

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):
December 21, 2001

FRANKLIN COVEY CO.

(Exact name of registrant as specified in its charter)

Commission File No. 1-11107

Utah
(State or other jurisdiction of
incorporation)

87-0401551
(IRS Employer Identification
Number)

2200 West Parkway Boulevard
Salt Lake City, Utah 84119-2099
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (801) 817-1776

Item 2. Disposition of Assets

On December 21, 2001, Franklin Covey Co. (the "Company") sold Premier Agendas, Inc., a wholly owned subsidiary located in Bellingham, Washington, and Premier School Agendas Ltd., a wholly owned subsidiary organized in Ontario, Canada, (collectively, "Premier") to School Specialty, Inc., a Wisconsin based corporation. Premier provided productivity and leadership solutions to the educational industry. The sales price was \$152.5 million in cash plus the retention of approximately \$13.0 million of Premier's working capital. Approximately \$8.0 million of this amount will be received in the form of a promissory note from the purchaser, due and payable in June 2002. The Company will recognize a significant gain from the sale of Premier during its second quarter of fiscal 2002. Under the terms of its existing credit facilities, the Company used approximately \$92.3 million of the proceeds to pay its term loan and revolving credit line in full. In connection with this prepayment, the Company was also required to settle to settle an outstanding interest rate swap agreement it had entered into with respect to a portion of these debt facilities.

The Company also agreed to not compete with School Specialty in marketing and selling student planners directly to schools and school districts subsequent to the closing.

Item 7. Financial Statements and Exhibits

(b) Unaudited Condensed Pro Forma Financial Statements

The intent of the unaudited pro forma condensed financial statements is to present the Company's financial position and results of operations on a stand alone basis as of and for the fiscal year ended August 31, 2001, reflecting the consummation of the sale of Premier and the retirement of the Company's existing credit facilities (collectively, the "Transactions"). The unaudited pro forma condensed financial statements are based upon the historical financial statements of the Company and its subsidiaries, and should be read in

conjunction with the Company's most recent Form 10-K filing with the Securities and Exchange Commission.

The unaudited pro forma condensed balance sheet as of August 31, 2001 assumes that the Transactions were completed as of that date and reflects the pro forma adjustments to give effect to the Transactions. The unaudited pro forma condensed statement of operations for the fiscal year ended August 31, 2001 assumes that the Transactions were effective September 1, 2000 (the first day of the most recently completed fiscal year) and reflects the pro forma adjustments to give effect to the Transactions. In the opinion of management of the Company, all adjustments necessary to present fairly such unaudited pro forma condensed financial statements have been made based on the proposed terms and structure of the Transactions.

The unaudited pro forma condensed financial statements are for illustrative purposes only. Such information does not purport to be indicative of actual results which would have occurred had the Transactions been effected on the dates indicated, nor is it indicative of actual or future operating results or financial position that may occur upon the closing of the Transactions.

FRANKLIN COVEY CO.
Unaudited Pro Forma Condensed Balance Sheet
As of August 31, 2001
(in thousands)

