 million, Issued - zero	-	-
Class A Common Stock, $1 par value: Authorized - 180 million, Issued - 69,034,423 and 68,983,503	69,035	68,984
Class B Common Stock, $1 par value: Authorized - 72 million, Issued - 14,155,839 and 14,206,759	14,156	14,207
Additional paid-in capital	69,587	55,478
Retained earnings	596,474	507,249
Accumulated other comprehensive gain (loss):		
Foreign currency translation adjustment	25,740	28,531
Minimum liability pension adjustment	(18,071)	(26,549)
Unearned deferred compensation	(3,512)	(3,074)
	753,409	644,826

Less Treasury Shares At Cost (Class A - 22,142,176 and 20,374,692; Class B - 3,902,576 and 3,484,096)	(351,569)	(248,252)
Total Shareholders' Equity	401,840	396,574
Total Liabilities and Shareholders' Equity	$ 1,026,009	$ 1,032,569

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

CONSOLIDATED STATEMENTS OF INCOME

John Wiley & Sons, Inc., and Subsidiaries	For the years ended April 30		
Dollars in thousands except per share data	2006	2005	2004
Revenue	$1,044,185	$974,048	$922,962
Costs and Expenses			
Cost of sales	342,314	325,061	308,905
Operating and administrative expenses	535,694	496,726	474,902
Amortization of intangibles	13,498	10,880	9,776
Total Costs and Expenses	891,506	832,667	793,583
Operating Income	152,679	141,381	129,379
Interest Income and Other, Net	1,125	1,505	890
Interest Expense	(9,960)	(7,223)	(5,159)
Net Interest Expense and Other	(8,835)	(5,718)	(4,269)
Income Before Taxes	143,844	135,663	125,110
Provision for Income Taxes	33,516	51,822	36,270
Net Income	$110,328	$83,841	$88,840
Income Per Share			
Diluted	$1.85	$1.35	$1.41
Basic	$1.90	$1.38	$1.44
Cash Dividends Per Share			
Class A Common	$0.36	$0.30	$0.26
Class B Common	$0.36	$0.30	$0.26
Average Shares			
Diluted	59,792	62,093	63,226
Basic	58,071	60,721	61,771

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

John Wiley & Sons, Inc., and Subsidiaries	For the years ended April 30		
Dollars in thousands	2006	2005	2004
Operating Activities			
Net Income	$ 110,328	$ 83,841	$ 88,840
Noncash Items			
Amortization of intangibles	13,498	10,880	9,776
Amortization of composition costs	36,473	36,026	31,852
Depreciation of property, equipment and technology	32,031	31,447	29,739
Reserves for returns, doubtful accounts, and obsolescence	12,961	1,250	9,012
Deferred income taxes	5,009	17,283	26,685
Pension expense, net of contributions	8,429	(3,914)	(8,603)
Earned Royalty Advances and Other	26,545	25,036	23,518
Changes in Operating Assets and Liabilities, excluding acquisitions			
Decrease (increase) in accounts receivable	(20,519)	(3,072)	(17,339)
Decrease (increase) in net taxes payable	(5,830)	21,362	(3,795)
Decrease (increase) in inventories	(12,111)	3,994	788
Increase (decrease) in deferred subscription revenues	390	14,044	8,077
Increase (decrease) in other accrued liabilities	10,130	5,493	12,834
Increase (decrease) in accounts and royalties payable	26,443	883	(4,546)
Net change in other operating assets and liabilities	(1,135)	(1,067)	5,374
Cash Provided by Operating Activities	242,642	243,486	212,212
Investing Activities			
Additions to product development assets	(70,921)	(64,407)	(59,426)
Additions to property, equipment and technology	(21,355)	(26,826)	(29,222)
Acquisition of publishing assets and rights	(31,354)	(22,527)	(3,070)
Purchase of marketable securities	-	(15,203)	-
Sale of marketable securities	10,000	5,203	-
Cash Used for Investing Activities	(113,630)	(123,760)	(91,718)
Financing Activities			

Repayment of long-term debt	(336,298)	(50,000)	(35,000)
Borrowings of long-term debt	303,754	45,992	-
Purchase of treasury stock	(108,867)	(94,786)	(26,126)
Cash dividends	(21,103)	(18,125)	(16,270)
Proceeds from exercise of stock options and other	5,173	3,444	4,958
Cash Used for Financing Activities	(157,341)	(113,475)	(72,438)
Effects of Exchange Rate Changes on Cash	(315)	1,123	730
Cash and Cash Equivalents			
Increase (decrease) for year	(28,644)	7,374	48,786
Balance at beginning of year	89,401	82,027	33,241
Balance at end of year	$ 60,757	$ 89,401	$ 82,027
Cash Paid During the Year for			
Interest	$ 8,001	$ 5,611	$ 4,620
Income taxes, net	$ 33,829	$ 12,094	$ 11,801

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

John Wiley & Sons, Inc., and Subsidiaries Dollars in thousands	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Unearned Deferred Comp-ensation	Accumulated Other Comp-rehensive Income (Loss)	Total Share-holder's Equity
Balance at May 1, 2003	$ 68,150	$ 15,041	$ 34,103	$ 368,963	$ (133,799)	$(1,283)	$ (7,171)	$ 344,004
Shares Issued Under Employee Benefit Plans			4,203		1,371			5,574
Purchase of Treasury Shares					(26,126)			(26,126)
Exercise of Stock Options, Including Taxes			7,581		2,945			10,526
Class A Common Stock Dividends Declared				(13,318)				(13,318)
Class B Common Stock Dividends Declared				(2,952)				(2,952)
Other	315	(316)				(851)		(852)
Comprehensive Income:								
Net income				88,840				88,840
Foreign currency translation adjustments							7,989	7,989
Minimum liability pension adjustment, net of a $741 tax charge							1,379	1,379
Total Comprehensive Income								98,208
Balance at May 1, 2004	$ 68,465	$ 14,725	$ 45,887	$ 441,533	$ (155,609)	$(2,134)	$ 2,197	$ 415,064
Shares Issued Under Employee Benefit Plans			5,753		1,353			7,106
Purchase of Treasury Shares					(94,786)			(94,786)
Exercise of Stock Options, Including Taxes			3,838		790			4,628
Class A Common Stock Dividends Declared				(14,938)				(14,938)
Class B Common Stock Dividends Declared				(3,187)				(3,187)
Other	519	(518)				(940)		(939)
Comprehensive Income:								
Net income				83,841				83,841
Foreign currency translation adjustments							10,408	10,408
Minimum liability pension adjustment, net of a $5,770 tax benefit							(10,623)	(10,623)
Total Comprehensive Income								83,626
Balance at May 1, 2005	$ 68,984	$ 14,207	$ 55,478	$ 507,249	$ (248,252)	$(3,074)	$ 1,982	$ 396,574
Shares Issued Under Employee Benefit Plans			6,795		2,348			9,143
Purchase of Treasury Shares					(108,867)			(108,867)
Exercise of Stock Options, Including Taxes			7,314		3,202			10,516
Class A Common Stock Dividends Declared				(17,252)				(17,252)
Class B Common Stock Dividends Declared				(3,851)				(3,851)
Other	51	(51)				(438)		(438)
Comprehensive Income:								
Net income				110,328				110,328
Foreign currency translation adjustments							(2,791)	(2,791)
Minimum liability pension adjustment, net of a $5,547 tax charge							8,478	8,478
Total Comprehensive Income								116,015
Balance at April 30, 2006	$ 69,035	$ 14,156	$ 69,587	$ 596,474	$ (351,569)	$(3,512)	$ 7,669	$ 401,840

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

Notes to Consolidated Financial Statements

Note 1 - Description of Business

The Company, founded in 1807, was incorporated in the state of New York on January 15, 1904. (As used herein the term "Company" means John Wiley & Sons, Inc., and its subsidiaries and affiliated companies, unless the context indicates otherwise).

The Company is a global publisher of print and electronic products, providing content to customers worldwide. Core businesses include professional and consumer books and subscription products; scientific, technical, and medical journals, encyclopedias, books, and online products; 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.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of the Company. Investments in entities in which the Company has at least a 20%, but less than a majority interest, are accounted for using the equity method of accounting. Investments in entities in which the Company has less than a 20% ownership and in which it does not exercise significant influence are accounted for using the cost method of accounting. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior-year amounts have been reclassified to conform to the current year's presentation.

Use of Estimates: The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition: In accordance with SEC Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements," the Company recognizes revenue when the following criteria are met: persuasive evidence that an arrangement exists; delivery has occurred or services have been rendered; the price to the customer is fixed or determinable; and collectibility is reasonably assured. If all of the above criteria have been met, revenue is principally recognized upon shipment of products or when services have been rendered. Subscription revenue is generally collected in advance, and is deferred and recognized as earned when the related issue is shipped or made available online over the term of the subscription. Where a product has been sold with multiple deliverables the Company follows EITF No. 00-21 "Accounting for Revenue Relationships with Multiple Deliverables" to determine the timing of revenue recognition. Collectibility is evaluated based on the amount involved, the credit history of the customer, and the status of the customer's account with the Company.

Allowance for Doubtful Accounts: The estimated allowance for doubtful accounts is based on a review of the aging of the accounts receivable balances, the historical write-off experience, and a credit evaluation of a customer. A change in the evaluation of a customer's credit could affect the estimated allowance. The allowance for doubtful accounts is shown as a reduction of accounts receivable in the accompanying consolidated balance sheets and amounted to $6.6 million and $7.3 million at April 30, 2006 and 2005, respectively.

Sales Return Reserves: The process which the Company uses to determine its sales returns and the related reserve provision charged against revenue is based on applying an estimated return rate to current year sales. This rate is based upon an analysis of actual historical return experience in the various markets and geographic regions in which the Company does business. The Company collects, maintains and analyzes significant amounts of sales returns data for large volumes of homogeneous transactions. This allows the Company to make reasonable estimates of the amount of future returns.

All available data is utilized to identify the returns by market and as to which fiscal year the sales returns apply. This enables management to track the returns in detail and identify and react to trends occurring in the marketplace, with the objective of being able to make the most informed judgments possible in setting reserve rates. Sales return reserves, net of estimated inventory and royalty costs, are reported as a reduction of accounts receivable in the Consolidated Statement of Financial Position and amounted to $55.8 million and $56.7 million at April 30, 2006 and 2005, respectively.

Reserve for Inventory Obsolescence: Inventories are carried at cost or market, whichever is lower. A reserve for inventory obsolescence is estimated based on a review of damaged, obsolete, or otherwise unsaleable inventory. The review encompasses historical unit sales trends by title; current market conditions, including estimates of customer demand; and publication revision cycles. The inventory obsolescence reserve is reported as a reduction of the inventory balance in the Consolidated Statement of Financial Position and amounted to $30.7 million and $24.2 million as of April 30, 2006 and 2005, respectively.

Allocation of Acquisition Purchase Price to Assets Acquired and Liabilities

Assumed: In connection with acquisitions, the Company allocates the cost of the acquisition to the assets acquired and the liabilities assumed based on estimates of the fair value of such items including goodwill and other intangible assets. Such estimates include expected cash flows to be generated by those assets and the expected useful lives based on historical experience, current market trends, and synergies to be achieved from the acquisition and expected tax basis of assets acquired. For major acquisitions, the Company may use an independent appraiser to confirm the reasonableness of such estimates.

Inventories: Inventories are stated at cost or market, whichever is lower. U.S. book inventories aggregating $67.0 million and $62.1 million at April 30, 2006 and 2005, respectively, are valued using the last-in, first-out (LIFO) method. All other inventories are valued using the first-in, first-out (FIFO) method.

Product Development Assets: Product development assets consist of composition costs and royalty advances to authors. Costs associated with developing any publication are expensed until the product is determined to be commercially viable. Composition costs, primarily representing the costs incurred to bring an edited commercial manuscript to publication including typesetting, proofreading, design and illustration, etc., are capitalized and generally amortized on a double-declining basis over estimated useful lives, ranging from 1 to 3 years. Royalty advances to authors are capitalized and, upon publication, are recovered as royalties are earned by the authors based on sales of the published works. Author advances are periodically reviewed for recoverability and a reserve for loss is maintained, if appropriate.

Advertising Expense: Advertising costs are expensed as incurred.

Property, Equipment and Technology: Property, equipment and technology is recorded at cost. Major renewals and improvements are capitalized, while maintenance and repairs are expensed as incurred.

Costs incurred for computer software developed or obtained for internal use are capitalized during the application development stage and expensed as incurred during the preliminary project and post-implementation stages. Costs incurred during the application development stage include costs of materials and services, and payroll and payroll-related costs for employees who are directly associated with the software project. Such costs are amortized over the expected useful life of the related software generally 3 to 5 years. Maintenance, training, and upgrade costs that do not result in additional functionality, are expensed as incurred.

Buildings, leasehold improvements, and capital leases are amortized over the lesser of the estimated useful lives of the assets up to 40 years, or over the duration of the lease, using the straight-line method. Furniture and fixtures are depreciated principally on the straight-line method over estimated useful lives ranging from 3 to 10 years. Computer equipment is amortized on a straight-line basis over estimated useful lives ranging from 3 to 5 years.

Goodwill and Other Intangible Assets: Goodwill is the excess of the purchase price paid over the fair value of the net assets of the business acquired. Other intangible assets principally consist of brands, trademarks, acquired publication rights and non-compete agreements. Goodwill and indefinite-lived intangible assets are not amortized but are reviewed at least annually for impairment, or more often if events or circumstances occur that would more likely than not reduce the fair market value of a reporting unit below its' carrying amount. The Company evaluates the recoverability of indefinite lived intangible assets by comparing the fair value of the intangible asset to the carrying value. For goodwill impairment, the Company uses a two-step impairment test approach at the reporting unit level. In the first step the fair value for the reporting unit is compared to its book value including goodwill. In the case that the fair value of the reporting unit is less than the book value, a second step is performed which compares the implied fair value of the reporting unit's goodwill to the book value of the goodwill. The fair value for the goodwill is determined based on the difference between the fair values of the reporting units and the net fair values of the identifiable assets and liabilities of such reporting units. If the fair value of the goodwill is less than the book value, the difference is recognized as an impairment.

Finite-lived intangible assets are amortized over their useful lives. Management evaluates the estimated life of acquired publication rights (APR), trademarks and brands based upon SFAS 142. The most significant factor in determining the life of these intangibles is the history and longevity of the brands, trademarks or titles acquired, combined with strong cash flows. Acquired publishing rights that have an indefinite life are typically characterized by intellectual property with a long and well-established revenue stream resulting from strong and well-established imprint/brand recognition in the market. Acquired publication rights, trademarks and brands with definitive lives are amortized on a straight-line basis over periods ranging from 5 to 30 years. Non-compete agreements are amortized over the terms of the individual agreement.

Impairment of Long-Lived Assets: Depreciable and amortizable assets are only evaluated for impairment upon a significant change in the operating or macroeconomic environment. In these circumstances, if an evaluation of the undiscounted cash flows indicates impairment, the asset is written down to its estimated fair value based on discounted future cash flows.

Derivative Financial Instruments - Foreign Exchange Contracts: The Company, from time to time, enters into forward exchange contracts as a hedge against foreign currency asset and liability commitments, and anticipated transaction exposures. The Company accounts for its derivative instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. Accordingly, all derivatives are recognized as assets or liabilities and measured at fair value. Derivatives that are not determined to be effective hedges are adjusted to fair value with a corresponding effect on earnings. The Company does not use financial instruments for trading or speculative purposes.

During the first quarter of fiscal year 2004 the Company entered into derivative contracts to hedge potential foreign currency volatility on a portion of fiscal year 2004 inventory purchases. The contracts were designated as cash flow hedges and were considered by management to be highly effective. All of the derivative foreign exchange contracts settled during fiscal year 2004 resulted in a loss of approximately $300,000, which was recognized in cost of sales as the related inventory was sold. The Company did not enter into any other derivative contracts.

Foreign Currency Gains/Losses: The Company translates the results of operations of its international subsidiaries using average exchange rates during each period, whereas balance sheet accounts are translated using exchange rates at the end of each period. Currency translation adjustments are recorded as a component of accumulated other comprehensive income (loss) in stockholders' equity.

Included in operating and administrative expenses were net foreign exchange transaction losses/(gains) of approximately $0.2 million, $(1.8) million, and $1.4 million in fiscal years 2006, 2005, and 2004, respectively.

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

The fair value of the awards was estimated at the date of grant using the Black Scholes option-pricing model. The per share value of options granted in connection with the Company's stock option plans has been estimated with the following weighted average assumptions:

	2006	2005	2004
Expected Life of Options (Years)	8.0	8.1	8.1
Risk-Free Interest Rate	3.9%	4.5%	2.9%
Volatility	27.1%	26.2%	30.7%
Dividend Yield	0.9%	0.9%	1.0%
Per share fair value of option granted	$13.61	$11.00	$8.97

For purposes of the following pro forma disclosure, the estimated fair value of the options is amortized to expense over the options' vesting periods. The Company's pro forma information under SFAS No. 123 and SFAS No. 148 was as follows:

	2006	2005	2004
Net Income as Reported	$110,328	$83,841	$88,840
Stock-Based Compensation, Net of Tax,			

Included in the Determination of Net Income as Reported:			
Restricted stock plans	4,558	3,575	2,642
Director stock plan	296	57	42
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	(10,942)	(8,991)	(7,145)
Pro Forma Net Income	$104,240	$78,482	$84,379
Reported Earnings Per Share			
Diluted	$1.85	$1.35	$1.41
Basic	$1.90	$1.38	$1.44
Pro Forma Earnings Per Share			
Diluted	$1.74	$1.26	$1.34
Basic	$1.80	$1.29	$1.37

The Company discloses pro forma compensation expense reflecting stock options granted to all employees, including near-retirement and retirement-eligible employees. Upon the adoption of SFAS 123R, in the first quarter of fiscal year 2007, compensation expense will be recognized over the requisite service period to achieve vesting for awards granted to retirement-eligible employees, which may be shorter than the normal vesting period. If the Company had previously been computing pro forma compensation expense over the shorter requisite service period for stock options granted to retirement-eligible employees, the effect on pro forma earnings per share, for all periods presented, would not have been significant.

Cash Equivalents: Cash equivalents consist of highly liquid investments that mature within three months or less and are stated at cost plus accrued interest, which approximates market value.

Recent Accounting Standards: In December 2004, the FASB issued Statement No. 123 (revised 2004) ("SFAS 123R") "Share-Based Payments." SFAS 123R will require the Company to measure the cost of all employee stock-based compensation awards based on the grant-date-fair-value and to record that cost as compensation expense over the period during which the employee is required to perform service under the terms of the award.

The statement requires that the unvested portion of all outstanding awards upon adoption be recognized using the fair value and the attribution methodologies previously determined under SFAS 123. The statement eliminates the alternative method of accounting for the employee share-based payments previously available under Accounting Principles Board Opinion No. 25.

In November 2005, the FASB issued FASB Staff Position (FSP) 123R-3, Transition Election Related to Accounting for the Tax effects of Share-Based Payment Awards, which provides an optional short cut method for calculating the historical pool of tax benefits upon adoption of FAS 123R. The Company will adopt FAS 123R, and the FSP beginning in the Company's first quarter of fiscal year 2007. The Company will continue to use the Black-Scholes valuation method and will apply the modified prospective method. The magnitude of the impact of adoption of SFAS 123R cannot be predicted at this time, as it will depend on the levels of share-based incentive awards granted in the future. However, had the Company adopted SFAS 123R in prior periods, the pro forma impact of that standard would have approximated the impact of SFAS 123 as described in the "Stock-Based Compensation" section of Note 2.

There have been no other new accounting pronouncements issued during fiscal year 2006 that have had, or are expected to have, a material impact on the Company's consolidated financial statements.

Note 3 - Income Per Share

A reconciliation of the shares used in the computation of net income per share for the years ended April 30 follows:

In thousands	2006	2005	2004
Weighted Average Shares Outstanding	58,405	60,886	62,009

Less: Unearned Deferred Compensation Shares	(334)	(165)	(238)
Shares Used for Basic Income Per Share	58,071	60,721	61,771
Dilutive Effect of Stock Options and Other Stock Awards	1,721	1,372	1,455
Shares Used for Diluted Income Per Share	59,792	62,093	63,226

For the years ended April 30, 2006, 2005, and 2004 options to purchase Class A Common Stock of 1,007,000, zero and zero shares, respectively, have been excluded from the shares used for diluted income per share as their inclusion would have been antidilutive.

Note 4 - Acquisitions

Fiscal Year 2006:

During fiscal year 2006, the Company acquired certain businesses, assets and rights in multiple transactions aggregating $31.4 million, including related acquisition costs plus liabilities assumed. Approximately $26.3 million of the aggregate purchase price was allocated to brands and trademarks and acquired publishing rights and $4.9 million to goodwill. The brands, trademarks and acquired publishing rights will be amortized over a weighted average period of approximately 10 years. The acquisitions consisted primarily of the following:

In the first quarter Wiley acquired substantially all the assets of a global publisher of books and software, specializing in information technology business certification materials. The acquisition cost was allocated to brands and trademarks, goodwill and tangible net assets, which consisted of accounts receivable, inventory, accrued royalties, accounts payable and other accrued liabilities. The brands and trademarks are being amortized over a 15-year period.

In the first quarter, the Company acquired the publishing rights to a newsletter division of a leading publisher of mental health and addiction information. The majority of the acquisition was recorded as acquired publication rights and is being amortized over a 10-year period.

In the second quarter the Company acquired a leading provider of evidence-based medicine content. The acquisition cost was allocated to goodwill, brands and trademarks, customer relationships and other assets and liabilities which consisted of accounts receivable, capitalized software and deferred subscription revenues. The brands, trademarks and customer relationships are amortized over a 10-year period.

In the third quarter the Company acquired the publishing rights to the journal Dialysis & Transplantation, a source of nephrology and renal transplantation information to nephrologists, surgeons, internists and other physicians and healthcare professionals. The majority of the acquisition was recorded as acquired publication rights and is being amortized over a 10-year period.

Fiscal Year 2005:

During fiscal year 2005, the Company acquired certain business assets and rights for $22.5 million, including related acquisitions costs plus liabilities assumed. The acquisition consisted primarily of the following:

In the first quarter the Company acquired publishing rights to the Journal of Microscopy and Analysis, a controlled circulation journal. The acquired publication rights are being amortized over a 15-year period.

In the third quarter the Company acquired the publishing rights to the reference portfolio of the Macmillan Nature Publishing Group. The acquired publication rights are being amortized over a 10-year period.

