ARISTOTLE CORP
Form 10-Q
November 14, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2001

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

FOR THE TRANSITION PERIOD FROM ------------------ TO ------------------

COMMISSION FILE NUMBER 0-14669

THE ARISTOTLE CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)

27 ELM STREET, NEW HAVEN, CONNECTICUT
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

06-1165854
(I.R.S. EMPLOYER IDENTIFICATION NO.)

06510
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:
(203) 867-4090

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

As of November 10, 2001, 1,891,625 shares of Common Stock, $.01 par value per share, were outstanding.

THE ARISTOTLE CORPORATION

INDEX OF INFORMATION CONTAINED IN FORM 10-Q FOR THE
QUARTER ENDED SEPTEMBER 30, 2001

PART I - FINANCIAL INFORMATION

PART II - OTHER INFORMATION

2

THE ARISTOTLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT FOR SHARE DATA)

ASSETS

Current assets:
Cash and cash equivalents...
Marketable securities...
Accounts receivable, net..

Inventories...
Other current assets..

Total current assets..

Property and equipment, net...

Other assets:
Goodwill..
Other noncurrent assets...

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:
Current maturities of long term debt..
Accounts payable..
Accrued expenses..
Deferred revenue..
Accrued tax reserves..

Total current liabilities...

Long term debt, net of current maturities...

Stockholders' equity:
Common stock, $.01 par value, 3,000,000 shares authorized, 1,904,613
shares issued...
Additional paid-in capital..
Retained earnings (deficit)...
Treasury stock, at cost, 12,988 shares..
Foreign currency translation..
Net unrealized investment losses..
Total stockholders' equity..

The accompanying notes are an integral part of these condensed consolidated finanical st

3

THE ARISTOTLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE
	2001
Net revenues	$ 2,
Cost of goods sold	1,
Gross profit	1,
Selling expenses	
Product development expenses	
General and administrative expenses	
Goodwill amortization	
Operating income	
Other income (expense):	
Investment and interest income	
Interest expense	
Equity loss in unconsolidated subsidiary	
Income from continuing operations before income taxes	
Provision for income taxes	
Income from continuing operations	
Minority interest	
Net income	$
Earnings per common share, basic and diluted	$

The accompanying notes are an integral part of these condensed consolidated financial st

THE ARISTOTLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$
Adjustments to reconcile net income to net cash provided by operating activities:	
Goodwill amortization..	
Depreciation and amortization..	
Minority interest..	
Changes in assets and liabilities:	
Accounts receivable..	
Inventories..	
Other assets...	
Accounts payable...	
Accrued expenses...	
Deferred revenue...	
Net cash provided by (used in) operating activities..................	
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Safe Passage, net of $20 of cash acquired..........................	
Purchase of property and equipment..	
Net cash provided by (used in) investing activities..................	
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of revolving loan...	
Principal debt payments..	
Repayment of capital lease obligations..	
Net cash used in provided by financing activities....................	
DECREASE IN CASH AND CASH EQUIVALENTS..	
CASH AND CASH EQUIVALENTS, beginning of period..	
CASH AND CASH EQUIVALENTS, end of period..	$

The accompanying notes are an integral part of these condensed consolidated financial st

THE ARISTOTLE CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2001
(UNAUDITED)

1. NATURE OF OPERATIONS

The Aristotle Corporation ("Aristotle" or the "Company") is a holding company which, through its wholly-owned subsidiaries, Simulaids, Inc. ("Simulaids") and Safe Passage International, Inc. ("Safe Passage"), currently conducts business in two segments, the medical education and training products market and the computer-based training market. Simulaids' primary products include manikins and simulation kits used for training in CPR, emergency rescue and patient care fields. Simulaids' products are sold throughout the United States and internationally via distributors and catalogs to end users such as fire and emergency medical departments and nursing and medical schools. Safe Passage develops and licenses computer-based training products to government and industry clients.