	Franklin Covey (Note 1) -----	Premier Agendas (Note 2) -----	Pro Forma Adjustments (Note 3) -----	Pro Forma -----
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 14,864	\$ 5,252	\$ 54,661 (a)	\$ 64,273
Accounts receivable, net	78,827	51,462	-	27,365
Inventories	45,173	2,904	-	42,269
Other assets	26,813	1,625	12,900 (b)	38,088
	-----	-----	-----	-----
Total current assets	165,677	61,243	67,561	171,995
Property and equipment, net	104,876	6,814	-	98,062
Goodwill and other intangibles, net	225,805	45,224	-	180,581
Other assets	38,711	-	(1,678) (c)	37,033
	-----	-----	-----	-----
	\$ 535,069	\$ 113,281	\$ 65,883	\$ 487,671
	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Lines of credit	\$ 9,750	\$ 9,750	\$ -	\$ -
Accounts payable	26,671	7,107	-	19,564
Accrued liabilities	50,979	7,646	26,308 (d)	69,641
Current portion of long-term debt and capital lease obligations	13,674	1,720	(8,211) (e)	3,743
	-----	-----	-----	-----
Total current liabilities	101,074	26,223	18,097	92,948
Line of credit	35,576	-	(35,576) (f)	-
Long-term debt and capital lease obligations, less current portion	49,940	412	(48,000) (g)	1,528
Other liabilities	38,597	3,521	(4,184) (h)	30,892
	-----	-----	-----	-----
Total liabilities	225,187	30,156	(69,663)	125,368
	-----	-----	-----	-----
Shareholders' equity:				
Preferred stock	82,995	-	-	82,995
Common stock	1,353	-	-	1,353
Additional paid-in capital	223,898	55,521	55,521 (i)	223,898
Retained earnings	167,475	28,799	75,425 (j)	214,101
Notes and interest receivable from sales of common stock to related parties	(35,977)	-	-	(35,977)
Accumulated other comprehensive loss	(5,467)	(1,195)	4,600 (k)	328
Treasury stock at cost	(124,395)	-	-	(124,395)
	-----	-----	-----	-----
Total shareholders' equity	309,882	83,125	135,546	362,303
	-----	-----	-----	-----
	\$ 535,069	\$ 113,281	\$ 65,883	\$ 487,671

FRANKLIN COVEY CO.
 Unaudited Pro Forma Condensed Statement of Operations
 For the Year Ended August 31, 2001
 (in thousands, except per share data)

	Franklin Covey (Note 1) -----	Premier Agendas (Note 2) -----	Pro Forma Adjustments (Note 4) -----	Pro Forma -----
Sales	\$ 525,333	\$ 84,987	\$ -	\$ 440,346
Cost of sales	226,760	33,159	-	193,601
	-----	-----	-----	-----
Gross margin	298,573	51,828	-	246,745
Selling, general and administrative	259,987	34,015	-	225,972
Depreciation and amortization	45,879	5,688	-	40,191
	-----	-----	-----	-----
Loss from operations	(7,293)	12,125	-	(19,418)
Equity in earnings of unconsolidated subsidiary	2,088	-	-	2,088
Interest income	3,467	288	-	3,179
Interest expense	(9,078)	(747)	7,659 (a)	(672)
	-----	-----	-----	-----
Loss before provision for income taxes	(10,816)	11,666	7,659	(14,823)
Provision for income taxes	267	3,363	184 (b)	(2,912)
	-----	-----	-----	-----
Net loss	(11,083)	8,303	7,475	(11,911)
Preferred stock dividends	8,153	-	-	8,153
	-----	-----	-----	-----
Net loss attributable to common shareholders	\$ (19,236)	\$ 8,303	\$ 7,475	\$ (20,064)
	=====	=====	=====	=====
Basic and diluted net loss per common share	\$ (0.95)	-----	-----	\$ (0.99)
	=====	=====	=====	=====
Basic and diluted weighted average number of common and common equivalent shares	20,199			20,199
	=====			=====

NOTES TO UNAUDITED CONDENSED PRO FORMA FINANCIAL STATEMENTS

Note 1: Franklin Covey's Consolidated Historical Financial Information

The amounts included in this column of the pro forma condensed balance sheet as of August 31, 2001 and the statement of operations for the fiscal year ended August 31, 2001 were derived from the historical consolidated financial statements of the Company and its subsidiaries, including Premier.

Note 2: Premier's Historical Financial Information

The amounts included in this column of the pro forma condensed balance sheet as of August 31, 2001 and the statement of operations for the fiscal year ended August 31, 2001 were derived from the historical financial statements of Premier, which include Premier Agendas, Inc. (a Washington corporation) and Premier School Agendas Ltd. (an Ontario corporation). Premier's historical financial statements exclude certain amounts related to the leadership training business which will be retained by the Company, in accordance with the terms of the purchase agreement. The amounts in this column are being eliminated from the Franklin Covey consolidated data to give effect to the sale of Premier.

