ARISTOTLE CORP
Form 10-Q
May 15, 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 MARCH 31, 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 May 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 MARCH 31, 2001

PART I - FINANCIAL INFORMATION

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, net of amortization of $577 and $267 at March 2001 and June 2000 ....
Other noncurrent assets ....

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:
Current maturities of long term debt ....
Accounts payable ....
Accrued expenses ....
Deferred income ....
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 and 17,834 shares at March 31 and June 30,
respectively ....
Net unrealized investment losses ....

Total stockholders' equity ....

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

3

THE ARISTOTLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED MARCH 31, 2001	20
Net sales	$ 2,133	$ 1
Cost of goods sold	1,087	
Gross profit	1,046	
Selling expenses	166	
Product development	189	
General and administrative expenses	592	
Goodwill amortization	121	
Operating income (loss)	(22)	
Other income (expense):		
Investment and interest income	89	
Interest expense	(25)	
Income from operations before income taxes and minority interest	42	
Provision for income taxes	(24)	
Income from operations before minority interest	18	
Minority interest	--	
Net income	18	
Preferred dividends	--	
Net income applicable to common shareholders	$ 18	$
Basic earnings per common share	$ .01	$
Diluted earnings per common share	$ .01	$

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

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
Tax receivable
Other assets
Accounts payable
Accrued expenses
Deferred income

Net cash provided by operating activities

CASH FLOWS FROM INVESTING ACTIVITIES:
Redemption of marketable securities
Purchase of Safe Passage, net of $20 of cash acquired
Investment in on-line university project
Purchase of property and equipment

Net cash (used in) provided by investing activities

CASH FLOWS FROM FINANCING ACTIVITIES:
Repayment of revolving loan
Proceeds from credit agreement
Principal debt payments
Repayment of capital lease obligations
Repurchase of preferred stock
Purchase of treasury stock
Payment of dividends on preferred stock

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 statements.

THE ARISTOTLE CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001
(UNAUDITED)

1. NATURE OF OPERATIONS

The Aristotle Corporation ("Aristotle") 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 health and medical educational 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 sells computer based training products to government, industry and educational 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"). Accordingly, the Company's 2001 consolidated statement of operations includes the results of operations of Safe Passage since the date of the Acquisition. 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. At March 31, 2001, no such consideration was earned. 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 will be 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 and will be amortized over seven years.

Operating results for the three and nine months ended March 31, 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 per share data):

THREE MONTHS ENDED MARCH 31

	2001 (unaudited
Net Sales	$ 2,133
Net income (loss) applicable to common shareholders	18
Basic earnings per common share	.01
Diluted earnings per common share	.01

NINE MONTHS ENDED MARCH 31

	2001 (unaudite
Net sales	$ 6,552
Net income applicable to common shareholders	554
Basic earnings per common share	.29
Diluted earnings per common share	.29

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

Unless the context indicates otherwise, all references herein to the "Company" for the three and nine months ended March 31, 2000 include only Aristotle, Simulaids and S-A Subsidiary, and all other references herein to the "Company" include Aristotle, Simulaids, Safe Passage and S-A Subsidiary.

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 accounting principles generally accepted in the United States 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 and nine months ended March 31, 2001 are not necessarily indicative of results that may be expected for the year ending June 30, 2001. 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, 2000.

2. EARNINGS PER COMMON SHARE

The Company calculates earnings per share in accordance with the provisions of SFAS 128, "Earnings Per Share." In addition, for the three and nine months ended March 31, 2001, there were an additional 24,600 and 26,648 options, respectively, exercisable whose exercise price exceeded the average market price for the periods and therefore are excluded in the computation of diluted earnings per share. For the three and nine months March 31, 2001 and 2000, basic and diluted earnings per share are calculated as follows:

THREE MONTHS ENDED MARCH 31

(in thousands of dollars, except share and per share data)

BASIC EARNINGS PER SHARE:
Numerator
Net income applicable to common shareholders ....

Denominator
Weighted average shares outstanding ....

Basic Net Income Per Share Per Common Shareholder ....

7

Diluted Earnings per Share:
Numerator

Net income applicable to common shareholders ....

Denominator
Weighted average shares outstanding ....

Diluted Net Income Per Share Per Common Shareholder ....

NINE MONTHS ENDED MARCH 31

(in thousands of dollars, except share and per share data)

Basic Earnings per Share:
Numerator

Income from continuing operations ....
Preferred dividends ....

Net income applicable to common shareholders ....

Denominator
Weighted average shares outstanding ....

Basic Net Income Per Share Per Common Shareholder ....

Diluted Earnings per Share:
Numerator

Net income applicable to common shareholders ....

