

ARISTOTLE CORP
Form 8-K
May 04, 2007

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): **MAY 4, 2007**

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))

Item 2.02 Results of Operations and Financial Condition.

On May 4, 2007, The Aristotle Corporation issued a press release announcing (i) financial results for the quarter ended March 31, 2007 and (ii) the date of Aristotle's annual meeting and the date by which stockholder proposals need to be delivered to Aristotle's corporate secretary, 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 May 4, 2007.

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

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: May 4, 2007

EXHIBITS

Exhibit 99.1 Press release issued May 4, 2007.

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

2007 First Quarter Results and Sets Date of Annual Meeting

Stamford, CT, May 4, 2007 - The Aristotle Corporation (NASDAQ: ARTL; ARTLP) announced today its results of operations for the quarter ended March 31, 2007, and set the date for its 2007 Annual Meeting of Stockholders.

First Quarter 2007 Results

For the quarter ended March 31, 2007, net sales increased 4.5% to \$48.2 million from \$46.2 million for the quarter ended March 31, 2006. Earnings before income taxes increased 13.7% to \$7.4 million for the quarter ended March 31, 2007 from \$6.5 million for the quarter ended March 31, 2006, and net earnings increased 14.1% to \$4.5 million for the quarter ended March 31, 2007 from \$4.0 million from the quarter ended March 31, 2006. Net earnings applicable to common stockholders for the quarter ended March 31, 2007 were \$2.4 million, or \$.13 per diluted common share, compared to \$1.8 million, or \$.10 per diluted common share, for the quarter ended March 31, 2006.

The reported net earnings are shown after deduction for Federal, state and foreign income tax expenses. Approximately \$1.3 million and \$1.9 million of the income tax provision for the quarters ended March 31, 2007 and 2006, respectively, relate to the non-cash charge for utilization of Federal net operating tax loss carryforwards (NOL s). The utilization of NOL s for the reported quarters reduced Aristotle s current Federal tax liability, thereby conserving cash. In the quarter ended March 31, 2007, the remaining balance of NOL s available as of December 31, 2006, approximately \$3.6 million, was utilized by Federal taxable income generated by the Company.

Steven B. Lapin, Aristotle s President and Chief Operating Officer, stated, I am delighted to report the increase in quarterly earnings per share, on a fully diluted basis, to \$.13 per common share compared to \$.10 per common share in the same quarter of last year. Although the first calendar quarter is historically one of the lower revenue quarters of the year, the Company s ability to yield improved earnings in the 2007 first quarter is an indication that management continues to effectively control the Company s operating expenses.

Additionally, gross profit margins improved in the 2007 first quarter to 39.3% of net sales, compared to 38.1% in the 2006 first quarter. Each business unit applies corporately-coordinated procurement practices that effectively consolidate purchasing leverage to attain the best available merchandise pricing from vendors. The Company continues to nurture mutually-beneficial business relationships with vendors so as to expand the value of its product offerings to all customers.

Dean Johnson, Aristotle s Chief Financial Officer, commented, At December 31, 2006, the Company had approximately \$3.6 million of NOL s available that could be utilized to offset future Federal income tax obligations. In the first quarter of 2007, the Company generated taxable income in excess of the \$3.6 million balance of NOL s. Utilization of this remaining balance of NOL s provided the Company a Federal tax benefit of approximately \$1.3 million in the first quarter of 2007. In future quarters, the Company will utilize cash to pay its Federal income tax obligations.

In providing EBITDA information, Aristotle offers a non-GAAP financial measure to complement its condensed consolidated financial statements presented in accordance with GAAP. This non-GAAP financial measure is intended to supplement the reader s overall understanding of Aristotle s current financial performance. However, this non-GAAP financial measure is not intended to supercede or replace Aristotle s GAAP results. A reconciliation of the non-GAAP results to the GAAP results is provided in the Reconciliation of GAAP Net Earnings to EBITDA schedule below. EBITDA is defined as net earnings before income taxes, interest expense, other income and expense, and depreciation and amortization.

2007 Annual Meeting

Aristotle also announced today that it will hold its 2007 Annual Meeting of Stockholders on August 8, 2007. Stockholders of record on June 29, 2007 will be entitled to vote at the meeting. Any stockholder wishing to submit a proposal to be considered for inclusion in Aristotle's proxy statement and proxy for the Annual Meeting must deliver the proposal by May 25, 2007, addressed to Aristotle's Secretary at 96 Cummings Point Road, Stamford, Connecticut 06902.

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 850 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 approximately 17.3 million shares outstanding of Aristotle common stock (NASDAQ: ARTL) and approximately 1.1 million shares outstanding of 11%, cumulative, convertible, voting, Series I preferred stock (NASDAQ: ARTLP); there are also approximately 11.0 million privately-held shares outstanding of 12%, cumulative, non-convertible, non-voting shares of Series J preferred stock. Aristotle has about 4,000 stockholders of record.