Note 3: Unaudited Pro Forma Condensed Balance Sheet - Pro Forma Adjustments

The following reflects the pro forma adjustments included in the unaudited pro forma condensed balance sheet for the Company as of August 31, 2001, to give effect to the Transactions (dollars in thousands):

(a) Adjustments to cash and cash equivalents as follows:	
Proceeds from sale of Premier	\$152,500
Payment of fees associated with sale of Premier	(900)
Pay off of the Company's credit facilities	(91,787)
Retire interest rate swap agreement	(4,600)

	Payment of accrued interest related to the Company's credit facilities	(552)

		\$ 54,661
		=====
(b)	Adjustment to other current assets related to retaining a portion of Premier's working capital	\$ 12,900
		=====
(c)	Adjustment to other long-term assets related to the write-off of deferred loan costs	\$ (1,678)
		=====
(d)	Adjustments to accrued liabilities as follows:	
	Income taxes payable related to the gain on the sale of Premier	\$ 26,860
	Payment of accrued interest on the Company's credit facilities	(552)

		\$ 26,308
		=====
(e)	Adjustment to current portion of long-term debt and capital lease obligations related to paying off the Company's credit facilities	\$ (8,211)
		=====
(f)	Adjustment to line of credit related to paying off the Company's credit facilities	\$ (35,576)
		=====
(g)	Adjustment to long-term debt and capital lease obligations related to paying off the Company's credit facilities	\$ (48,000)
		=====
(h)	Adjustments to other long-term liabilities as follows:	
	Retire interest rate swap agreement	\$ (4,600)
	Deferred tax liability for the gain on the sale of Premier	416

		\$ (4,184)
		=====
(i)	Elimination of Premier's additional paid-in capital	\$ 55,521
		=====
(j)	Adjustments to retained earnings as follows:	
	Gain on the sale of Premier before taxes	\$ 80,180
	Income taxes related to gain on the sale of Premier	(27,276)
	Retained earnings of Premier	28,799
	Retire interest rate swap agreement	(4,600)
	Write-off of deferred loan costs	(1,678)

		\$ 75,425
		=====
(k)	Adjustment to accumulated comprehensive loss to retire interest rate swap agreement	\$ 4,600
		=====

Note 4: Unaudited Pro Forma Statement of Operations for the Year Ended August 31, 2001 - Pro Forma Adjustments

The following reflects the pro forma adjustments included in the unaudited pro forma condensed statement of operations for the Company for the year ended August 31, 2001, which give effect to the Transactions:

- (a) Adjustment reflects reduction of interest expense related to the Company paying off approximately \$92.3 million of debt associated with its credit facilities in connection with the Transactions.
- (b) Adjustment reflects the amount necessary to appropriately state the Company's income tax provision as a result of the Transactions, which reduced interest expense and non-deductible goodwill amortization.

Item 7. Financial Statements and Exhibits (continued)

(c) Exhibits:

- 10.1 Purchase Agreement By and Among Franklin Covey Co., Franklin Covey Canada Ltd., School Specialty, Inc., and 3956831 Canada Inc., dated November 13, 2001 (filed as exhibit 10.15 to the Company's report on Form 10-K for the fiscal year ended August 31, 2001 and incorporated herein by reference).
- 10.2 Amendment to Purchase Agreement By and Among Franklin Covey Co., Franklin Covey Canada Ltd., School Specialty, Inc., and 3956831 Canada Inc., dated December 2001 (filed herewith).
- 99.1 Press release of Franklin Covey Co. issued December 21, 2001: Franklin Covey Announces Close of Premier Sale and Extends Tender Offer (filed herewith).

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 thereunto duly authorized.

FRANKLIN COVEY CO.

Date: January 7, 2002

By: /s/ Stephen D. Young

Stephen D. Young
Senior Vice-President, Controller

EXHIBIT INDEX

- 10.2 Amendment to Purchase Agreement By and Among Franklin Covey Co., Franklin Covey Canada Ltd., School Specialty, Inc., and 3956831 Canada Inc., dated December 2001.
- 99.1 Press release of Franklin Covey Co. issued December 21, 2001: Franklin Covey Announces Close of Premier Sale and Extends Tender Offer.

