

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 27, 2000

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file no. 1-11107

FRANKLIN COVEY CO.

(Exact name of registrant as specified in its charter)

Utah (State of incorporation) 87-0401551 (I.R.S. Employer Identification No.)

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

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

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 ---
No ---

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock as of the latest practicable date:

20,626,715 shares of Common Stock as of June 30, 2000

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

FRANKLIN COVEY CO.

CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands, except share amounts)

	May 27, 2000 ----- (unaudited)	August 31, 1999 -----
ASSETS		

Current assets:		
Cash and cash equivalents	\$ 22,652	\$ 26,781
Accounts receivable, less allowance for doubtful accounts of \$3,307 and \$4,074	43,867	92,500
Inventories	59,281	59,780
Income taxes receivable	3,167	3,912
Other assets	30,003	28,673
	-----	-----
Total current assets	158,970	211,646
Property and equipment, net	119,296	127,863
Goodwill and other intangibles, net	262,024	267,185
Other long-term assets	18,616	16,609
	-----	-----

\$ 558,906
=====

\$ 623,303
=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 22,672	\$ 33,038
Accrued acquisition earnouts		15,900
Accrued restructuring costs	10,610	16,200
Current portion of long-term debt and capital lease obligations	7,863	90,568
Other accrued liabilities	55,027	47,802
	-----	-----
Total current liabilities	96,172	203,508

Line of credit	50,000	
Long-term debt and capital lease obligations, less current portion	7,825	6,543
Deferred income taxes	34,818	34,818
	-----	-----
Total liabilities	188,815	244,869
	-----	-----

Shareholders' equity:

Preferred stock - Series A, no par value; convertible into common stock at \$14 per share; 4,000,000 shares authorized, 811,088 and 750,000 shares issued	80,967	75,000
Common stock, \$0.05 par value, 40,000,000 shares authorized, 27,055,894 shares issued	1,353	1,353
Additional paid-in capital	225,737	235,632
Retained earnings	184,320	199,125
Notes receivable from sale of common stock	(1,069)	
Deferred compensation	(111)	(320)
Accumulated other comprehensive loss	(890)	(782)
Treasury stock at cost, 6,468,536 and 6,676,373 shares	(120,216)	(131,574)
	-----	-----

Total shareholders' equity	370,091	378,434
	-----	-----
	\$ 558,906	\$ 623,303
	=====	=====

(See Notes to Consolidated Condensed Financial Statements)

FRANKLIN COVEY CO.

 CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
 (in thousands, except per share data)

	Quarter Ended		Nine Months Ended	
	May 27, 2000	May 29, 1999	May 27, 2000	May 29, 1999
	----- (unaudited)		----- (unaudited)	
Sales	\$ 110,759	\$ 109,267	\$ 399,861	\$ 386,718
Cost of sales	53,049	50,745	173,998	162,638
	-----	-----	-----	-----
Gross margin	57,710	58,522	225,863	224,080
Selling, general and administrative	65,399	54,647	189,795	167,168
Stock option purchase and relocation costs	8,763		10,921	
Restructuring costs	(402)		(402)	
Depreciation and amortization	11,042	10,003	31,461	28,435
	-----	-----	-----	-----
Income (loss) from operations	(27,092)	(6,128)	(5,912)	28,477
Interest expense, net	(1,005)	(1,794)	(3,661)	(6,279)
Other income	396		396	
	-----	-----	-----	-----
Income (loss) before income taxes	(27,701)	(7,922)	(9,177)	22,198
Provision (benefit) for income taxes	(8,867)	(3,327)	(350)	9,323
	-----	-----	-----	-----
Net income (loss)	(18,834)	(4,595)	(8,827)	12,875
Preferred stock dividends	2,028		5,978	
	-----	-----	-----	-----
Net income (loss) available to common shareholders	\$ (20,862)	\$ (4,595)	\$ (14,805)	\$ 12,875
	=====	=====	=====	=====
Net income (loss) per share:				
Basic	\$ (1.02)	\$ (.22)	\$ (.73)	\$.61
Diluted	(1.02)	(.22)	(.73)	.60
Weighted average number of common and common equivalent shares:				
Basic	20,413	20,522	20,377	21,252
Diluted	20,413	20,522	20,377	21,461

(See Notes to Consolidated Condensed Financial Statements)

FRANKLIN COVEY CO.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended	
	May 27, 2000	May 29, 1999
	----- (unaudited) -----	
Cash flows from operating activities:		
Net income (loss)	\$ (8,827)	\$ 12,875
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	34,223	31,763
Other	11	1,350
Changes in assets and liabilities, net of effects from acquisitions:		
Decrease in accounts receivable	45,520	29,799
Increase in inventories	(1,739)	(15,193)
Increase in other assets	(2,760)	(4,933)
Decrease in accounts payable and accrued liabilities	(5,984)	(16,666)
Increase (decrease) in income taxes payable	745	(12,527)
	-----	-----
Net cash provided by operating activities	61,189	26,468
	-----	-----
Cash flows from investing activities:		
Acquisition of businesses and earnout payments	(20,853)	(19,025)
Proceeds from sale of commercial printing division assets	6,406	
Purchases of property and equipment	(13,479)	(17,849)
Proceeds from the sale of property and equipment	602	
	-----	-----
Net cash used for investing activities	(27,324)	(36,874)
	-----	-----
Cash flows from financing activities:		
Net (decrease) increase in short-term borrowings	(1,396)	8,386
Proceeds from long-term debt and line of credit	71,244	30,727
Payments on long-term debt and capital leases	(108,667)	(3,528)
Proceeds from issuance of preferred stock, net	4,092	
Payment of preferred dividends	(3,950)	
Purchases of common stock for treasury	(5,308)	(32,709)
Proceeds from treasury stock issuance	5,877	1,604
	-----	-----
Net cash (used for) provided by financing activities	(38,108)	4,480
	-----	-----
Effect of foreign exchange rates	114	1,142
	-----	-----
Net decrease in cash and cash equivalents	(4,129)	(4,784)
Cash and cash equivalents at beginning of period	26,781	27,760
	-----	-----
Cash and cash equivalents at end of period	\$ 22,652	\$ 22,976
	=====	=====
Supplemental disclosure of cash flow information:		
Interest paid	\$ 5,488	\$ 8,812
Income taxes paid	5,422	21,453
	-----	-----
Fair value of assets acquired	\$ 20,853	\$ 19,025
Cash paid for net assets	(20,853)	(19,025)
	-----	-----
Liabilities assumed from acquisitions	\$ -	\$ -
	-----	-----
Non-cash investing and financing activities		
Accrued preferred dividends	\$ 2,028	
Preferred dividends paid with additional shares of preferred stock	1,875	
Notes receivable issued from sale of common stock	894	
Notes payable issued for the acquisition of business	6,000	

(See Notes to Consolidated Condensed Financial Statements)

FRANKLIN COVEY CO.

 NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
 (unaudited)

NOTE 1 - BASIS OF PRESENTATION

Franklin Covey Co. (the "Company") provides integrated training and performance solutions to organizations and individuals in productivity, leadership, sales performance, communication and other areas. Each solution set may include components for training and consulting, assessment and other application tools that are generally available in electronic or paper-based formats. The Company's products and services are available through professional consulting services, public workshops, catalogs, retail stores and the Internet at www.franklincovey.com. The Company's best known products include the Franklin Planner(TM) and the best-selling book, "The 7 Habits of Highly Effective People."

The attached unaudited consolidated condensed financial statements reflect, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position and results of operations of the Company as of the dates and for the periods indicated. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to Securities and Exchange Commission ("SEC") rules and regulations. The Company suggests the information included in this Report on Form 10-Q be read in conjunction with the financial statements and related notes included in the Company's Annual Report to Shareholders for the fiscal year ended August 31, 1999.

The Company utilizes a modified 52/53 week fiscal year that ends on August 31. The Company's quarterly reporting periods generally consist of 13-week periods that ended on November 27, 1999, February 26, 2000 and May 27, 2000 during fiscal 2000. The quarter ended May 27, 2000 included one less business day, while the nine months ended May 27, 2000 had two less business days, than the corresponding periods of the prior year.

The results of operations for the quarter and nine months ended May 27, 2000 are not necessarily indicative of results for the entire fiscal year ending August 31, 2000.

In order to conform with the current period presentation, certain reclassifications have been made in the prior period financial statements.

NOTE 2 - INVENTORIES

Inventories were comprised of the following (in thousands):

	May 27, 2000	August 31, 1999
	-----	-----
	(unaudited)	
Finished goods	\$ 42,633	\$ 42,594
Work in process	3,278	4,186
Raw materials	13,370	13,000
	-----	-----
	\$ 59,281	\$ 59,780
	=====	=====

NOTE 3 - RESTRUCTURING COSTS

During the fourth quarter of fiscal 1999, the Company initiated a plan to restructure its operations, reduce its workforce and formally exit the majority of its leased office space in Provo, Utah. In connection with the restructuring plan, the Company recorded a restructuring charge of \$16.3 million during the fourth quarter of fiscal 1999. Included in the restructuring charge were costs to provide severance and related benefits as well as costs to formally exit the leased office space. The following is a summary of the change in accrued restructuring costs for the nine months ended May 27, 2000 (in thousands):

	Severance Costs	Leased Office Space Exit Costs	Total
	-----	-----	-----
Accrued restructuring costs at			
August 31, 1999	\$ 11,600	\$ 4,600	\$ 16,200
Restructuring costs paid (unaudited)	(3,835)	(1,353)	(5,188)
Adjustments (unaudited)	-----	(402)	(402)
Accrued restructuring costs as of			
May 27, 2000 (unaudited)	\$ 7,765	\$ 2,845	\$ 10,610
	=====	=====	=====

The cost to provide severance and related benefits covers a planned reduction of 600 employees from all areas of Company operations and corporate support. As of May 27, 2000, a total of 391 employees had left the Company as part of the reduction plan. The following table shows the number of employees in each of the Company's operating segments that have been affected by the reduction plan through May 27, 2000:

Operating Segment	Number of Employees
-----	-----
Consumer Products	114
Training and Education	116
International	28
Corporate Support and Other	133

	391
	=====

During the quarter ended May 27, 2000, the Company entered into a sublease agreement for the majority of its leased office space in Provo, Utah. As a result, the Company reduced the accrual for exiting the leased office space by \$0.4 million due to less building transition costs than expected. The Company will continue to monitor and adjust its restructuring reserves as necessary.

NOTE 4 - SHAREHOLDERS' EQUITY

In October 1998, the Company's Board of Directors approved the purchase of up to 2,000,000 shares of the Company's common stock. During the nine months ended May 27, 2000, the Company purchased 678,000 shares of its common stock for a total of \$5.3 million. During the quarter ended May 27, 2000, the Company sold 650,000 of these shares of common stock to the management stock loan program (Note 10) for \$5.1 million, which was the fair market value of the shares sold. As of May 27, 2000, the Company had approximately 307,000 shares remaining to purchase under the board-authorized plan.

NOTE 5 - COMPREHENSIVE INCOME

Comprehensive income includes net income (loss) and other revenues, expenses, gains and losses that are excluded from net income (loss) but are included as components of shareholders' equity. Comprehensive income for the Company is as follows (in thousands):

	Quarter Ended		Nine Months Ended	
	May 27, 2000	May 29, 1999	May 27, 2000	May 29, 1999
	(unaudited)		(unaudited)	
Net income (loss) available to common shareholders	\$ (20,862)	\$ (4,595)	\$ (14,805)	\$ 12,875
Other comprehensive income (loss):				
Foreign currency translation adjustments	(409)	217	(108)	1,144
Comprehensive income (loss)	\$ (21,271)	\$ (4,378)	\$ (14,913)	\$ 14,019
	=====	=====	=====	=====