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

Safe Harbor under the Private Securities Litigation Reform Act of 1995

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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,

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contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2006. 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	
	March 31,	
	2007	2006
Net sales	\$ 48,224	46,164
Cost of sales	29,261	28,565
Gross profit	18,963	17,599
Selling and administrative expense	11,627	11,082
Earnings from operations	7,336	6,517
Other income (expense):		
Interest expense	(326)	(447)
Other, net	351	405
	25	(42)
Earnings before income taxes	7,361	6,475
Income taxes:		
Current	1,523	722
Deferred	1,319	1,792
	2,842	2,514
Net earnings	4,519	3,961
Preferred dividends	2,159	2,159
Net earnings applicable to common stockholders	\$ 2,360	1,802
Earnings per common share:		
Basic	\$.14	.10
Diluted	\$.13	.10

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Weighted average common shares outstanding:

Basic	17,266,573	17,249,302
Diluted	17,536,665	17,494,518

RECONCILIATION OF GAAP NET EARNINGS TO EBITDA

(in thousands)

(unaudited)

	Three Months Ended	
	March 31,	
	2007	2006
Net earnings	\$ 4,519	3,961
Add:		
Income taxes	2,842	2,514
Interest expense	326	447
Other, net	(351)	(405)
Depreciation and amortization	441	435
EBITDA	\$ 7,777	6,952

THE ARISTOTLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

Assets	March 31, 2007 (unaudited)	December 31, 2006	March 31, 2006 (unaudited)
Current assets:			
Cash and cash equivalents	\$ 2,013	5,814	1,999
Investments	14,958	14,586	13,258
Accounts receivable, net	19,557	15,458	19,381
Inventories	39,609	37,487	38,222
Prepaid expenses and other	6,581	8,123	7,013
Deferred income taxes	2,774	4,051	9,501
Total current assets	85,492	85,519	89,374
Property, plant and equipment, net	26,357	25,426	23,045
Goodwill	13,890	13,860	13,872
Deferred income taxes	8,188	8,188	2,712
Other assets	311	328	373
Total assets	\$ 134,238	133,321	129,376
 Liabilities and Stockholders' Equity			
Current liabilities:			
Current installments of long-term debt	\$ 288	287	589
Trade accounts payable	8,495	9,440	9,704
Accrued expenses	6,434	8,207	4,630
Accrued dividends payable	-	2,159	-
Total current liabilities	15,217	20,093	14,923

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Long-term debt, less current installments	14,913	11,985	31,268
Long-term pension obligations	4,653	4,469	858
Other long-term accruals	2,397	2,383	-
Stockholders' equity:			
Preferred stock, Series I	6,601	6,601	6,601
Preferred stock, Series J	65,760	65,760	65,760
Common stock	173	172	173
Additional paid-in capital	3,294	3,106	3,219
Retained earnings	22,417	20,057	6,693
Accumulated other comprehensive loss	(1,187)	(1,305)	(119)
Total stockholders' equity	97,058	94,391	82,327
Total liabilities and stockholders' equity	\$ 134,238	133,321	129,376

: top">Name/TitleJ. Christopher Donahue, individually and as Trust of Voting Shares Irrevocable Trust

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties for whom copies are to be sent.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See U.S.C. 1001)

EXHIBIT “1”

ITEM 3 CLASSIFICATION OF REPORTING PERSONS

Identity and Classification of Each Reporting Person

IDENTITY	CLASSIFICATION UNDER ITEM 3
Federated Equity Funds	d) Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8)
Federated Insurance Series	d) Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8)
Federated Global Investment Management Corp.	(e) Investment Adviser registered under section 203 of the Investment Advisers Act of 1940
Federated Investors, Inc.	(g) parent Holding Company, in accordance with Section 240.13d-1(b)(ii)(G)
FII Holdings, Inc.	(g) parent Holding Company, in accordance with Section 240.13d-1(b)(ii)(G)
Voting Shares Irrevocable Trust	(g) parent Holding Company, in accordance with Section 240.13d-1(b)(ii)(G)
John F. Donahue	(g) parent Holding Company, in accordance with Section 240.13d-1(b)(ii)(G)
Rhodora J. Donahue	(g) parent Holding Company, in accordance with Section 240.13d-1(b)(ii)(G)
J. Christopher Donahue	(g) parent Holding Company, in accordance with Section 240.13d-1(b)(ii)(G)
<p>Federated Investors, Inc. (the “Parent”) is filing this schedule 13G because it is the parent holding company of Federated Equity Management Company of Pennsylvania and Federated Global Investment Management Corp. (the “Investment Advisers”), which act as investment advisers to registered investment companies and separate accounts that own shares of common stock in OTONOMY, INC. (the “Reported Securities”). The Investment Advisers are wholly owned subsidiaries of FII Holdings, Inc., which is wholly owned subsidiary of Federated Investors, Inc., the Parent. All of the Parent’s outstanding voting stock is held in the Voting Shares Irrevocable Trust (the “Trust”) for which John F. Donahue, Rhodora J. Donahue and J. Christopher Donahue act as trustees (collectively, the “Trustees”). The Trustees have joined in filing this Schedule 13G because of the collective voting control that they exercise over the parent. In accordance with Rule 13d-4 under the Securities Act of 1934, as amended, the Parent, the Trust, and each of the Trustees declare that this statement should not be construed as an admission that they are the beneficial owners of the Reported Securities, and the Parent, the Trust, and each of the Trustees expressly disclaim beneficial ownership of the Reported Securities.</p>	