During the fourth quarter the Company acquired Whurr Publishers Limited, a leading publisher for the Nursing, Speech and Language Therapy and Audiology, Psychology and Special Education communities in the U.K. The acquisition was recorded as acquired publication rights and is being amortized over a 15-year period.

Fiscal Year 2004:

During fiscal year 2004, the Company invested $3.1 million in acquisitions including payments to complete prior year acquisitions, the purchase of publishing rights to higher education titles and publishing rights to several scientific, technical, and medical journals.

Note 5 - Marketable Securities

The Company accounts for these securities as available-for-sale in accordance with SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities." In fiscal year 2005, the Company purchased $15.2 million of these securities and subsequently sold $5.2 million. The remaining $10.0 million were sold during fiscal year 2006. For the years ended April 30, 2006 and 2005, zero and $0.1 million was recognized as interest income on these securities. The carrying value of these securities approximated fair value.

Note 6 - Inventories

Inventories at April 30 were as follows (in thousands):

	2006	2005
Finished Goods	$79,389	$72,931
Work-in-Process	6,704	6,743
Paper, Cloth, and Other	6,024	6,028
	92,117	85,702
LIFO Reserve	(3,539)	(2,330)
Total Inventories	$88,578	$83,372

Note 7 - Product Development Assets

Product development assets consisted of the following at April 30 (in thousands):

	2006	2005
Composition Costs	$37,073	$34,296
Royalty Advances	28,568	27,215
Total	$65,641	$61,511

Composition costs are net of accumulated amortization of $96,188 and $84,719 as of April 30, 2006 and 2005, respectively.

Note 8 - Property, Equipment and Technology

Property, equipment and technology consisted of the following at April 30 (in thousands):

	2006	2005
Land and Land Improvements	$ 4,455	$ 4,773
Buildings and Leasehold Improvements	65,456	66,491
Furniture, Fixtures and Warehouse Equipment	54,402	53,528
Computer Equipment and Capitalized Software	158,425	144,812
	282,738	269,604
Accumulated Depreciation	(180,615)	(154,221)
Total	$ 102,123	$115,383

The net book value of capitalized software costs was $23.7 million and $27.7 million as of April 30, 2006 and 2005, respectively. Depreciation expense recognized in 2006, 2005, and 2004 for capitalized software costs was approximately $14.4 million, $14.8 million, and $10.8 million, respectively.

Note 9 - Goodwill and Other Intangible Assets

The following table summarizes the activity in goodwill by segment (in

thousands):

	As of April 30, 2005	Acquisitions and Dispositions	Cumulative Translation and Other Adjustments	As of April 30, 2006
P/T	$145,510	$1,189	$ 8	$146,707
STM	24,562	3,510	-	28,072
European	23,232	-	(1,966)	21,266
Other	2,259	179	(67)	2,371
Total	$195,563	$4,878	$ (2,025)	$198,416

The following table summarizes intangibles subject to amortization as of April 30 (in thousands):

	2006	2005
Acquired Publication Rights	$181,280	$171,430
Accumulated Amortization	(70,330)	(59,073)
Net Acquired Publication Rights	$110,950	$112,357
Brands & Trademarks	$15,200	-
Accumulated Amortization	(921)	-
Net Brands & Trademarks	$14,279	-
Covenants Not to Compete	$2,250	$1,690
Accumulated Amortization	(906)	(1,332)
Net Covenants Not to Compete	$1,344	$358
Total	$126,573	$112,715

Based on the current amount of intangible assets subject to amortization, the estimated amortization expense for each of the succeeding 5 fiscal years are as follows: 2007 - $14.5 million; 2008 - $14.3 million; 2009 - $14.1 million; 2010 - $11.9 million; and 2011 - $10.7 million.

The following table summarizes other intangibles not subject to amortization as of April 30 (in thousands):

	2006	2005
Acquired Publication Rights	$117,911	$120,426
Brands & Trademarks	57,900	57,900
Total	$175,811	$178,326

Note 10 - Other Accrued Liabilities

Other accrued liabilities as of April 30 consisted of the following (in thousands):

	2006	2005
Accrued Compensation	$53,506	$47,300
Rent	3,099	3,088
Employee Benefits	3,026	3,393
Advertising	3,436	5,388
Other	27,588	25,813

Total	$90,655	$84,982

Note 11 - Income Taxes

The provision for income taxes for the years ending April 30 were as follows (in thousands):

	2006	2005	2004
Current Provision(Benefit)			
US - federal	$15,663	$22,078	$(1,198)
International	10,809	11,335	9,425
State and local	2,035	1,126	1,358
Total Current Provision	$28,507	$34,539	$ 9,585
Deferred Provision(Benefit)			
US - federal	$ (62)	$11,156	$21,529
International	5,054	4,656	2,600
State and local	17	1,471	2,556
Total Deferred Provision	$ 5,009	$17,283	$26,685
Total Provision	$33,516	$51,822	$36,270

Included in the Company's cash provided by operating activities, under the caption changes in other operating assets and liabilities, are tax benefits related to the exercise of stock options and restricted stock held by employees amounting to $5.4 million, $4.6 million, and $7.9 million for fiscal years 2006, 2005, and 2004, respectively, which reduce current income taxes payable.

International and United States pretax income for the year ended April 30 was as follows (in thousands):

	2006	2005	2004
International	$51,444	$45,491	$41,853
United States	92,400	90,172	83,257
Total	$143,844	$135,663	$125,110

The Company's effective income tax rate as a percentage of pretax income differed from the U.S. federal statutory rate as shown below:

	2006	2005	2004
U.S. Federal Statutory Rate	35.0%	35.0%	35.0%
State Income Taxes, Net of U.S. Federal Tax Benefit	0.9	1.3	2.0
Tax Benefit from MFG/EIE Deductions/Credits	(1.7)	(1.5)	(1.6)
Earnings Taxed at Other than U.S. Statutory Rates	(1.5)	(1.0)	(2.9)
Tax Charge (Credit) on Repatriated Foreign Dividends under AJCA	(5.2)	5.5	-
Tax Adjustments	(4.7)	-	(2.4)
Other, Net	0.5	(1.1)	(1.1)
Effective Income Tax Rate	23.3%	38.2%	29.0%

Tax Charge (Credit) on Repatriated Foreign Dividends: During the fourth quarter of fiscal year 2005, the Company elected to repatriate approximately $94 million

of dividends from foreign subsidiaries under the American Jobs Creation Act (AJCA) of 2004. The law provides for a favorable one-time tax rate on dividends from foreign subsidiaries. The tax accrued on these dividends in fiscal year 2005 was approximately $7.5 million. Pursuant to guidance issued by the Internal Revenue Service in May 2005, the Company recorded a tax benefit in the first quarter of fiscal year 2006 reversing the accrued tax recorded in the previous year. Neither the first quarter fiscal year 2006 tax benefit nor the corresponding fourth quarter fiscal year 2005 tax accrual had a cash impact on the Company.

Tax Adjustments: In fiscal years 2006 and 2004 the Company reported tax benefits of $6.8 million and $3.0 million related to the favorable resolution of certain federal, state and foreign tax matters with tax authorities.

Deferred taxes result from temporary differences in the recognition of revenue and expense for tax and financial reporting purposes. The significant components of deferred tax assets and liabilities at April 30 were as follows (in thousands):

	2006		2005	
	Current	Long-Term	Current	Long-Term
Reserve for Sales Returns and Doubtful Accounts	$12,080	$ 572	$12,124	$ 484
Inventory	(6,677)	-	(6,336)	-
Accrued Expenses	133	11,831	133	9,290
Capitalized Costs	-	4,829	-	4,850
Retirement and Post-employment Benefits	-	11,909	-	14,271
Depreciation and Amortization	-	(37,489)	-	(29,347)
Long-Term Liabilities	-	2,288	-	3,035
Net Deferred Tax Assets (Liabilities)	$ 5,536	$(6,060)	$ 5,921	$2,583

The AJCA created a onetime incentive for U.S. corporations to repatriate undistributed international earnings by providing an 85% dividends received deduction. Other than these repatriated earnings the Company intends to continue to reinvest earnings outside the U.S. for the foreseeable future and, therefore, have not recognized any U.S. tax expense on foreign earnings. At April 30, 2006, the undistributed earnings of international subsidiaries approximated $47.6 million and, if remitted currently, would result in $3.7 million tax.

Note 12 - Debt and Available Credit Facilities

At April 30,	2006	2005
$300 million Revolving Credit Facility - Due November 2010	$150,000	-
$200 million Term Loan Agreement - Due September 2006	-	$150,000
Sterling 50 million Revolving Credit Facility - Due April 2009	10,496	46,214
Total Debt	$160,496	$196,214

On November 9, 2005, the Company entered into a new $300 million revolving credit agreement with Bank of America as Administrative Agent and 14 other lenders. The Company has the option of borrowing at the following floating interest rates: (i) at a rate based on the London Interbank Offered Rate (LIBOR) plus an applicable margin ranging from .37% to .825% depending on the coverage ratio of debt to EBITDA; or (ii) at the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its prime rate; and (iii) LIBOR plus or minus an amount determined through a competitive bidding process among the lenders. The maximum amount outstanding at any time under option (iii) above cannot exceed $25 million. In addition, the Company will pay a facility fee ranging from .08% to .175% on the facility depending on the coverage ratio

of debt to EBITDA. The Company has the option to request an increase of up to $100 million in the size of the facility in minimum amounts of $25 million. The credit agreement contains certain restrictive covenants similar to those in the Company's former credit agreements related to an interest coverage ratio, funded debt levels, and restricted payments, including a limit on dividends paid and share repurchases. The credit agreement will terminate on November 9, 2010. At April 30, 2006, $150 million was outstanding under this agreement.

Simultaneous with the execution of this agreement, the Company terminated its previous credit agreement and paid in full the amounts outstanding under that agreement. In connection with the early termination of the credit agreement, $0.5 million of unamortized origination fees were expensed in fiscal year 2006.

On April 21, 2005, the Company's subsidiaries in the United Kingdom and Germany became co-borrowers under a multi-currency revolving credit agreement with a face value of (pound)50 million with the Royal Bank of Scotland that expires in April 2009. The bank's commitment decreases each year on the anniversary of the agreement so that amounts outstanding cannot exceed the following (in millions):

Fiscal Year	Sterling	US Dollar Equivalent
2006	42.5	$77.6
2007	30.0	$54.8
2008	15.0	$27.4

Above amounts have been translated at the April 30, 2006 US dollar/Sterling exchange rate of 1.825

The interest rate on each borrowing under the multi-currency revolving credit agreement is based on the London Interbank Offered Rate (or, for any loan in euros, the Euro Interbank Offered Rate) plus an applicable margin ranging from .50% to 1.25% depending on the coverage ratio of debt to EBITDA. In addition, a commitment fee ranging from .125% to .3125% on the unused portion of the facility, depending on the coverage ratio of debt to EBITDA, is incurred. Borrowings under the agreement are guaranteed by John Wiley and Sons, Inc.

In the event of a change of control, as defined, the banks have the option to terminate the agreements and require repayment of any amounts outstanding.

The credit agreements contain certain restrictive covenants related to funded debt levels, an interest coverage ratio, and restricted payments, including a limitation for dividends paid and share repurchases. Under the most restrictive covenant, approximately $425.0 million was available for such restricted payments as of April 30, 2006.

The Company and its subsidiaries have other short-term lines of credit aggregating $33 million at various interest rates. No amounts were outstanding at April 30, 2006, 2005 or 2004. Information relating to all short-term lines of credit follows (in thousands):

	2006	2005	2004
Maximum amount outstanding during the year	$ -	$ -	$65,000
Average amount outstanding	$ -	$ -	$14,241

The Company's total available lines of credit as of April 30, 2006 were approximately $410 million. The weighted average interest rates on long term debt outstanding during fiscal years 2006 and 2005 were 4.24% and 2.77%, respectively. As of April 30, 2006 and 2005, the weighted average interest rates for the long-term debt were 4.79% and 3.30% respectively. Based on estimates of interest rates currently available to the Company for loans with similar terms and maturities, the fair value of notes payable and long-term debt approximates the carrying value.

Note 13 - Commitments and Contingencies

The following schedule shows the composition of rent expense for operating leases (in thousands):

	2006	2005	2004

Minimum Rental	$27,180	$25,897	$25,063
Less: Sublease Rentals	(1,563)	(1,248)	(392)
Total	$25,617	$24,649	$24,671

Future minimum payments under operating leases aggregated $195.6 million at April 30, 2006. Future annual minimum payments under these leases are approximately $27.4 million, $25.7 million, $25.1 million, $24.1 million, and $17.7 million for fiscal years 2007 through 2011, respectively. Future minimum rentals to be received under non-cancelable subleases aggregate $6.4 million at April 30, 2006. Rent expense associated with operating leases that include scheduled rent increases and tenant incentives, such as rent holidays, is recorded on a straight-line basis over the term of the lease.

The Company is involved in routine litigation in the ordinary course of its business. In the opinion of management, the ultimate resolution of all pending litigation will not have a material effect upon the financial condition or results of operations of the Company.

Note 14 - Retirement Plans

The Company and its principal subsidiaries have contributory and noncontributory retirement plans that cover substantially all employees. The plans generally provide for employee retirement between the ages of 60 and 65, and benefits based on length of service and compensation, as defined.

In fiscal year 2005, the U.S. retirement plan was amended to change the method used to compute retirement benefits. The new formula applies to current compensation (as defined) whereas the previous formula was based upon the highest average compensation for the three consecutive years ended December 31, 1997. Benefits accrued through December 31, 2004 under the "previous" plan were frozen as of that date, and are supplemented annually by additions calculated under a new formula. The effect of this change was to increase pre-tax pension expense for fiscal year 2005 by $0.5 million, $0.2 million after-tax. The pre-tax effect, for fiscal year 2006 is approximately $1.5 million, $1.0 million after-tax.

Net pension expense included below for international plans amounted to approximately $7.1 million, $6.7 million and $6.3 million for 2006, 2005 and 2004, respectively.

The Company has agreements with certain officers and senior management that provide for the payment of supplemental retirement benefits during each of the 10 years after the termination of employment. Under certain circumstances, including a change of control as defined, the payment of such amounts could be accelerated on a present value basis.

The components of net pension expense for the defined benefit plans were as follows (in thousands):

	2006	2005	2004
Service Cost	$ 10,998	$ 8,492	$ 6,962
Interest Cost	11,590	10,791	9,651
Expected Return on Plan Assets	(10,988)	(9,146)	(6,830)
Net Amortization of Prior Service Cost and Transition Asset	625	564	641
Recognized Net Actuarial Loss	3,244	2,017	2,177
Net Pension Expense	$ 15,469	$12,718	$ 12,601

The weighted-average assumptions used to determine net pension expense for the years ended April 30 were as follows:

	2006	2005	2004
Discount rate	5.6%	6.1%	6.3%
Rate of Compensation Increase	3.8%	3.6%	3.7%

Expected Return on Plan Assets	8.4%	8.0%	7.9%

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the retirement plans with accumulated benefit obligations in excess of plan assets were $224.1 million, $204.2 million, and $147.4 million, respectively, as of April 30, 2006, and $209.0 million, $190.8 million and $127.7 million, respectively, as of April 30, 2005.

The following table sets forth the changes in and the status of the plans' assets and benefit obligations. The unfunded plans relate primarily to a non-US subsidiary, which is governed by local statutory requirements, and the domestic supplemental retirement plans for certain officers and senior management personnel.

Dollars in thousands	2006		2005	
CHANGE IN PLAN ASSETS	Funded	Unfunded	Funded	Unfunded
Fair Value of Plan Assets, Beginning of Year	$ 133,329	$ -	$ 110,897	$ -
Actual Return on Plan Assets	22,574	-	7,450	-
Employer Contributions	5,298	1,745	14,748	1,875
Participants' Contributions	901	-	724	-
Benefits Paid	(4,722)	(1,745)	(4,410)	(1,875)
Foreign Currency Rate Changes	(3,231)	-	3,920	-
Fair Value, End of Year	$ 154,149	$ -	$ 133,329	$ -
CHANGE IN PROJECTED BENEFIT OBLIGATION				
Benefit Obligation, Beginning of Year	$ (174,941)	$(40,485)	$ (139,909)	$ (34,367)
Service Cost	(9,112)	(1,888)	(7,145)	(1,346)
Interest Cost	(9,522)	(2,068)	(8,656)	(2,135)
Employees' Contributions	(901)	-	(724)	-
Amendments and Other	-	(2,373)	-	633
Actuarial Gain (Loss)	(6,116)	2,170	(16,923)	(3,568)
Benefits Paid	4,722	1,745	4,410	1,875
Foreign Currency Rate Changes	5,305	925	(5,994)	(1,577)
Benefit Obligation, End of Year	$ (190,565)	$(41,974)	$ (174,941)	$ (40,485)
Funded Status	(36,416)	(41,974)	$ (41,612)	$ (40,485)
Unrecognized Prior Service Cost (Benefit)	3,351	1,348	3,931	(212)
Unrecognized Net Actuarial Loss	40,541	3,888	50,839	6,233
Prepaid (Accrued) Pension Cost	$ 7,476	$(36,738)	$ 13,158	$ (34,464)
AMOUNTS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION				
Deferred Pension Asset	$ 1,333	$ -	$ 1,397	$ -
Accrued Pension Liability	(22,316)	(39,826)	(30,838)	(37,507)
Other Asset	2,900	1,795	3,415	1,350
Accumulated Other Comprehensive Income	25,559	1,293	39,184	1,693
Net Amount Recognized	$ 7,476	$(36,738)	$ 13,158	$ (34,464)
WEIGHTED AVERAGE ASSUMPTIONS USED IN DETERMINING ASSETS AND LIABILITIES				
Discount Rate	5.8%	5.9%	5.6%	5.3%
Expected Return on Plan Assets	8.3%	-	8.4%	-
Rate of Compensation Increase	4.1%	4.0%	3.8%	3.7%
Accumulated Benefit Obligations	$ (174,622)	$(34,430)	$ (162,761)	$ (32,260)
Increase/(Decrease) in Minimum Liability Included in Accumulated Other Comprehensive Income (Above)	$ (13,625)	$ (400)	$ 14,821	$ 1,572

The table below represents the asset mix of the investment portfolio of the

post-retirement benefit plan as of April 30:

Asset Category	Percentage of Plan Assets 2006	2005
U.S. Equities	23%	25%
International Equities	34%	32%
Debt Securities	35%	37%
Real Estate	6%	5%
Other	2%	1%
Total	100%	100%

The investment guidelines for the defined benefit pension plans are established based upon an evaluation of market conditions and tolerance for risk. Our investment objective is to ensure that funds are available to meet the plan's benefit obligations when they are due. Our investment strategy is to prudently invest in plan assets in high quality diversified securities to achieve our long-term expectation. The plans' risk management practices provide guidance to the investment managers, including guidelines for asset concentration, credit rating and liquidity. Asset allocation favors a balanced portfolio, with a target allocation of approximately 55% equity securities, 40% fixed income securities, and 5% real estate. Due to volatility in the market, the target allocation is not always desirable and asset allocations will fluctuate between acceptable ranges.

The expected long-term rates of return were estimated using market benchmarks for equities, real estate, and bonds applied to each plan's target asset allocation. Expected returns are estimated by asset class and represent the sum of expected real rates of return plus anticipated inflation. The expected long-term rates are then compared to actual historic investment performance of the plan assets and evaluated through consultation with investment advisors.

Expected employer contributions in fiscal year 2007 to the defined benefit pension plans are approximately $15 million, including $7.5 million of minimum legal amounts required for the Company's international plans. From time to time, the Company may elect to make voluntary contributions to its defined benefit plans to improve their funded status.

Expected benefit payments from all plans are expected to approximate $7.4 million in fiscal year 2007, $8.6 million in fiscal year 2008, $8.8 million in fiscal year 2009, $9.1 million in fiscal year 2010, $9.3 million in fiscal year 2011, and $62.1 million for fiscal years 2012 through 2016.

The Company provides contributory life insurance and health care benefits, subject to certain dollar limitations for substantially all of its retired U.S. employees. The cost of such benefits is expensed over the years the employee renders service and is not funded in advance. The accumulated post-retirement benefit obligation as of April 30, 2006 and 2005 was $2.5 million and $2.0 million, respectively. Annual expenses for these plans for all years were immaterial.

The Company has defined contribution savings plans. The Company contribution is based on employee contributions and the level of Company match. The expense for these plans amounted to approximately $4.1 million, $2.7 million, and $2.9 million in 2006, 2005, and 2004, respectively.

Note 15 - Equity Compensation Plans

All equity compensation plans have been approved by security holders. In fiscal year 2005, the shareholders approved the 2004 Key Employee Stock Plan ("2004 Plan") to replace the Company's prior Long Term Incentive Plan. Under the 2004 Plan, qualified employees are eligible to receive awards that may include stock options, performance-based stock awards, and restricted stock awards. Under the 2004 Plan, a maximum number of 8,000,000 shares of Company Class A stock may be issued. No more than 600,000 shares to any one individual may be issued in a year. As of April 30, 2006, there were no remaining securities to be issued under the Company's prior Long Term Incentive Plan and 6,830,284 securities remaining available for future issuance under the 2004 Plan.

The exercise price of options granted under the plan may not be less than 100%

of the fair market value of the stock at the date of grant. Options are exercisable, in part or in full, over a maximum period of 10 years from the date of grant, and generally vest within four and five years from the date of the grant. Under certain circumstances relating to a change of control, as defined, the right to exercise options outstanding could be accelerated.

A summary of the activity and status of the Company's stock option plans was as follows:

	2006		2005		2004	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at Beginning of Year	5,563,059	$22.77	5,047,980	$20.12	5,034,904	$16.98
Granted	1,013,510	$38.55	993,145	$31.84	928,834	$25.32
Exercised	(449,087)	$14.70	(425,066)	$12.12	(881,013)	$7.63
Canceled	(43,330)	$28.14	(53,000)	$25.29	(34,745)	$21.77
Outstanding at End of Year	6,084,152	$25.95	5,563,059	$22.77	5,047,980	$20.12
Exercisable at End of Year	2,459,782	$19.09	2,246,068	$16.80	2,104,909	$14.22

The following table summarizes information about stock options outstanding and exercisable at April 30, 2006:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Options	Weighted Average Remaining Term	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$ 7.59 to $ 8.63	175,376	1.1 years	$ 8.56	175,376	$ 8.56
$13.75 to $14.59	751,436	2.1 years	13.91	751,436	13.91
$17.25 to $20.54	89,145	5.1 years	19.53	89,145	19.53
$20.56 to $23.40	876,749	4.3 years	22.30	746,249	22.11
$23.56 to $25.32	2,219,021	6.0 years	24.81	697,576	24.02
$31.89 to $38.78	1,972,425	8.7 years	35.29	-	-
Total	6,084,152	6.0 years	$25.95	2,459,782	$19.09

Under the terms of the Company's executive long-term incentive plans, upon the achievement of certain three-year financial performance-based targets, awards are payable in restricted shares of the Company's Class A Common Stock. The restricted shares vest 50% on the first and second anniversary date after the award is earned. Compensation expense is charged to earnings over the respective three-year period.