On September 14, 2000, Aristotle acquired 80% of the outstanding shares of common stock (the "Acquisition") of Safe Passage, a privately-held Rochester, New York-based company, pursuant to a Stock Purchase Agreement dated as of September 13, 2000 between Aristotle and the Safe Passage shareholders (the "Sellers"). In consideration for such shares, the Company paid an aggregate purchase price of $1.625 million in cash to the Sellers plus possible additional future consideration of up to a maximum of $2.3 million based on the operating performance of Safe Passage during calendar years 2000 and 2001. If and when such additional consideration is earned, the Company will record the payment as additional purchase price consideration. In addition, the Company has incurred approximately $318,000 of transaction and other related costs associated with the Acquisition.

The Acquisition has been accounted for using the purchase method of accounting and, accordingly, the purchase price was allocated to the assets and liabilities acquired based on their fair market values at the date of the Acquisition. The excess cost over the fair value of net assets acquired, which amounted to approximately $1.8 million, is reflected as goodwill.

Operating results for the three months ended September 30, 2001 and 2000, on a pro forma basis as though Safe Passage was acquired as of the first day of each period are as follows (dollars in thousands except share data):

	2001 (unaudited)	2000 (unaudited)
Net sales..	$2,515	$2,368
Net income...	289	414
Basic and diluted earnings per common share.............	.15	.22

The pro forma financial information is presented for informational purposes only and is not necessarily indicative of the operating results that would have occurred had the Acquisition been consummated as of the above dates, nor are they necessarily indicative of the future operating results.

6

The pro forma adjustments include amortization of intangibles, decreased interest income and state income taxes on the income of Safe Passage.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended September 30, 2001 are not necessarily indicative of results that may be expected for the year ending June 30, 2002. For further information, refer to the consolidated financial statements and notes included in Aristotle's Annual Report on Form 10-K for the year ended June 30, 2001.

2. NEW ACCOUNTING PRONOUNCEMENTS

As of July 1, 2001, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 142, "Goodwill and Other Intangible Assets" ("SFAS No 142"). Under SFAS No. 142, goodwill is no longer subject to amortization over its estimated useful life. Instead, SFAS No. 142 requires that goodwill be evaluated at least annually for impairment by applying a fair-value-based test and, if impairment occurs, the amount of impaired goodwill must be written off immediately. Accordingly, the Company no longer records amortization of goodwill. For the quarter ended September 30, 2000, the Company recorded $68 of goodwill amortization. The performance of Safe Passage has been negatively impacted by delays in the awarding of certain contracts by a primary customer, the Federal Aviation Administration ("FAA"). The timing and amount, if any, of FAA contract awards to Safe Passage, anticipated to be awarded during the next three months, will be a significant consideration in assessing any potential Safe Passage goodwill impairment during fiscal 2002. The Company is required to apply the initial fair value test by December 31, 2001. The Company has not yet determined whether the initial fair value test of the goodwill reflected in the accompanying consolidated balance sheets will result in any impairment charges.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 modifies the rules for accounting for the impairment or disposal of long-lived assets. The new rules become effective for fiscal years beginning after December 15, 2001, with earlier application encouraged. The Company has not yet quantified the impact of implementing SFAS No. 144 on the Company's consolidated financial statements.

3. DEBT AGREEMENT

On September 27, 1999, Simulaids and Citizens Bank of Connecticut ("Citizens") entered into a $2.0 million credit agreement. The credit agreement is currently comprised of two facilities ("Credit Facilities"):

(a) $1,200,000 SEVEN-YEAR TERM LOAN - Principal payments are scheduled on a seven-year straight-line amortization. The interest rate is charged at the rate of LIBOR plus 200 basis points on a 30, 60, 90 or 180 day LIBOR rate at Simulaids' election.

(b) $800,000 SEVEN-YEAR MORTGAGE - Principal payments are scheduled on a fifteen-year straight-line amortization, with a balloon payment at the seven-year maturity. The interest rate is charged at the rate of LIBOR plus 200 basis points on a 30, 60, 90 or 180 day LIBOR rate at Simulaids' election.