NOTE 6 - NET INCOME PER COMMON SHARE

Basic earnings per share ("EPS") is calculated by dividing income (loss) available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding plus the assumed exercise of all dilutive securities using the treasury stock or the "as converted" method as appropriate. The Diluted EPS calculation for the quarter and nine months ended May 27, 2000 excludes the impact of stock options and preferred stock because they are antidilutive. Incremental shares from the assumed exercise of stock options excluded from the Diluted EPS calculation totaled 94,217 and 89,506 shares for the quarter and nine months ended May 27, 2000, respectively. A total of 134,287 incremental shares were excluded from the Diluted EPS calculation for the quarter ended May 29, 1999. The common share equivalents of the preferred stock, on an "as converted" basis, excluded from the Diluted EPS calculation totaled 5,793,529 at May 27, 2000. Significant components of the numerator and denominator used for Basic and Diluted EPS are as follows (in thousands, except per share amounts):

	Quarter Ended		Nine Months Ended	
	May 27, 2000	May 29, 1999	May 27, 2000	May 29, 1999
	(unaudited)		(unaudited)	
Net income (loss)	\$ (18,834)	\$ (4,595)	\$ (8,827)	\$ 12,875
Preferred dividends	2,028		5,978	
Net income (loss) available to common shareholders	\$ (20,862)	\$ (4,595)	\$ (14,805)	\$ 12,875
Basic weighted-average shares outstanding	20,413	20,522	20,377	21,252
Incremental shares from assumed exercises of stock options				209
Diluted weighted-average shares outstanding and common stock equivalents	20,413	20,522	20,377	21,461
Net income per share:				
Basic	\$ (1.02)	\$ (.22)	\$ (.73)	\$.61
Diluted	(1.02)	(.22)	(.73)	.60

NOTE 7 - SEGMENT INFORMATION

The Company has aligned its business operations into the following three operating segments or Strategic Business Units ("SBUs"):

- o Consumer Products
- o Training and Education
- o International

Although the Company is currently in the process of restructuring its operations, the above SBUs remain the primary management tool until the new reporting structure is completed and implemented. The Consumer Products SBU is responsible for distribution of the Company's products through retail stores, catalog sales, mass markets, wholesale channels, government channels and the Internet. The Training and Education SBU, which includes Premier Agendas ("Premier") and personal coaching, is responsible for training, consulting and implementation services, and delivery of products to corporations, business, government and educational institutions. The International SBU is responsible for the delivery of both products and services outside the United States. The "All Others" group consists primarily of Publishers Press, whose commercial division assets were sold effective February 28, 2000. Intersegment sales consist primarily of paper planner sales from Franklin Covey Printing to related Franklin Covey entities, which prepare and package the planners for sale to external customers. Corporate expenses consist primarily of essential internal support services such as finance, legal, information systems, manufacturing and distribution that are allocated to the operational SBUs.

The Company's chief operating decision-maker is the Chief Executive Officer ("CEO"). Each of the reportable segments and corporate support departments has an executive vice-president who reports directly to the CEO. The Company accounts for its segment information on the same basis as the accompanying consolidated condensed financial statements.

SEGMENT INFORMATION
(in thousands)

QUARTER ENDED MAY 27, 2000	Reportable Business Segments					All Others	Corporate, Adjustments and Elimination	Consolidated
	Consumer Products	Training and Education	International	Total				
(unaudited)								
Sales to external customers	\$ 63,030	\$ 36,405	\$ 9,925	\$ 109,360	\$ 1,399		\$ 110,759	
Intersegment sales					6,731	\$ (6,731)		
Gross margin	29,878	23,164	6,285	59,327	289	(1,906)	57,710	
Stock option purchase and relocation costs						8,763	8,763	
Restructuring costs						(402)	(402)	
Depreciation and amortization	4,911	5,131	471	10,513	529		11,042	
Segment earnings before interest and taxes	(7,487)	(7,786)	(2,211)	(17,484)	(478)	(9,130)	(27,092)	
Segment assets	75,101	262,318	23,926	361,345	32,791	164,770	558,906	
QUARTER ENDED MAY 29, 1999								
(unaudited)								
Sales to external customers	\$ 51,661	\$ 38,941	\$ 11,214	\$ 101,816	\$ 7,451		\$ 109,267	
Intersegment sales					8,580	\$ (8,580)		
Gross margin	28,073	25,629	6,661	60,363	729	(2,570)	58,522	
Depreciation and amortization	3,993	4,668	499	9,160	843		10,003	
Segment earnings before interest and taxes	(2,406)	(2,526)	(590)	(5,522)	(635)	29	(6,128)	
Segment assets	68,011	259,834	27,798	355,643	57,077	169,747	582,467	
NINE MONTHS ENDED MAY 27, 2000								
(unaudited)								
Sales to external customers	\$ 235,346	\$ 110,136	\$ 38,572	\$ 384,054	\$ 15,807		\$ 399,861	
Intersegment sales					19,397	\$ (19,397)		
Gross margin	133,860	70,350	25,315	229,525	1,724	(5,386)	225,863	
Stock option purchase and relocation costs						10,921	10,921	
Restructuring costs						(402)	(402)	
Depreciation and amortization	13,361	14,976	1,389	29,726	1,735		31,461	
Segment earnings before interest and taxes	29,272	(24,637)	709	5,344	(1,144)	(10,112)	(5,912)	
NINE MONTHS ENDED MAY 29, 1999								
(unaudited)								
Sales to external customers	\$ 210,973	\$ 113,102	\$ 39,925	\$ 364,000	\$ 22,718		\$ 386,718	
Intersegment sales					24,596	\$ (24,596)		
Gross margin	125,241	73,408	25,550	224,199	2,125	(2,244)	224,080	
Depreciation and amortization	10,957	13,764	1,467	26,188	2,247		28,435	
Segment earnings before interest and taxes	37,772	(11,999)	1,675	27,448	(1,848)	2,877	28,477	

The primary measurement tool in segment performance analysis is earnings before interest and taxes ("EBIT"). Other significant non-recurring charges, consisting primarily of stock option purchases, costs to relocate the sales force and restructuring charges, are not allocated to SBUs to enhance comparability. Interest expense is primarily generated at the corporate level and is not allocated to the reporting segments. Income taxes are likewise

calculated and paid on a corporate level (except for entities that operate within foreign jurisdictions and are not allocated to reportable segments. A reconciliation of reportable segment EBIT to consolidated EBIT is presented below:

