

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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FILER

NATIONAL EDUCATION CORP

CIK: **277821** | IRS No.: **952774428** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **001-06981** | Film No.: **94527765**
SIC: **8200** Educational services

Business Address
*18400 VON KARMAN AVE
IRVINE CA 92715
7144749400*

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
AMENDMENT NO. 1

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

For the quarterly period ended March 31, 1994

Commission file number 1-6981

NATIONAL EDUCATION CORPORATION
(Exact name of registrant as specified in its charter)

Delaware I.R.S. No. 95-2774428
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

18400 Von Karman Avenue, Irvine, California 92715-1594
(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code) 714/474-9400

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:

29,503,583 common stock shares outstanding at April 30, 1994

NATIONAL EDUCATION CORPORATION AND SUBSIDIARIES

The undersigned Registrant hereby amends the following item in its

quarterly report on Form 10-Q for the quarterly period ended March 31, 1994:

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- (a) See Exhibit Index following this Form 10-Q.
- (b) No reports on Form 8-K were filed for the period for which this report is filed.

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.

NATIONAL EDUCATION CORPORATION

Date: May 13, 1994

By /s/ Keith K. Ogata

 Keith K. Ogata
 Vice President, Chief Financial Officer
 and Treasurer

INDEX TO EXHIBITS
(Item 6(a))

<TABLE>
<CAPTION>

Exhibit Number	Description	Sequentially Numbered Page
<S>	<C>	<C>
10.1	National Education Corporation Retirement Plan (Restated as of January 1, 1989) (As Amended through January 1, 1992) (1)	*

10.2	National Education Corporation Retirement Plan Trust (2)	*
10.3	1981 Long-Term Incentive Plan (3)	*
10.4	1983 Stock Option Plan (4)	*
10.5	Advanced Systems, Incorporated 1984 Stock Option and Stock Appreciation Rights Plan (5)	*
10.6	1986 Stock Option and Incentive Plan, as amended (6)	*
10.7	1990 Stock Option and Incentive Plan (7)	*
10.8	1991 Directors' Stock Option Plan (8)	*
10.9	Rights Agreement, dated October 29, 1986, between National Education Corporation and Bank of America National Trust and Savings Association, Rights Agent (including exhibits thereto) (9)	*
10.10	Addendum No. 1 to Rights Agreement dated October 29, 1986 (10)	*
10.11	Indenture, dated as of May 15, 1986, between National Education Corporation and Continental Illinois National Bank and Trust Company of Chicago, as Trustee (11)	*
10.12	Tripartite Agreement Dated as of May 31, 1990, among National Education Corporation, Continental Bank as Resigning Trustee, and IBJ Schroder Bank & Trust Company as Successor Trustee (12)	*

</TABLE>

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Exhibit Number	Description	Sequentially Numbered Page
<S>	<C>	<C>
10.13	National Education Corporation Purchase Agreement, Senior Subordinated Convertible Deben-	

	tures, dated as of February 15, 1991 (13)	*
10.14	National Education Corporation Supplemental Executive Retirement Plan, as amended (14)	*
10.15	Supplemental Benefit Plan for Non-Employee Directors (15)	*
10.16	Retirement Agreement with J.J. McNaughton (16)	*
10.17	Intercompany Agreement Between National Education Corporation and Steck-Vaughn Publishing Corporation dated June 30, 1993 (17)	*
10.18	Tax Sharing Agreement Between National Education Corporation and Its Direct and Indirect Corporate Subsidiaries dated January 1, 1993 (18)	*
10.19	Asset Purchase Agreement Between Steck-Vaughn Company and Creative Edge Inc. dated as of April 26, 1993 (19)	*
10.20	\$10,000,000 Credit Agreement Between National Education Corporation and Bankers Trust Company as Agent, dated as of December 22, 1993 (the "Credit Agreement") (Confidential treatment under Rule 24b-2 has been requested for portions of this exhibit.) (20)	*
10.21	First Amendment to Credit Agreement dated as of December 31, 1993 (21)	*
10.22	Second Amendment to Credit Agreement, dated as of April 15, 1994 (Confidential treatment under Rule 24b-2 has been requested for portions of this exhibit.) (22)	*
11.1	Calculation of Primary Earnings Per Share (23)	
11.2	Calculation of Fully Diluted Earnings Per Share (23)	