As of September 30, 2001, the balance outstanding on the mortgage was $689,000 and there was no balance outstanding on the term loan. Future principal payments on the mortgage is $5,000 per month until September 2006, at which time the remaining balance will be due.

4. EARNINGS PER COMMON SHARE

The Company calculates earnings per share in accordance with the provisions of SFAS No. 128, "Earnings Per Share". For the three months ended September 30, 2001 and 2000, basic and diluted earnings per share are calculated as follows:

THREE MONTHS ENDED SEPTEMBER 30

(IN THOUSANDS OF DOLLARS, EXCEPT SHARE AND PER SHARE DATA)

	2
BASIC EARNINGS PER SHARE:	
NUMERATOR	
Net income..	$
DENOMINATOR	
Weighted average shares outstanding...	1,89
BASIC EARNINGS PER COMMON SHARE	$
DILUTED EARNINGS PER SHARE:	
NUMERATOR	
Net income..	$
DENOMINATOR	
Weighted average shares outstanding...	1,9
DILUTED EARNINGS PER COMMON SHARE	$

5. COMPREHENSIVE INCOME

Effective July 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income" which discloses changes in equity that result from transactions and economic events from non-owner sources. Comprehensive income (loss) for the three months ended September 30, 2001 and 2000 is as follows:

	THREE MONTH SEPTEMB (UNAUDI (IN THOUSANDS
	2001
Net income	$289
Foreign currency translation adjustment...........................	(4)
Net unrealized investment gain..	25

Comprehensive income	$310
	====

6. SEGMENT REPORTING

The Company has two reportable segments: the medical education and training products segment and the computer-based training segment. The medical education and training products segment produces manikins and simulation kits used for training in CPR, emergency rescue and patient care fields. The computer-based training segment develops and sells computer-based training products to government and industry clients.

The Company's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Each of the businesses was acquired as a unit, and the management at the time of the acquisition was retained. The results of each segment for the three months ended September 30, 2001 are as follows (in thousands of dollars):

	Medical Products	Computer Training	Corporate
Net sales	$2,253	$ 115	$ --
Operating income (loss)	$ 674	$ (266)	$ (147)
Depreciation and amortization	$ 47	$ 22	$ 2
Identifiable assets	$8,378	$1,817	$4,772
Identifiable liabilities	$1,249	$ 502	$ 538

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

GENERAL

This discussion and analysis of financial condition and results of operations reviews the results of operations of the Company, on a consolidated basis, for the three months ended September 30, 2001, as compared to the three months ended September 30, 2000. This discussion and analysis of financial condition and results of operations has been derived from, and should be read in conjunction with, the unaudited Consolidated Financial Statements and Notes to Consolidated Financial Statements contained elsewhere in this report.

RESULTS OF OPERATIONS OF THE COMPANY

Net revenue for the three months ended September 30, 2001 increased 30% to $2,368 compared to net revenues of $1,828 for the same period in the prior year. The increase in revenues principally reflects revenue growth at Simulaids of $440, which experienced increases with both domestic and export distributors and increased revenues across most major product categories. In addition, the increase in net revenues reflects three months of revenues for Safe Passage of $115 in the current fiscal year versus two weeks of revenues of $14 for Safe Passage in the same period in the prior year.

Gross profit for the three months ended September 30, 2001 increased 40.3% to $1,162 from $828 for the same period in the prior year and the gross margin percentage increased to 49.1% from 45.3%. The increase in gross profit reflected higher sales and improved plant efficiency for Simulaids, which generated $257 of increased gross profit, and reflected three months of gross profit for Safe Passage of $80 in the current fiscal year versus two weeks of gross profit of $14 for Safe Passage in the prior year. This improvement in gross margin reflected improved manufacturing efficiencies for Simulaids and high margins generated by the Safe Passage business.

