

ARISTOTLE CORP
Form 8-K
November 14, 2008

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): NOVEMBER 14, 2008

THE ARISTOTLE CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER
JURISDICTION
OF INCORPORATION)

0-14669
(COMMISSION FILE
NUMBER)

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

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96 CUMMINGS POINT ROAD, STAMFORD, CONNECTICUT
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

06902
(ZIP CODE)

(203) 358-8000
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Page 1 of 2 Pages

Item 2.02 Results of Operations and Financial Condition.

On November 14, 2008, The Aristotle Corporation issued a press release announcing financial results for the quarter ended September 30, 2008, a copy of which is attached as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(d)

Exhibits

Exhibit 99.1 - Press release of The Aristotle Corporation, dated November 14, 2008.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, unless expressly set forth by specific reference in such filing.

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE ARISTOTLE CORPORATION

(Registrant)

By: /s/ H. William Smith

Name: H. William Smith

Title: Vice President, General Counsel
and Secretary

Date: November 14, 2008

EXHIBITS

Exhibit 99.1 Press release issued November 14, 2008.

Exhibit 99.1

For Immediate Release

News Release

Contacts:

Bill Smith or Dean Johnson

The Aristotle Corporation

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The Aristotle Corporation Announces

2008 Third Quarter and Nine Month Results

Stamford, CT, November 14, 2008 - The Aristotle Corporation (NASDAQ: ARTL; ARTLP) announced today its results of operations for the third quarter and nine months ended September 30, 2008.

For the third quarter ended September 30, 2008, net earnings applicable to common stockholders were \$4.7 million, or \$.26 per diluted common share, versus \$5.5 million, or \$.31 per diluted common share, for the third quarter of 2007. Net earnings applicable to common stockholders for the first nine months of 2008 were \$12.0 million, or \$.67 per diluted common share, compared to \$11.8 million, or \$.67 per diluted common share, for the comparable nine months of 2007.

Third quarter net sales in 2008 increased 2.3% to \$65.0 million from \$63.5 million in the third quarter of 2007. Earnings from operations, equating to 18.0% of net sales, declined 5.6% to \$11.7 million from \$12.4 million in the same quarter of 2007 (including an insurance recovery of \$.4 million), or 19.5% of net sales.

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For the nine months ended September 30, 2008, net sales increased 2.5% to \$172.2 million from \$168.0 million for the nine months ended September 30, 2007. Earnings from operations increased 3.2% to \$30.3 million (including a \$.7 million insurance recovery) in the first nine months of 2008, or 17.6% of net sales, compared to \$29.4 million (including the \$.4 million insurance recovery) in the 2007 period, or 17.5% of net sales.

Steven B. Lapin, Aristotle's President and Chief Operating Officer, stated, "Aristotle's balance sheet is exceptionally strong, with stockholders' equity having increased by 13.3% to \$127.0 million at September 30, 2008 from \$112.1 million at September 30, 2007, and current outstanding bank debt of a modest \$5.0 million on its \$45.0 million revolving line of credit. Although volatility in the equity markets did have a negative impact on diluted earnings per common share in the three and nine month periods ended September 30, 2008 of approximately \$.02 and \$.01, respectively, the change in value of Aristotle's short-term investments is not material to your Company's available working capital or financial condition. While I am pleased to report your Company's sales growth and significant profitability in the third quarter and first nine months of 2008, optimism must be tempered in view of unprecedented challenges now facing local, state, federal and global economies.

About Aristotle

The Aristotle Corporation, founded in 1986, and headquartered in Stamford, CT, is a leading manufacturer and global distributor of educational, health, medical technology and agricultural products. A selection of over 80,000 items is offered, primarily through more than 45 separate catalogs carrying the brand of Nasco (founded in 1941), as well as those bearing the brands of Life/Form®, Whirl-Pak®, Simulaids, Triarco, Spectrum Educational Supplies, Hubbard Scientific, Scott Resources, Haan Crafts, To-Sew, CPR Prompt®, Ginsberg Scientific and Summit Learning. Products include educational materials and supplies for substantially all K-12 curricula, molded plastics, biological materials, medical simulators, health care products and items for the agricultural, senior care and food industries. Aristotle has approximately 900 full-time employees at its operations in Fort Atkinson, WI, Modesto, CA, Fort Collins, CO, Plymouth, MN, Saugerties, NY, Chippewa Falls, WI, Otterbein, IN and Newmarket, Ontario, Canada.

There are 18.0 million shares outstanding of Aristotle common stock (NASDAQ: ARTL) and 1.1 million shares outstanding of Series I preferred stock (NASDAQ: ARTLP); there are also 11.0 million privately-held shares outstanding of Series J preferred stock. Aristotle has about 4,000 stockholders of record.

Further information about Aristotle can be obtained on its website, at aristotlecorp.net.

