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REX STORES CORP
Form 8-K
May 31, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 26, 2005

REX STORES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	001-09097	31-1095548
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

2875 Needmore Road, Dayton, Ohio	45414
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (937) 276-3931

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

In December 2004, the Financial Accounting Standards Board issued Statement of

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Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (SFAS 123R). SFAS 123R will require that compensation cost related to share-based payment transactions, including stock options, be recognized in the financial statements. Currently, the Company accounts for its share-based payment transactions under the provisions of APB 25, which does not necessarily require the recognition of compensation cost in the consolidated statement of income in the financial statements.

On May 26, 2005, in response to SFAS 123R, the Company's Board of Directors at its annual meeting approved accelerating the vesting of out-of-the-money, unvested stock options held by current employees, including non-director executive officers. No options held by directors were subject to acceleration of vesting. An option was considered out-of-the-money if the stated option exercise price was greater than \$13.82, which was the closing price of the Company's common stock on May 26, 2005. The accelerated vesting was effective as of May 26, 2005. The following table summarizes the options subject to acceleration:

	Aggregate Number of Shares Issuable Under Accelerated Stock Options -----	Weighted Ave Exercise Pri Per Share -----
Executive Officers		
Douglas L. Bruggeman	14,000	\$14.745
David Fuchs	14,000	\$14.745
Phillip Kellar	4,000	\$14.745
Keith Magby	14,000	\$14.745
Zafar Rizvi	14,000	\$14.745

Total Executive Officers	60,000	\$14.745
All other employees	58,000	\$14.745

Total	118,000 =====	\$14.745

The decision to accelerate vesting of these options was made to avoid recognizing compensation cost in the statement of income in future financial statements upon the adoption of SFAS 123R. The Company estimates that the maximum future compensation expense that will be avoided, based on the Company's implementation date for SFAS 123R of February 1, 2006, is approximately \$547,000 (net of income tax expense of \$356,000), of which approximately \$278,000 is related to options held by executive officers of the Company. The Company will report the avoided future compensation expense in the 2005 financial statements as pro forma footnote disclosures, as permitted under the transition guidance provided by the Financial Accounting Standards Board.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,

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the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

REX STORES CORPORATION

Date: May 31, 2005

By: /s/ DOUGLAS L. BRUGGEMAN

Name: Douglas L. Bruggeman
Title: Vice President - Finance,
Chief Financial Officer
and Treasurer