The Company also grants restricted shares of the Company's Class A Common Stock to key employees in connection with their employment. The restricted shares generally vest one half at the end of the fourth and fifth years following the date of the grant. Under certain circumstances relating to a change of control or termination, as defined, the restrictions would lapse and shares would vest earlier. Compensation expense is charged to earnings ratably over five years, or sooner if vesting is accelerated, from the dates of grant. Restricted shares issued in connection with the above plans amounted to 154,952, 129,647 and 177,605 shares at weighted average fair values of $36.91, $32.13, and $25.16 per share in 2006, 2005, and 2004, respectively.

Under the terms of the Company's 1990 Director Stock Plan (the "1990 Plan"), as amended and restated as of June 2001, each member of the Board of Directors who was not an employee of the Company was awarded either (a) Class A Common Stock equal to 50% of the board member's annual fee, based on the stock price on the date of grant, or (b) stock options equal to 150% of the annual fee divided by the stock price on the date of grant. Directors' stock options were 100% exercisable at date of grant.

In September 2004 the shareholders approved a new Director Stock Plan (the "Director Plan"). Under the terms of the Director Plan, each non-employee director will receive an annual award of Class A Common Stock equal in value to 100% of the annual director fee, based on the stock price on the date of grant. The granted shares may not be sold or transferred during the time the non-employee director remains a director. No further shares or options can be granted under the 1990 Plan as of September 2005.

Directors may also elect to receive all or a portion of their director fees in Company stock. No shares were issued in lieu of cash compensation for any of the years presented.

In fiscal year 2006, 7,608 shares of Class A Common Stock were issued under the Director Stock Plan. In fiscal years 2005 and 2004, 4,498 and 4,109 shares of Class A Common Stock were issued under the 1990 Plan, respectively.

Note 16 - Capital Stock and Changes in Capital Accounts

Each share of the Company's Class B Common Stock is convertible into one share of Class A Common Stock. The holders of Class A stock are entitled to elect 30% of the entire Board of Directors and the holders of Class B stock are entitled to elect the remainder. On all other matters, each share of Class A stock is entitled to one tenth of one vote and each share of Class B stock is entitled to one vote.

Under the Company's current stock repurchase program, up to four million shares of its Class A common stock may be purchased from time to time in the open market and through privately negotiated transactions. During fiscal year 2006, the Company repurchased 2,787,470 shares at an average price of $39.06 per share under the current and previous programs. As of April 30, 2006, the Company has authorization from its Board of Directors to purchase up to approximately 2,110,730 additional shares.

Note 17 - Segment Information

The Company is a global publisher of print and electronic products, providing 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 advanced placement, undergraduate, and graduate students, teachers 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, which is also used to evaluate performance. Other segments include the Company's operating divisions in Asia, Australia and Canada. Segment information is as follows (in thousands):

2006	U.S. Segments				European Segment	Other Segments	Eliminations & Corporate Items	Total
	Professional/ Trade	Scientific, Technical, and Medical	Higher Education	Total U.S.				
Revenue								
External Customers	$336,187	$195,821	$126,557	$658,565	$263,504	$122,116	-	$1,044,185
Inter-segment Sales	44,004	10,187	29,678	83,869	28,958	1,834	(114,661)	-
Total Revenue	$380,191	$206,008	$156,235	$742,434	$292,462	$123,950	$(114,661)	$1,044,185
Direct Contribution to Profit	$106,971	$96,009	$40,065	$243,045	$93,415	$26,747	-	363,207
Shared Services and Admin. Costs (a)								(210,528)
Operating Income								152,679
Interest Expense and Other, Net								(8,835)
Income Before Taxes								$143,844
Total Assets	$421,430	$77,329	$95,379	$594,138	$259,465	$63,659	$108,747	$1,026,009
Expenditures for Other Long-Lived Assets	$35,805	$14,008	$9,992	$59,805	$17,702	$6,106	$40,017	$123,630
Depreciation and Amortization	$19,198	$5,325	$15,072	$39,595	$16,518	$3,885	$22,003	$82,001

2005	U.S. Segments				European Segment	Other Segments	Eliminations & Corporate Items	Total
	Professional/ Trade	Scientific, Technical, and Medical	Higher Education	Total U.S.				
Revenue								
External Customers	$313,655	$182,412	$124,062	$620,129	$247,016	$106,903	-	$974,048

	Professional/ Trade	Scientific, Technical, and Medical	Higher Education	Total U.S.	European Segment	Other Segments	Eliminations & Corporate Items	Total
Inter-segment Sales	36,683	8,103	26,843	71,629	21,841	1,746	(95,216)	-
Total Revenue	$350,338	$190,515	$150,905	$691,758	$268,857	$108,649	$(95,216)	$974,048
Direct Contribution to Profit	$102,326	$88,899	$38,221	$229,446	$86,226	$24,868	-	$340,540
Shared Services and Admin. Costs (a)								(199,159)
Operating Income								141,381
Interest Expense and Other, Net								(5,718)
Income Before Taxes								$135,663
Total Assets	$395,397	$62,207	$101,596	$559,200	$269,792	$46,417	$157,160	$1,032,569
Expenditures for Long-Lived Assets	$33,283	$12,038	$13,341	$58,662	$29,404	$4,971	$20,723	$113,760
Depreciation and Amortization	$16,814	$5,083	$16,083	$37,980	$13,916	$3,662	$22,796	$78,354

2004	U.S. Segments				European Segment	Other Segments	Eliminations & Corporate Items	Total
	Professional/ Trade	Scientific, Technical, and Medical	Higher Education	Total U.S.				
Revenue								
External Customers	$306,042	$170,526	$128,067	$604,635	$220,756	$97,571	-	$922,962
Inter-segment Sales	34,210	7,574	24,794	66,578	17,680	1,415	(85,673)	-
Total Revenue	$340,252	$178,100	$152,861	$671,213	$238,436	$98,986	$(85,673)	$922,962
Direct Contribution to Profit	$93,945	$86,310	$41,749	$222,004	$74,585	$22,218	-	$318,807
Shared Services and Admin. Costs								($189,428)
Operating Income								129,379
Interest Expense and Other, Net								(4,269)
Income Before Taxes								$125,110
Total Assets	$395,550	$56,277	$113,614	$565,441	$237,976	$39,146	$156,383	$998,946
Expenditures for Other Long-Lived Assets	$26,822	$11,620	$11,150	$49,592	$15,642	$4,445	$22,039	$91,718
Depreciation and Amortization	$16,728	$4,276	$13,904	$34,908	$13,013	$3,037	$20,409	$71,367

(a) Shared Services and Administrative Costs (in thousands):

	2006	2005	2004
Distribution	$50,260	$47,631	$47,570
Information Technology	62,732	55,074	51,918
Finance	32,594	34,390	29,900
Other Administration	64,942	62,064	60,040
Total	$210,528	$199,159	$189,428

(b) Relocation related expenses

Intersegment sales are generally made at a fixed discount from list price. Shared services costs are not allocated, as they support the Company's worldwide operations. Corporate assets primarily consist of cash and marketable securities, deferred tax benefits, and certain property and equipment. Export sales from the United States to unaffiliated international customers amounted to approximately $79.6 million, $67.7 million, and $68.8 million in fiscal years 2006, 2005, and 2004, respectively. The pretax income for consolidated operations outside the United States was approximately $51.4 million, $45.5 million, and $41.9 million in 2006, 2005, and 2004, respectively.

Worldwide revenue for the Company's core businesses was as follows (in thousands):

	2006	2005	2004

Professional/Trade	$444,211	$411,432	$393,134
Scientific, Technical, and Medical	396,783	372,122	340,235
Higher Education	203,191	190,494	189,593
Total	$1,044,185	$974,048	$922,962

Revenue from external customers based on the location of the customer and long-lived assets by geographic area was as follows:

Dollars in thousands	Revenue			Long-Lived Assets		
	2006	2005	2004	2006	2005	2004
United States	$615,222	$576,521	$567,341	$472,505	$450,159	$461,039
United Kingdom	72,543	73,428	67,821	69,978	81,041	61,712
Germany	61,776	69,964	57,018	137,921	143,349	138,311
Australia	44,660	38,025	34,241	8,836	9,640	6,699
Canada	46,612	37,994	33,918	4,935	3,543	2,097
Other Countries	203,372	178,116	162,623	1,717	1,634	1,742
Total	$1,044,185	$974,048	$922,962	$695,892	$689,366	$671,600

Schedule II

JOHN WILEY & SONS, INC., AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED APRIL 30, 2006, 2005, AND 2004

(Dollars in thousands)

Description	Balance at Beginning of Period	Additions/(Deductions) Charged to Cost & Expenses	Additions/(Deductions) From Acquisitions	Deductions From Reserves	Balance at End of Period
Year Ended April 30, 2006					
Allowance for sales returns(1)	$56,661	$106,779	$ 1,750	$ 109,385	$ 55,805
Allowance for doubtful accounts	$ 7,280	$ 1,698	$ 241	$ 2,604(2)	$ 6,615
Allowance for inventory obsolescence	$24,169	$ 21,739	$ 1,700	$ 16,892	$ 30,716
Year Ended April 30, 2005					
Allowance for sales returns(1)	$63,752	$101,030	$ -	$ 108,121	$ 56,661
Allowance for doubtful accounts	$11,378	$ 1,861	$ -	$ 5,959(2)	$ 7,280
Allowance for inventory obsolescence	$25,915	$ 20,342	$ 341	$ 22,429	$ 24,169
Year Ended April 30, 2004					
Allowance for sales returns(1)	$65,130	$107,956	$ -	$ 109,334	$ 63,752
Allowance for doubtful accounts	$ 9,546	$ 2,861	$ -	$ 1,029(2)	$ 11,378
Allowance for inventory obsolescence	$25,719	$ 23,301	$ (18)	$ 23,087	$ 25,915

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(1) Allowance for sales returns represents anticipated returns net of inventory and royalty costs. The provision is reported as a reduction of gross sales to arrive at revenue.
(2) Accounts written off, less recoveries.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Disclosure Controls and Procedures: As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's

disclosure controls and procedures as such term is defined in Rule 13a-15(e) of the Exchange Act. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective in alerting them on a timely basis to information required to be included in our submissions and filings with the SEC.

Management's Report on Internal Control over Financial Reporting: Our Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based upon the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that our internal control over financial reporting is effective as of April 30, 2006.

KPMG LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of their audit, has issued their report, included herein, (1) on our management's assessment of the effectiveness of our internal controls over financial reporting and (2) on the effectiveness of our internal control over financial reporting.

Changes in Internal Control over Financial Reporting: There were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during our fourth fiscal quarter of 2006.

Item 9B. Other Information

Information on the Audit Committee Charter is contained in our Proxy Statement for our 2006 Annual Meeting of Shareholders under the caption "Audit Committee Charter - Exhibit A" and is incorporated herein by reference.

Information with respect to the Company's corporate governance principles is contained in our Proxy Statement for our 2006 Annual Meeting of Shareholders under the caption "Corporate Governance Principles" and is incorporated herein by reference.

PART III

Item 10. Directors and Executive Officers of the Registrant

The name, age and background of each of our directors nominated for election are contained under the caption "Election of Directors" in our Proxy Statement for our 2006 Annual Meeting of Shareholders and are incorporated herein by reference.

Information on the beneficial ownership reporting for our directors and executive officers is contained under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement for our 2006 Annual Meeting of Shareholders and is incorporated herein by reference.

Information on our audit committee financial experts is contained in our Proxy Statement for our 2006 Annual Meeting of Shareholders under the caption "Report of the Audit Committee" and is incorporated herein by reference.

Executive Officers

Set forth below as of April 30, 2006 are the names and ages of all executive officers of the Company, the period during which they have been officers, and the offices presently held by each of them.

Name and Age	Officer Since	Present Office
Peter Booth Wiley	2002	Chairman of the Board since September 2002

Name / Age	Year	Position
63		and a Director since 1984
William J. Pesce 55	1989	President and Chief Executive Officer and a Director since May 1, 1998 (previously Chief Operating Officer; Executive Vice President, Educational and International Group)
Ellis E. Cousens 54	2001	Executive Vice President and Chief Financial and Operations Officer since March 2001 (previously Senior Vice President, Chief Financial Officer of Bookspan, a Bertelsmann AG joint venture, from March 2000; Vice President, Finance and Strategic Planning, of Bertelsmann AG from March 1999; Vice President, Chief Financial Officer of BOL.com, a subsidiary of Bertelsmann AG, from August 1998)
Stephen A. Kippur 59	1986	Executive Vice President; and President, Professional and Trade Publishing, since July 1998 (previously Executive Vice President and Group President, Professional, Reference and Trade)
William Arlington 57	1990	Senior Vice President, Human Resources, since June 1996
John Jarvis 59	1996	Senior Vice President, Wiley Europe, since 1996
Timothy B. King 66	1996	Senior Vice President, Planning and Development, since June 1996
Bonnie E. Lieberman 58	1990	Senior Vice President, Higher Education, since 1996
Gary M. Rinck 54	2004	Senior Vice President, General Counsel, since Ma (previously Group General Counsel of Pearson PL Managing Partner of the London office of Morris from 1995.)
Stephen M. Smith 51	1995	Chief Operating Officer, Wiley Europe, since Ma (previously, Senior Vice President, Internationa and Director of Professional and Trade Publishi 2000.)
Eric A. Swanson 58	1989	Senior Vice President, Scientific, Technical an since 1996
Deborah E. Wiley 60	1982	Senior Vice President, Corporate Communications
Walter Conklin 62	1988	Vice President, Treasurer, since 1988
Edward J. Melando 50	2002	Vice President, Corporate Controller, since Apr (previously Vice President, Corporate Controlle Register Company from August 2000; Corporate Co Asarco Incorporated, from April 1999.)
Josephine Bacchi 59	1992	Corporate Secretary, since 1992

</TABLE>

Each of the other officers listed above will serve until the next organizational meeting of the Board of Directors of the Company and until each of the respective successors is duly elected and qualified. Deborah E. Wiley is the sister of Peter Booth Wiley. There is no other family relationship among any of the aforementioned individuals.

Item 11. Executive Compensation

Information on compensation of our directors and executive officers is contained in our Proxy Statement for our 2006 Annual Meeting of Shareholders under the captions "Directors' Compensation" and "Executive Compensation," respectively, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item is contained in the Company's Proxy Statement for our 2006 Annual Meeting of Shareholders under the caption "Beneficial Ownership of Directors and Management" and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

None.

Item 14. Principal Accountant Fees and Services

Information required by this item is contained in the Company's Proxy Statement for our 2006 Annual Meeting of Shareholders under the caption "Report of the Audit Committee" and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Financial Statements and Schedules
Financial Statements and Schedules are listed in the attached index on page 10 and are filed as part of this Report.

(b) Reports on Form 8-K
Earnings release on the fiscal year 2006 results issued on form 8-K dated June 15, 2006, which included certain condensed financial statements of the Company.

(c) Exhibits

2.1 Agreement and Plan of Merger dated as of August 12, 2001, among the Company, HMI Acquisition Corp. and Hungry Minds, Inc. (incorporated by reference to the Company's Report on Form 8-K dated as of August 12, 2001).

3.1 Restated Certificate of Incorporation (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 1992).

3.2 Certificate of Amendment of the Certificate of Incorporation dated October 13, 1995 (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 1997).

3.3 Certificate of Amendment of the Certificate of Incorporation dated as of September 1998 (incorporated by reference to the Company's Report on Form 10-Q for the quarterly period ended October 31, 1998).

3.4 Certificate of Amendment of the Certificate of Incorporation dated as of September 1999 (incorporated by reference to the Company's Report on Form 10-Q for the quarterly period ended October 31, 1999).

3.5 By-Laws as Amended and Restated dated as of September 1998 (incorporated by reference to the Company's Report on Form 10-Q for the quarterly period ended October 31, 1998).

10.1 $300,000,000 Credit Agreement dated November 9, 2005. Form 10Q for the quarterly period ended October 31, 2005 (incorporated by reference to the Company's Report on Form 10-Q for the quarterly period ended October 31, 2005).

10.2 Agreement of the Lease dated as of June 7, 2006 between One Wiley Drive, LLC, an independent third party, as landlord and John Wiley and Sons, Inc., as Tenant (filed as an exhibit to the Company's Report on Form 10-K for the year ended April 30, 2006).

10.3 Agreement of Lease dated as of August 4, 2000, between, Block A South Waterfront Development L.L.C., as Landlord, and the Company, as Tenant (incorporated by reference to the Company's Report on Form 10-Q for the quarterly period ended July 31, 2000).

10.4 Summary of Lease Agreement dated as of March 4, 2005, between, Investa Properties Limited L.L.C. as Landlord, and the Company, Tenant (incorporated by reference to the Company's

Report on Form 10-K for the year ended April 30, 2005).

10.5 Director Stock Plan (incorporated by reference to the Company's Definitive Proxy Statement dated August, 2004).

10.6 Executive Annual Incentive Plan (incorporated by reference to the Company's Definitive Proxy Statement dated August 5, 2004).

10.7 2004 Key Employee Stock Plan (incorporated by reference to the Company's Definitive Proxy Statement dated August 5, 2004).

10.9 Senior executive employment Agreement to Arbitrate dated as of April 29, 2003 (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2003).

10.10 Senior executive Non-competition and Non-disclosure Agreement dated as of April 29, 2003 (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2003).

10.11 1990 Director Stock Plan as Amended and Restated as of June 22, 2001 (incorporated by reference to the Company's Definitive Proxy Statement dated August 8, 2001).

10.12 1989 Supplemental Executive Retirement Plan (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 1989).

10.13 Form of the Fiscal Year 2005 Qualified Executive Long Term Incentive Plan (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2005).

10.14 Form of the Fiscal Year 2005 Qualified Executive Annual Incentive Plan (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2005).

10.15 Form of the Fiscal Year 2005 Executive Annual Strategic Milestones Incentive Plan (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2005).

10.16 Form of the Fiscal Year 2007 Qualified Executive Long Term Incentive Plan (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2006).

10.17 Form of the Fiscal Year 2007 Qualified Executive Annual Incentive Plan (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2006).

10.18 Form of the Fiscal Year 2007 Executive Annual Strategic Milestones Incentive Plan (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2006).

10.19 Form of the Fiscal Year 2006 Qualified Executive Long Term Incentive Plan (incorporated by reference to the Company's first quarter fiscal year 2006 report on Form 10-Q).

10.20 Form of the Fiscal Year 2006 Qualified Executive Annual Incentive Plan (incorporated by reference to the Company's first quarter fiscal year 2006 report on Form 10-Q).

10.21 Form of the Fiscal Year 2006 Executive Annual Strategic Milestones Incentive Plan (incorporated by reference to the Company's first quarter fiscal year 2006 report on Form 10-Q).

10.22 Senior executive Employment Agreement dated as of March 1, 2003, between William J. Pesce and the Company (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2003).

10.23 Senior executive Employment Agreement dated as of March 1, 2003, between Stephen A. Kippur and the Company (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2003).

10.24 Senior executive Employment Agreement dated as of March 1, 2003, between Ellis E. Cousens and the Company (incorporated by reference to the Company's Report on Form 10-K for the year

ended April 30, 2003).

10.25 Senior executive Employment Agreement letter dated as of March 1, 2003, between Timothy B. King and the Company (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2003).

10.27 Senior executive Employment Agreement letter dated as of March 15, 2004, between Gary M. Rinck and the Company (incorporated by reference to the Company's Report on Form 10-K for the year ended April 30, 2004).

10.28 Deferred Compensation Plan for Directors' 2005 & After Compensation (incorporated by reference to the report on Form 8-K, filed December 21, 2005).

21* List of Subsidiaries of the Company.

23* Consent of KPMG LLP.

31.1* Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2* Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1* Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2* Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JOHN WILEY & SONS, INC.
(Company)

By: /s/ William J. Pesce
William J. Pesce
President and Chief Executive Officer

By: /s/ Ellis E. Cousens
Ellis E. Cousens
Executive Vice President and
Chief Financial and Operations Officer

By: /s/ Edward J. Melando
Edward J. Melando
Vice President, Controller and
Chief Accounting Officer

Dated: June 23, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons constituting directors of the Company on June 23, 2006.

/s/ Warren J. Baker	/s/ William J. Pesce
Warren J. Baker	William J. Pesce
/s/ Kim Jones	/s/ William B. Plummer
Kim Jones	William B. Plummer
/s/ Mathew S. Kissner	/s/ Bradford Wiley II
Mathew S. Kissner	Bradford Wiley II
/s/ Raymond McDaniel, Jr.	/s/ Peter Booth Wiley
Raymond McDaniel, Jr.	Peter Booth Wiley

Exhibit 10.2

LEASE

THIS LEASE (this "Lease") is made and entered into as of the 7th day of June, 2006, by and between One Wiley Drive LLC, a New Jersey limited liability company, ("Landlord") and John Wiley & Sons, Inc., a New York corporation ("Tenant").

NOW, THEREFORE, in consideration of the mutual promises of the parties and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

ARTICLE ONE

LEASED PREMISES AND TERM / TENANT PROPERTY

1. Landlord hereby leases to Tenant and Tenant hereby rents from Landlord that certain real property described on Exhibit "A", together with all easements, rights, licenses and privileges appurtenant thereto (collectively, the "Land"), together with that certain existing building (the "Building") containing 185,100 square feet located at One Wiley Drive in Somerset, New Jersey, and all other improvements now located on and/or to be constructed thereon (collectively, the "Improvements") (the Land and the Improvements shall collectively be referred to as the "Leased Premises" or the "Demised Premises"), all as further shown on the survey attached as Exhibit "A-1". The term (the "Term") of this Lease shall be for a period of fourteen (14) years commencing on the date (the "Commencement Date") upon which the last of the following have occurred: (i) Tenant has received all then required acceptable non-disturbance agreement(s) (as required in Article 17 below) and (ii) January 1, 2007. If the Commencement Date has not occurred by January 1, 2007 due to Landlord's failure to obtain the required acceptable non-disturbance agreement(s) then, in such event, and in addition to any and all other rights and remedies available to Tenant under this Lease, at law and/or in equity, Tenant shall have the option of terminating this Lease by delivering notice thereof. If Tenant delivers such notice, this Lease shall terminate as of the thirtieth (30th) day after Landlord's receipt of such notice unless, prior to the end of such thirty (30) day period, Landlord delivers to Tenant an acceptable non-disturbance agreement(s) (as required in Article 17 below), in which case Tenant's termination shall be null and void and this Lease shall continue in full force and effect.