AMENDMENT TO PURCHASE AGREEMENT

THIS AMENDMENT TO PURCHASE AGREEMENT (the "Amendment"), is entered into effective as of December ____, 2001, by and among Franklin Covey Co., a Utah corporation ("FCC"), Franklin Covey Canada, Ltd., an Ontario corporation ("FC Canada") (FCC and FC Canada are collectively referred to herein as "Sellers" and sometimes individually referred to herein as a "Seller") and School Specialty, Inc. a Wisconsin corporation ("SSI"), and 3956831 Canada, Inc., a Canadian federal corporation ("SSI Canada")(SSI and SSI Canada are collectively referred to as the "Buyers" and sometimes individually referred to herein as a "Buyer"). For the purpose of this Amendment, Premier Agendas, Inc. a Washington corporation shall be known as "Premier Agendas" and Premier School Agendas Ltd. Agendas Scolaire Premier Ltee, a corporation incorporated under the Canadian Business Corporations Act and registered to do business in British Columbia shall be known as "PSA".

RECITALS

WHEREAS, Sellers and Buyers are parties to that certain Purchase Agreement dated as of November 13, 2001 (the "Agreement"); and

WHEREAS, the parties desire to amend the Agreement as follows.

AGREEMENT

NOW, THEREFORE, in consideration of the promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do mutually promise and agree as follows:

1. Defined Terms. Capitalized terms used herein shall have the meanings assigned in the Agreement, unless otherwise defined herein or if the context clearly indicates otherwise.

2. Amendment to Section 1.5. Section 1.5 shall be amended and restated as follows:

1.5 **WORKING CAPITAL PAYMENTS**. In addition to the amounts due under Section 1.2 (a) herein, the Sellers, operating the business of the Acquired Companies in the Ordinary Course of Business, shall have the right (i) up through and including the Closing Date, to withdraw all cash in accounts of the Acquired Companies, and (ii) on the Closing Date, to withdraw the lesser of (a) Twelve Million Nine Hundred Thousand Dollars (\$12,900,000.00) or (b) the amount of the Combined Working Capital, determined in accordance with GAAP, as of the Closing Date (the "Working Capital Payment"). In no event shall the Acquired Companies' line of credit balance exceed \$0.00 as of the Closing Date and in no event shall the Combined Working Capital be less than \$0.00 as of the Closing Date. The amount by which the Working Capital Payment exceeds the cash balance of the Acquired Companies as of the Closing Date, if any, shall then be tendered from SSI to FCC in the form of a promissory note dated as of the Closing Date (but delivered to FCC by SSI at the time of the delivery by FCC of the Closing Balance Sheet under Section 1.6(a), below and subject to the adjustments set forth in Section 1.6(c), below, if any), which shall be due six (6) months from the Closing Date and which shall bear an interest rate of two percent (2%) plus LIBOR as of the Closing Date (the "Working Capital Note"). All interest and principal under this note shall be due upon its maturity. All other payments and distributions not defined in this Section 1.5 or elsewhere in this Agreement made from the Acquired Companies to the Sellers from the date of this Agreement through the Closing Date shall be prohibited.

3. Amendment to Section 1.6(a). Section 1.6(a) shall be amended and restated as follows:

(a) Within fifteen (15) business days following the Closing Date, Sellers shall prepare and deliver to Buyers a combined balance sheet effective as of the Closing Date (the "Closing Balance Sheet"), and a related combined statement of income for the period beginning September 1, 2001 and ending as of the Closing Date, of the Acquired Companies, showing the final status of all assets and liabilities (including Combined Working Capital, but excluding all assets and liabilities related to the Adult Leadership Training Program) as of the Closing Date and the results of its operations for the periods then ended, all prepared in accordance with GAAP. At such time the Seller shall also deliver to the Buyers: (i) a complete and accurate list of all Accounts Receivables posted on each of the Acquired Companies' books as of the close of business on the Closing Date and an aging of such Accounts Receivables for the purposes of calculations as required under Section 1.5 herein and (ii) a complete and accurate list of all inventory of each of the Acquired Companies as of the close of business on the Closing Date for the purposes of calculations as required under Section 1.5 herein. The Closing Balance Sheet shall be reviewed by the Buyers and, if the Buyers have any objections to the Closing Balance Sheet, Buyers and Sellers shall work reasonably and in good faith to resolve such objections.