EXHIBIT "2"

AGREEMENT FOR JOINT FILING OF
SCHEDULE 13G

The following parties hereby agree to file jointly the statement on Schedule 13G to which this Agreement is attached and any amendments thereto which may be deemed necessary pursuant to Regulation 13D-G under the Securities Exchange Act of 1934:

1. Federated Investors, Inc. as parent holding company of the investment advisers to registered investment companies that beneficially own the securities.

Voting Shares Irrevocable Trust, as holder of all the voting shares of Federated Investors, Inc.

John F. Donahue, individually and as Trustee

Rhodora J. Donahue, individually and as Trustee

J. Christopher Donahue, individually and as Trustee

It is understood and agreed that each of the parties hereto is responsible for the timely filing of such statement any amendments thereto, and for the completeness and accuracy of the information concerning such party contained therein, but such party is not responsible for the completeness or accuracy of information concerning the other parties unless such party knows or has reason to believe that such information is incomplete or inaccurate.

It is understood and agreed that the joint filing of Schedule 13G shall not be construed as an admission that the reporting persons named herein constitute a group for purposes of Regulation 13D-G of the Securities Exchange Act of 1934, nor is a joint venture for purposes of the Investment Company Act of 1940.

Date: February 10, 2017

By: /s/J. Christopher Donahue
Name/Title: J. Christopher Donahue, as President of Federated Investors, Inc.

By: /s/John F. Donahue
Name/Title: John F. Donahue, individually and as Trustee of Voting Shares Irrevocable Trust, by J. Christopher Donahue, as attorney-in-fact.

By: /s/Rhodora J. Donahue
Name/Title: Rhodora J. Donahue, individually and as Trustee as Voting Shares Irrevocable Trust, by J. Christopher Donahue, as attorney-in-fact.

By: /s/J. Christopher Donahue
Name/Title: J. Christopher Donahue, individually and as Trustee of Voting Shares Irrevocable Trust

1. The number of shares indicated represent shares beneficially owned by registered investment companies and separate accounts advised by subsidiaries of Federated Investors, Inc. that have been delegated the power to direct investment and power to vote the securities by the registered investment companies' board of trustees or directors and

by the separate accounts' principals. All of the voting securities of Federated Investors, Inc. are held in the Voting Shares Irrevocable Trust ("Trust"), the trustees of which are John F. Donahue, Rhodora J Donahue, and J. Christopher Donahue ("Trustees"). In accordance with Rule 13d-4 under the 1934 Act, the Trust, Trustees, and parent holding company declare that the filing of this statement should not be construed as an admission that any of the investment advisers, parent holding company, Trust, and Trustees are beneficial owners (for the purposes of Sections 13(d) and/or 13(g) of the Act) of any securities covered by this statement, and such advisers, parent holding company, Trust, and Trustees expressly disclaim that they are the beneficial owners of such securities.

EXHIBIT "3"

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints J. Christopher Donahue their true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution for them and in their names, place and stead, in any and all capacities, to sign any and all Schedule 13Ds and/or Schedule 13Gs, and any amendments thereto, to be filed with the Securities and Exchange Commission pursuant to Regulation 13D-G of the Securities Exchange Act of 1934, as amended, by means of the Securities and Exchange Commission's electronic disclosure system known as EDGAR; and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to sign and perform each and every act and thing requisite and necessary to be done in connection therewith, as full to all intents and purposes as each of them might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

SIGNATURES	TITLE OR CAPACITY
/s/John F. Donahue	Individually and as Trustee of the Voting Shares Irrevocable Trust
John F. Donahue	
/s/Rhodora J. Donahue	Individually and as Trustee of the Voting Shares Irrevocable Trust
Rhodora J. Donahue	

Sworn to and subscribed before me this 23rd day of September, 2004.

/s/Madaline P. Kelly

Notary Public

My Commission Expires: February 22, 2008