2. Notwithstanding the foregoing or any contrary provision contained in this Lease (and without otherwise limiting any other items which may belong to, and are considered to be owned by, Tenant), the parties expressly acknowledge that those items set forth on Exhibit "B" attached to this Lease which may be located at the Leased Premises (whether or not attached or affixed) shall be considered Tenant's sole and exclusive property and, in this regard, Tenant, as Tenant may from time to time desire, may remove any or all of those items listed on Exhibit "B" at any time without payment to Landlord.

ARTICLE TWO

BASE RENT

1. Tenant shall pay to Landlord, base rent("Base Rent") plus the amount of any use or sale tax which may be imposed by the State of New Jersey or any federal or local government on Base Rent, without notice or demand and, except as provided elsewhere in this Lease, without any setoff or deduction whatsoever, which shall be payable monthly as follows:

Period	Monthly Base Rent
Months 1 through 60 following the Commencement Date	$75,000.00 per month
Months 61 through 120 following the Commencement Date	$83,333.33 per month
Months 121 through 168 following the Commencement Date	$91,666.67 per month

ARTICLE THREE

REAL ESTATE TAXES

1. Except as provided below in this Article 3, Tenant will, at Tenant's own cost and expense, be responsible for the payment of all taxes and assessments and other charges, ordinary or extraordinary (all of which are hereinafter sometimes collectively referred to as "Impositions"), which shall be levied, charged, assessed or imposed upon the Leased Premises, or any part thereof, which are attributable to the Term of this Lease. In this regard, subject to Landlord's timely delivery to Tenant of all tax bills and assessment bills as required below, Tenant shall pay for such impositions before the assessment of any penalties. Tenant agrees to furnish to Landlord, at least ten (10) days prior to the date any penalties or interest would be assessed, proof of payment of all Impositions. If Tenant does not timely pay all Impositions in accordance with this Article, Landlord shall have the right, after first providing Tenant with written notice, to pay such sums and to collect from Tenant the entire cost of all such sums advanced.

2. Notwithstanding the foregoing, if, (i) pursuant to Article 23 of this Lease, Landlord constructs an Additional Building on the Leased Premises or expands the Building (collectively, "Landlord's Construction") on the Leased Premises, (ii) Landlord's Construction is not for the benefit of Tenant, and (iii) as a result of such construction the assessed value of the Building is increased (as determined by the tax assessor's notes), then, except as provided below, any increase in Impositions above the Impositions payable with respect to the Building for the real estate tax year immediately preceding Landlord's Construction which results from such increase in the assessed value of the Building as opposed to an increase in the applicable tax rate (the "Landlord's Construction Increase"), shall not be the obligation of Tenant and Landlord shall pay Landlord's Construction Increase on or before the date on which Impositions are due and payable. Once Impositions payable with respect to the Leased Premises are increased as a result of any increase applicable to all properties similar to the Leased Premises in Somerset, New Jersey, or if the assessed value of the Improvements are increased as a result of construction by Tenant pursuant to Articles 8 or 24 of this Lease, then Tenant shall pay such Impositions as provided in this Article 3.

3. Tenant shall pay all Impositions during the Term hereof on a quarterly basis. Immediately upon receipt of all tax bills and assessment bills attributed to any calendar year during the Term hereof, Landlord shall furnish Tenant with a written statement of the actual amount of the Impositions for such year, or part thereof, together with a copy of such tax bills, and Tenant shall pay such actual amount as provided above (and Landlord shall also be responsible for any additional assessments, fees or penalties incurred if Landlord fails to timely deliver such bills). Tenant may, upon the receipt of prior written approval of Landlord, such approval not to be unreasonably withheld, and provided Tenant pays such Impositions, contest any Impositions against the Leased Premises and attempt to obtain a reduction in the assessed valuation upon the Leased Premises for the purpose of reducing any such tax assessment. In the event Landlord approves and upon the request of Tenant, but without expense or liability to Landlord, Landlord shall cooperate with Tenant and execute any document which may be reasonably necessary and proper for any proceeding. If a tax reduction is obtained, there shall be a subsequent reduction in Tenant's total payment of Impositions for such year, and any refund of Impositions received by Landlord, less Landlord's costs of obtaining such refunds, if any, shall be delivered to Tenant to the extent that such refund applies to Impositions paid by Tenant during the Term of this Lease.

ARTICLE FOUR

UTILITIES

1. At all times during the Term of this Lease Tenant shall obtain, at its sole cost and expense, the following:

A. water to the Building sufficient for Tenant's purposes;

B. electrical service lines to the Building sufficient for Tenant's purposes;

C. regular trash removal for the Building exterior and common areas;

D. telephone conduits to the Building; and

E. proper waste water and sewer services.

2. Tenant acknowledges and agrees that Landlord shall have no obligation to provide any services to Tenant or the Leased Premises and that Tenant shall be solely responsible for obtaining any and all services required by the Tenant to use and operate the Leased Premises. Notwithstanding the foregoing, Landlord shall be responsible, at Landlord's sole cost and expense, for any metering which may be required (or desired by Tenant) if Landlord constructs an Additional Building (as discussed in this Lease in more detail below).

ARTICLE FIVE

SECURITY DEPOSIT

Landlord and Tenant acknowledge that there is no security deposit due in connection with this Lease.

ARTICLE SIX

USE OF LEASED PREMISES

1. Tenant may use the Leased Premises (at any and all times, as desired by Tenant) for packing and distribution, administrative offices and/or for any other ancillary use in accordance with all Laws (as defined below).

2. Tenant shall comply with all laws, ordinances, rules, orders and regulations and all permits and approvals of any governmental authority, at any time duly in force (collectively "Laws"), applicable to any work, installation, occupancy, use or manner of use by Tenant of the Leased Premises or any part thereof.

ARTICLE SEVEN

INSURANCE

1. Liability Insurance. (a) At all times during the term of this Lease, Tenant shall, at Tenant's own cost and expense, provide and keep in force for the benefit of Landlord and any Fee Mortgagee(s) (as defined below) general liability policies protecting Landlord and any Fee Mortgagee(s) from and against claims for bodily injury, personal injury, death or property damage occurring on, in, or about the Demised Premises, or as a result of ownership of improvements or equipment located on the Demised Premises, in an amount per occurrence of not less than $2,000,000.00 combined single limit for any bodily injury, personal injury, death or property damage, with an additional $3,000,000 in coverage provided under an umbrella policy or policies. A certificate of insurance shall be delivered to, and left in possession of, Landlord. In addition, all such insurance to be obtained by Tenant under this Lease shall be written by a company authorized to do business in New Jersey and which has a Best's Insurance Rating of A-IX or better. Such insurance shall name as insured Landlord, Tenant and any Fee Mortgagee(s), as their interests may appear, shall include a mortgagee clause in standard form if there be a mortgage or mortgagee(s), and must contain a clause that the insurer will not cancel or change the insurance coverage without first giving Landlord thirty (30) days advance written notice. Tenant shall not self-insure for any insurance coverage required to be obtained or carried by Tenant under this Lease and any deductible amounts under any insurance policy required hereunder shall not exceed $50,000.00.

(b) If at any time or times Tenant shall neglect to keep in force

generalliability policies as aforesaid, or the other policies of insurance required under this Lease, or shall fail or refuse so to deliver to and leave with Landlord certificates of insurance with respect to such policies of insurance, as required by the provisions of this Lease, Landlord may effect such insurance as the agent of Tenant; and the amount of the premium or premiums paid for such insurance by Landlord shall be paid by Tenant to Landlord as additional rent within ten (10) days after demand therefor.

2. Hazard Insurance. (a) At all times during the term of this Lease, Tenant shall, at Tenant's own cost and expense, keep the Improvements insured against loss or damage by fire, lightning, windstorm, hail, explosion, riot, damage from aircraft, smoke damage and war damage (when available) in an amount at least equal to the full insurable value thereof without deduction for depreciation. A certificate of insurance shall be delivered to, and left in possession of, Landlord. In addition, all such insurance to be obtained by Tenant under this Lease shall be written by a company authorized to do business in New Jersey and which has a Best's Insurance Rating of A-IX or better. Such insurance shall name as insured Landlord, Tenant and any Fee Mortgagee(s), as their interest may appear, shall include a mortgagee clause in standard form if there be a mortgage or mortgagee(s), and must contain a clause that the insurer will not cancel or change the insurance coverage without first giving Landlord thirty (30) days advance written notice. Tenant shall not self-insure for any insurance coverage required to be obtained or carried by Tenant under this Lease and any deductible amounts under any insurance policy required hereunder shall not exceed $50,000.00.

(b) All fire and casualty insurance proceeds for which provision is hereinafter made shall be made available in accordance with applicable restoration provisions hereof, for application to the cost of demolition, restoration, repair, replacement and rebuilding of the damage which occasioned the payment of such proceeds.

(c) If at any time or times Tenant shall neglect to keep in force policies of insurance as aforesaid, or the other policies of insurance required under this Lease, or shall fail or refuse so to deliver to and leave with Landlord certificates of insurance with respect to such policies of insurance, as required by the provisions of this Lease, Landlord may effect such insurance as the agent of Tenant; and the amount of the premium or premiums paid for such insurance by Landlord shall be paid by Tenant to Landlord as additional rent within ten (10) days after demand therefor.

3. Workers Compensation Insurance; Automobile Liability Insurance. At all times during the Term of this Lease, Tenant shall, at Tenant's own cost and expense, provide, keep and maintain (i) workers compensation insurance in amounts required by Laws, and (ii) automobile liability insurance.

4. Waiver. The parties hereto shall procure an appropriate clause in, or endorsement on, any fire or extended coverage insurance covering the Leased Premises (and the Building), as well as personal property, fixtures and equipment located thereon or therein, pursuant to which the applicable insurance company waives subrogation or consents to a waiver of right of recovery, and each party hereto agrees that it will not make any claim against or seek to recover from the other for any loss or damage to its property or the property of others resulting from fire or other hazards covered by such fire and extended coverage insurance. If the payment of an additional premium is required for the inclusion of such waiver of subrogation provision, each party shall advise the other in writing.

ARTICLE EIGHT

REPAIRS AND MAINTENANCE / CAPITAL FUND

1. Tenant shall, at Tenant's own cost and expense (except for Landlord's contribution to the cost of the Capital Improvements as set forth in Subparagraph 2 of this Article 8, make all repairs and/or replacements promptly when and as needed in order to insure that the Leased Premises (including the Improvements) is at all times in good condition, including but not limited to maintaining, and replacing as necessary all structural elements, exterior walls, roof, foundations, windows, electrical lines, HVAC Equipment (as defined below) and ductwork located inside and outside of the Building, sprinkler systems, driveways and parking areas.

2. (a) Landlord hereby agrees to pay for up to $1,000,000 (the "Capital Improvement Fund") of the cost to replace the roof of the Building and the cost to repave and restrip Tenant's parking areas (collectively, the "Capital Improvements"). The Capital Improvement Fund shall be available to pay for the Capital Improvements at any time during the Term prior to the tenth (10th) anniversary of the Commencement Date.

(b) Tenant shall perform the Capital Improvements when required, pursuant to plans and specifications approved by Landlord and employing a contractor approved by Landlord, both approvals not to be unreasonably withheld, conditioned or delayed.

(c) If Tenant performs the Capital Improvements pursuant to this Article 8, Tenant may request that Landlord disburse a portion of the Capital Improvement Fund to pay directly to Tenant's contractor the sum requested by Tenant, subject to Landlord's reasonable approval of such request and subject further to Tenant increasing its rental obligations in accordance with the procedures set forth in Exhibit "C". Tenant shall perform the Capital Improvements in accordance with all Laws and in a good and workmanlike manner.

ARTICLE NINE

LANDLORD'S RIGHTS REGARDING THE LEASED PREMISES

Landlord has the right during normal business hours and after providing Tenant with five (5) days prior written notice (except in case of emergency in which case Landlord can enter at any time) to enter the Leased Premises for the purpose of inspection by Landlord or any Fee Mortgagee, provided Landlord does not interfere with Tenant's use of all or any part of the Leased Premises and provided further a representative of Tenant shall be present during all inspections made pursuant to this Article. Tenant shall make a representative available for all such inspections.

ARTICLE TEN

ALTERATIONS

1. Tenant may from time to time, at its own expense, alter, renovate, or improve all or any part of the Leased Premises provided Landlord has consented to such alteration, renovation or improvement (collectively, an "Alteration"), which consent shall not be unreasonably withheld, conditioned or delayed. Such Alteration shall be performed in a good and workmanlike manner in accordance with all Laws, and in accordance with plans and specifications approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Tenant has the right to make Minor Alterations (as hereinafter defined) to the Leased Premises without obtaining Landlord's prior written consent (but Tenant will provide Landlord with notice accompanied by any plans and specifications which may have been prepared or, if none were prepared, then with by a narrative description of such Minor Alteration) (by email to an address to be designated by Landlord) if Tenant performs any such Minor Alteration). "Minor Alterations" means Alterations to the Leased Premises the cost of which are not in excess of $250,000.00 or which do not affect the roof or structure of the Improvements.

2. Notwithstanding anything contained in this Lease to the contrary, Tenant shall not be required to remove any Alterations at the end of the Term of this Lease.

ARTICLE ELEVEN

ASSIGNMENT AND SUBLETTING

Tenant may assign, sublet or transfer this Lease and/or all or any part of Tenant's interest in this Lease and/or the Leased Premises, in any such event, to a third party (or parties), in Tenant's sole discretion (and upon such assignment, sublet or transfer, Tenant shall notify Landlord), all without Landlord's consent. No such transfer by Tenant shall release Tenant from any liability of "Tenant" under this Lease. Additionally, Tenant, in Tenant's sole discretion, may, upon notice to Landlord, mortgage or grant a security interest in this Lease and/or in any improvement, furniture, fixtures, equipment, inventory and all other property belonging to Tenant, and may also assign Tenant's rights under this Lease to any such mortgagees or holders of security interests, including their successors and/or assigns, all in accordance with Article 34 hereof.

ARTICLE TWELVE

SURRENDER AT END OF TERM

1. Tenant agrees that at the time of expiration or earlier termination of this Lease, Tenant will at its sole cost and expense:

(a) deliver the Leased Premises to Landlord in the same physical condition and repair as existed on the Commencement Date, ordinary wear and tear, condemnation, casualty or acts of Landlord or those under Landlord's control excepted; and

(b) at the sole option of Tenant, remove any or all installations, improvements and Alterations that Tenant has made to or at all or any part of the Leased Premises. Upon removal, Tenant will repair any damage to the Leased Premises caused solely by its installation and/or removal.

2. Tenant may remove (but shall not be required to remove) any of its trade fixtures, furnishings and equipment, provided that Tenant repairs any damage to the Leased Premises caused solely by its installation and/or removal.

ARTICLE THIRTEEN

CASUALTY

1. (a) In case of damage to or total or partial destruction (other than by reason of condemnation proceedings) of the Leased Premises, Tenant shall promptly notify Landlord of such damage or destruction and Tenant, at its expense (whether or not the net insurance proceeds are sufficient to cover the cost thereof), promptly and with due diligence shall restore, replace, repair, rebuild or alter the damaged or destroyed portions of the Leased Premises as nearly as practicable to their condition and character immediately prior to such damage or destruction. Such restoration, replacement, repair and rebuilding are sometimes referred to in this Article as the "work."

(b) If, any casualty occurs during the last two(2) years of the Term and the restoration of the Leased Premises is estimated to take more than 180 days by a licensed, reputable, independent contractor approved by Landlord and Tenant, or completion of the restoration exceeds 180 days, then Tenant, at its election, may terminate this Lease by giving written notice to Landlord specifying a termination date therein given within sixty (60) days following such casualty. In such event, this Lease shall terminate on the date specified in such notice of termination (which date shall be no less than thirty (30) and no more than forty-five (45) days after the date of such notice) and (i) Tenant shall quit and surrender the Leased Premises to Landlord on or before such date in accordance with this Lease, and (ii) Base Rent, Impositions and all other items of rent (collectively, "Rent") shall be apportioned to such date. In such event, Landlord shall be entitled to receive and retain all insurance proceeds which relate to the Building ("Building Proceeds") rather than Tenant's furnishings, fixtures, equipment, inventory and Improvements (collectively, "Tenant's FF&E") which should be paid to Tenant as a result of such damage or destruction and Tenant shall have no interest in the Building Proceeds and shall assign (and hereby does assign) all of its rights therein and thereto, unto Landlord, except that Tenant shall be entitled to receive from such proceeds, reimbursement of reasonable amounts expended by it in attempting to cure a condition resulting from such casualty which (1) posed an imminent threat to the health and safety of the occupants of the Leased Premises or (2) exposed Tenant to criminal liability (of which expenditures Tenant shall furnish notice to Landlord before such expenditures are made), provided that Tenant shall not be entitled to receive such proceeds if the payment to Tenant reduces the insurance proceeds payable to Landlord. In the event the conditions set forth in the foregoing subparagraphs (i) and (ii) are satisfied, this Lease shall be deemed terminated and of no further force and effect and Tenant shall be relieved of any liability pursuant to this Lease from and after such termination date provided that Tenant is not then in default under this Lease beyond applicable grace periods and provided further that Tenant shall pay to Landlord the amount of any deductibles under Tenant's insurance policies. The provisions hereof with respect to such insurance proceeds shall survive the expiration or termination of this Lease. Notwithstanding anything to the contrary contained above, if Tenant terminates this Lease due to the fact that completion of the restoration exceeds 180 days, Tenant's termination shall be nullified and this Lease shall continue in full force and effect if Landlord completes such restoration within thirty (30) days after its receipt of Tenant's termination notice. If Tenant does not give such notice of termination as hereinabove provided, Tenant shall promptly proceed with the work in accordance with the terms of this Lease.

(c) In the event that this Lease is not terminated pursuant to Subparagraph (b) above and following the estimated completion date of the restoration of the Leased Premises the Term contains less than two (2) years, then upon completion of such restoration, this Lease shall be automatically extended so that the Term shall expire on the last day of the 24th month following the completi on of the restoration of the Leased Premises.

2. If any casualty occurs during the last year of the Term and Tenant determines, in its reasonable discretion, that the Leased Premises can no longer be operated as a viable economic unit following such casualty, then Tenant may terminate this Lease effective thirty (30) days after Tenant notifies Landlord of Tenant's determination. Upon such termination, Landlord shall be entitled to receive and retain all Building Proceeds and the amount of any deductible as provided in Subparagraph 1(b) above. If Tenant determines in its reasonable discretion that the Leased Premises may be operated as a viable economic unit following such casualty, then this Lease shall continue until the expiration of the Term of this Lease.

3. Except as otherwise provided in this Lease, all insurance proceeds shall be paid to Tenant. Tenant shall apply the proceeds to the costs of restoration of the Leased Premises.

4. Any work required to be performed by Tenant under this Article, shall be made subject to and in accordance with the provisions of Article 10.

5. There shall be no abatement or reduction of fixed net rent or additional rent payable by Tenant under this Lease nor any diminution of any of Tenant's obligations under this Lease by reason of any such damage or destruction, nor by reason of any work required to be performed by Tenant under this Article, nor shall Tenant be entitled to surrender possession of the Leased Premises by reason thereof; and Tenant hereby waives all rights to such relief now or hereafter conferred upon it by any Law now in existence or hereafter enacted.

6. If any dispute shall arise regarding any matter arising under this Article, such dispute shall be determined by arbitration in accordance with the provisions of Article 37.

7. Notwithstanding anything to the contrary set forth in this Article, and for purposes of this Article only, the holder of any Fee Mortgage or Leasehold Mortgage shall not be permitted to retain any insurance proceeds, or otherwise direct the payment thereof for any purpose other than in connection with performing the work required under this Article.

ARTICLE FOURTEEN

CONDEMNATION

1. Whenever used in this Article, the following words shall have the following respective definitions and meanings:

(a) "Condemnation" or "Condemnation Proceedings" : any action or proceedings brought by competent authority for the purpose of taking the fee of the Leased Premises or any interest therein or any part thereof as a result of the exercise of the power of eminent domain, including a voluntary sale to such authority either under threat of or in lieu of condemnation or while such action or proceeding is pending, and any agreement in lieu of or in anticipation of the exercise of the power of eminent domain between Landlord and any governmental authority authorized to exercise the power of the eminent domain.

(b) "Taking" or "Taken": the event of vesting of title to the fee of the Leased Premises or any part thereof in the governmental authority pursuant to condemnation.

(c) "Vesting Date": the date of the Taking.

2. In case of a Taking of more than fifty percent (50%) of the Leased Premises, this Lease shall terminate as of the Vesting Date and the Rent shall be apportioned to the date of termination.

3. (a) In case of a Taking of fifty percent (50%) or less of the Leased Premises (a "Partial Taking"), Landlord and Tenant mutually shall determine, within sixty (60) days after the Vesting Date, whether the remaining premises (after the "Restoration" defined in Subparagraph 5 of this Article 14 and elsewhere in this Article) can economically and feasibly be used by Tenant. If Landlord and Tenant cannot agree upon such matter, it shall be determined by arbitration under the provisions of Article 37. If it is determined either by mutual consent or by arbitration that the remaining Leased Premises cannot economically and feasibly be used by Tenant, this Lease shall terminate and the Rents should be apportioned to the date of termination.

(b) If it is determined either by mutual consent or by arbitration that the remaining Leased Premises can be economically and feasibly used by Tenant, this Lease shall continue in full force and effect as to the remaining portion of the Leased Premises subject to a reduction in the Base Rent as provided in Subparagraph 6 of this Article 14 hereof.

4. (a) In the event of any condemnation not resulting in a termination of this Lease, the net condemnation award proceeds shall first be made available to pay for the cost of Restoration, to restore the portion of the Leased Premises not affected by the Taking, to an economically viable architectural unit. Any excess proceeds after payment for Restoration shall be paid to Landlord.