4. Amendment to Section 2.09. The following phrase at the end of Section 2.09 shall be deleted:

"and an aging of such Accounts Receivable, updated through the close of business on the last business day prior to the Closing Date for the purposes of calculations as required under Section 1.5 herein has been and will be provided to the Buyer"

5. Amendment to Section 2.10. The following phrase at the end of Section 2.10 shall be deleted:

"updated through the close of business on the last business day prior to the Closing Date for the purposes of calculations as required under Section 1.5 herein has been and will be provided to the Buyer"

6. Amendment to Section 2.14. The following sentence shall be added to end of Section 2.14:

"Prior to Closing, Premier Agendas shall assign and transfer sponsorship of the Premier Agendas, Inc. 401(k) Plan (the "401(k) Plan") to FCC, and FCC shall accept and assume sponsorship of the 401(k) Plan. Thereafter, neither Premier Agendas nor its employees shall be designated as a plan administrator of the 401(k) Plan, Premier Agendas shall not be designated as a plan fiduciary, and any Premier Agenda employee serving as a 401(k) Plan fiduciary at the time of Closing shall resign such position in accordance with the terms of the plan. Notwithstanding the foregoing, following Closing Buyer shall: (i) provide and cause Premier Agendas to provide to the Sellers, following reasonable notice, access to and copies of such records, generated prior to the Closing Date, and access to consult with such employees as may be reasonably requested by Sellers in connection with the Sellers administration, winding up and termination of the 401(k) Plan by Sellers; and (ii) cause Premier Agendas to retain all currently existing records relevant to the prior administration of the 401(k) Plan (including, without limitation, payroll and personnel records) for at least four years following Closing.

7. License Agreement. The Buyers and the Sellers hereby acknowledge and agree that the modified License Agreement in the form attached hereto as Exhibit 4.6(i) shall supercede and replace the form of license agreement originally attached to the Agreement.

8. Amendment to Section 4.6. The following Sub-Sections shall be added to Section 4.6 of the Agreement as new Sub-Sections (l) and (m):

(l) a certified copy of resolutions of the Board of Directors of Premier Agendas assigning and transferring sponsorship of Premier Agendas' 401(k) plan to FCC, and a certified copy of the resolutions of the board of directors of FCC accepting and assuming sponsorship of such plan, both effective prior to Closing; and

(m) a Product Sales Retailer Agreement shall have been entered into between FCC and Premier Agendas in the form attached hereto as Exhibit 4.6(m).

9. Amendment to Section 6.12. Section 6.12 shall be amended and restated as follows:

6.12 **RETAINED CLAIMS.** Notwithstanding the foregoing, both prior to and after Closing, Sellers shall retain all liability with respect to, have sole authority for, and responsibility to act in the defense, settlement, or other resolution of:

- (i) (a) Black et al v. The Premier Company and Franklin Covey Company (Civil Action No. 01-4317, pending in the Federal District Court of the Eastern District of Pennsylvania); (b) Alexander v. Premier Graphics (37 ECR 0037-01-2, pending before the State of Washington Human Rights Commission (the "WHRC") and Equal Employment Opportunity Commission (the "EEOC")); (c) Carolyn Winston v. Franklin Covey Company (EEOC charge no. 380A200199, pending before the WHRC and the EEOC); (d) John Busch v. Franklin Covey Company (EEOC charge no. 380A200219, pending before the WHRC and the EEOC); (e) Patricia Narome v. Franklin Covey Co. (EEOC charge no. 380A11148); (f) JoAnne Matczak v. Franklin Covey Co. (EEOC charge no. 380A11154); (g) Henry Wiley v. Premier School Agendas (EEOC charge no. 380A11184); (h) Roger Hanky v. Franklin Covey Co. (EEOC charge no. 380A11152); (i) Gretchen Brack v. Franklin Covey Co. (EEOC charge no. 380A11153); (j) James Buracchiov v. Franklin Covey Co. (EEOC charge no. 380A11171); (k) Mary A. Rodriguez v. Franklin Covey Co. (EEOC charge no. 380A11207); (l) George Eves v. Franklin Covey Co. (EEOC charge no. 380A11155); (m) John Ferguson v. Premier Company (EEOC charge no. 170A11479); (n) Patricia Nardone v. Premier Company (EEOC charge no. 170A11480); and (o) any successor or related claims and any claims alleging unlawful discrimination in employment against any of the Sellers and/or the Acquired Companies related to periods prior to the Closing Date;
- (ii) any obligations, liabilities, damages or other claims relating to (a) the termination by Premier Agendas of the office lease in Houston, Texas, and (b) the air quality issues at such facility, including, but not limited to (x) injuries or damages suffered by employees or other third parties and (y) Texas Worker's Compensation penalties, fines, damages or any related claims against Premier Agendas for denial of Worker's Compensation coverage related to such air quality issues, all as more fully described in Part 2.11 of the Disclosure Letter, as supplemented; and
- (iii) any obligations, liabilities, damages or other claims relating to the resolution of the failure of the Acquired Companies to be in good standing as described in Part 2.1 of the Disclosure Letter, as supplemented.