	Quarter Ended		Nine Months Ended	
	May 27, 2000	May 29, 1999	May 27, 2000	May 29, 1999
	(unaudited)		(unaudited)	
Reportable segment				
EBIT	\$ (17,484)	\$ (5,522)	\$ 5,344	\$ 27,448
All others EBIT	(478)	(635)	(1,144)	(1,848)
Corporate items:				
Stock option purchase and relocation costs	(8,763)		(10,921)	
Restructuring costs	402		402	
Intercompany rent charges	1,643	1,711	5,065	5,133
Other	(2,412)	(1,682)	(4,658)	(2,256)
Consolidated EBIT	\$ (27,092)	\$ (6,128)	\$ (5,912)	\$ 28,477

Other corporate items are comprised primarily of unallocated manufacturing costs and other eliminated or unallocated intercompany amounts. During the first quarter of fiscal 2000, the Company revised pricing on intercompany planner sales, resulting in a change to segment operations. The effects of the pricing change on the prior year were not practically estimable and prior year segment results have not been restated to reflect the change.

Corporate assets such as cash, accounts receivable, fixed assets and other assets are not generally allocated to reportable business segments for business analysis purposes. However, inventories, goodwill and identifiable fixed assets (primarily leasehold improvements in retail stores and manufacturing equipment) are classified by segment. Intangible assets generated from the Covey merger are primarily allocated to the Training and Education SBU.

NOTE 8 - SALE OF PUBLISHERS PRESS COMMERCIAL DIVISION ASSETS

Effective February 28, 2000, the first day of the quarter ended May 27, 2000, the Company sold the assets and substantially all of the business of its commercial printing division of Publishers Press. The Company has retained printing operations related to the production of its planners and other related products (now "Franklin Covey Printing"). The final sale price, after adjustments under terms of the purchase agreement, was \$13.4 million and consisted of \$11.0 million in cash and a \$2.4 million note payable to the Company over 5 years. The note payable is secured by property and other assets specified in the purchase agreement. The Company recognized a \$0.3 million gain from the sale of these assets, which is included as a component of other income in the accompanying Consolidated Condensed Statement of Operations.

NOTE 9 - STOCK OPTION PURCHASE AND RELOCATION COSTS

During the quarter and nine months ended May 27, 2000, the Company has incurred and expensed \$8.8 million and \$10.9 million, respectively, for other costs related to its restructuring plan which were not specific to severance or leased office space exit costs. These costs were primarily comprised of charges related to the stock option tender offer and other purchases of outstanding stock options, and to relocate salespeople to new regional sales offices. As these costs are non-recurring in nature, they have been included as a separate expense component in the accompanying Consolidated Condensed Statement of

Income. During fiscal 2000, the Company has been actively purchasing outstanding stock options in an effort to reduce the potentially dilutive effect of the options on the Company's capital structure. As part of this strategy, the Company filed Form SC TO-I, Schedule to Tender Offer Statement Under Section 13(E)(I) of the Securities Exchange Act of 1934, with the SEC on March 15, 2000 (final amendment filed on May 8, 2000). The tender offer expired on May 3, 2000 with a total of 2,319,000 shares tendered. Under terms of the offer, the Company paid cash for the outstanding options, which were priced using a market valuation methodology. The total cost of the tender offer was \$6.9 million. In addition to the tender offer, the Company had previously purchased outstanding stock options of both current and former employees. The total cost of options purchased during the quarter ended May 27, 2000 was \$7.6 million. As a result of the tender offer and previous purchases of option shares, the Company has reacquired 3,314,000 shares at a total cost of \$8.7 million during fiscal 2000. The remaining \$1.2 million and \$2.2 million of expense incurred during the quarter and nine months ended May 27, 2000, respectively, relates primarily to the relocation of sales associates to eight regional sales offices. At June 30, 2000, six of the regional sales offices were operational and the Company expects the remaining two to be operational by the end of July 2000. As the Company continues to implement its restructuring plan, the Company may incur additional relocation and related expenses through the remainder of fiscal 2000.

NOTE 10 - MANAGEMENT COMMON STOCK LOAN PROGRAM

During the quarter ended May 27, 2000, the Company announced the implementation of an incentive-based compensation program that includes a loan program from external lenders. The program gives management of the Company the opportunity to purchase shares of the Company's common stock on the open market, and from shares recently purchased by the Company, by borrowing on a full-recourse basis from the external lenders. The Company has facilitated the loans to individuals by providing a guarantee to the lenders extending the loans and has paid \$0.2 million for documentation, legal and other bank fees. The program will total approximately \$31.0 million and the Company will facilitate the purchase of open-market shares to ensure compliance with appropriate SEC trading rules and regulations. As of May 27, 2000, the Company was still in the process of acquiring shares of its common stock to complete the loan program.

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

The following discussion should be read in conjunction with the Consolidated Financial Statements, the Notes thereto and Management's Discussion and Analysis included in the Company's Annual Report to Shareholders for the year ended August 31, 1999.

RESULTS OF OPERATIONS

The following table sets forth the sales of the Company's SBUs for the periods indicated (dollars in thousands):

	Quarter Ended			Nine Months Ended		
	May 27, 2000	May 29, 1999	Variance %	May 27, 2000	May 29, 1999	Variance %
	(unaudited)			(unaudited)		
Consumer Products	\$ 63,030	\$ 51,661	22	\$ 235,346	\$ 210,973	12
Training and Education	36,405	38,941	(7)	110,136	113,102	(3)
International	9,925	11,214	(11)	38,572	39,925	(3)
Other	1,399	7,451	(81)	15,807	22,718	(30)
	-----	-----		-----	-----	
	\$ 110,759	\$ 109,267	1	\$ 399,861	\$ 386,718	3
	=====	=====		=====	=====	

The SEC recently released Staff Accounting Bulletin ("SAB") No. 101, which specifies rules for revenue recognition. The Company is currently assessing the impact of adopting SAB No. 101, which will be effective during the Company's fiscal year ending August 31, 2001.