(b) In the event of a condemnation resulting in a termination of this Lease, the net proceeds after deducting all costs and expenses incurred in connection with the prosecution of such proceedings and collection of such award, including reasonable attorneys fees and disbursements (the "net condemnation proceeds"), shall be payable to Landlord, except that Tenant shall be entitled to bring a separate action for an award or payment for the condemnation of Tenant's FF&E or for relocation or moving expenses provided the amount of the net proceeds payable to Landlord with respect to its fee interest is not diminished.

5. If, in case of a Partial Taking, this Lease shall not terminate, Tenant, at Tenant's expense, shall commence and proceed with reasonable diligence to repair or reconstruct the Leased Premises to a complete architectural unit as nearly as possible in character and appearance as existed prior to the Taking (all of such repair or reconstruction being referred to in the is Article as "Restoration"), provided that if the cost of Restoration, as estimated by a licensed reputable, independent contractor approved by both Landlord and Tenant, shall exceed the net amount of the award available to pay Restoration costs, Tenant may, at its election, terminate this Lease by written notice to Landlord given within forty-five (45) days after receipt of such estimate unless Landlord agrees to pay the amount in excess of the award available to pay Restoration costs. The amount of the net condemnation proceeds required to pay for the cost of Restoration shall be paid to Tenant and Tenant shall apply such proceeds to the payment of the costs of the Restoration. Any net condemnation proceeds remaining after such Restoration shall be payable to Landlord.

6. (a) In the case of a Partial Taking, if the Lease is not terminated, then the Base Rent payable under this Lease for each lease year (prorated for any period less than a year) from and after the date of the Vesting, shall be reduced by an amount equal to the product of: (i) the "Base Rent" payable for such lease years multiplied by (ii) a fraction, (x) the numerator of which shall be the amount of rentable square feet in the Leased Premises after giving effect to the Taking, and (y) the denominator of which shall be the amount of rentable square feet in the Leased Premises prior to the Taking; in each case as determined by the Real Estate Consultant, to the extent permitted by Law, as if the Leased Premises were free and clear of this Lease (the "Taken Portion Fraction"). "Real Estate Consultant" shall mean or any real estate consulting firm, with at least ten (10) years experience in the Somerset County real estate market, acceptable to Landlord and Tenant, and if Landlord and Tenant cannot agree on the selection of the Real Estate Consultant, then such selection shall be submitted for determination by arbitration under Article 37 of this Lease.

(b) Any net condemnation proceeds resulting from a Partial Taking whether or not this Lease is terminated, shall be disbursed first to pay for the Restoration of the Leased Premises as provided in Section 14.4(a) hereof, and the balance to Landlord except that Tenant shall be entitled to bring a separate action for an award or payment for the condemnation of Tenant's FF&E or for relocation or moving expenses provided the amount of the net proceeds payable to Landlord with respect to its fee interest is not diminished.

7. (a) In the event of a Taking of all or any portion of the Leased Premises for temporary use, the foregoing provisions of this Article shall be inapplicable thereto, this Lease shall continue in full force and effect without reduction or abatement of Base Rent and Tenant alone shall be entitled to make claim for, recover and retain any award recoverable in respect of such temporary use whether in the form of rental or otherwise. If the award is made in a lump-sum covering a period beyond the expiration of the Term, Landlord also shall be entitled to make claim for and recover the portion of the award allocable to such period. If the award is made in a lump-sum covering the entire period or substantially the entire period of such temporary use, or shall be payable in periodic installments other than monthly or more frequent installments, such award shall, to the extent reasonably determined to be necessary (assuming investment at the then current rate of obligations of similar terms backed by the full faith and credit of the United States government) to pay Rent thereafter accruing during such temporary Taking period, be paid to Landlord by the Taking authority, and Tenant shall so direct the Taking authority, and shall be credited against the payment of Rent as it becomes due. Any balance shall belong to and be paid to Tenant to the extent that it does not relate to any period beyond the expiration of the term of this Lease.

(b) If any portion of the award for such temporary use is intended to cover the cost of Restoration of the Leased Premises or to making repairs

occasioned by or resulting from such temporary use, such portion shall be paid to Tenant to cover the cost of Restoration; and any balance remaining shall belong to and be paid to Tenant. However, if such temporary use shall terminate after the expiration of this Lease, Landlord shall be entitled to retain such balance of the award intended to cover the cost of Restoration and Tenant shall not be entitled to any part thereof.

8. In the event of a Taking of all or a portion of the Leased Premises during the Term, Landlord shall select the attorney to protest the condemnation proceedings. The settlement of such proceedings shall be subject to the approval of Landlord.

9. The Landlord and Tenant shall cooperate to maximize the amount of the condemnation award. It is the intent of the parties hereto that where permitted under law, claims in any condemnation proceeding which either party is otherwise entitled to submit, shall be submitted as separate claims. Nothing in this Lease shall be deemed to prevent Tenant from making a separate claim for moving costs and the value of fixtures, furnishings and equipment which Tenant is deprived of as a result of a Taking.

ARTICLE FIFTEEN

DEFAULT BY TENANT

1. Tenant shall be in default hereunder if (a) Tenant fails to pay when due Base Rent and any other sums due under this Lease and such failure shall continue for more than thirty (30) days after receipt of written notice from Landlord to Tenant, or (b) Tenant fails to observe and perform any of the other terms, covenants and/or conditions of this Lease and such default shall continue for more than thirty (30) days after receipt of written notice from Landlord to Tenant or, if such default cannot by its nature be cured within thirty (30) days, Tenant's failure to commence work thereon within thirty (30) days and diligently prosecute same to completion.

2. Upon default by Tenant, Landlord may:

(a) terminate this Lease, re-enter the Leased Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim or right hereunder; or

(b) bring suit for the collection of Base Rent and other sums due under this Lease when and as such sums are payable under this Lease, without entering into possession of the Leased Premises or canceling this Lease (however, Landlord shall use its best efforts to mitigate its damages); or

(c) if Landlord terminates this Lease as a result of a default by Tenant, Landlord shall then have the right, at any time, at its option, to require Tenant to pay to Landlord, on demand, as liquidated and agreed final damages in lieu of Tenant's liability under clause (b) above, an amount equal to the difference (discounted to the date of such demand at an annual rate of interest equal to the then current yield on actively traded United States Treasury bills or United States Treasury notes having a maturity substantially comparable to the remaining Term of this Lease as of the date of such termination, as published in the Federal Reserve Statistical Release for the week before the date of such termination) between (i) the Base Rent, computed on the basis of the then current annual rate of Base Rent and all fixed and determinable increases in Base Rent, which would have been payable from the date of such demand to the date when this Lease would have expired, if it had not been terminated, and (ii) the then fair rental value of the Leased Premises for the same period (taking into account reasonable expenses in order to put the same in proper repair, reasonable attorneys' fees and disbursements, reasonable brokerage fees and any and all expenses that Landlord would incur during the occupancy of any new tenant (other than expenses of a type that are Landlord's responsibility under the terms of this Lease)). Upon payment of such liquidated and agreed final damages, Tenant shall be released from all further liability under this Lease with respect to the period after the date of such demand. If, after the default giving rise to the termination of this Lease, but before presentation of proof of such liquidated damages, the Leased Premises, or any part thereof, shall be relet by Landlord for a term of one year or more, the amount of rent reserved upon such reletting shall be deemed to be the fair rental value for the part of the Leased Premises so relet during the term of such reletting.

ARTICLE SIXTEEN

DEFAULT BY LANDLORD

If Landlord defaults in its obligation to pay for the Capital Improvements

as provided in Article 8, then, provided Landlord continues to fail to pay for such Capital Improvements within thirty (30) days after receipt of Tenant's notice of such failure, Tenant shall have the right, as long as there is no continuing default by Tenant beyond any applicable notice and grace period, to deduct said unfunded amount together with interest at the Interest Rate from the date of the failure to fund by Landlord to the date of the offset herein provided against the next succeeding monthly installment(s) of Base Rent, provided, that, in no event shall Tenant deduct from the Base Rent more than 50% of the Base Rent due and payable in any month. If the Term of this Lease expires prior to Tenant's receiving the entire amount payable to Tenant pursuant to this Article, the balance shall be paid to Tenant on the expiration date of the Term, together with interest at the Interest Rate from the date of the failure to fund by Landlord to the date of receipt by Tenant.

ARTICLE SEVENTEEN

SUBORDINATION

1. If all or any part of the Leased Premises is subject to a mortgage or underlying ground lease (an "Underlying Encumbrance" and a "Fee Mortgage") at the time this Lease commences, Landlord shall obtain from the mortgagee or ground lessor, as applicable, and deliver the same to Tenant no later than the Commencement Date, a non-disturbance agreement in recordable form referred to in Subparagraph 2 below. This Lease shall be subordinate to the lien of any Underlying Encumbrance which may now or at any time hereafter affect all or any portion of the Leased Premises or Landlord's interest therein, provided, that Tenant receives from the holder of such Underlying Encumbrance a Non-Disturbance Agreement referred to in Subparagraph 2 contemporaneous with the recording of the Underlying Encumbrance. Tenant agrees that, within fifteen (15) days after receipt of request from Landlord, it will, from time to time, execute and deliver any instrument or other document, required by any holder or potential holder of an Underlying Encumbrance to evidence the subordination of this Lease and the interest in the Demised Premises to the lien of such Underlying Encumbrance provided, that, Tenant receives a Non-Disturbance Agreement referred to in Subparagraph 2.

2. A Non-Disturbance Agreement (a "Non-Disturbance Agreement") shall mean an agreement from the holder of any Underlying Encumbrance now or hereafter affecting the Premises, agreeing that, provided Tenant is not in default of any of its obligations hereunder beyond any applicable notice and cure period. Tenant's occupancy of the Demised Premises shall not be disturbed if Landlord's interest in this Lease shall he foreclosed, as long as Tenant attorns to and recognizes the holder of said Underlying Encumbrance, as Tenant's landlord hereunder, in accordance with all of the then executory terms and conditions of this Lease. Such Non-Disturbance Agreement shall be in such form and substance as the holder of the Underlying Encumbrance shall prescribe provided the same meet commercially reasonable standards for similar transactions.

ARTICLE EIGHTEEN

ATTORNEYS' FEES

In the event of any litigation arising under this Lease, the non-prevailing party shall, upon demand, reimburse the prevailing party for all costs and expenses arising therefrom, including reasonable attorneys' fees through the trial and appellate levels.

ARTICLE NINETEEN

QUIET ENJOYMENT

Landlord warrants that, as of the Commencement Date, Landlord is the fee simple owner and record title holder of the Leased Premises, that it has the full right, power and authority to execute this Lease, that there is (and will be throughout the Term and all renewal terms of the Lease) legal and physical access sufficient for Tenant's purposes to and from a public right-of-way, and that there is no agreement, restriction, encumbrance, easement or any other matter which would limit or reduce any of Tenant's rights under this Lease or which would increase Tenant's obligations. Also, Landlord warrants that Tenant, upon paying the Base Rent and performing and observing the terms, covenants and conditions of this Lease on Tenant's part to be performed, Tenant shall peaceably and quietly have, hold and enjoy the Leased Premises during the Term of this Lease.

Landlord represents and warrants that there are no Fee Mortgages as of the date of this Lease.

ARTICLE TWENTY

INDEMNITY

1. Landlord agrees to indemnify, defend and hold Tenant harmless against any and all loss, damage, claim, demand, liability or expense, (including court costs and reasonable attorneys' fees through the trial and appellate levels) by reason of any damage or injury to persons (including death) or property which may arise or claim to have arisen as a result of, or in connection with Landlord's default and/or Landlord's negligence or willful misconduct or that of Landlord's agents, contractors, licensees, invitees, employees and/or any other party under Landlord's reasonable control.

2. Tenant agrees to indemnify, defend and hold Landlord harmless against any and all loss, damage, claim, demand, liability or expense, (including court costs and reasonable attorneys' fees through the trial and appellate levels) by reason of any damage or injury to persons (including death) or property which may arise or claim to have arisen as a result of, or in connection with, Tenant's use or occupancy of all or any part of the Leased Premises and/or Tenant's default and/or Tenant's negligence or willful misconduct or that of Tenant's agents, contractors, licensees, invitees, employees and/or any other party under Tenant's reasonable control.

3. Except as otherwise provided below in Section 12 of Article 33 of this Lease, in no event shall Landlord or Tenant be liable to each other pursuant to any provision of this Lease for consequential, incidental or special damages.

ARTICLE TWENTY-ONE

WAIVER OF LANDLORD'S LIEN

Landlord hereby waives any and all lien rights it may have, statutory or otherwise, in all of Tenant's FF&E (including, without limitation, as set forth on Exhibit "B"), and Landlord gives Tenant the right to remove all or any portion of its property from the Leased Premises from time to time in Tenant's sole discretion.

ARTICLE TWENTY-TWO

MECHANICS' LIENS

Tenant shall discharge any lien, encumbrance or charge filed against the Leased Premises arising out of any work of any contractor, mechanic, laborer or material contracted for directly by Tenant. If any such lien on account of Tenant shall be filed against the Leased Premises, Tenant shall, within thirty (30) days after notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond or otherwise. Except for those liens, encumbrances or charges for which Tenant is responsible as set forth above, Landlord shall be responsible for all other liens, encumbrances and other charges filed against the Leased Premises in connection with any work performed at or materials supplied to the Leased Premises and shall promptly remove all such liens, encumbrances and other charges, at Landlord's sole cost and expense, within thirty (30) days after its filing.

ARTICLE TWENTY-THREE

LANDLORD'S CONSTRUCTION OF AN ADDITIONAL BUILDING

Landlord shall have the option ("Landlord's Construction Option") to construct additional buildings (each an "Additional Building") not attached to the Improvements on any portion of the Leased Premises ("Landlord's Construction Pad") and to expand the Building, provided Landlord complies with all of the terms and conditions of Article 36 and as set forth on Exhibit "D" attached to this Lease.

ARTICLE TWENTY-FOUR

FUTURE EXPANSION BY TENANT

1. In the event Tenant wishes to expand the Building or lease an additional building on the Leases Premises (the "Expansion Premises"), Tenant shall notify Landlord ("Tenant's Expansion Notice") and provide Landlord with a detailed description of Tenant's requirements and of the expansion space Tenant wishes to add to the Building or to the Leases Premises. Within forty-six (46) days after receipt of Tenant's Expansion Notice, Landlord shall notify Tenant whether

(i) Landlord is willing to build the Expansion Premises, and if so, the rent and other business terms upon which Landlord will build the Expansion Premises, or (ii) Landlord is not willing to build the Expansion Premises. If Landlord notifies Tenant that Landlord is willing to build the Expansion Premises and Tenant accepts the terms offered by Landlord, then Landlord shall build the Expansion Premises and Landlord and Tenant shall amend this Lease to reflect the parties agreement and to detail Landlord's construction obligations and all additional terms and conditions upon which Landlord shall build and Tenant shall lease the Expansion Premises. If Tenant does not accept Landlord's offer, then Landlord shall have no obligation to build the Expansion Premises.

2. In the event that Landlord notifies Tenant that Landlord is not willing to build the Expansion Premises, then Tenant, at its option, may build the Expansion Premises at Tenant's cost and expense and the Expansion Premises shall be added to the Leased Premises without the obligation of Tenant to pay any base or fixed rent for the Expansion Premises. If Tenant elects to construct the Expansion Premises, then Tenant shall submit to Landlord for approval plans and specifications showing Tenant's construction of the Expansion Premises, which plans and specifications shall be subject to Landlord's consent, which consent shall not be unreasonably withheld, conditioned or delayed.

ARTICLE TWENTY-FIVE

SIGNAGE

It is expressly understood by Landlord that (i) all of Tenant's existing signage (both interior and exterior) (the "Existing Signage") is hereby approved by Landlord and (ii) Tenant, as Tenant may from time to time desire, may keep all or any part of such Existing Signage in place and/or may remove all or any part of such Existing Signage at any time. Further, it is expressly understood and agreed that as a material inducement for Tenant to enter into this Lease, Tenant shall also have the right to install its customary business signage on the entrance doors and throughout the interior of the Building, as desired by Tenant, provided the same is in compliance with all Laws. Tenant, at Tenant's sole cost and expense, shall also have the right to place Tenant's name ("Tenant's Building Signage") on the Building (the "Building Signage Location"), provided, (i) Landlord, acting reasonably, must first approve Tenant's Building Signage with respect to content, design, color, size, type, and format, (ii) Tenant obtains (and maintains) any and all required governmental permits in connection with Tenant's Building Signage, at Tenant's sole cost and expense, (iii) Tenant promptly installs, and maintains, Tenant's Building Signage in good condition throughout the Term, all at Tenant's sole cost and expense, and in accordance with the terms of this Lease and plans approved in advance by Landlord, acting reasonably, and (iv) Tenant's Building Signage complies with all Laws.

ARTICLE TWENTY-SIX

NOTICES

1. All notices, demands, requests or other communications given or required to be given under this Lease ("Notice(s)") shall be in writing and shall be deemed sufficiently given or rendered (i) if delivered by hand (against a signed receipt) or (ii) if deposited in a securely fastened, postage prepaid envelope in a depository that is regularly maintained by the U.S. Postal Service, sent by registered or certified mail (return receipt requested) or (iii) if delivered by a nationally recognized overnight courier service (against a signed receipt), and in any case addressed to the party to be notified at the address for such party specified below or to such other place as the party to be notified may from time to time designate by at least five (5) days' prior notice to the notifying party.

2. Notices shall be deemed to have been rendered or given (i) on the business day delivered, if delivered by hand or nationally recognized overnight courier service prior to 6:00 p.m. of such Business Day, or if delivered on a day other than a Business Day or after 6:00 p.m. on any day, then on the next Business Day following such delivery, or (ii) two (2) Business Days after the date mailed, if mailed as provided in this Section.

All notices must be given to the following:

If to Landlord:

One Wiley Drive LLC
15 Maple Avenue
Morristown, New Jersey 07960
Attn: General Counsel

with a copy to:

Thatcher Proffitt & Wood LLP
25 DeForest Avenue
Summit, New Jersey 07901
Attn: Robert A. Klausner, Esq.

If to Tenant: John Wiley & Sons, Inc.
111 River Street
Hoboken, New Jersey 07030-5774
Attn: Gary Rinck, Esq.
General Counsel

ARTICLE TWENTY-SEVEN

INTERFERENCE

Landlord shall not use any portion of Landlord's properties in any way which interferes with the operations of Tenant. Such interference shall be deemed a material breach by Landlord, and Landlord shall have the responsibility to terminate said interference. In the event any such interference does not cease promptly, Tenant shall have the right, in addition to any other right that it may have under this Lease, at law or in equity, to enjoin such interference or to terminate this Lease.

ARTICLE TWENTY-EIGHT

ENVIRONMENTAL MATTERS

1. Tenant agrees to comply with all Environmental Laws in connection with its use and operation of the Leased Premises. In the event that any spill or discharge of a Hazardous Substance in the Demised Premises in violation of Environmental Laws is caused by Tenant's use and occupancy of the Leased Premises, or then Tenant, at its sole cost and expense, shall remediate the Hazardous Substance in compliance with Environmental Laws (as defined below). Such remediation shall occur within ninety (90) days after Tenant receives notice of such spill or discharge, provided, that, if the remediation cannot occur within such ninety (90) day period, Tenant shall have such longer period of time as is reasonable to remediate the discharge, provided that it commences such remediation within thirty (30) days after receiving notice of the discharge and, thereafter, diligently pursues such remediation to completion. Any remediation by Tenant shall be performed by an environmental company approved by Landlord in its reasonable discretion. Landlord also expressly acknowledges that Tenant, in connection with its business activities at the Leased Premises, may bring to the Leased Premises quantities of cleaning supplies, as well as oil and batteries (lead and otherwise) used in connection with the operation of vehicles; provided, however, that Tenant shall abide by applicable Environmental Laws. Tenant will hold Landlord harmless and indemnify Landlord against and from any damage, loss, expense or liability resulting from any and all claims, damages, losses, expenses, liabilities, fines, penalties, charges, administrative or judicial proceedings and orders, judgments, remedial action, enforcement actions of any kind (and all other costs and expenses incurred in connection therewith) resulting from a breach of Tenant's obligations under this Article 28, including, without limitation, all attorneys' fees and costs incurred as a result thereof through the trial and appellate levels, as well as with respect to Hazardous Substances located at, in or on the Leased Premises which were brought to the Leased Premises by Tenant.

"Hazardous Substance" shall be interpreted broadly to mean any substance or material defined as hazardous or toxic waste, hazardous or toxic material, hazardous or toxic or radioactive substance, or other similar term by any federal, state or local environmental law, ordinance, regulation or rule presently in effect, as the same may be amended from time to time (the "Environmental Laws"); and it shall be interpreted to include, but not be limited to, any substance (including, without limitation, pollutants, lead, asbestos, radon and petroleum products) which after release into the environment will or may reasonably be anticipated to cause sickness, death or disease.

2. Tenant shall deliver to Landlord within thirty (30) days of its receipt a true and complete photocopy of any correspondence, notice, report, sampling, test, order, complaint, citation or any other instrument, document, agreement and/or information submitted to, or received from any governmental entity, department or agency in connection with any Environmental Law (collectively "Environmental Correspondence") relating to or affecting Tenant, Tenant's employees and Tenant's use of the Demised Premises.

3. Tenant shall give Landlord prompt written notice of any spill or discharge of a Hazardous Substance occurring on the Leased Premises of which Tenant has knowledge or upon Tenant's receipt of a notice of a violation or notice of potential or alleged violation of Environmental Laws by Tenant.

4. The parties' obligations under this Article shall survive the expiration or earlier termination of this Lease.

ARTICLE TWENTY-NINE

OBLIGATIONS WHICH SURVIVE EXPIRATION OF THE LEASE

The following obligations of Landlord shall survive the expiration or termination of this Lease: (a) any obligation herein permitted to be performed after the end of the termination of this Lease; (b) any obligation not reasonably susceptible of performance prior to the termination of this Lease, including but not limited to, any obligation or indemnity resulting from Landlord's default or misrepresentation; and (c) any obligation or indemnity to be performed pursuant to this Lease at or before the end of the Term or any renewal term which is not so performed.

