

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): July 31, 2006

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

Delaware
(State or other jurisdiction
of incorporation)

001-09097
(Commission File No.)

31-1095548
(IRS Employer Identification No.)

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

45414
(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 (see General Instruction A.2. below):

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 8.01. Other Events.

On July 31, 2006, REX Stores Corporation issued a press release announcing it had entered into a contingent agreement to invest an additional \$11.5 million to \$18.0 million in Levelland/Hockley County Ethanol, LLC. The press release is furnished as Exhibit 99 to this report.

Item 9.01. Financial Statements and Exhibits.

- (d) Exhibits. The following exhibits are furnished with this report:
99 Press Release dated July 31, 2006

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.

REX STORES CORPORATION

Date: July 31, 2006

By: /s/ DOUGLAS L. BRUGGEMAN

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

[LOGO OF REX]

News Announcement

For Immediate Release

For further information contact:

Douglas Bruggeman
Chief Financial Officer
937/276-3931

Joseph N. Jaffoni
Jaffoni & Collins Incorporated
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REX TO PROCEED WITH FIRST OF SEVERAL ANTICIPATED
ETHANOL PRODUCTION FACILITY INVESTMENTS

- Action Advances REX's Strategy to Diversify its Earnings
Base Through Energy Investments -

Dayton, Ohio (July 31, 2006) -- REX Stores Corporation (NYSE:RSC) announced today that it has entered into a contingent agreement to invest an additional \$11.5 million to \$18.0 million in Levelland/Hockley County Ethanol, LLC ("Levelland/Hockley") which intends to construct an ethanol production facility in Levelland, Texas. The additional investment, along with Rex's prior previously announced \$5 million convertible secured promissory note commitment enables REX to secure a majority ownership interest in Levelland/Hockley.

Stuart Rose, REX's Chairman and Chief Executive Officer, commented, "Over the past eight years, REX has derived significant long-term financial benefits from its synthetic fuel investments and we are delighted to be moving forward with investments in ethanol production facilities.

"In addition to Levelland/Hockley, we have entered into contingent agreements to invest in three other ethanol plants with annual production capacity of 100 million gallons each. The four investment commitments to date could lead to REX investing over \$80 million in ethanol production facilities. In addition to these four commitments, REX is in the process of evaluating other proposed ethanol investments, and we believe we are well suited to extend our presence in the energy sector."

Levelland/Hockley has signed a design/build agreement with ICM, Inc., an engineering firm focused on ethanol, and intends to commence construction of the Levelland, Texas facility by November 1, 2006. The plant will have a design capacity of 40 million gallons of ethanol annually.

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This news announcement contains or may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements can be identified by use of forward-looking terminology such as "may," "expect," "believe," "estimate," "anticipate" or "continue" or the negative thereof or other variations thereon or comparable terminology. Readers are cautioned that there are risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements. These risks and uncertainties include the risk factors set forth from time to time in the Company's filings with the Securities and Exchange Commission and among other things: the highly competitive nature of the consumer electronics retailing industry, changes in the national or regional economies, weather, the effects of terrorism or acts of war on consumer spending patterns, the availability of certain products, technological changes, new regulatory restrictions or tax law changes relating to the Company's synthetic fuel investments, the fluctuating amount of quarterly payments received by the Company with respect to sales of its partnership interest in a synthetic fuel investment, the potential for Section 29/45K tax credits to phase out based on the price of crude oil adjusted for inflation, and the uncertain amount of synthetic fuel production and resulting income received from time to time from the Company's synthetic fuel investments. As it relates to ethanol investments, risks and uncertainties include among other things: the uncertainty of constructing plants on time and on budget and the volatility of corn, dried distiller grains, ethanol, gasoline and natural gas prices.

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