Quarter Ended May 27, 2000 Compared with the Quarter Ended May 29, 1999

Consumer Products sales increased \$11.4 million, or 22 percent, compared to the prior year. Sales increases from the Company's retail stores, wholesale channels and the Internet were partially offset by decreased sales from government products and the catalog. Retail store sales increased due to three additional stores and a 23 percent increase in comparable store sales. As of May 27, 2000, the Company was operating 128 retail stores compared to 125 stores at May 29, 1999. Comparable store sales growth was primarily driven by increased sales of electronic handheld products, such as the Palm V(TM) by Palm Inc., bundled with the Company's Franklin Planner(TM) software, as well as sales of related accessories. Sales of handheld electronic devices through various Company channels represented a significantly larger percentage of Consumer Product sales compared to the prior year. As the popularity of handheld electronic devices continues to increase, the Company anticipates further sales growth from these devices. However, future sales growth is dependent upon a number of factors, including the availability of handheld electronic devices from manufacturers and the introduction of new products by competitors. The Company also had increased sales from its wholesale channels (including the contract stationer channel) primarily due to increased demand from its marketing and distribution agreements, the successful introduction of new products and the addition of new distribution contracts. Increased Internet sales were the result of continuing changes in general consumer buying habits, ongoing improvements to the Company's electronic commerce infrastructure and web site at www.franklincovey.com, and special promotions advertised on the web site and in the Company's catalogs. Increased sales in these channels were partially offset by decreased sales from government products and the catalog. Government product sales have decreased primarily due to continued uncertainties surrounding the potential closure of certain General Services Administration ("GSA") depots and

service centers. Catalog sales continue to be unfavorably affected by increased Internet channel sales, which the Company attributes to continuing changes in consumer buying preferences. However, Internet sales combined with catalog sales increased 14 percent compared to the prior year.

Training and Education sales decreased by \$2.5 million, or 7 percent, compared to the prior year. Increased sales training and leadership program sales were offset by decreased sales from productivity programs and the Company's personal coaching division. Increased sales training revenue was due to new contracts and increased demand for sales performance seminars taught by Khalsa Associates, which was acquired in fiscal 1999. Increased leadership seminar sales are the result of improved organizational sales and related business development program sales. Productivity seminar sales decreased compared to the prior year principally due to the timing of special customized orders in the prior year and continued sales force disruptions due to organizational changes and relocation of the sales force to regional sales offices. As of June 30, 2000 the Company had opened six of eight planned regional sales offices, and the Company anticipates having all regional sales offices open by the end of July 2000. In addition to relocating existing sales people to the new offices, the Company is actively engaged in hiring new sales associates to improve sales opportunities. As the Company continues to relocate and reorganize its sales force, sales of productivity and leadership seminars may continue to be adversely affected. Decreased personal coaching sales were primarily due to decreased demand for coaching on one of its major client's programs.

International sales decreased \$1.3 million, or 11 percent, compared to the prior year. Increased sales from Canada were offset by decreases in Australia, Japan, the Middle East, Mexico and New Zealand. Increased sales in Canada were primarily due to increased training sales resulting from additional sales personnel that were recently hired to expand Company operations in Canada. Decreased sales in Australia were due to training volume decreases at one of Australia's largest customers and the timing of speaking engagements by Stephen R. Covey, which increased training sales in the prior year. Sales in Japan declined primarily due to the discontinuance of the publishing business and lower training sales. The Company is in the process of reorganizing its sales force in Japan, and may continue to experience decreased training sales through the remainder of fiscal 2000. Decreased sales in the Middle East were due to the Company changing its business strategy in the Middle East from a direct office to a licensee operation. The Company now receives a royalty based upon a percentage of the licensee's sales rather than recognizing 100 percent of region sales. Decreased sales in Mexico and New Zealand were primarily due to decreased training sales resulting from restructuring activities in those countries.

Other sales, which consist primarily of the Company's commercial printing and tabbing services, decreased \$6.1 million, or 81 percent, compared to the prior year. The decrease was due to the sale of the commercial printing division of Publishers Press, which was sold effective February 28, 2000, the first day of the quarter ended May 27, 2000.

Gross margin was 52.1 percent of sales for the quarter, compared to 53.6 percent in the prior year. Consistent with prior quarters, the Company's gross margin was unfavorably affected by changes in the product mix, decreased training sales and increased wholesale channel sales. As described above, the Company experienced increased sales of handheld electronic devices during the quarter. These handheld devices have gross margins that are lower than the majority of the Company's other products and services. As sales of handheld electronic devices continue to grow, and increase as a percentage of total Company sales, further gross margin erosion may occur. In addition, decreased sales of higher margin training programs also unfavorably affected the Company's gross margin. Increased sales through wholesale channels continues to adversely affect the Company's gross margin through contracted pricing terms that have produced increased sales volume, but at lower margins.

Selling, general and administrative ("SG&A") expenses increased \$10.8 million, to 59.0 percent of sales, compared to 50.0 percent in the prior year. The increase was primarily due to ongoing development of electronic-based products, electronic commerce channels, spending to support expected growth in the Premier business, newly acquired businesses, increased promotional expenses, increased consulting costs associated with new projects and incentive programs at the retail stores. These increases were partially offset by a decrease in core associate costs as a result of headcount reduction efforts. Consistent with prior quarters of fiscal 2000, the Company continued to aggressively invest in the development and marketing of new electronic-based products, online training programs and various application tools. Due to the significant increase in handheld electronic devices and related accessories, the Company has also increased its customer support services for these products. In addition, the Company has continued to improve its electronic commerce infrastructure to meet changing consumer preferences and has committed significant resources to the development of its Internet web site and other online products and services, such as Franklinplanner.com. The Company believes that the development of online products and services, combined with an efficient e-commerce base will enable it to achieve a competitive advantage in the future by providing a variety of tools in various formats to enable organizations and individuals to craft effective solutions to meet their needs. Premier, which develops and produces planners and other solutions in the educational market, increased its SG&A spending as a result of a new regional office and additional headcount necessary to support expected growth in fiscal 2000 and beyond. The purchases of the Professional Resources Organization and DayTracker.com, which were acquired during fiscal 2000, have also resulted in increased total SG&A expenses compared to the prior year. The Company also increased its promotional spending, primarily for catalogs and direct mailings, to advertise new products and to improve public program sales. As part of the Company's restructuring plan, consultants have been engaged to assist the Company with projects such as improving brand recognition, improving collection of accounts receivable, expanding European operations and other related projects that are designed to position the Company for profitable growth in the future. Incentive programs, linked to the sale of handheld electronics and related accessories, at the Company's retail stores also had an unfavorable impact on SG&A expenses during the quarter.