ARTICLE THIRTY

RENEWAL OPTIONS

1. Tenant shall have the option (the "First Renewal Option") of extending the Term of the Lease for one (1) additional term of five (5) years (the "First Renewal Term") by notifying (the "First Renewal Notice") Landlord in writing of its intention to exercise the First Renewal Option no later than one (1) year prior to the expiration of the original Term (the "Primary Term"). If Tenant fails to notify Landlord of its election to exercise the First Renewal Option prior to the date referred to above, Tenant will be deemed to have waived its right to exercise the First Renewal Option pursuant to this Article 30, time being of the essence with respect to the giving of such notice. Tenant's right to exercise the First Renewal Option shall be conditioned on Tenant not being in default in the payment of Rent beyond any applicable notice and grace periods (excluding any item of Rent which Tenant is contesting and is not obligated to pay prior to the contest) as of the date of its exercise of the First Renewal Option. The terms and conditions of the First Renewal Term will be as follows:

(a) The First Renewal Term will commence immediately upon the expiration of the Primary Term and shall expire at midnight on the last day of the sixtieth (60th) calendar month thereafter.

(b) The annual Base Rent for the First Renewal Term will be an amount equal to the annual "Fair Market Rent" (as defined in Paragraph 3 below) for the Leased Premises then being leased and occupied by Tenant as of the start of the First Renewal Term.

(c) Except as modified by this paragraph, all provisions of the Lease will be equally applicable during the First Renewal Term, except that there will be no further First Renewal Option.

2. Tenant shall also have the option (the "Second Renewal Option") of extending the Term of the Lease for one (1) additional term of five (5) years (the "Second Renewal Term") by notifying (the "Second Renewal Notice") Landlord in writing of its intention to exercise the Second Renewal Option no later than one (1) year prior to the expiration of the First Renewal Term. If Tenant fails to notify Landlord of its election to exercise the Second Renewal Option prior to the date referred to above, Tenant will be deemed to have waived its right to exercise the Second Renewal Option pursuant to this Article 30, time being of the essence with respect to the giving of such notice. Tenant's right to exercise the Second Renewal Option shall be conditioned on Tenant not being in default in the payment of Rent beyond any applicable notice and grace periods (excluding any item of Rent which Tenant is contesting and is not obligated to pay prior to the contest) as of the date of its exercise of the Second Renewal Option. The terms and conditions of the Second Renewal Term will be as follows:

(a) The Second Renewal Term will commence immediately upon the expiration of the First Renewal Term and shall expire at midnight on the last day of the sixtieth (60th) month thereafter.

(b) The annual Base Rent for the Second Renewal Term will be an amount equal to the annual Fair Market Rent (as defined in Paragraph 3 below) for the Leased Premises then being leased and occupied by Tenant as of the start of the Second Renewal Term.

(c) Except as modified by this paragraph, all provisions of the Lease will be equally applicable during the Second Renewal Term, except that there will be no further Second Renewal Option.

3. "Fair Market Rent" shall mean the amount of Rent a new tenant would pay for comparable space in the Building for each twelve (12) month period occurring during the First Renewal Term and Second Renewal Term (as applicable), or if no figures are available, then for comparable space in a similar building in a similar location in the Somerset, New Jersey area, determined as set forth in Paragraph 4 below. Whenever "Fair Market Rent" is determined pursuant to applicable provisions of this Lease, the determination shall also be made as to the extent of tenant improvement allowances, brokerage commissions, rent abatements or concessions or other benefits which would be made available to a new tenant (or otherwise paid to a new tenant or other third party) under then market conditions for renewal tenants. Notwithstanding the above, however, in no event shall the "Fair Market Rent" for the first twelve (12) months of the First Renewal Term (or for any subsequent twelve (12) month period), or for the first twelve (12) months of the Second Renewal Term (or for any subsequent twelve (12) month period), as applicable, ever be less than the annual Base Rent payable per square feet within the Building under this Lease for the last twelve (12) months of the Primary Term (as to both the First Renewal Term and the Second Renewal Term).

4. After receipt by Landlord of Tenant's First Renewal Notice or Second Renewal Notice, as applicable, Landlord and Tenant will have a period of twenty (20) days within which to agree on the Fair Market Rent for each twelve (12) month period occurring during the First Renewal Term and the Second Renewal Term (as applicable). If Landlord and Tenant agree on the Fair Market Rent for each twelve (12) month period occurring during the First Renewal Term and the Second Renewal Term (as applicable), then they shall immediately execute an amendment to this Lease stating the agreed upon amount equal to the Fair Market Rent (for the First Renewal Term) and the Fair Market Rent (for the Second Renewal Term), as applicable. If Landlord and Tenant are unable to agree for any reason on the Fair Market Rent for each twelve (12) month period occurring during the First Renewal Term and the Second Renewal Term (as applicable) within said twenty (20) day period, then the parties agree that the current Fair Market Rent (as to that twelve (12) month period in which any such dispute occurs) will be based upon an amount as determined by a board of three (3) licensed real estate brokers. Landlord and Tenant shall each appoint one (1) broker within seven (7) days after expiration of the twenty (20) day period, or sooner if mutually agreed upon, satisfying the requirements set forth below. The two so appointed shall select a third within seven (7) days after they both have been appointed (if they are unable to do so, the same shall be appointed by a court of competent jurisdiction by motion of either Landlord or Tenant). Each broker shall be licensed in New Jersey as a real estate broker, specializing in the field of commercial leasing in Somerset, New Jersey, having no less than ten (10) years experience in such field, and recognized as ethical and reputable within his or her field. Each broker, within seven (7) days after the third broker is selected, shall submit his or her determination of the Fair Market Rent (as to that twelve (12) month period in which any such dispute occurs). The current Fair Market Rent (as to that twelve (12) month period in which such dispute occurs) for purposes of this Lease shall be the mean of the two closest rental rate determinations. In arriving at their individual determinations of Fair Market Rent for each twelve (12) month period occurring during the First Renewal Term and the Second Renewal Term (as applicable), each broker shall consider the standard set forth in Paragraph 3 above and shall also analyze all the components of the Lease, and apply to them the current market factors.

ARTICLE THIRTY-ONE

EXISTING LEASE

1. The parties acknowledge that Tenant currently has certain rights (including the right of possession) with respect to the Leased Premises (the "Existing Premises") being leased pursuant to the "Existing Lease" (as defined below), which rights are derived from and/or in connection with that certain Agreement of Lease dated December 11, 1967 (the "Existing Lease"). In this regard, simultaneous with the Commencement Date of this Lease, Tenant shall no longer have any rights and/or interests in the Existing Premises pursuant to the Existing Lease and, in this regard, both Landlord and Tenant hereby acknowledge and confirm the following: (i) simultaneous with the Commencement Date of this Lease, the Existing Lease shall automatically terminate (the "Existing Lease Termination Date"), and (ii) notwithstanding the execution of this Lease and the termination of the Existing Lease (as stated above) on the Existing Lease Termination Date, Landlord and Tenant shall remain liable and responsible pursuant to the Existing Lease for those obligations payment(s) which accrued prior to the Existing Lease Termination Date. Notwithstanding anything to the contrary which may be set forth in the Existing Lease, Tenant shall not be required (and Landlord does hereby forever waive any such requirement) to restore all or any portion of the Existing Premises and/or to remove any items from the Existing Premises.

2. The provisions of this Article shall survive the termination or earlier expiration of this Lease and the Existing Lease.

ARTICLE THIRTY-TWO

CONVEYANCE OF OUTPARCEL

Within 10 Business Days after written request by Landlord, Tenant shall execute and deliver to Landlord a bargain and sale deed without covenants against grantor's acts with respect to those parcels (collectively, the "Outparcels") shown on the survey attached as Exhibit "E" attached to this Lease. All transaction costs associated with such conveyance (excluding legal fees) shall be borne by Landlord and upon delivery of said deed, Tenant shall have no further obligations with respect to the Outparcels and Landlord shall deliver a general release to Tenant relating to the Outparcels.

ARTICLE THIRTY-THREE

GENERAL PROVISIONS

1. Merger.

The parties agree that they have not made any commitment, statement, promise or agreement whatsoever, verbally or in writing, which is in conflict with the terms of this Lease, or which in any way modifies, varies, alters, enlarges or invalidates any of its provisions. This Lease sets forth the entire understanding between the parties and may not be changed or amended except in writing.

2. Governing Law.

This Lease will be construed in accordance with the laws of the State of New Jersey.

3. Drafting Presumption.

If there is any ambiguity in this Lease it will not be construed in accordance with any presumption against Tenant as a result of its having initially drafted this Lease.

4. Invalidity of Particular Provision.

If any provision of this Lease or application of it to any persons or circumstances is, to any extent, held to be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected, and that provision of this Lease will be valid and enforced to the fullest extent permitted by law.

5. Estoppel Certificates.

(a) At any time and from time to time, upon not less than ten (10) days prior notice from either party to the other party, the other party shall execute, acknowledge and deliver to the requesting party a statement (or, if such other party is an entity, an authorized person of such other party shall execute, acknowledge and deliver a statement) certifying, to its best knowledge, the following: (i) the Commencement Date, (ii) the expiration date of this Lease, (iii) the date(s) of any written amendment(s) and/or modification(s) to this Lease, (iv) that this Lease was properly executed and is in full force and effect without amendment or modification, or, alternatively, that this Lease and all amendments and/or modifications thereto have been properly executed and are in full force and effect, (v) the current annual Base Rent, the current monthly installment of Base Rent and the date on which Tenant's obligation to pay Base Rent commenced, (vi) the date to which Base Rent and Impositions have been paid, (vii) that all Capital Improvements have been completed in accordance with this Lease, except as specifically provided in the estoppel certificate, (viii) that no installment of Base Rent has been paid more than thirty (30) days in advance, or, if so, specifying such, (ix) whether Tenant is in arrears in the payment of any Base Rent, (x) whether either party to this Lease is in default beyond an applicable grace period in the keeping, observance or performance of any covenant, agreement, provision or condition contained in this Lease and/or whether an event has occurred which, with the giving of notice or the passage of time, or both, would result in a default by the other party, and, if so, specifying the nature of the default, (xi) whether Tenant has any existing

defenses, offsets, liens, claims or credits against the Base Rent, or, as to either party, against enforcement of this Lease by Landlord, and, if so, specifying the nature of the same, (xii) whether Tenant has received any notice

of violation of legal requirements relating to the Premises and, if so, specifying the nature of any such, (xiii) whether Tenant has assigned its interest in this Lease or its interest in all or any portion of the Leased Premises, (xiv) whether Tenant has unlawfully generated, manufactured, refined, transported, treated, stored, handled, disposed or spilled on the Leased Premises any Hazardous Substances, and (xv) any other matter reasonably requested by the party requesting the estoppel certificate, provided, that such items shall be to the best knowledge of the party delivering such estoppel certificate. Each party hereby acknowledges and agrees that such statement may be relied upon by the other party's lender or prospective purchaser, assignee or subtenant of its interest in this Lease, in the Leased Premises, or any portion thereof. Notwithstanding anything herein to the contrary: (A) if any estoppel certificate conflicts with the terms and provisions of this Lease, then the terms and provisions of this Lease shall control, and (B) delivery of an estoppel certificate shall not waive any rights or remedies of the party signing same.

(b) Landlord agrees that it shall not request an estoppel certificate from the Tenant unless it is required by a holder or potential holder of an Underlying Encumbrance or in connection with a sale or refinancing of the Demised Premises. Tenant agrees that it shall not request an estoppel certificate unless it is necessary in connection with (i) an assignment or sublet of the Leased Premises, (ii) a sale of Tenant, or (iii) bankruptcy proceedings regarding Tenant.

6. Reasonableness.

Except as expressly provided elsewhere in this Lease, whenever Landlord's or Tenant's consent, approval or agreement is required under this Lease, the parties agree to act reasonably and in good faith.

7. Broker.

Landlord and Tenant represent and warrant one to the other that they have not had any dealings with any real estate broker, salesperson, firm, finder or similar agent in connection with the negotiation of this Lease. In addition, Landlord hereby agrees to indemnify and hold Tenant harmless from and against any and all liability and cost which Tenant may suffer in connection with any real estate brokers, salespersons, finders, firms or other party claiming by, through, or under Landlord, seeking any commission, fee or payment in connection with this Lease. Tenant hereby agrees to indemnify and hold Landlord harmless from and against any and all liability and cost which Landlord may suffer in connection with any real estate brokers, salespersons, finders, firms or other party claiming by, through or under Tenant seeking any commission, fee or payment in connection with this Lease.

8. Memorandum of Lease.

Landlord agrees to cooperate with Tenant in executing and recording a Memorandum of Lease reasonably acceptable to Tenant evidencing Tenant's rights under this Lease and/or Tenant's use of the Leased Premises.

9. No Merger.

In no event shall the leasehold interest, estate or right of Tenant hereunder merge with any interest, estate or rights of Landlord in or to the Leased Premises, it being understood that such leasehold interest, estate and rights of Tenant hereunder shall be deemed to be separate and distinct from Landlord's interest, estate and rights in or to the Leased Premises, notwithstanding that any such interests, estates or rights shall at any time or times be held by or vested in the same person, corporation or other entity.

10. Waiver of Trial by Jury.

To the extent permitted by law, Landlord and Tenant hereby waive trial by jury in any litigation brought by either of the parties hereto against the other on any matter arising out of or in any way connected with this Lease or the Leased Premises or the buildings and improvements thereon.

11. Successors and Assigns.

This Lease shall be binding upon and shall insure to the benefit of the parties, their respective successors, personal representatives and assigns.

12. Holding Over.

If Tenant, or any assignee or subtenant of Tenant, holds over possession of the Leased Premises beyond the expiration date of the Term, such holding over shall not be deemed to extend the Term or renew this Lease, but such holding over shall continue upon the terms, covenants and conditions of this Lease,

except that Tenant agrees that the charge for use and occupancy of the Leased Premises, for each calendar month or portion thereof that Tenant holds over shall be a liquidated sum equal to one-twelfth (1/12th) of one and one-half (1 1/2) times the Base Rent required to be paid by Tenant with respect to the Leased Premises, during the Lease Year preceding the expiration date for the first sixty (60) days of the holdover and two (2) times such Base Rent after such sixty (60) day period. Such tenancy shall continue until terminated by Tenant or until Landlord shall have given Tenant at least thirty (30) days prior to the intended date of termination, written notice of intent to terminate such tenancy, which termination date must be as of the end of a calendar month. The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Leased Premises will be extremely substantial, will exceed the amount of the monthly Base Rent payable hereunder and will be impossible to accurately measure. If the Leased Premises are not surrendered within seven (7) days after the expiration of this Lease, Tenant shall indemnify and hold harmless Landlord against any and all losses it may incur resulting therefrom, including, without limitation, any claims made by the succeeding tenant founded upon such delay provided: (i) Landlord delivers notice to Tenant that it has an executed lease with another tenant and that the tenant under the executed lease has a termination right if Landlord fails to deliver the Demised Premises to Tenant by a certain date, and (ii) the holdover by Tenant continues for the longer of sixty (60) days after the date this Lease expires or thirty (30) days after Landlord delivers to Tenant notice of such signed lease. Nothing contained in this Lease shall be construed as a consent by Landlord to the occupancy or possession by Tenant of the Leased Premises beyond the expiration date of this Lease, and Landlord, upon said expiration date, shall be entitled to the benefit of all legal remedies that now may be in force or may be hereafter enacted relating to the immediate repossession of the Leased Premises. Tenant shall, at its sole cost and expense, take all actions required to remove any assignee or sublessee of Tenant, or other party claiming rights to the Leased Premises under or through Tenant upon the expiration or earlier termination of the Term. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

13. Nature of Landlord's Obligations.

Anything in the Lease to the contrary notwithstanding, no recourse or relief shall be had under any rule of law, statute or constitution or by any enforcement of any assessments or penalties or otherwise, based on or in respect of this Lease (whether for breach of any obligation, monetary or non-monetary), against any individual or entity comprising Landlord, including without limitation, the members, partners, directors, trustees, and/or officers of Landlord or of such members, partners, or trustees of Landlord (the foregoing, collectively, "Landlord Exculpated Parties") with respect to any of the provisions of this Lease. It being expressly understood that Tenant shall look solely to the estate and property of Landlord in the Leased Premises and the rents, issues, profits, awards and proceeds (whether cash proceeds are received in connection with a sale, financing, refinancing, condemnation or insurance) therefrom. No other property or assets of the Landlord Exculpated Parties shall be subject to levy, execution or other enforcement procedures for the satisfaction of tenant's claim under or with respect to this Lease, the relationship of Landlord and Tenant hereunder, or Tenant's occupancy of the Leased Premises: such exculpation of personal liability to be absolute and without any exception whatsoever. In the event Landlord transfers all of its interest in the Leased Premises, and provided that any such transferee or assignee shall have executed and delivered to Tenant an assumption of all of Landlord's obligations under this Lease, the Landlord herein named shall be automatically freed and relieved from and after the date of such transfer of all liability as respects the performance of any of Landlord's covenants and agreements arising thereafter under this Lease, and such assuming transferee or assignee shall be thereafter automatically bound by all of such covenants and agreements, it being intended that Landlord's covenants and agreements shall be binding on Landlord, its successors and assigns only during and in respect of their successive periods of such ownership, provided, however, that no such transfer of interest in the Leased Premises Property or any part thereof shall relieve Landlord of liability under this Lease for any obligation arising hereunder prior to such transfer. This Section 13 of Article 33 shall survive the expiration or sooner termination of this Lease and shall inure to the benefit of Landlord's successors and assigns and their respective directors, officers, shareholders, partners, trustees and member.

14. Contain Definitions

(a) "Business Day" shall mean all days, excluding Saturdays, Sundays and all days observed as holidays by the State of New Jersey, the federal government or the labor unions servicing the Leased Premises.

(b) "HVAC Equipment" shall mean the heating, ventilating and air conditioning equipment servicing the Building.

(c) "Interest Rate" shall mean the lesser of (x) 15% per annum and (y) the maximum rate permitted by law.

ARTICLE THIRTY-FOUR

LEASEHOLD MORTGAGE

1. (a) Tenant may mortgage or pledge its leasehold interest in and to the Leased Premises under this Lease ("Leasehold Mortgage"), and assign it as collateral security for a loan or loans for any purpose whatsoever, without the prior written consent of Landlord, provided only that the following conditions are complied with:

(i) Tenant is not then in default under the terms of this Lease beyond the expiration of the applicable grace period.

(ii) any such Leasehold Mortgage shall be subject and subordinate to all the agreements, terms, covenants and conditions of this Lease, subject to the provisions of this Article 34, and such Leasehold Mortgage shall be subject and subordinate to any Mortgage; provided, however, that the holder of such Leasehold Mortgage shall be entitled to the benefits of the Non-Disturbance Agreement(s) as provided in Article 17;

(iii) a copy of any such Leasehold Mortgage and the note or bond secured thereby shall be delivered to Landlord within thirty (30) days after the execution and delivery thereof; and

(iv) any such Leasehold Mortgage is made to and for the benefit of an Institutional Lender.

(b) Any loan or loans made by a Leasehold Mortgagee and secured by a Leasehold Mortgage shall be upon such payment terms as Leasehold Mortgagee may require.

2. (a) If the holder of any Leasehold Mortgage ("Leasehold Mortgagee"), or any affiliated designee or nominee thereof, acquires the leasehold estate of Tenant pursuant to this Lease, either through enforcing its remedies under such Leasehold Mortgage or directly from Landlord pursuant to this Lease, the Leasehold Mortgagee or its affiliated designee or nominee may thereafter assign or transfer this Lease as provided in Article 11.

(b) No Leasehold Mortgagee shall become liable under this Lease unless and until it becomes the owner of the leasehold estate hereunder, and then only for liabilities first arising after taking ownership; and such Leasehold Mortgagee shall be relieved of any liability under this Lease arising from and after the effective date of an assignment by Leasehold Mortgagee of its interest herein.

"Institutional Lender" shall mean shall mean a bank, savings and loan association, insurance company, trust company, college or university fund, pension fund of a public corporation listed on a national securities exchange, or a Federal, state or municipal pension or retirement fund or a publicly traded REIT, which makes loans on real estate or personal property fixtures, equipment, etc., in the ordinary course of such institution's business, which entity has a net worth in excess of Five Hundred Million ($500,000,000) Dollars.

3. (a) If Tenant executes a Leasehold Mortgage and the Leasehold Mortgagee sends or causes to be sent to Landlord a true copy thereof, together with written notice specifying the name and mailing address of such Leasehold Mortgagee, then, in order to be effective, a copy of each notice of default and/or termination given to Tenant under this Lease shall be delivered by Landlord to Leasehold Mortgagee contemporaneously and in the same manner as such notice is delivered to Tenant. Landlord shall accept performance by the

Leasehold Mortgagee within the time specified herein as timely performance by Tenant. Provided the Leasehold Mortgagee shall (i) cure within the time period provided herein any default in payment of Rent, (ii) prosecute the curing of all other defaults in the performance or observance by Tenant of any other obligations, covenant or provision of this Lease within the required grace period, (iii) continue to timely pay or cause the Rent to be paid as provided in this Lease, Landlord shall not exercise any right or remedy provided for herein which would adversely affect the right of the Leasehold Mortgagee with respect to the use of insurance or condemnation proceeds and/or the Landlord's Tax Account. Such default shall be deemed cured and any notice of termination given by Landlord shall be deemed nullified if, within the prescribed period set forth above, the Leasehold Mortgagee shall have: (i) paid to Landlord all past due

Rent and (ii) cured any other defaults by Tenant hereunder that are capable of being cured by Leasehold Mortgagee (it being agreed that provided all defaults curable by Leasehold Mortgagee are cured and the Leasehold Mortgagee shall have acquired possession of the Leased Premises, any defaults of Tenant not susceptible to cure by Leasehold Mortgagee or its assignee or designee (but excluding Tenant) shall be deemed waived as to such Leasehold Mortgagee).

(b) Nothing contained in this Article shall be deemed to require the Leasehold Mortgagee to commence or continue the cure of any default by Tenant, or any foreclosure or other proceedings or, in the event that the Leasehold Mortgagee shall acquire possession of the Leased Premises, to continue in possession.

(c) Provided that the Leasehold Mortgage is in full force and effect, from and after the date that Landlord receives from the Leasehold Mortgagee the noticeset forth in subparagraph (a) above, Landlord and Tenant shall not modify or amend the terms, covenants and conditions of this Lease without the prior written consent of the Leasehold Mortgagee, which shall not be unreasonably withheld or delayed.