Selling expense for the three months ended September 30, 2001 increased 56.5% to $230 from $147 for the same period in the prior year. The increase mainly reflected the inclusion of a full quarter's impact of Safe Passage which increased by $45 and commission expenses of $25 paid by Simulaids to an affiliate for sales to international customers.

Product development for the three months ended September 30, 2001 was $205 versus $40 for the three months ended September 30, 2000. The increase mainly reflected the inclusion of a full quarter's impact of Safe Passage which increased by $158.

The Company's general and administrative expenses for the three months ended September 30, 2001 increased 12.0% to $466 compared to $416 for the comparable 2000 fiscal quarter. The increase was primarily due to the inclusion of a full quarter's impact of Safe Passage which increased by $60 partially offset by reduced professional fees.

There was no goodwill amortization for the current fiscal quarter versus $68 of goodwill amortization in the prior year's quarter. Effective July 1, 2001, the Company adopted SFAS No 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill is no longer subject to amortization over its estimated useful life. Instead, SFAS 142 requires that goodwill be evaluated at least annually for impairment by applying a fair value based test and, if impairment occurs, the amount of impaired goodwill must be written off immediately. The performance of Safe Passage has been negatively impacted by delays in the awarding of certain contracts by a primary customer, the Federal Aviation Administration ("FAA"). The timing and amount, if any, of FAA contract awards to Safe Passage, anticipated to be awarded during the next three months, will be a significant consideration in assessing any potential Safe Passage goodwill impairment during fiscal 2002.

Investment and interest income was $53 and $108 for the three months ended September 30, 2001 and 2000, respectively. The decrease in 2001 mainly reflects lower returns on investment balances.

Interest expense for the three months ended September 30, 2001 decreased to $13 from $37 in the corresponding three months ended September 30, 2000. The decrease primarily reflected lower debt levels due to principal payments made during the prior twelve months.

The income tax provision for the three months ended September 30, 2001 was $7 compared to $17 for the three months ended September 30, 2000. The tax provision primarily represents state taxes.

LIQUIDITY AND CAPITAL RESOURCES

Aristotle ended the September 30, 2001 quarter with $4,141 in cash and cash equivalents versus cash and cash equivalents of $4,149 at June 30, 2001. Cash consumed during the quarter was principally used to reduce debt by $106 and to purchase $10 of property and equipment, partially offset by cash provided by operating activities of $108. The overall decrease in cash and cash equivalents of $8 is detailed below.

The Company generated cash from operations of $108 during the quarter ended September 30, 2001 and $337 from operations during the quarter ended September 30, 2000. During the September 2001 quarter, the generation of cash from operations was principally the result of net income before depreciation and amortization of $360 partially offset by increased accounts receivable and reduced accounts payable. During the September 2000 quarter, the generation of cash from operations was principally the result of net income before depreciation and amortization of $337.

The Company used cash for investing activities of $10 during the quarter ended September 30, 2001 and $1,638 during the quarter ended September 30, 2000. During the September 2001 quarter, the utilization of cash was principally for the purchase of property and equipment. During the September 2000 quarter, the utilization of cash was principally for the acquisition of Safe Passage.

The Company utilized cash of $106 for financing activities during the quarter ended September 30, 2001, and used cash of $479 for financing activities during the quarter ended September 30, 2000. Funds utilized in the September 2001 quarter reflected principal debt payments of $106. Funds utilized in the September 2000 quarter reflected the reduction of debt by $479.

Capital resources in the future are expected to be used for the development of the Simulaids and Safe Passage businesses and to acquire additional companies. Aristotle anticipates that there will be sufficient financial resources to meet Aristotle's projected working capital and other cash requirements for at least the next twelve months.

ITEM 3. QUANTITATIVE & QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As described below, credit risk and interest rate risk are the primary sources of market risk to the Company in its marketable securities and short-term borrowings.

QUALITATIVE

Interest Rate Risk: Changes in interest rates can potentially impact the Company's profitability and its ability to realize assets and satisfy liabilities. Interest rate risk is resident primarily in the Company's marketable securities and short-term borrowings, which have fixed coupon or interest rates.