During the quarter ended May 27, 2000, the Company announced a tender offer to purchase all outstanding options to purchase the Company's common stock priced at \$12.25 per share and higher. Under terms of the offer, the Company paid cash for the outstanding options, which were priced using a market valuation methodology. A total of 2,319,000 shares were tendered in connection with the offer at a total cost of \$6.9 million. In addition to the tender offer, the Company had previously purchased outstanding stock options of both current and former employees. The total cost of options purchased during the quarter ended May 27, 2000 was \$7.6 million. Another \$1.2 million was expensed during the quarter primarily related to the relocation of the sales force to eight new regional sales offices. Partially offsetting these expenses, the Company reduced its leased office space exit accrual by \$0.4 million as a result of favorable transition costs associated with the sublease agreement for the majority of the Company's leased office space located in Provo, Utah. As the Company continues to implement its restructuring plan, additional relocation and related expenses may be incurred throughout the remainder of fiscal 2000.

Depreciation charges increased by \$0.4 million over the prior year, primarily due to the purchase of computer hardware and software, the addition of leasehold improvements in new stores and leased office space, office furniture and fixtures, and manufacturing machinery and equipment. Amortization charges increased by \$0.7 million, primarily due to the amortization of contingent earnout payments made to the former owners of Premier and personal coaching, as well as the acquisition of DayTracker.com.

Effective February 28, 2000, the Company sold the assets of the commercial printing division of Publishers Press. The Company retained printing operations related to the manufacture of its planners and related paper

products. The sales price was \$13.4 million, which was paid in cash and a secured promissory note for \$2.4 million. The Company recognized a \$0.3 million gain on the sale, which has been included as a component of other income in the accompanying Condensed Consolidated Statement of Operations.

Income tax benefit was recognized based upon estimated taxable income for the remainder of fiscal 2000 and the effects of non-deductible goodwill amortization on the Company's effective tax rate. Non-deductible goodwill amortization from previous acquisitions and related contingent earnout payments has an unfavorable impact on the Company's tax rate as taxable income declines.

Nine Months Ended May 27, 2000 Compared to the Nine Months Ended May 29, 1999

Consumer Products sales increased \$24.4 million, or 12 percent, compared to the prior year. Sales increases from the Company's retail stores, wholesale channels and the Internet were partially offset by sales decreases from the catalog, mass market and government products channels. Retail store sales increased primarily due to the addition of three new stores and a 14 percent increase in comparable store sales. Retail store sales increases were primarily driven by increased sales of handheld electronic devices and related accessories. The Company also had increased sales from its wholesale channels (including the contract stationer channel) resulting from increased demand, new product introductions and new distribution agreements. Sales from the Internet channel have increased primarily due to general changes in consumer buying habits and ongoing enhancements to the Company's electronic commerce infrastructure and web site. Increased sales from these channels were partially offset by decreased sales from the catalog, mass market and government products channels. Catalog sales continue to be adversely affected by a shift in consumer buying habits that has resulted in increased Internet sales. However, catalog sales combined with sales through the Internet have increased 7 percent over the prior year. Sales through the mass-market channel decreased due to the termination of an agreement with a mass-market distributor. As a result of unfavorable performance in the mass-market channel, the Company has thus far declined to initiate further mass-marketing agreements in fiscal 2000. Government product sales continue to be adversely affected by uncertainties surrounding the potential closure of GSA depots and service centers.

Training and Education sales decreased by \$3.0 million, or 3 percent, compared to the prior year. Increased sales from Premier, sales training and leadership programs were offset by decreases in productivity programs and at personal coaching. Premier recognized increased sales, primarily during the first quarter of fiscal 2000, due to the timing of school agendas shipped. Increased sales training was due to the fiscal 1999 acquisition of Khalsa Associates, a leading sales training company, which has experienced increasing sales since its acquisition. Leadership programs have increased primarily due to improved organizational program sales and related Business Development program sales. Productivity seminar sales decreased due to the timing of special customized orders in the prior year and by ongoing organizational restructuring activities and the relocation of sales associates to new regional sales offices. As of June 30, 2000, six of eight regional sales offices were operational, and the Company expects the remaining two offices to be operational by the end of July 2000. The adverse effects on seminar sales of relocating and reorganizing the sales force are expected to continue throughout the remainder of fiscal 2000. Personal coaching sales decreased primarily due to decreased demand for coaching on one of its client's programs.

International sales decreased by \$1.4 million, or 3 percent, compared to the prior year. Increased sales from Canada and Mexico were offset by decreased sales from Australia, Japan, and the Middle East. Increased sales in Canada were primarily due to increased training sales resulting from additional sales personnel that were recently hired to expand Company operations in Canada, while Mexico's sales increased primarily due to retail store sales growth and marketing initiatives designed to improve product recognition in the Mexico City

business district. Decreased sales in Australia were due to training volume decreases at one of Australia's largest customers and the timing of speaking engagements by Stephen R. Covey, which increased training sales in the prior year. Sales in Japan declined primarily due to the discontinuance of the publishing business and lower training sales. The Company is also in the process of reorganizing its sales force in Japan, and may continue to experience decreased training sales through the remainder of fiscal 2000. Decreased sales in the Middle East were primarily due to the Company changing its business strategy in the Middle East from a direct office to a licensee operation. The Company now receives a royalty based upon a percentage of the licensee's sales rather than recognizing 100 percent of region sales.

Other sales, which consist primarily of the Company's commercial printing services, decreased \$6.9 million, or 30 percent, compared to the prior year. The decrease was due to the sale of the assets of the commercial printing division of Publishers Press, which was effective February 28, 2000.