(d) In case of termination of this Lease by reason of a default by Tenant beyond any applicable notice and grace period, Landlord shall, upon request of Leasehold Mortgagee given to Landlord within thirty (30) days after such termination, enter into a new lease of the Leased Premises with the Leasehold Mortgagee or with its designee or nominee, for the remainder of the Term, at the Rent herein reserved and upon all of the covenants, conditions, limitations and agreements herein contained. If more than one Leasehold Mortgagee shall request such new lease, then the request of the senior Leasehold Mortgagee in priority shall be binding upon the other Leasehold Mortgages and such new lease shall be made with and delivered to the senior Leasehold Mortgagee (or its nominee or designee) whose mortgage is prior in lien to those of any others, as confirmed by written confirmation from a nationally recognized title company reasonably satisfactory to Landlord, without regard to the time of request. Upon execution and delivery of such new lease, Landlord shall assign and transfer to the tenant under the new lease, without recourse, all of the Landlord's right, title and interest in and to all subleases theretofor assigned and transferred to Landlord. Leasehold Mortgagee's right to a new lease shall be subjec t to the condition that Leasehold Mortgagee or its designee or nominee shall agree to perform and observe all of the other covenants and conditions herein contained on Tenant's part to be performed to the extent that Tenant shall have failed to do so, including the payment of all accrued but unpaid Rent hereunder, provided same are susceptible of performance by a successor tenant.

(e) The new lease granted by Landlord as provided in this Section shall have the same priority of title as this Lease, subject to any liens, encumbrances, defects or deficiencies created or suffered to be created by Tenant and any statutory liens which are beyond the control of Landlord. Provided Leasehold Mortgagee elects to take a new Lease as provided herein, between the dates on which the Lease is terminated and the new lease becomes effective, not to exceed sixty (60) days, Landlord shall not (except in cases involving what Landlord deems to be an emergency necessitating action) alter the Leased Premises without the prior written approval of Leasehold Mortgagee, such approval not to be unreasonably withheld or delayed. From and after the effective date of such new lease, Leasehold Mortgagee or its designee or nominee may assign its interest in the Leased Premises as provided in this Article.

4. Landlord and Tenant agree, for the benefit of any Leasehold Mortgagee, that so long as a Leasehold Mortgage shall encumber the Leased Premises, the right of election arising under Section 365(h)(1) of the Bankruptcy Code, 11 U.S.C. ss. 365(h)(1) may be exercised by Leasehold Mortgagee and not by Tenant. Any exercise or attempted exercise of such right of election by Tenant shall be void.

ARTICLE THIRTY-FIVE

TENANT EXCULPATION

Notwithstanding anything to the contrary contained in this Lease, Tenant's officers, directors, employees and shareholders shall not be liable for any of the obligations of Tenant under this Lease.

ARTICLE THIRTY-SIX

TENANT'S PATRIOT ACT STATUS

1. Tenant has advised Landlord that Tenant has been designated as a Patriot Act Compliant Company ("PAC Company"). Tenant has also advised Landlord that in order to maintain its status as a PAC Company, the parking areas serving the

Leased Premises must be secured in a manner which will ensure that Tenant shall have exclusive access to the parking areas and the adjoining areas leading from the parking area to the loading dock and to the docking areas where Tenant loads trucks (all of such areas being collectively referred to as the "Secure Areas"). Landlord may not construct or install any public or shared driveway in or around the Building or in any other location which could affect a Secure Area or Tenant's status as a PAC Company.

2. In the event that Landlord expands the Building, Landlord agrees that Landlord shall not take any steps which may affect Tenant's status as a PAC Company. If, in order to expand the Building, it is necessary for Landlord to reconfigure the Building or the parking areas, then Landlord shall take all steps reasonable necessary at Landlord's sole cost and expense, to restore the Leased Premises so that Tenant shall be restored to a PAC Company.

ARTICLE THIRTY-SEVEN

ARBITRATION

1. Wherever in this Lease it is provided that any question shall be determined by arbitration as provided in this Article, or if a dispute shall arise between the parties and Landlord wishes to submit the matter to arbitration as herein provided, such question shall be settled and finally determined by arbitration in the County of Somerset and State of New Jersey, as follows:

(a) Landlord and Tenant each shall appoint an arbitrator within ten days after either of them shall have requested arbitration. If either Landlord or Tenant shall have failed to appoint an arbitrator within such period of time and thereafter shall have failed to do so within a period of five days after notice by the other party (who shall have appointed an arbitrator) requesting the appointment of such arbitrator, then such arbitrator shall be appointed by a Judge or Justice of the highest state appellate court having jurisdiction in the County in which the arbitration is to be held. If such Judge or Justice refuses to appoint an arbitrator, he shall be appointed by the American Arbitration Association or its successor.

(b) The two arbitrators appointed as above provided shall select a third arbitrator and if they fail to do so within ten days after their appointment, such third arbitrator shall be appointed as above provided for the appointment of an arbitrator where either party fails to do so.

(c) Each arbitrator so selected shall have at least ten (10) years' experience in the subject matter of the dispute, and no arbitrator shall be a person who is or has been an employee of Landlord or Tenant during the five-year period immediately preceding his appointment.

(d) The three arbitrators, selected as aforesaid, shall convene and commence hearings within ten days after the appointment of the third arbitrator and shall proceed to conclude such hearings within a reasonable time thereafter. The decision of such arbitrators shall be in writing and made within ten (10) days after the final hearing unless such time is extended by agreement of the parties to the arbitration; and the vote of the majority of them shall be the decision of all and binding upon Landlord and Tenant. Duplicate original counterparts of such decision shall be sent by the arbitrators to both Landlord and Tenant.

(e) The arbitrators, in arriving at their decision, shall consider all testimony and documentary evidence which may be presented at any hearing as well as relevant facts and data which the arbitrators may discover by investigation and inquiry outside of such hearings. The parties to the arbitration shall have the right to be represented by counsel and to cross-examine witnesses. Landlord and Tenant shall each pay the fee of the arbitrator appointed by it or on its behalf and the fee of its attorney. All other expenses of the arbitration (including without limitation the fee of the third arbitrator) shall be borne equally by Landlord and Tenant unless the arbitrators shall decide upon a different allocation.

(f) In the event the arbitrators shall hold against Tenant's position taken in the arbitration proceeding, the time of Tenant to comply with the provision of this Lease which Tenant had failed to comply with pending the determination of such arbitration shall (provided Tenant shall have otherwise complied with all of its other obligations under this Lease in the interim period except, to the extent permitted by this Lease, any such other obligation with respect to which an arbitration proceeding has been commenced) be equal to any time period otherwise provided with respect thereto in this Lease (other than any obligation requiring the payment of money, in which case said period shall be five (5) Business Days), commencing upon receipt of the arbitrato rs' award. Tenant's failure to comply with the matter in dispute prior to the date

of the arbitrators' award shall not constitute a default under this Lease, nor shall Tenant be deemed in default with respect to any matter which is determined adversely to Tenant but with respect to which any applicable grace period has not yet expired. Notwithstanding anything herein to the c ontrary, in the event a dispute arises concerning the payment of Rent or otherwise which is submitted to arbitration, Tenant shall continue to pay Rent claimed by Landlord to be due, until the matter is determined by arbitration. If the amount of Rent paid by Tenant exceeds the amount determined to have been payable, Landlord shall promptly reimburse Tenant for such excess amount.

(g) The provisions of this Article shall apply only to those matters which, pursuant to the express terms hereof, are to be arbitrated. The arbitrators shall have no authority to decide matters beyond the scope of the matters specifically made subject to arbitration hereunder. Without limiting the generality of the foregoing, in no event shall any disputes regarding the amount or payment of Base Rent payable hereunder be subject to arbitration, nor shall Landlord's recourse to summary proceedings be subject to arbitration.

* * * * * * * * * * * *

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

LANDLORD:

ONE WILEY DRIVE LLC,
a New Jersey limited liability company

By: --------------------------------
Name: ------------------------------
Title: -----------------------------

TENANT:

JOHN WILEY & SONS, INC.,
a New York corporation

By: --------------------------------
Name: ------------------------------
Title: -----------------------------

EXHIBIT "A"

LEASED PREMISES

EXHIBIT "A-1"

SURVEY

EXHIBIT "B"

TENANT'S PROPERTY

1. Generator

2. Mezzanine

3. Warehouse Racks

4. Computers

5. Video Conferencing Equipment

6. Security System which includes the camera system and card access system

7. Conveyor System

8. Warehouse Equipment which includes elevators, dock locks, screen doors, baler

9. Cafeteria Equipment which includes refrigerators, oven, ice maker, sandwich unit, freezer, griddle, convection oven

10. Lektreiver

11. Office Furniture and Partitions

12. Telephone Equipment including telephone switch

13. UPS Equipment and Printers

14. Servers

15. Liebert A/C Units

16. Data and Telecom Cables

EXHIBIT "C"

Rent Increase From Capital Improvements

Tenant's Base Rent shall be increased as set forth below as of the 1st of month following completion of the Capital Improvements. The Base Rent shall increase by the Wiley Additional Monthly Rent calculated as follows:

A. Total Cost: The actual cost of the Capital Improvements (not to exceed $1,000,000), plus Landlord's financing rate (increased by 50 basis points) at the time of the disbursement of the funds by Landlord to Tenant. The financing rate shall be agreed upon by Landlord and Tenant. If the parties are unable to agree upon the financing rate, the rate shall be determined by arbitration pursuant to Article 37 of the Lease.

B. Useful Life It is the manufacturer's and the supplier's written estimate of the Capital Improvements' useful life assuming normal maintenance.

C. Wiley Remaining Lease Term It is calculated in years, months and days from the 1st of the month following completion of the Capital Improvements.

D. Wiley Share is calculated by multiplying A x (C/B) = D

E. Estimated Wiley Additional Monthly Rent calculation for its share:

D / C (stated in years and fractions thereof) / 12= Estimated Monthly Additional Rent

a. Total Cost: The cost includes the Landlord's financing cost. If we assume that the market interest rate is 6% (this of course would vary depending on market conditions) and that the useful life of the improvements is 15 years, then the constant to self-amortize the improvements is 10.13%. Add the 50 basis point margin = 10.63% as the financing cost premium. Therefore, the calculation of the Landlord's cost is as follows:

Improvement Costs	$1,000,000
Times Constant	x 10.63%
Annual Costs	$106,300
Time Useful Life	x 15yrs
Total Cost to Landlord	$1,594,500

A - $1,594,500

b. Useful Life: Assume 15 Years; therefore

B = 15 Years

c. Wiley Remaining Lease Term: Assume it is 10 years

C = 10 Years

d. Wiley Share: A x (C/B) = D; therefore

A = $1,594,500

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x C              x 10 yrs.
/B                / 15 yrs
                  --------
D =             $1,063,000
```

e. Estimated Wiley Additional Monthly Rent: (D/C/12)


```
  D =             $1,063,000
 / C                / 10 yrs
                    --------
Yr Rent            $ 106,300
/ 12                / 12 mos
                    --------
Mo Rent              $ 8,858
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EXHIBIT "D"

REQUIREMENTS FOR LANDLORD'S CONSTRUCTION OPTION

A. In the event Landlord elects to exercise Landlord's Construction Option, Landlord shall give Tenant written notice ("Landlord's Construction Notice") advising Tenant of Landlord's election and detailing all of the material terms (including rent) on which Landlord would lease such additional space ("Option Space") to Tenant. Tenant shall have a period of thirty (30) days following receipt of Landlord's Construction Notice to determine whether to accept or reject Landlord's offer with respect to the Option Space. If Tenant accepts Landlord's offer, then Landlord shall build the Option Space in accordance with Landlord's Construction Notice and Landlord and Tenant shall amend the Lease to reflect the parties' agreement and to detail Landlord's construction obligations and all additional terms and conditions upon which Landlord shall build the Option Space and Tenant shall lease the Option Space.

B. In the event Tenant delivers to Landlord written notice that Tenant has elected to reject Landlord's offer to lease the Option Space or Tenant fails to respond to Landlord's Construction Notice within the time period specified above, then Landlord's offer shall be deemed rejected and Landlord shall be free to lease the Option Space or a portion thereof to an unrelated third party on

the terms set forth in Landlord's Construction Notice or other terms and conditions which may not be less favorable to Landlord by ten percent (10%) or more without the requirement for resubmission to Tenant of a revised offer for the Option Space. If the terms are less favorable to Landlord by ten percent (10%) or more, then Landlord must submit to Tenant a revised offer for the Option Space and Tenant shall have a period of ten (10) days to accept or reject such revised offer.

In the event that Landlord does not enter into a lease for the Option Space within 180 days after the date of Landlord's Construction Notice, no subsequent lease of the Option Space or a portion thereof may be made unless the provisions of this Article are again satisfied.

C. If Landlord has elected to exercise Landlord's Construction Option by constructing any structure other than a "Separate Building" (as defined below), then Landlord shall give Tenant written notice ("Landlord's Construction Option Notice") of such intention, together with the preliminary site plans Landlord intends to submit for approval to the local governmental authority, which site plans shall show all parking areas and all other intended improvements (the "Other Site Improvements") on the Leased Premises (the Additional Building and the Other Site Improvements shall, collectively, be referred to as the "Additional Improvements" and all work necessary to complete the Additional Improvements shall be referred to, collectively, as "Landlord's Work"). (All items required to be delivered by Landlord with Landlord's Construction Option Notice shall be referred to, collectively, as the "Preliminary Site Plans.")

D. Tenant shall have sixty (60) days from its receipt of a complete proper set of the Preliminary Site Plans to approve or disapprove the same, acting reasonably. Any disputes between Landlord and Tenant relating to this Paragraph shall be settled by arbitration in accordance with Article 37 of the Lease.

E. A "Separate Building" shall mean a building constructed by Landlord which:

(i) has full vehicle and pedestrian access to and from Landlord's Construction Pad to a publicly dedicated right-of-way, without the need to enter upon the entrance ways and parking areas servicing the existing Building, (ii) shall not prevent the existing Building and the balance of the Leased Premises from having full unencumbered and unimpeded vehicle and pedestrian access to and from a publicly dedicated right-of-way, without the need to enter upon Landlord's Construction Pad, (iii) has sufficient parking for the Additional Building, as required by law, without the need to utilize any other parking at the Leased Premises, (iv) will not cause, when completed, any portion of the existing Building and/or the balance of the Leased Premises to be in non-compliance with then existing law, rules and regulations, (v) provides for all utilities and utility lines to be separately metered from the balance of the Leased Premises, all at Landlord's sole cost and expense, and (vi) shall not affect in any way Tenant's status as a PAC Company or any Secure Area or interfere or otherwise limit any of Tenant's rights granted under the Lease (except for a restriction as to Tenant's expansion rights due to the construction of additional floor area on the Leased Premises) and/or the use of the balance of the Leased Premises in any respect whatsoever (except for the area on which the Additional Building and Other Site Improvements are located).

F. Before commencing any work, Landlord shall apply for and obtain all applicable building permits for all of Landlord's Work. Upon commencement of construction of Landlord's Work, Landlord shall diligently continue construction of Landlord's Work (without interference to the balance of the Leased Premises) until completion in accordance with the Preliminary Site Plans and the terms of this Lease and, thereafter, shall promptly obtain the governmental authorities' certificate of occupancy for the Additional Building and all of Landlord's Work.

G. In the event Landlord exercises Landlord's Construction Option by constructing an Additional Building on Landlord's Construction Pad, then, in such event, as of the date on which Tenant approves Landlord's Work or Landlord's Work is deemed approved, (i) Landlord's Construction Pad shall no longer be considered a portion of the Leased Premises (ii) Landlord (and not Tenant) shall be solely responsible, at Landlord's sole cost and expense, for all maintenance of Landlord's Construction Pad, as well as for all of the Additional Improvements, in order to ensure that Landlord's Construction Pad and all of the Additional Improvements are at all times throughout the term in good, tenantable and proper working order and condition. Landlord and Tenant shall modify the Lease to remove the Construction Pad from the Leased Premises and amend any provisions that should be modified in connection with the removal of this Construction Pad.

H. Landlord shall operate any Additional Building in a first class manner

and shall impose reasonable regulations on tenants of any Additional Building designed to prevent any interference with the operations of other tenants.

I. Landlord agrees to indemnify, defend and hold Tenant harmless against any and all loss, damage, claim, demand, liability or expense, (including court costs and reasonable attorneys' fees through the trial and appellate levels) by reason of any damage or injury to persons (including death) or property which may arise or claim to have arisen as a result of, or in connection with Landlord's exercise of Landlord's Construction Option and/or Landlord's default and/or Landlord's negligence or willful misconduct or that of Landlord's agents, contractors, licensees, invitees, employees and/or any other party under Landlord's reasonable control.

J. Landlord and Tenant shall enter into an agreement providing for the maintenance obligations of each party with respect to the Additional Building and the Leased Premises, and such other matters as Landlord and Tenant may deem necessary, acting reasonably and in good faith.

K. The provisions contained in this Paragraph are binding on the parties' successors and assigns.

EXHIBIT "E"

SURVEY SHOWING OUTPARCELS

Exhibit 10.16

JOHN WILEY & SONS, INC.

FY 2007 QUALIFIED EXECUTIVE LONG TERM INCENTIVE PLAN

PLAN DOCUMENT

CONFIDENTIAL

MAY 1, 2006

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I.

DEFINITIONS

Following are definitions for words and phrases used in this document. Unless the context clearly indicates otherwise, these words and phrases are considered to be defined terms and appear in this document in italicized print:

Company: John Wiley & Sons, Inc.

business unit: The Company, a business or subsidiary of the Company, or a global unit of the Company.

plan: This FY 2007 Qualified Executive Long Term Incentive Plan.

shareholder plan: The Company's 2004 Key Employee Stock Plan.

plan period: The three year period from May 1, 2006 to April 30, 2009, or a portion of this period, at the discretion of the CC.

Compensation Committee (CC): The committee of the Company's Board of Directors responsible for the review and approval of executive compensation.

performance target: A participant's objective to achieve specific financial

goals for the plan period, as approved by the CC. A performance target comprises all of the financial goals for the business criteria in a business unit.

business criteria: An indicator of financial performance, chosen from the business criteria listed in Section 7(b)(ii)(B) of the shareholder plan. The following business criteria are used in this plan:

cumulative cash flow: The cumulative for the plan period of net income, excluding unusual items not related to the period being measured, plus/minus any non-cash items included in net income and changes in operating assets and liabilities, minus normal investments in product development assets and property and equipment.

earnings per share: Earnings per share, excluding unusual items not related to the period being measured. Actual results shall be increased by one cent for VCH tax basis step-up recovery.

financial goal: A targeted level of attainment of a given business criteria.

financial results: The published, audited financial results of the Company.

participant: A person selected to participate in the plan.

performance levels

threshold: The minimum acceptable level of achievement of a financial goal in order to earn a payout, expressed as a percentage of target (e.g., 95% of target.)

target: Achievement of the assigned financial goal-100%.

outstanding: Superior achievement of a financial goal, earning the maximum payout, expressed as a percentage of target (e.g., 115% of target.)

target incentive: A targeted number of restricted performance shares that a participant is eligible to receive if 100% of his/her/her applicable performance targets are achieved and the participant remains employed by the Company through April 30, 2011, except as otherwise provided in Section VIII.

stock: Class A Common Stock of the Company.

restricted performance: share A share of stock issued pursuant to this plan and the shareholder plan that is subject to forfeiture. In the shareholder plan, such stock is referred to as "Performance-Based Stock."

restricted period: The period during which the restricted performance shares shall be subject to forfeiture in whole or in part, as defined in the shareholder plan, in accordance with the terms of the award.

plan-end adjusted restricted performance shares award: The number of restricted performance shares awarded to a participant at the end of the plan cycle after adjustments, if any, are made, as set forth in Sections V and VIII.

II. PLAN OBJECTIVES

The plan is intended to provide the officers and other key colleagues of the Company and of its subsidiaries, affiliates and certain joint venture companies, upon whose judgment, initiative and efforts the Company depends for its growth and for the profitable conduct of its business, with additional incentive to promote the success of the Company.

III. ELIGIBILITY

A participant is selected by the CEO and recommended for participation to the CC, which has sole discretion for determining eligibility, from among those colleagues in key management positions deemed able to make the most significant contributions to the growth and profitability of the Company. The President and CEO of the Company is a participant.

IV. PERFORMANCE TARGETS AND MEASUREMENT

The CEO recommends and the CC adopts, in its sole discretion, performance targets and performance levels for each participant, not later than 90 days from the commencement of the plan period. No performance target or performance level may be modified after 90 days from the commencement of the plan period.

A. Performance targets, comprising one or more financial goals, are defined for each business unit. Each financial goal is assigned a weight, such that the sum of the weights of all financial goals for a business unit equals 100%.

B. Each participant is assigned performance targets for one or more business units, based on the participant's position, responsibilities, and his/her ability to affect the results of the assigned business unit. For each participant, each business unit is assigned a weight, such that the sum of the weights of all business units for a participant equals 100%. Collectively, all business unit performance targets constitute the participant's plan period objectives.

C. Each financial goal is assigned performance levels (threshold, target and outstanding).

V. PERFORMANCE EVALUATION

A. Financial Results

1. At the end of the plan period, the financial results for each business unit are compared with that unit's financial goals to determine the payout for each participant.
2. In determining the attainment of financial goals, the impact of any of the events (a) through (i) listed in Section 7(b)(ii)(B) of the shareholder plan, if dilutive (causes a reduction in the financial result) will be excluded from the financial results for any affected business unit.
3. Award Determination

    a. Achievement of threshold performance of at least one financial goal of a performance target is necessary for a participant to receive a payout for that performance target.

    b. The unweighted payout factor for each financial goal is determined as follows:
        1. For performance below the threshold level, the payout factor is zero.
        2. For performance at the threshold level, the payout factor is 25%.
        3. For performance between the threshold and target levels, the payout factor is between 25% and 100%, determined on a pro-rata basis.
        4. For performance at the target level, the payout factor is 100%.
        5. For performance between the target and outstanding levels, the payout factor is between 100% and 200%, determined on a pro-rata basis.
        6. For performance at or above the outstanding level, the payout factor is 200%.

    c. A participant's plan-end adjusted restricted performance shares award is determined as follows:

        1. Each financial goal's unweighted payout factor determined above times the weighting of that financial goal equals the weighted payout factor for that financial goal
        2. The sum of the weighted payout factors for a business unit's performance target equals the payout factor for that performance target.
        3. The participant's target incentive
times
the business unit weight
times
the performance target payout factor
equals
the participant's payout for that business unit

        4. The sum of the payouts for all the business units assigned to a participant equals the participant's total plan-end adjusted restricted performance shares award.

    d. The CC may, in its sole discretion, reduce a participant's payout to any level it deems appropriate.