</TABLE>

* incorporated by reference from a previously filed document

- (1) Incorporated by reference to Exhibit 10.1 filed with the Annual Report on Form 10-K for the year ended December 31, 1992, filed March 22, 1993.
- (2) Incorporated by reference to Exhibit 10(b) filed with Registration Statement on Form S-8 (No. 2-86904), filed October 3, 1983.
- (3) Incorporated by reference to Exhibit 15 filed with Registration Statement on Form S-8 (No. 2-71650), filed April 7, 1981.
- (4) Incorporated by reference to Exhibit D filed with the 1983 Proxy Statement dated April 25, 1983, for the annual meeting dated May 19, 1983.
- (5) Incorporated by reference to Exhibit 10.15 filed with the Annual Report on Form 10-K for the year ended December 31, 1987, filed March 30, 1988.
- (6) Incorporated by reference to Exhibit 10.17 filed with the Annual Report on Form 10-K for the year ended December 31, 1990, filed April 1, 1991.
- (7) Incorporated by reference to Exhibit "A" filed with the 1990 Proxy Statement, filed April 2, 1990.
- (8) Incorporated by reference to Exhibit "A" filed with the 1991 Proxy Statement, filed April 1, 1991.
- (9) Incorporated by reference to Exhibit 4.1 filed with Form 8-K Current Report, dated October 29, 1986, filed October 30, 1986.
- (10) Incorporated by reference to Exhibit 4 filed with the Annual Report on Form 10-K for the year ended December 31, 1987, filed March 30, 1988.
- (11) Incorporated by reference to Exhibit 4.2 filed with Amendment No. 1 to Registration Statement on Form S-3 (No. 33-5552), filed May 16, 1986.
- (12) Incorporated by reference to Exhibit 4 filed with the Form 10-Q Quarterly Report for the quarterly period ended June 30, 1990.
- (13) Incorporated by reference to Exhibit 4 filed with Form 8-K Current Report, dated February 20, 1991, filed February 27, 1991.
- (14) Incorporated by reference to Exhibit 10.17 filed with the Annual Report on Form 10-K for the year ended December 31, 1991, filed April 1, 1992.

(15) Incorporated by reference to Exhibit 10.18 filed with the Annual Report on Form 10-K for the year ended December 31, 1991, filed April 1, 1992.

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(16) Incorporated by reference to Exhibit 10.19 filed with the Annual Report on Form 10-K for the year ended December 31, 1991, filed April 1, 1992.

(17) Incorporated by reference to Exhibit 10.8 filed with Amendment No. 1 to the Steck-Vaughn Publishing Corporation Registration Statement on Form S-1, File No. 33-62334, filed June 17, 1993.

(18) Incorporated by reference to Exhibit 10.9 filed with Amendment No. 1 to the Steck-Vaughn Publishing Corporation Registration Statement on Form S-1, File No. 33-62334, filed June 17, 1993.

(19) Incorporated by reference to Exhibit 10.13 filed with the Steck-Vaughn Publishing Corporation Registration Statement on Form S-1, File No. 33-62334, filed May 7, 1993.

(20) Incorporated by reference to Exhibit 10.20 filed with the Annual Report on Form 10-K for the year ended December 31, 1993, filed March 28, 1994.

(21) Incorporated by reference to Exhibit 10.21 filed with the Annual Report on Form 10-K for the year ended December 31, 1993, filed March 28, 1994.

(22) Incorporated by reference to Exhibit 10.22 filed with the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1994, filed May 12, 1994.

(23) Filed herewith.

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EXHIBIT 11.1

NATIONAL EDUCATION CORPORATION AND SUBSIDIARIES

CALCULATION OF PRIMARY EARNINGS PER SHARE
(Amounts in thousands, except per share amounts)

<TABLE>
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	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
NET INCOME (LOSS)	\$ (2,945)	\$ (4,349)
	=====	=====
COMMON STOCK:		
Shares outstanding from beginning of period	29,405	29,968
Pro rata shares:		
Stock options exercised	76	2
Assumed exercise of stock options, using treasury stock method	180	238
	-----	-----
Weighted average number of shares outstanding	29,661	30,208
	=====	=====
PRIMARY EARNINGS (LOSS) PER SHARE	\$ (.10)	\$ (.14)
	=====	=====

</TABLE>

EXHIBIT 11.2

NATIONAL EDUCATION CORPORATION AND SUBSIDIARIES

CALCULATION OF FULLY DILUTED EARNINGS PER SHARE
(Amounts in thousands, except per share amounts)

<TABLE>
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	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
NET INCOME (LOSS)	\$ (2,945)	\$ (4,349)
Add back debenture interest, debt discount and expense amortization, less applicable taxes	811	811
NET INCOME (LOSS) FOR FULLY DILUTED COMPUTATION	<u>\$ (2,134)</u> =====	<u>\$ (3,538)</u> =====
<S>	<C>	<C>
COMMON STOCK:		
Shares outstanding from beginning of period	29,405	29,968
Stock options exercised	76	2
Assumed exercise of stock options, using treasury stock method	180	254
Assumed conversion of subordinated debentures, from the latter of the beginning of the period or the date of issue	7,300	7,300
Weighted average number of shares outstanding	<u>36,961</u> =====	<u>37,524</u> =====
FULLY DILUTED EARNINGS (LOSS) PER SHARE	<u>\$ (.10)</u> =====	<u>\$ (.14)</u> =====

</TABLE>