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interpretations which measures compensation cost using the intrinsic value method of accounting for its stock options. Accordingly, the Company does not recognize compensation cost based upon the fair value method of accounting as provided for under Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, ("FAS No. 123"). If the Company had elected to recognize compensation cost based on the fair value of the options granted beginning in fiscal year 1996, as prescribed by SFAS No. 123, net income would have been reduced to the pro forma amounts indicated in the table below:

| | 2002 ----- | 2001 ----- | 2000 ----- |
|--|---------------|---------------|---------------|
| Net income - as reported | \$ 23,167 | \$ 12,229 | \$ 19,7 |
| Net income - pro forma | 22,106 | 11,281 | 17,7 |
| Basic earnings per share - as reported | \$ 1.35 | \$ 0.84 | \$ 1. |
| Basic earnings per share - pro forma . | \$ 1.29 | \$ 0.78 | \$ 1. |

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option valuation method with the following assumptions:

| | 2002 ---- | 2001 ---- | 2000 ---- |
|---------------------------------|--------------|--------------|--------------|
| Expected dividend yield | 0.90% | 1.00% | 0.60% |
| Risk-free interest rate | 4.51% | 5.68% | 5.92% |
| Expected life of options | 10 years | 10 years | 10 years |
| Expected stock price volatility | 0.629 | 0.645 | 0.582 |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 11, 2003

FRIEDMAN'S INC.
(Registrant)

By: /s/ Victor M. Suglia

Victor M. Suglia
Senior Vice President,
Chief Financial Officer,
Treasurer and Secretary