Denominator	
Weighted average shares outstanding	
Diluted Net Income Per Share Per Common Shareholder	

3. COMPREHENSIVE INCOME

The Company has 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 for the three and nine months ended March 31, 2001 and 2000 is as follows:

	Three Months Ended March 31, (Unaudited) (In thousands of dollars)	
	2001	2000
Net income	$ 18	$181
Net unrealized investment and foreign exchange gain	57	20
Comprehensive income	$ 75	$201

	Nine Months Ended March 31, (Unaudited) (In thousands of dollars)	
	2001	2000
Net income	$ 367	$ 506
Net unrealized investment and foreign exchange gain (loss)	163	(140)

Comprehensive income	$ 530	$ 366
	=====	=====

4. SEGMENT REPORTING

The Company has two reportable segments: the health and medical educational products segment and the computer-based training segment. The health and educational 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, industry and educational 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 and nine months ended March 31, 2001 are as follows (in thousands of dollars):

THREE MONTHS ENDED MARCH 31, 2001

	HEALTH PRODUCTS	COMPUTER TRAINING	CORPORAT
Net sales	$1,967	$ 166	$ --
Costs and expenses	1,519	458	178
Operating income (loss)	448	(292)	(178)
Net income (loss)	235	(289)	72

NINE MONTHS ENDED MARCH 31, 2001

	HEALTH PRODUCTS	COMPUTER TRAINING	CORPORAT
Net sales	$5,499	$ 366	$ --
Costs and expenses	4,304	972	405
Operating income (loss)	1,195	(606)	(405
Net income (loss)	626	(561)	302

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 will review the results of operations of the Company, on a consolidated basis, for the three and nine months ended March 31, 2001, as compared to the three and nine months ended March 31, 2000. This discussion and analysis of financial condition and results of operations have 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.

10

Results of operations of the company

Three Months Ended March 31, 2001 As Compared to the Three Months Ended March 31, 2000.

Net sales for the three months ended March 31, 2001 were $2,133, or 35.3% higher than the $1,577 recorded for the three months ended March 31, 2000. The increase reflects the inclusion of a full quarter's impact of Safe Passage of $166, which was acquired in September of 2000, and a 24.7% increase for Simulaids which reflected higher volume of manikin sales to existing domestic and international distributors.

Gross profit for the three months ended March 31, 2001 was $1,046, or 34.8% higher than the $776 recorded for the three months ended March 31, 2000 and the gross margin percentage decreased to 49.0% from 49.2%. The increase in gross profit is due to the increase in net sales.

Selling expense for the three months ended March 31, 2001 was $166, or 26.7% higher than the $131 recorded for the three months ended March 31, 2000. The increase mainly reflects the inclusion of a full quarter's impact of Safe Passage, which was acquired in September of 2000.

Product development for the three months ended March 31, 2001 was $189 versus $14 for the three months ended March 31, 2000. The increase mainly reflects the inclusion of a full quarter's impact of Safe Passage.

The Company's general and administrative expenses for the three months ended March 31, 2001 were $592, or 39.0% higher than the $426 recorded for the three months ended March 31, 2000. The increase mainly reflects the inclusion of a full quarter's impact of Safe Passage.

Goodwill amortization for the current fiscal quarter increased by 112.3% to $121 from goodwill amortization for the prior fiscal year of $57. The increase in goodwill reflects amortization incurred for the Safe Passage business.

Investment and interest income was $89 and $72 for the three months ended March 31, 2001 and 2000, respectively. The increase in 2001 mainly reflects higher returns on investment balances and gains on the sale of marketable securities.

Interest expense for the three months ended March 31, 2001 was $25 versus $33 in the prior year period. The decrease reflected lower debt levels due to principal payments made during the prior twelve months.

The income tax provision for the three months ended March 31, 2001 was $24 compared to the $6 for the three months ended March 31, 2000. The tax provision primarily represents state taxes due to the utilization of federal net operating loss carryforwards to offset federal taxable income.

NINE MONTHS ENDED MARCH 31, 2001 AS COMPARED TO THE NINE MONTHS ENDED MARCH 31, 2000.

Net sales for the nine months ended March 31, 2001 increased 19.5% to $5,865 compared to net sales of $4,910 for the prior year. The increase primarily reflected higher volume of manikin sales to existing domestic and international distributors and Safe Passage revenues of $366 since the date of Acquisition.

Gross profit for the nine months ended March 31, 2001 increased 32.7% to $2,859 from $2,154 for the prior year and the gross margin percentage increased to 48.7% from 43.9%. The increase in gross profit percentage mainly reflected improved margins at Simulaids due to the volume increase and high margins on the Safe Passage software business.

11

Selling expense for the nine months ended March 31, 2001 was $557, or 65.8% higher than the $336 recorded for the nine months ended March 31, 2000. The increase mainly reflects the inclusion of Safe Passage, which was acquired in September of 2000.

Product development for the nine months ended March 31, 2001 was $350 versus $41 for the nine months ended March 31, 2000. The increase mainly reflects the inclusion of Safe Passage.