Credit Risk: The Company's marketable securities are invested in investment grade corporate bonds and closed-end bond funds, both domestic and international, which have various maturities.

QUANTITATIVE

The Company's marketable securities and long-term borrowings as of September 30, 2001 are as follows:

	Maturity less than one year	Maturity gre than one y
Marketable securities		
Cost value	$ --	$ 900
Weighted average return	--	6.8%
Fair market value	$ --	$ 819
Long-term borrowings		
Amount	$ 84	$ 681
Weighted average interest rate	5.5%	5.5%
Fair market value	$ 84	$ 681

RECENT DEVELOPMENTS

Discussions between Geneve Corporation ("Geneve") and the Company are continuing concerning a possible stock merger of the Company with Nasco International, Inc. ("Nasco"), a large operating subsidiary of Geneve. Nasco, headquartered in Fort Atkinson, Wisconsin, is a manufacturer and world-wide distributor of products primarily to the education and health markets. There is no assurance that a merger transaction will be consummated. Geneve, a privately held entity, currently owns approximately 51% of Aristotle's Common Stock and two principals of Geneve sit on the Aristotle Board.

CERTAIN FACTORS THAT MAY AFFECT FUTURE RESULTS OF OPERATIONS

Aristotle believes that this report may contain forward-looking statements within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding Aristotle's liquidity and are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Aristotle cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors as more fully detailed below. As a result, Aristotle's future development efforts and operations involve a high degree of risk. For further information, refer to the more specific risks and uncertainties below and discussed throughout this report.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS.

The Registrant is not a party to any material legal proceedings. See the following sections of the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2001: "Management's Discussion and Analysis of Financial Conditions and Result of Operations - Income Taxes" and Note 7 - "Income Taxes" to the Consolidated Financial Statements with regard to Registrant's claims for tax refunds with the Internal Revenue Service.

ITEM 2 - CHANGES IN SECURITIES.

None

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDER.

None

ITEM 5 - OTHER INFORMATION.

None

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

(a) Exhibits - None. See Exhibit Index attached to this Report.

(b) Reports on Form 8-K - None.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

THE ARISTOTLE CORPORATION

/s/ John J. Crawford

John J. Crawford
ITS PRESIDENT, CHIEF EXECUTIVE OFFICER AND
CHAIRMAN OF THE BOARD
Date: November 14, 2001

/s/ Paul McDonald

Paul McDonald
ITS CHIEF FINANCIAL OFFICER AND SECRETARY
(PRINCIPAL FINANCIAL AND CHIEF ACCOUNTING OFFICER)
Date: November 14, 2001

14

EXHIBIT INDEX

Exhibit Number	Description
	Exhibit 2.1--Capital Contribution Agreement dated as of November 19, 1993 by and among The Aristotle Corporation, Aristotle Sub, Inc., The Strouse, Adler Company and the Stockholders of Strouse, incorporated herein by reference to Exhibit 2.1 of The Aristotle Corporation Current Report on Form 8-K dated April 14, 1994, as amended (the "1994 Current Report").
	Exhibit 2.2--Agreement and Plan of Reorganization, dated as of September 13, 2000 (closed on September 14, 2000), by and among the Registrant, Aristotle Acquisition Sub, Inc., Safe Passage International, Inc., James S. Viscardi, Michael R. Rooksby, Howard C. Rooksby and Andrew M. Figiel, incorporated herein by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K dated September 27, 2000.
	Exhibit 2.3--Agreement and Plan of Merger, dated as of September 13, 2000 (closed on September 14, 2000), by and between Aristotle Acquisition Sub, Inc. and Safe Passage International, Inc., incorporated herein by reference to Exhibit 2.2 of the Registrant's Current Report on Form 8-K dated September 27, 2000.
	Exhibit 3.1--Restated Certificate of Incorporation of The Aristotle Corporation, incorporated herein by reference to Exhibit 3.1 of The Aristotle Corporation Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1997.
	Exhibit 3.2--Amended and Restated Bylaws, incorporated herein by reference to Exhibit 3.2 of The Aristotle Corporation Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1997.
	Exhibit 4.1--Restated Certificate of Incorporation of The Aristotle Corporation and Amended and Restated Bylaws filed as Exhibits 3.1 and 3.2 are incorporated into this item by reference. See Exhibit 3.1 and Exhibit 3.2 above.