The matters described in this Section 6.12 shall be collectively referred to as "Retained Claims." The Sellers shall have no obligation to consult with Buyers concerning, such defense, settlement, or resolution of the Retained Claims. Following Closing, Buyer shall provide to the Sellers, following reasonable notice, but without the necessity of service of legal process by Sellers, with access to such records, generated prior to the Closing Date and access to its employees as may be reasonably requested by Sellers in defense, settlement, or resolution of the Retained Claims. Because the Sellers have retained liability for all to the Retained Claims, notwithstanding any other provision of this Agreement to the contrary, and notwithstanding any requirements of GAAP there shall be no accrual of any liability on the Closing Date Balance Sheet or for purposes of calculating the Combined Working Capital of the Acquired Companies for Retained Claims Matters.

10. Amendment to Article 6. The following Section 6.14 shall be added to the end of Article VI of the Agreement:

6.14 **Delivery of Leases.** Pursuant to Section 2.18(a)(iv), the Sellers are required to deliver to the Buyers true and complete copies of all Leases for real property identified in Part 2.18 of the Disclosure Letter. However it has now been determined that as of the Closing Date the Sellers have failed to deliver signed copies of a number of certain of the real property leases. The Sellers hereby covenant and agree on or before January 31, 2002 to deliver the signed copies of all such undelivered leases, together with estoppel certificates reasonably acceptable to the Buyers and, if required under the terms of the applicable lease, a consent of landlord with respect to the transaction contemplated herein.

11. Amendment to Section 8.1. Section 8.1(d) shall be amended and restated as follows:

(d) any claim regarding the representation or warranties under Sections 2.16 (including Retained Claims) or 2.20, or covenants under Sections 2.14, 6.10, 6.12 and 6.14 of this Agreement as amended by this Amendment regardless of the contents of the Disclosure Letter and/or supplements thereto as same may relate to these Sections. Notwithstanding anything to the contrary herein, such information in the Disclosure Letter, as supplemented, regarding Sections 2.16 or 2.20 shall be informational only and shall not have any effect on the liability of the Sellers under the terms of this Agreement; or

12. Amendment to Section 8.2. Section 8.2(a) (iii) shall be deleted and replaced with the following:

- (iii) compliance issues regarding the covenants listed in Sections 2.14 and 6.10 of this Agreement.

13. **Definitions.** The definition of Combined Working Capital shall be amended and restated as follows:

"COMBINED WORKING CAPITAL" total current assets minus total current liabilities as determined on a combined basis, for the Acquired Companies in accordance with GAAP excluding the current assets and liabilities of the Adult Leadership Training Program. Notwithstanding the foregoing, the amount of reserves included in Combined Working Capital, as of the Closing Date shall be calculated in accordance with GAAP but shall not be less than the amount as recorded in the Balance Sheets of the Acquired Companies as of August 31, 2001. Further notwithstanding the foregoing current assets and current liabilities in accordance with GAAP for the purpose of determining Combined Working Capital shall not be affected by deferred Tax assets, deferred Tax liabilities, and income taxes payable/receivable.

14. Interpretation. Nothing contained herein shall be deemed to modify, reduce, waive or otherwise affect any rights, benefits, or obligations of the parties hereto set forth in the Agreement. Any conflicts between the Agreement as initially drafted and this Amendment shall be construed in favor of this Amendment.