Gross margin declined to 56.5 percent of sales, compared to 57.9 percent in the prior year. The Company's gross margin continues to be adversely affected by changes in product mix, decreased training sales and increased wholesale channel sales. As described above, the Company has recognized significantly increased sales of handheld electronic devices and accessories that typically have gross margins which are lower than the majority of the Company's other products and services. Decreased sales of higher margin training programs have also unfavorably affected the Company's gross margin during fiscal 2000. Increased sales through the Company's wholesale channels continues to erode the Company's overall gross margin due to contracted pricing terms that have produced increased sales volume, but at lower gross margins.

Selling, general and administrative expenses increased \$22.6 million to 47.5 percent of sales, compared to 43.2 percent of sales in the prior year. The increase was primarily due to the ongoing development of electronic-based products, electronic commerce channels, growth in the Premier business, newly acquired businesses, additional promotional spending and increased consulting costs. These increases were partially offset by a decrease in core associate costs as the result of an overall reduction in headcount. During fiscal 2000, the Company aggressively invested in the development and marketing of new electronic-based products, online training programs and various application tools. In addition, the Company has continued to incur costs to improve its electronic commerce infrastructure to meet changing consumer preferences and has committed significant resources to the development of its Internet web site and other online products and services, such as Franklinplanner.com. Premier, which develops and produces planners and other solutions in the educational market, increased its SG&A spending as a result of a new regional office and the hiring of additional associates to support expected growth in fiscal 2000 and beyond. Total SG&A expenses have also increased due to the acquisitions of Professional Resources Organization and DayTracker.com, both of which were acquired in fiscal 2000. The Company increased its promotional spending, primarily for catalogs and direct mailings, to advertise new products and public seminar programs. During the nine months ended May 27, 2000, the Company also initiated several new projects related to areas such as improving brand recognition, improving collection of accounts receivable and the expansion of European operations to position the Company for profitable growth. The Company has incurred, and will continue to incur during fiscal 2000, consulting costs necessary to complete these projects.

During the nine months ended May 27, 2000, the Company expensed \$10.9 million of additional costs primarily to reacquire outstanding stock options and to relocate salespeople to eight new regional sales offices. Of this amount, \$8.7 million was used to purchase outstanding stock options, including \$6.9 million in connection with the previously mentioned tender offer. As a result of the tender offer and previous purchases of option shares, the Company has reacquired 3,314,000 shares at a total cost of \$8.7 million during fiscal 2000.

The remaining \$2.2 million of expense incurred during the nine months ended May 27, 2000, relates primarily to the relocation of sales associates to eight new regional sales offices. At June 30, 2000, six of the regional sales offices were operational and the Company expects the remaining two to be operational by the end of July 2000. As the Company continues to implement its restructuring plan, the Company may incur additional relocation and related expenses throughout the remainder of fiscal 2000.

Depreciation charges increased by \$1.4 million over the prior year, primarily due to the purchase of computer hardware and software, manufacturing equipment and the addition of leasehold improvements in new stores and regional sales offices. Amortization charges increased by \$1.6 million, primarily due to the amortization of contingent earnout payments made to the former owners of Premier and personal coaching, and the acquisition of DayTracker.com.

Effective February 28, 2000, the Company sold the assets of the commercial printing division of Publishers Press. The Company retained printing operations related to the manufacture of its planners and related forms. The sales price was \$13.4 million, which was paid in cash and a secured promissory note for \$2.4 million. The Company recognized a \$0.3 million gain on the sale of these assets, which has been included as a component of other income in the accompanying Condensed Consolidated Statement of Operations.

Income tax benefit was recognized based upon estimated taxable income for the remainder of fiscal 2000 and the effects of non-deductible goodwill amortization on the Company's effective tax rate. Non-deductible goodwill amortization from previous acquisitions and related contingent earnout payments has an unfavorable impact on the Company's tax rate as taxable income declines.

LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company's primary sources of capital have been net cash provided by operating activities, long-term borrowings and line of credit financing. Working capital requirements have also been financed through short-term borrowing and line-of-credit financing. In addition to these sources, the Company issued 750,000 shares of Series A preferred stock for \$75.0 million in cash to a private investor during the fourth quarter of fiscal 1999. In connection with the issuance of the preferred stock, the Company filed a registration statement with the SEC related to a subscription offering for up to an additional 750,000 shares of preferred stock. Shareholders of record on November 8, 1999 received a non-transferable right to purchase one share of preferred stock for every 27 common shares owned, at a subscription price of \$100 per share. The preferred stock offered to shareholders was substantially identical to the preferred stock issued during fiscal 1999 to the private investor. The subscription offering closed on November 30, 1999 with 42,338 shares of Preferred Stock purchased under terms of the subscription offering. Net proceeds from the subscription offering totaled \$4.1 million.

Net cash provided by operating activities during the nine months ended May 27, 2000 was \$61.2 million, compared to \$26.5 million in the prior year. Adjustments to net loss included \$34.2 million of depreciation and amortization charges. The main source of cash from operations was the collection of accounts receivable primarily from Premier, which has seasonally high sales during the Company's fourth fiscal quarter, and the Company's core operations. The chief use of cash was the payment of accounts payable and accrued liabilities, primarily due to the seasonal nature of Premier's operations.

Net cash used for investing activities totaled \$27.3 million during the first nine months of fiscal 2000, compared to \$36.9 million in the prior year. Of this amount, \$13.5 million was used to purchase computer hardware and software, manufacturing equipment, leasehold improvements and other property and equipment. The Company used \$16.3 million of cash to pay contingent earnout payments to the former owners of Premier and personal coaching and \$4.5 million to purchase the operations of Professional Resources Organization and DayTracker.com. During the quarter ended May 27, 2000, the Company sold the assets of the commercial printing division of Publishers Press for \$11.0 million in cash and a \$2.4 million secured note receivable. Net cash proceeds from the sale totaled \$6.4 million.