Exhibit 4.2--Registration Rights Agreement dated as of April 11, 1994 between the Registrant and the shareholders listed on Exhibit A thereto, incorporated by reference to an exhibit to the Registrant's Registration Statement on Form S-3 (File No. 333-4185).

Exhibit 4.3--Preferred Stock Purchase Agreement dated as of October 22, 1997 between The Aristotle Corporation and Geneve Corporation, incorporated herein by reference to Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q for fiscal quarter ended September 30, 1997.

Exhibit 4.4--Registration Rights Agreement dated as of October 22, 1997 between The Aristotle Corporation and Geneve Corporation, incorporated herein by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1997.

Exhibit 4.5--Letter Agreement dated as of September 15, 1997 among The Aristotle Corporation, Aristotle Sub, Inc. and certain stockholders, incorporated herein by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1997.

Exhibit 4.6--Letter Agreement dated as of February 9, 2000 between The Aristotle Corporation and the Geneve Corporation regarding certain limitations on voting and the acquisition of additional shares of common stock, incorporated herein by reference to the Registrant's Report on Form 13D/A dated February 15, 2000.

Exhibit 4.7--Letter Agreement dated as of April 28, 2000 between The Aristotle Corporation and the Geneve Corporation, modifying the letter agreement between such parties dated as of February 9, 2000, regarding certain limitations on voting and the acquisition of additional shares of common stock, incorporated herein by reference to the Registrant's Report on Form 8-K dated May 2, 2000.

Exhibit 10.1--Stock Option Plan of The Aristotle Corporation, as amended, incorporated herein by reference to Exhibit 10.2 of The Aristotle Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 1992 (the "1992 Form 10-K").

Exhibit 10.2--Form of Stock Option Agreement (for non-employee directors), incorporated herein by reference to Exhibit 10.3 of the 1992 Form 10-K.

Exhibit 10.3--Form of Incentive Stock Option Agreement (for employees), incorporated herein by reference to Exhibit 10.4 of the 1992 Form 10-K.

Exhibit 10.4--Settlement and Release Agreement dated as of May 29, 1996 among The Aristotle Corporation, the Federal Deposit Insurance Corporation and certain other interested parties, incorporated herein by reference to Exhibit 10.22 of The Aristotle Corporation Annual Report on Form 10-K for the fiscal year ended June 30, 1996.

Exhibit 10.5--Stipulation and Agreement of Settlement dated as of May 28, 1996 regarding In Re First Constitution Stockholders Litigation, incorporated herein by reference to Exhibit 10.23 of The Aristotle

Corporation Annual Report on Form 10-K for the fiscal year ended June 30, 1996.

Exhibit 10.6--Stock Purchase Agreement between The Aristotle Corporation and Kevin Sweeney dated as of April 30, 1999, incorporated herein by reference to Exhibit 2.1 of The Aristotle Corporation Current Report on form 8-K dated May 4, 1999, as amended.

Exhibit 10.7--The Aristotle Corporation 1997 Employee and Director Stock Plan, incorporated herein by reference to The Aristotle Corporation Registration Statement on Form S-8 dated December 10, 1997.

Exhibit 10.8--The Employment Agreement dated as of February 1, 2001 by and between The Aristotle Corporation and Paul McDonald, incorporated herein by reference to Exhibit 10.8 of the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2001.

Exhibit 10.9--The Employment Agreement dated as of February 1, 2001 by and between The Aristotle Corporation and John Crawford, incorporated herein by reference to Exhibit 10.9 of the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2001.