Safe Harbor under the Private Securities Litigation Reform Act of 1995

To the extent that any of the statements contained in this release are forward-looking, such statements are based on current expectations that involve a number of uncertainties and risks that could cause actual results to differ materially

from those projected or suggested in such 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, including, but not limited to, the following: (i) the ability of Aristotle to obtain financing and additional capital to fund its business strategy on acceptable terms, if at all; (ii) the ability of Aristotle on a timely basis to find, prudently negotiate and consummate additional acquisitions; (iii) the ability of Aristotle to manage any to-be acquired businesses; (iv) there is not an active trading market for the Company's securities and the stock prices thereof are highly volatile, due in part to the relatively small percentage of the Company's securities which is not held by the Company's majority stockholder and members of the Company's Board of Directors and management; (v) the ability of Aristotle to retain its Federal net operating tax loss carryforward position and other deferred tax positions; and (vi) other factors identified in Item 1A, Risk Factors, contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2007. As a result, Aristotle's future development efforts involve a high degree of risk. For further information, please see Aristotle's filings with the Securities and Exchange Commission, including its Forms 10-K, 10-K/A, 10-Q and 8-K.

THE ARISTOTLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**(In thousands, except share and per share data)****(Unaudited)**

| | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----|---|-------------|--|-------------|
| | | 2008 | 2007 | 2008 | 2007 |
| Net sales | \$ | 64,976 | 63,524 | 172,202 | 167,950 |
| Cost of sales | | 40,123 | 39,017 | 105,116 | 102,909 |
| Gross profit | | 24,853 | 24,507 | 67,086 | 65,041 |
| Selling and administrative expense | | 13,178 | 12,133 | 36,795 | 35,677 |
| Earnings from operations | | 11,675 | 12,374 | 30,291 | 29,364 |
| Other (expense) income: | | | | | |
| Interest expense | | (260) | (393) | (833) | (1,082) |
| Other, net | | (428) | 453 | 162 | 1,216 |
| | | (688) | 60 | (671) | 134 |
| Earnings before income taxes | | 10,987 | 12,434 | 29,620 | 29,498 |
| Income tax expense (benefit): | | | | | |
| Current | | 4,234 | 4,690 | 10,568 | 8,596 |
| Deferred | | (109) | 84 | 564 | 2,623 |
| | | 4,125 | 4,774 | 11,132 | 11,219 |
| Net earnings | | 6,862 | 7,660 | 18,488 | 18,279 |
| Preferred dividends | | 2,155 | 2,154 | 6,467 | 6,470 |
| Net earnings applicable to common stockholders | \$ | 4,707 | 5,506 | 12,021 | 11,809 |
| Earnings per common share: | | | | | |
| Basic | \$ | .26 | .31 | .67 | .67 |
| Diluted | \$ | .26 | .31 | .67 | .67 |

Weighted average common shares outstanding:

| | | | | |
|---------|------------|------------|------------|------------|
| Basic | 17,962,875 | 17,927,671 | 17,962,209 | 17,552,073 |
| Diluted | 17,968,921 | 17,946,013 | 17,971,305 | 17,569,502 |

THE ARISTOTLE CORPORATION AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEETS****(in thousands)**

| Assets | September 30, 2008 (unaudited) | December 31, 2007 | September 30, 2007 (unaudited) |
|---|---|------------------------------|---|
| Current assets: | | | |
| Cash and cash equivalents | 7,138 | 5,604 | 3,173 |
| Marketable securities | \$ 2,480 | 3,335 | 2,886 |
| Investments | 21,991 | 18,150 | 15,761 |
| Accounts receivable, net | 26,175 | 15,631 | 27,975 |
| Inventories, net | 42,388 | 42,297 | 40,046 |
| Prepaid expenses and other | 4,000 | 9,611 | 5,084 |
| Deferred income taxes | 1,788 | 2,484 | 2,634 |
| Total current assets | 105,960 | 97,112 | 97,559 |
| Property, plant and equipment, net | 28,429 | 27,476 | 27,140 |
| Goodwill | 14,186 | 14,476 | 14,458 |
| Deferred income taxes | 5,646 | 5,646 | 8,188 |
| Investments | 4,318 | 4,279 | 4,000 |
| Other assets | 817 | 446 | 391 |
| Total assets | \$ 159,356 | 149,435 | 151,736 |
| Liabilities and Stockholders' Equity | | | |
| Current liabilities: | | | |
| Current installments of long-term debt | \$ 299 | 305 | 300 |
| Trade accounts payable | 9,331 | 10,500 | 8,593 |
| Accrued expenses | 7,537 | 6,765 | 6,814 |

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| | | | |
|---|------------|---------|---------|
| Income Taxes | 184 | - | 4,434 |
| Accrued dividends payable | - | 2,156 | - |
| Total current liabilities | 17,351 | 19,726 | 20,141 |
| Long term debt, less current installments | 10,434 | 8,655 | 14,237 |
| Long term pension obligations | 2,115 | 2,944 | 2,808 |
| Other long term accruals | 2,458 | 2,429 | 2,424 |
| Stockholders' equity: | | | |
| Preferred stock, Series I | 6,489 | 6,489 | 6,489 |
| Preferred stock, Series J | 65,760 | 65,760 | 65,760 |
| Common stock | 180 | 179 | 179 |
| Additional paid-in capital | 7,685 | 7,580 | 6,867 |
| Retained earnings | 46,985 | 34,964 | 31,866 |
| Accumulated other comprehensive earnings (loss) | (101) | 709 | 965 |
| Total stockholders' equity | 126,998 | 115,681 | 112,126 |
| Total liabilities and stockholders' equity | \$ 159,356 | 149,435 | 151,736 |