The Company's general and administrative expenses for the nine months ended March 31, 2001 were $1,458, or 22.5% higher than the $1,190 recorded for the nine months ended March 31, 2000. The increase mainly reflects the inclusion of Safe Passage.

Goodwill amortization for the nine months ended March 31, 2001 increased by 80.2% to $310 from goodwill amortization for the prior year period of $172. The increase in goodwill reflects amortization incurred for the Safe Passage business.

Investment and interest income was $290 and $243 for the nine months ended March 31, 2001 and 2000, respectively. The increase in 2001 mainly reflects higher returns on investment balances and gains on the sale of marketable securities.

Interest expense for the nine months ended March 31, 2001 was $95 versus $117 in the prior year period. The decrease reflected lower debt levels due to principal payments made during the prior twelve months.

The income tax provision for the nine months ended March 31, 2001 was $47 compared to $35 for the nine months ended March 31, 2000. The tax provisions primarily represent state taxes due to the utilization of federal net operating loss carryforwards to offset federal taxable income.

There were no preferred dividends for the nine months ended March 31, 2001 compared to $109 for the nine months ended March 31, 2000. The decrease was due to the conversion of Aristotle Preferred Stock into shares of Common

Stock from February 2000 through May 2000.

LIQUIDITY AND CAPITAL RESOURCES

Aristotle ended the March 31, 2001 quarter with $4,045 in cash and cash equivalents versus cash and cash equivalents of $4,951 at June 30, 2000. Cash consumed during the nine months ended March 31, 2001 was principally used for the Safe Passage acquisition of $1,822 and to reduce debt by $906, partially offset by cash provided by the sale of marketable securities of $1,184 and operating activities of $848. The overall decrease in cash and cash equivalents of $906 is detailed below.

The Company generated cash of $848 from operations during the nine months ended March 31, 2001 and $1,292 of cash during the nine months ended March 31, 2000. During the nine months ended March 31, 2001, the generation of cash from operations was principally the result of net income of $367 and depreciation and amortization of $463. During the nine month period ended March 31, 2000, the generation of cash from operations was principally the result of the receipt of a tax refund of $900, net income of $506, and depreciation and amortization of $311.

The Company used cash of $848 in investing activities during the nine months ended March 31, 2001, and generated cash of $614 from investing activities during the nine months ended March 31, 2000. During the nine months ended March 31, 2001, the utilization of cash was principally due to the acquisition of Safe Passage

of $1,822, capital expenditures of $171, and initial expenditures of $39 for the development of an on-line continuing medical education program with Quinnipiac University, partially offset by the sale of marketable securities of $1,184. During the nine month period ended March 31, 2000, the generation of cash was principally due to the redemption of marketable securities of $688 partially offset by capital expenditures of $74.

The Company utilized cash of $906 in financing activities during the nine months ended March 31, 2001 and used cash of $3,441 in financing activities during the nine months ended March 31, 2000. Funds utilized in the nine months ended March 31, 2001 reflect the reduction of debt by $906. Funds utilized in the nine month period ended March 31, 2000 primarily reflected the reduction of debt by $3,150 and the repurchase of preferred stock of $136.

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. The Company anticipates that there will be sufficient financial resources to meet projected working capital and other cash requirements for 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 March 31, 2001 are as follows:

	Maturity les than one yea
Marketable securities	
Cost value	$ --
Weighted average return	--
Fair market value	$ --
Long-term borrowings	
Amount	$256
Weighted average interest rate	7.7%
Fair market value	$256

13

CERTAIN FACTORS THAT MAY AFFECT FUTURE RESULTS OF OPERATIONS

The Company 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 the Company'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. The Company 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, including, but not limited to, the following: (i) the ability of the Company to obtain financing and additional capital to fund its business strategy on acceptable terms, if at all; (ii) the ability of the Company on a timely basis to find, prudently negotiate and consummate one or more additional acquisitions; (iii) the ability of the Company to retain and take advantage of its net operating tax loss carryforward position; (iv) the Company's ability to manage Simulaids, Safe Passage and any other to be acquired companies; and (v) general economic conditions. As a result, the Company's future development efforts and operations involve a high degree of risk. For further information, refer to the more specific risks and uncertainties 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, 2000: "Management's Discussion and Analysis of Financial Conditions and Result of Operations - Income Taxes" and Note 8 - "Income Taxes" to the Consolidated Financial Statements with regard to Registrant's claims for tax refunds with the Internal Revenue Service.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS:

See Exhibit Index.

(b) REPORTS ON FORM 8-K:

Not applicable.

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: May 15, 2001

/s/ Paul McDonald

Paul McDonald
ITS CHIEF FINANCIAL OFFICER AND SECRETARY
(PRINCIPAL FINANCIAL AND CHIEF ACCOUNTING OFFICER)
Date: May 15, 2001

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 Re: 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 is attached hereto as Exhibit 10.8.