15. Continuing Effect. Except as amended herein, the terms, provisions and conditions of the Agreement shall remain in full force and effect and shall continue to govern the parties thereto.

16. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, the undersigned have executed this Amendment to the Agreement as of the day, month and year first above written.

Franklin Covey Co.

By:

Its:

Franklin Covey Canada Ltd.

By:

Its:

School Specialty, Inc.

By:

Its:

3956831 Canada, Inc.

By:

Its:

Contact:
Georgeson Shareholder Communications Inc.
(800) 223-2064

FRANKLIN COVEY CO.
2200 West Parkway Boulevard
Salt Lake City, Utah 84119-2331
www.franklincovey.com

FRANKLIN COVEY ANNOUNCES TENDER OFFER
FOR 7.3 MILLION SHARES AT \$6.00 PER SHARE

Salt Lake City, Utah (NYSE: FC) - November 26, 2001 - Franklin Covey, a leading global learning and performance solutions firm, today announced its tender offer for up to 7,333,333 shares of its outstanding common stock for \$6.00 per share. The offer will be open through Midnight, Eastern Time, December 21, 2001. Holders will have until then, unless the offering period is extended by Franklin Covey, to tender their shares to the Depositary or to withdraw previously tendered shares. Shares can only be tendered under cover of the Letter of Transmittal which will be sent to Franklin Covey stockholders.

The tender offer is not conditioned on any minimum number of shares being tendered. It is, however, subject to other conditions set forth in the Offer to Purchase and the related Letter of Transmittal, including the completion of the pending sale of Franklin Covey's wholly-owned subsidiary, Premier Agendas, Inc. Franklin Covey has retained ThinkEquity Partners LLC and Georgeson Shareholder Securities Corporation to act as Dealer Managers, Georgeson Shareholder Communications Inc. to act as Information Agent and Alpine Fiduciary Services, Inc. to act as Depositary in connection with the tender offer.

FRANKLIN COVEY'S BOARD OF DIRECTORS HAS APPROVED THE OFFER. HOWEVER, NEITHER FRANKLIN COVEY NOR ITS BOARD OF DIRECTORS IS MAKING ANY RECOMMENDATION TO ITS STOCKHOLDERS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES. STOCKHOLDERS MUST MAKE THEIR OWN DECISION AS TO WHETHER TO TENDER THEIR SHARES AND, IF SO, HOW MANY SHARES TO TENDER.

This press release is not an offer to purchase nor a solicitation of an offer to sell shares of Franklin Covey. Holders of common stock will receive, or can request copies of, the Offer to Purchase and the Letter of Transmittal and are advised to read these documents carefully because they contain important information about the tender offer. The information required to be disclosed in response to Rule 13e-4(d)(1) of the Exchange Act is incorporated herein by this reference from the Offer to Purchase and related documents. The Offer to Purchase and other documents filed by the Company in connection with the tender offer are available for free at the website of the Securities and Exchange Commission (www.sec.gov) or from the Information Agent. Franklin Covey will be mailing the offer to purchase, the transmittal letter and accompanying documents to its stockholders. Stockholders who do not receive a copy or who wish to request a copy of the tender offer documents should contact the Information Agent, Georgeson Shareholder Communications Inc., at (800) 223-2064. The offer to purchase shares will not be made to, and tenders will not be accepted from or on behalf of, holders of shares in any jurisdiction in which making or accepting the offer to purchase would violate that jurisdiction's laws.

ABOUT FRANKLIN COVEY CO.

Franklin Covey Co. is a leading learning and performance services firm assisting professionals and organizations in measurably increasing their effectiveness in leadership, productivity, communication and sales. Clients include 80 of the Fortune 100, more than three-quarters of the Fortune 500, thousands of small- and mid-sized businesses, as well as numerous government entities. Organizations and professionals access Franklin Covey services and products through consulting services, licensed client facilitators, one-on-one coaching, public workshops, catalogs, more than 160 retail stores, www.franklincovey.com and www.franklinplanner.com. More than 3,500 Franklin Covey associates provide professional services and products in 44 offices in 38 countries.