Net cash used for financing activities during the first nine months of fiscal 2000 was \$38.1 million compared to net cash proceeds of \$4.5 million in the prior year. The primary source and use of financing cash was related to the retirement of certain notes payable and the expansion of the Company's line of credit. At August 31, 1999, the Company had \$85.0 million of senior unsecured notes payable (the "Notes Payable") outstanding. The Notes Payable required the Company to maintain certain financial ratios and net worth levels until the Notes Payable were paid in full. Due to restructuring charges in the fourth quarter of fiscal 1999, the Company was not in compliance with the terms of the Notes Payable at August 31, 1999. The Company did not obtain a waiver on the terms of the Notes Payable, and during the first quarter of fiscal 2000 the Notes Payable were retired at par plus accrued interest. Also during the first quarter of fiscal 2000, the Company obtained a new line of credit from existing lenders that maintained the Company's \$10.0 million short-term line of credit, but increased the long-term line of credit to \$100.0 million. The Company utilized existing cash and its expanded line of credit to retire the Notes Payable during the first quarter. The new line of credit requires the Company to maintain certain financial ratios and minimum net worth levels, excluding the impact of the fiscal 1999 restructuring charges and the effects of stock options purchased in connection with the tender offer during the third quarter of fiscal 2000. As of May 27, 2000, the Company was in compliance with the terms of the line of credit. The new line of credit agreement bears interest at the lesser of the prime rate or the LIBOR rate plus 1.5%, and expires October 1, 2001. During fiscal 2000, the Company purchased 678,000 shares of its common stock for treasury at a cost of \$5.3 million. The Company also received proceeds totaling \$5.9 million from the sale of treasury shares, primarily to the management stock loan program and the Company's employee stock purchase plan. All shares sold to the management stock purchase program were sold at fair market value. During the nine months ended May 27, 2000, the Company paid \$3.5 million in cash for dividends on outstanding shares of preferred stock. At May 27, 2000, the Company had \$2.0 million of accrued preferred stock dividends that were subsequently paid in cash.

Going forward, the Company will continue to incur costs necessary for the development of online products, e-commerce channels, strategic acquisitions and joint ventures, retail store buildouts and renovations, regional office leasehold improvements, the purchase of certain outstanding options and other costs related to the restructuring and growth of the business. Cash provided by operations, available lines of credit and other financing alternatives will be used for these expenditures. Management anticipates that its existing capital resources will be sufficient to enable the Company to maintain its current level of operations and its planned internal growth for the foreseeable future. The Company also continues to pursue additional financing alternatives as it repositions itself for future opportunities.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES
LITIGATION REFORM ACT OF 1995

With the exception of historical information (information relating to the Company's financial condition and results of operations at historical dates or for historical periods), the matters discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations are forward-looking statements that necessarily are based on certain assumptions and

are subject to certain risks and uncertainties. Such uncertainties include, but are not limited to, unanticipated developments in any one or more of the following areas: the integration of acquired or merged businesses, management of growth, unanticipated costs, delays or outcomes relating to the Company's restructuring plan, availability of financing sources, dependence on products or services, the rate and consumer acceptance of new product introductions, competition, the number and nature of customers and their product orders, pricing, pending and threatened litigation, and other risk factors which may be detailed from time to time in the Company's press releases, reports to shareholders and in filings with the SEC.

These forward-looking statements are based on management's expectations as of the date hereof, and the Company does not undertake any responsibility to update any of these statements in the future. Actual future performance and results will differ and may differ materially from that contained in or suggested by these forward-looking statements as a result of the factors set forth in this Management's Discussion and Analysis of Financial Condition and Results of Operations, the business risks described in the Company's Annual Report on Form 10-K for the year ended August 31, 1999 and elsewhere in the Company's filings with the SEC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISK OF FINANCIAL INSTRUMENTS

The Company has exposure to market risk from foreign currency exchange rates and changes in interest rates. To manage the volatility related to currency exchange rates, the Company has entered into limited derivative transactions to manage well-defined foreign exchange risks. However, the notional amount of the exchange contracts is immaterial and any default by counterparties, although unlikely, would have an insignificant effect on the Company's financial statements. As the Company continues to expand internationally, the Company's use of foreign exchange contracts may grow in order to manage the foreign currency risks to the Company. As of May 27, 2000, the Company had not entered into derivative instruments to hedge its exposure to interest rate risk.

EURO CONVERSION

On January 1, 1999, the European Monetary Union ("EMU"), which is comprised of 11 out of the 15 member countries of the European Union, introduced a new common currency, the "Euro." During the transition period between January 1, 1999 and January 1, 2002, both the Euro and national currencies will coexist. The national currencies will remain legal tender until at least January 1, 2002, but not later than July 1, 2002. The Company currently transacts business in EMU countries using the national currencies and translates the financial results of those countries in accordance with current accounting pronouncements. Further, the Company has not experienced, nor does it expect to experience, a material adverse impact on its financial condition, results of operations or liquidity as a result of the Euro conversion.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings:
Not applicable

Item 2. Changes in Securities:
Not applicable

Item 3. Defaults upon Senior Securities:
Not applicable

Item 4. Submission of Matters to a Vote of Security Holders:
Not applicable

Item 5. Other information:
Not applicable

Item 6. Exhibits and Reports on Form 8-K:

(A) Exhibits:

10.1 Partnership Interest Purchase Agreement between Franklin Covey Co. and Daytracker.com dated December 8, 1999 (filed as exhibit 10.1 in the Company's Quarterly Report on Form 10-Q dated November 27, 1999 and incorporated herein by reference).

10.2 Schedule to Tender Offer Statement Under Section 13(E)(I) of the Securities Exchange Act of 1934 (filed on Form SC T0-I with the Securities and Exchange Commission on March 15, 2000, including amendments and incorporated herein by reference).

10.3 Asset Purchase Agreement By and Among Publishers Press, Inc., Franklin Covey Co., and Western Impressions Corporation, dated as of February 15, 2000 (filed as exhibit 10.3 in the Company's Quarterly Report on Form 10-Q dated February 26, 2000 and incorporated herein by reference).

27. Financial Data Schedule (filed herewith).

(B) Reports on Form 8-K: Not applicable.

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: July 11, 2000

By: /s/ Robert A. Whitman

Robert A. Whitman
Chief Executive Officer

Date: July 11, 2000

By: /s/ J. Scott Nielsen

J. Scott Nielsen
Chief Accounting Officer

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0000886206
Franklin Covey Co.

1,000
US Dollars

3-MOS
AUG-31-2000
FEB-27-2000
MAY-27-2000
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