VI. RESTRICTED PERFORMANCE SHARES AWARD PROVISIONS

A. Restricted performance shares, equal to a participant's target incentive, shall be determined at the beginning of the plan period. In addition to the terms and conditions set forth in the shareholder plan, the restricted period for the plan-end adjusted restricted performance shares award shall be as follows: subject to continued employment except as otherwise set forth in the shareholder plan, the lapse of restrictions on one-half of the restricted performance shares awarded will occur on the first anniversary of the plan period end date (April 30, 2010) at which time the participant will receive a stock certificate in a number of shares equal to one-half of the restricted performance shares awarded with the restrictive legend deleted, and the lapse of restrictions on the remaining half will occur on the second anniversary of the plan period end date (April 30, 2011) at which time the participant will receive a new stock certificate in a number of shares equal to the remaining half with the restrictive legend deleted.

B. The plan-end adjusted restricted performances share award will be compared to the restricted performance shares targeted at the beginning of the plan period, and the appropriate amount of restricted performance shares will be awarded or forfeited, as required, to bring the restricted performance shares award to the number of shares designated as the plan-end adjusted restricted performance shares award.

VII. STOCK OPTIONS

The participant may be granted a stock option pursuant to the shareholder plan at the beginning of the plan period, representing another incentive vehicle by which the participant is able to share in the equity growth of the Company. The terms and conditions of the award of the stock option are contained in the shareholder plan and in the stock option award.

VIII. PAYOUTS

A. Plan-end adjusted restricted performances share awards will be made within 90 days after the end of the plan period.

B. In the event of a participant's death, disability, retirement or leave of absence prior to the plan-end adjusted restricted performances share award being earned, the award, if any, will be determined by the CC.

C. A participant who resigns, or whose employment is terminated by the Company, with or without cause before the award is earned, will not receive an award. Exception to this provision shall be made with the approval of the CC, in its sole discretion.

D. In the event of a participant's retirement, all plan-end adjusted restricted performances share awards earned, but not yet vested, will automatically vest, and will be paid out in cash based on the fair market value on the next fiscal year end, if approved by the CC, in its sole discretion. Any plan-end adjusted restricted performances share award that would have been earned by the participant in the year of retirement may be paid out in cash based on the fair market value on the next fiscal year end, if approved by the CC, in its sole discretion.

E. In the event of constructive discharge or without cause termination following a Change of Control, as that term is defined in the shareholder plan, all "target" restricted performance shares vest to the participant, or at the CC's option, payment will be made of the value of the "target" restricted performance shares based on the fair market value on the effective date of the Change of Control.

F. A participant who is hired or promoted into an eligible position during the plan period may receive a prorated plan-end adjusted restricted performances share award as determined by the CC, in its sole discretion.

IX. ADMINISTRATION AND OTHER MATTERS

A. The plan will be administered by the CC, which shall have authority in its sole discretion to interpret and administer this plan, including, without limitation, all questions regarding eligibility and status of any

participant, and no participant shall have any right to receive a payout or payment of any kind whatsoever, except as determined by the CC hereunder.

B. The Company will have no obligation to reserve or otherwise fund in advance any amount which may become payable under the plan.

C. This plan may not be modified or amended except with the approval of the CC, in accordance with the provisions of the shareholder plan.

D. In the event of a conflict between the provisions of this plan and the provisions of the shareholder plan, the provisions of the shareholder plan shall apply.

E. No awards of any type under this plan shall be considered as compensation for purposes of defining compensation for retirement, savings or supplemental executive retirement plans, or any other benefit.

Exhibit 10.17

JOHN WILEY & SONS, INC.

FY 2007 QUALIFIED EXECUTIVE ANNUAL INCENTIVE PLAN

PLAN DOCUMENT

CONFIDENTIAL

MAY 1, 2006

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I. DEFINITIONS

Following are definitions for words and phrases used in this document. Unless the context clearly indicates otherwise, these words and phrases are considered to be defined terms and appear in this document in italicized print:

Company: John Wiley & Sons, Inc.

business unit: The Company, a business or subsidiary of the Company, or a global unit of the Company.

plan: This FY 2007 Qualified Executive Annual Incentive Plan.

shareholder plan: The Company's 2004 Executive Annual Incentive Plan.

plan period: The twelve-month period from May 1, 2006 to April 30, 2007, or a portion of this period, at the discretion of the CC.

Compensation Committee (CC): The committee of the Company's Board of Directors responsible for the review and approval of executive compensation.

performance target: A participant's objective to achieve specific financial goals for assigned business criteria in the plan period, as approved by the CC. A performance target comprises all of the financial goals for the business criteria in a business unit.

business criteria: An indicator of financial performance, chosen from the business criteria listed in Section 4(b)(ii) of the shareholder plan. The following business criteria are used in this plan:

revenue (corporate): Gross annual revenue, net of provision for returns.

cash flow: Net income, excluding unusual items not related to the period being measured, plus/minus any non-cash items included in net income and changes in operating assets and liabilities, minus normal investments in product development assets and property and equipment.

earnings per share: Earnings per share, excluding unusual items not related to the period being measured. Actual results shall be increased by one cent for VCH tax basis step-up recovery.

revenue (business): Gross annual revenue, net of actual returns.

business EBITA: Operating income before amortization of intangibles.

business cash flow: business operating income, plus/minus any non-cash items included in business operating income (other than provisions for bad debts), and changes in controllable assets and liabilities, less normal investments in product development assets and direct property and equipment additions. Controllable assets and liabilities are inventory, composition, author advances, other deferred publication costs, and deferred subscription revenues.

GPC EBITA: business operating income before amortization of intangibles as adjusted for profit earned by other businesses on intercompany transactions.

GPC cash flow: business cash flow as adjusted for the profit earned by other businesses on intercompany transactions.

special cash flow: Gross collections on accounts receivable less operating expenses.

Contribution to profit: Operating income before support costs.

financial goal: A targeted level of attainment of a given business criteria.

financial results: The published, audited financial results of the Company and the business financial results derived therefrom.

participant: A person selected to participate in the plan.

performance levels

threshold The minimum acceptable level of achievement of a financial goal in order to earn a payout, expressed as a percentage of target (e.g., 95% of target.)

target: Achievement of the assigned financial goal-100%.

outstanding: Superior achievement of a financial goal, earning the maximum payout, expressed as a percentage of target (e.g., 115% of target.)

base salary: A participant's base salary as of July 1, 2006, or the date of hire or promotion into the plan, if later, adjusted for any amount of time the participant may not be in the plan for reasons of hire, death, disability, retirement and/or termination.

payout: Actual gross dollar amount paid to a participant under the plan, if any, for achievement of assigned performance targets, as further discussed in this

plan.

total annual incentive opportunity: The total target amount that a participant is eligible to receive from all annual incentive plans, including this plan.

target incentive percent: The percent applied to the participant's total annual incentive opportunity to determine the target incentive amount for this plan. Generally, for the plan period 2007, the target incentive percent for this plan is 75%.

target incentive amount: The amount that a participant is eligible to receive if he/she achieves 100% of his/her performance targets for a business unit. The sum of the target incentive amounts for all business units assigned to a participant is the total target incentive amount.

II. PLAN OBJECTIVES

The plan is intended to provide the officers and other key colleagues of the Company and of its subsidiaries, affiliates and certain joint venture companies, upon whose judgement, initiative and efforts the Company depends for its growth and for the profitable conduct of its business, with additional incentive to promote the success of the Company.

III. ELIGIBILITY

A participant is selected by the CEO and recommended for participation to the CC, which has sole discretion for determining eligibility, from among those colleagues in key management positions deemed able to make the most significant contributions to the growth and profitability of the Company. The President and CEO of the Company is a participant.

IV. PERFORMANCE TARGETS AND MEASUREMENT

The CEO recommends and the CC adopts, in its sole discretion, performance targets and performance levels for each participant, not later than 90 days from the commencement of the plan period. No performance target or performance level may be modified after 90 days from the commencement of the plan period.

A. Performance targets, comprising one or more financial goals, are defined for each business unit. Each financial goal is assigned a weight, such that the sum of the weights of all financial goals for a business unit equals 100%.

B. Each participant is assigned performance targets for one or more business units , based on the participant's position, responsibilities, and his/her ability to affect the results of the assigned business unit. For each participant, each business unit is assigned a weight, such that the sum of the weights of all business units for a participant equals 100%. Collectively, all business unit performance targets constitute the participant's plan period objectives.

C. Each financial goal is assigned performance levels (threshold, target and outstanding).

V. PERFORMANCE EVALUATION

A. Financial Results

1. At the end of the plan period, the financial results for each business unit are compared with that unit's financial goals to determine the payout for each participant.
2. In determining the attainment of financial goals,
   a. the impact of foreign exchange gains or losses will be excluded from revenue and business EBITA and business cash flow criteria.
   b. the impact of any of the events (1) through (9) listed in Section 4(b)(ii) of the shareholder plan, if dilutive (causes a reduction in the financial result), will be excluded from the financial results of any affected business unit.
3. Award Determination
   a. Achievement of threshold performance of at least one financial goal of a performance target is necessary for a participant to receive a payout for that performance target.
   b. The unweighted payout factor for each financial goal is

determined as follows:

1. For performance below the threshold level, the payout factor is zero.
2. For performance at the threshold level, the payout factor is 25%.
3. For performance between the threshold and target levels, the payout factor is between 25% and 100%, determined on a pro-rata basis.
4. For performance at the target level, the payout factor is 100%.
5. For performance between the target and outstanding levels, the payout factor is between 100% and 200%, determined on a pro-rata basis.
6. For performance at or above the outstanding level, the payout factor is 200%.

c. A participant's payout is determined as follows:

1. Each financial goal's unweighted payout factor determined above times the weighting of that financial goal equals the weighted payout factor for that financial goal.
2. The sum of the weighted payout factors for a business unit's performance target equals the payout factor for that performance target.
3. The participant's total annual incentive opportunity
   times
   the participant's target incentive percent
   times
   the business unit weight
   times
   the performance target payout factor
   equals
   the participant's payout for that business unit
4. The sum of the payouts for all the business units assigned to a participant equals the participant's total payout.

d. The CC may, in its sole discretion, reduce a participant's payout to any level it deems appropriate.

VI. PAYOUTS

A. Payouts will be made within 90 days after the end of the plan period.

B. In the event of a participant's death, disability, retirement or leave of absence prior to payout from the plan, the payout, if any, will be determined by the CC.

C. A participant who resigns, or whose employment is terminated by the Company, with or without cause, before payout from the plan is distributed, will not receive a payout. Exception to this provision shall be made with the approval of the CC, in its sole discretion.

D. A participant who is hired or promoted into an eligible position during the plan period may receive a prorated payout as determined by the CC, in its sole discretion.

VII. ADMINISTRATION AND OTHER MATTERS

A. The plan will be administered by the CC, which shall have authority in its sole discretion to interpret and administer this plan, including, without limitation, all questions regarding eligibility and status of any participant, and no participant shall have any right to receive a payout or payment of any kind whatsoever, except as determined by the CC hereunder.

B. The Company will have no obligation to reserve or otherwise fund in advance any amount which may become payable under the plan.

C. This plan may not be modified or amended except with the approval of the CC, in accordance with the provisions of the shareholder plan.

D. In the event of a conflict between the provisions of this plan and the provisions of the shareholder plan, the provisions of the shareholder plan shall apply.

JOHN WILEY & SONS, INC.

FY 2007 EXECUTIVE ANNUAL STRATEGIC MILESTONES INCENTIVE PLAN

ADMINISTRATIVE DOCUMENT

CONFIDENTIAL

MAY 1, 2006

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I. DEFINITIONS

Following are definitions for words and phrases used in this document. Unless the context clearly indicates otherwise, these words and phrases are considered to be defined terms and appear in this document in italicized print:

Company: John Wiley & Sons, Inc.

plan: The Company's Fiscal Year 2007 Executive Annual Strategic Milestones Incentive Plan described in this document and any written amendments to this document.

plan year: The twelve month period from May 1, 2006 to April 30, 2007, or a portion of this period, at the discretion of the CC.

Compensation Committee (CC): The committee of the Company's Board of Directors responsible for the review and approval of executive compensation.

strategic milestone: A participant's objective to achieve specific results for FY 2007, including interim revised strategic milestones, if any, as approved and communicated in writing, as described in Sections IV and V below. Strategic milestones are leading indicators of performance.

participant: A person selected to participate in the plan.

base salary: The participant's base salary as of July 1, 2006, or the date of hire or promotion into the plan, if later, adjusted for any increases or decreases during FY 2007, on a prorated basis, and adjusted for any amount of time the participant may not be in the plan for reasons of hire, death, disability, retirement and/or termination.

payout: Actual gross dollar amount paid to a participant under the plan, if any, for achievement of strategic milestones, as further discussed in this plan.

total annual incentive opportunity: The total target amount a participant is eligible to receive from all annual incentive plans, including this plan.

target incentive percent: The percent applied to the participant's total annual incentive opportunity to determine the target incentive amount for this plan. Generally, for the plan year 2007, the target incentive percent for this plan is 25%.

target incentive amount: The amount, if any, that a participant is eligible to receive if he/she achieves 100% of his/her strategic milestones.

summary evaluation levels

threshold: The minimum acceptable level of achievement of strategic milestones. If threshold performance is achieved against all strategic milestones, a participant may earn 25% of the target incentive amount for which he/she is eligible.

target: Achievement in aggregate of target strategic milestones. Each individual strategic milestone is set at a level that is both challenging and achievable. If target performance is achieved against all strategic milestones, a participant may earn 100% of the target incentive amount for which he/she is eligible.

outstanding: Superior achievement of strategic milestones, both in quality and scope, with limited time and resources. If outstanding performance is achieved against strategic milestones, the maximum amount a participant may earn is 200% of the target incentive amount for which he/she is eligible.

payout factor: Percentage of strategic milestones deemed achieved, applied to the target incenive amount, used to determine the payout for which a participant is eligible.

II. PLAN OBJECTIVES

The purpose of the FY 2007 Executive Annual Strategic Milestones Incentive Plan is to enable the Company to reinforce and sustain a culture devoted to excellent performance, reward significant contributions to the success of Wiley, and attract and retain highly qualified executives.

III. ELIGIBILITY

A participant is selected by the President and CEO and recommended for participation to the CC, which has sole discretion for determining eligibility, from among those colleagues in key management positions deemed able to make the most significant contributions to the growth and profitability of the Company. The President and CEO of the Company is a participant.

IV. PERFORMANCE OBJECTIVES AND MEASUREMENT

A. Strategic milestones are non-financial individual objectives over which the participant has a large measure of control, which lead to, or are expected to lead to, improved performance for the Company in the future. Strategic milestones are determined near the beginning of the plan year by the participant, and approved by CEO or the participant's manager, if the CEO is not the participant's manager.

B. The strategic milestones for the President and CEO are reviewed and approved by the CC.

C. The strategic milestones for the President and CEO should be appropriately reflected in those of all other colleagues at all levels. Each participant collaborates with his/her manager in setting strategic milestones. The strategic milestones may be revised during the plan year, as appropriate.

D. The determination of strategic milestones includes defining a target level of performance and the measure of such, and may include defining threshold and outstanding levels of performance and the measures of such.

V. PERFORMANCE EVALUATION

A. Achievement of a participant's strategic milestones will be determined at the end of the plan year by comparing results achieved to previously set objectives.

B. Each participant's manager will recommend a summary evaluation level and a payout factor for achievement of all strategic milestones, by comparing results achieved to the previously set objectives. In determining the payout factor, the overall performance on all strategic milestones will be considered. The President and CEO will recommend to the CC for approval the payout factors for all other participants. The CC will approve the payout factor for the President and CEO.

Summary evaluation levels and related payout factors are as follows:

Summary Evaluation	Payout factor range
< Threshold	0
Threshold	25% - <35%
> Threshold	=>35% - <50%
< Target	=>50% - <90%
Target	=>90% - <=110%
> Target	>110% - <150%
< Outstanding	=>150% - <175%
Outstanding	=>175% - 200%

C. Award Determination

STRATEGIC MILESTONES PAYOUT AMOUNT

total annual incentive opportunity X target incentive percent X payout factor = Strategic Milestones Payout Eligibility

1. Notwithstanding anything to the contrary, the maximum payout, if any, a participant may receive is 200% of the target incentive amount.

2. The foregoing strategic milestones payout eligibility calculation is intended to set forth general guidelines on how awards are to be determined. The purpose of this plan is to motivate the participant to perform in an outstanding manner. The President and CEO has discretion under this plan to take into consideration the contribution of the participant, the participant's management of his/her organizational unit and other relevant factors, positive or negative, which impact the Company's, the participant's organizational unit(s), and the participant's performance overall in determining whether to recommend granting or denying an award, and the amount of the award, if any. If the participant is the President and CEO, such discretion is exercised by the CC.

VI. PAYOUTS

A. Payouts will be made within 90 days after the end of the plan year.

B. In the event of a participant's death, disability, retirement or leave of absence prior to payout from the plan, the payout, if any, will be recommended by the President and CEO to the CC which shall have sole authority for approval of the payout.

C. A participant who resigns, or whose employment is terminated by the Company, with or without cause, before payout from the plan is distributed, will not receive a payout. Exception to this provision shall be made with the approval of the CC, in its sole discretion.

D. A participant who transfers between businesses of the company, will have his/her payout prorated to the nearest fiscal quarter for the time spent in each business, based on the achievement of strategic milestones established for the position in each business, and based upon a judgment of the participant's contribution to the achievement of goals in each position, including interim revisions, if appropriate.

E. A participant who is appointed to a position with a different target incentive percent will have his/her payout prorated to the nearest fiscal quarter for the time spent in each position, based on the achievement of strategic milestones established for each position.

F. A participant who is hired or promoted into an eligible position during the plan year may receive a prorated payout as determined by the CEO, in his/her sole discretion, subject to the approval of the CC.

VII. ADMINISTRATION AND OTHER MATTERS

A. The plan is effective for the plan year. It will terminate, subject to payout, if any, in accordance with and subject to the provisions of this plan.

B. This plan will be administered by the President and CEO, who will have authority to interpret and administer this plan, including, without limitation, all questions regarding eligibility and status of the participant, subject to the approval of the CC.

C. This plan may be withdrawn, amended or modified at any time, for any reason, in writing, by the Company.

D. The determination of an award and payout under this plan, if any, is subject to the approval of the President and CEO and the CC. This plan does not confer upon any participant the right to receive any payout, or payment of any kind whatsoever.

E. No participant shall have any vested rights under this plan. This plan does not constitute a contract.

F. All deductions and other withholdings required by law shall be made to the participant's payout, if any.

Exhibit 21

SUBSIDIARIES OF JOHN WILEY & SONS, INC.(1)

	Jurisdiction In Which Incorporated
John Wiley & Sons International Rights, Inc.	Delaware
JWS HQ, LLC	New Jersey
JWS DCM, LLC	New Jersey
Wiley-Liss, Inc.	Delaware
Wiley Publishing Services, Inc.	Delaware
Wiley Periodicals, Inc.	Delaware
Wiley Subscription Services, Inc.	Delaware
John Wiley & Sons (Asia) Pte. Ltd.	Singapore
John Wiley & Sons Australia, Ltd.	Australia
John Wiley & Sons Canada Limited	Canada
John Wiley & Sons (HK) Limited	Hong Kong
Wiley Europe Limited	England
Wiley Heyden Ltd.	England
Wiley Distribution Services Limited	England
John Wiley & Sons Ltd.	England
Wiley HMI Holdings, Inc.	Delaware
Wiley Europe Investment Holdings Ltd.	England
HMI Investment, Inc.	Delaware
Wiley Publishing, Inc.	Delaware
Wiley India Private Limited	India
Wiley Publishing Australia Pty Ltd.	Australia
John Wiley & Sons GmbH	Germany
Wiley-VCH Verlag GmbH & Co. KGaA	Germany
GIT Verlag GmbH & Co. KG	Germany

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(1) The names of other subsidiaries that would not constitute a significant subsidiary in the aggregate have been omitted. All subsidiaries are wholly owned unless indicated parenthetically.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
John Wiley & Sons, Inc.:

We consent to the incorporation by reference in the Registration Statement Nos. 333-123359, 333-93591, 33-60268, 2-65296, 2-95104, 33-29372 and 33-62605 of John

Wiley & Sons, Inc. (the "Company") of our reports dated June 28, 2006, with respect to the consolidated statements of financial position of John Wiley & Sons, Inc. as of April 30, 2006 and 2005, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows, for each of the years in the three-year period ended April 30, 2006, and the related financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting as of April 30, 2006 and the effectiveness of internal control over financial reporting as of April 30, 2006, which reports appear in the April 30, 2006 annual report on Form 10-K of John Wiley & Sons, Inc.

/s/ KPMG LLP
New York, New York

June 28, 2006

Exhibit 31.1

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William J. Pesce, President and Chief Executive Officer of John Wiley & Sons, Inc. (the "Company"), hereby certify that:

1. I have reviewed this annual report on Form 10-K of the Company;

2. Based on my knowledge, this annual report does not contain any untrue statements of a material fact or omit to state a material fact necessary 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company'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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and 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 Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the Company'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 report, based on such evaluation; and
   d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):

a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect the Company'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 Company's internal control over financial reporting.

By: /s/ William J. Pesce
William J. Pesce
President and Chief Executive Officer
Dated: June 23, 2006

Exhibit 31.2

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ellis E. Cousens, Executive Vice President and Chief Financial and Operations Officer of John Wiley & Sons, Inc. (the "Company"), hereby certify that:

1. I have reviewed this annual report on Form 10-K of the Company;

2. Based on my knowledge, this annual report does not contain any untrue statements of a material fact or omit to state a material fact necessary 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company'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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and 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 Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the Company'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 report, based on such evaluation; and
   d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons

performing the equivalent function):

a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect the Company'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 Company's internal control over financial reporting.

By: /s/ Ellis E. Cousens

Ellis E. Cousens
Executive Vice President and
Chief Financial and Operations Officer
Dated: June 23, 2006

Exhibit 32.1

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 Annual Report of John Wiley & Sons, Inc. (the "Company") on Form 10-K for the year ended April 30, 2006 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. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William J. Pesce

William J. Pesce
President and Chief Executive Officer

Dated: June 23, 2006

Exhibit 32.2

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 Annual Report of John Wiley & Sons, Inc. (the "Company") on Form 10-K for the year ended April 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ellis E. Cousens, Executive Vice President and Chief Financial and Operations Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ellis E. Cousens

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

Dated: June 23, 2006