SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2004

OR

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

For the transition period from _________ to _________

Commission File Number 001-09097

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

Delaware	31-1095548
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
2875 Needmore Road, Dayton, Ohio	45414
(Address of principal executive offices)	(Zip Code)

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

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 (X) No ( )

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes (X) No ( )

At the close of business on December 8, 2004 the registrant had 11,065,030 shares of Common Stock, par value $.01 per share, outstanding.

REX STORES CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

REX STORES CORPORATION AND SUBSIDIARIES
Consolidated Condensed Balance Sheets

	October 31 2004 Unaudited	January 31 2004	October 31 2003 Unaudited
	(In Thousands)		
CURRENT ASSETS:			
Cash and cash equivalents	$ 3,959	$ 29,026	$ 1,503
Accounts receivable, net	2,204	2,560	1,551
Synthetic fuel receivable	1,848	3,098	655
Merchandise inventory	152,215	116,755	155,354
Prepaid expenses and other	2,897	1,481	2,704
Future income tax benefits	8,703	8,703	8,860
Total current assets	171,826	161,623	170,627
PROPERTY AND EQUIPMENT, NET	130,487	131,409	131,560
ASSETS HELD FOR SALE	2,569	-	-
OTHER ASSETS	612	3,477	2,596
FUTURE INCOME TAX BENEFITS	16,082	14,645	7,560
SYNTHETIC FUEL ESCROW	-	-	7,886
RESTRICTED INVESTMENTS	2,265	2,257	2,253
Total assets	$ 323,841	$ 313,411	$ 322,482
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Notes payable	$ 15,169	-	$ 18,901
Current portion of long-term debt	2,939	5,258	7,708
Current portion of deferred income and deferred gain on sale and leaseback	10,378	10,544	10,985
Accounts payable, trade	49,259	32,745	34,690
Accrued income taxes	-	806	1,371
Accrued payroll and related items	5,101	6,602	4,885
Other current liabilities	7,454	7,214	8,449
Total current liabilities	90,300	63,169	86,989
LONG-TERM LIABILITIES:			
Long-term mortgage debt	31,633	53,548	57,752
Deferred income	11,522	12,762	12,632
Total long-term liabilities	43,155	66,310	70,384
SHAREHOLDERS' EQUITY:			
Common stock	287	283	281
Paid-in capital	130,705	126,124	123,677
Retained earnings	195,830	185,080	168,026
Treasury stock	(136,436)	(127,555)	(126,875)
Total shareholders' equity	190,386	183,932	165,109
Total liabilities and shareholders' equity	$ 323,841	$ 313,411	$ 322,482

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

REX STORES CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements Of Income
Unaudited

	Three Months Ended October 31		Nine Months Ended October 31	
	2004	2003	2004	2003
	(In Thousands, Except Per Share Amounts)			
NET SALES	$ 93,606	$94,493	$267,564	$277,058
COSTS AND EXPENSES:				
Cost of merchandise sold	68,419	66,310	192,226	193,818
Selling, general and administrative expenses	25,789	25,478	74,024	76,075
Total costs and expenses	94,208	91,788	266,250	269,893
Income (loss) from continuing operations before interest, other items, income taxes and discontinued operations	(602)	2,705	1,314	7,165
INVESTMENT INCOME	7	14	152	54
INTEREST EXPENSE	(716)	(1,247)	(2,426)	(3,687)
LOSS ON EARLY TERMINATION OF DEBT	-	-	(614)	-
GAIN ON SALE OF REAL ESTATE	121	393	121	779
INCOME FROM LIMITED PARTNERSHIPS	5,219	3,733	13,798	9,916
Income from continuing operations before provision for income taxes and discontinued operations	4,029	5,598	12,345	14,227
PROVISION FOR INCOME TAXES	530	1,421	1,165	3,609
Income from continuing operations	3,499	4,177	11,180	10,618
Loss from discontinued operations, net of tax	(118)	(96)	(430)	(232)
Net Income	$3,381	$4,081	$10,750	$10,386
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC	10,897	10,819	11,092	10,820
Basic income per share from continuing operations	$0.32	$0.39	$1.01	$0.98
Basic loss per share from discontinued operations	(0.01)	(0.01)	(0.04)	(0.02)
BASIC NET INCOME PER SHARE	$0.31	$0.38	$0.97	$0.96
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED	12,610	12,866	12,778	12,608
Diluted income per share from continuing operations	$0.28	$0.33	$0.87	$0.84
Diluted loss per share from discontinued operations	(0.01)	(0.01)	(0.03)	(0.02)
DILUTED NET INCOME PER SHARE	$0.27	$0.32	$0.84	$0.82

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

REX STORES CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements Of Shareholders' Equity
Unaudited
In Thousands

	Common Shares Issued Shares	Common Shares Issued Amount	Treasury Shares	Treasury Amount	Paid-in Capital	Retained Earnings	Total Shareholders' Equity
Balance at January 31, 2004	28,308	$283	17,214	$127,555	$126,124	$ 185,080	$183,932
Net income	-	-	-	-	-	10,750	10,750
Treasury stock acquired	-	-	761	10,032	-	-	(10,032)
Stock options exercised and related tax effects	422	4	(155)	(1,151)	4,581	-	5,736
Balance at October 31, 2004	28,730	$287	17,820	$136,436	$130,705	$195,830	$190,386

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

REX STORES CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements Of Cash Flows
Unaudited

	Nine Months Ended October 31	
	2004	2003
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 10,750	$ 10,386
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization, net	3,051	3,039
Income from limited partnerships	(13,798)	(9,916)
Loss (gain) on disposal of fixed assets	246	(713)
Deferred income	(1,106)	(1,360)
Deferred income taxes	(1,437)	-
Changes in assets and liabilities:		
Accounts receivable	356	1,862
Merchandise inventory	(35,460)	(13,292)
Other current assets	(1,416)	(138)
Other long term assets	2,865	(940)
Accounts payable, trade	16,514	7,273
Other current liabilities	(2,067)	(715)
NET CASH USED IN OPERATING ACTIVITIES	(21,502)	(4,514)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(5,438)	(2,486)
Proceeds from sale of partnership interest	15,048	7,995
Proceeds from sale of real estate and fixed assets	194	2,693
Restricted investments	(8)	(12)
NET CASH PROVIDED BY INVESTING ACTIVITIES	9,796	8,190
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in notes payable	15,169	5,451
Payments of long-term debt	(24,234)	(4,623)
Stock options exercised and related tax effects	2,910	2,399
Treasury stock issued	1,151	635
Treasury stock acquired	(8,357)	(7,415)
NET CASH USED IN FINANCING ACTIVITIES	(13,361)	(3,553)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(25,067)	123
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	29,026	1,380
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3,959	$ 1,503

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

REX STORES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
October 31, 2004

Note 1. Consolidated Condensed Financial Statements

The consolidated condensed financial statements included in this report have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and include, in the opinion of management, all adjustments necessary to state fairly the information set forth therein. Any such adjustments were of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these unaudited consolidated condensed financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended January 31, 2004 (fiscal 2003). The results of operations for the interim periods are not necessarily indicative of the results to be expected for the year.

Note 2. Accounting Policies

The interim consolidated condensed financial statements have been prepared in accordance with the accounting policies described in the notes to the consolidated financial statements included in the Company's 2003 Annual Report on Form 10-K. While management believes that the procedures followed in the preparation of interim financial information are reasonable, the accuracy of some estimated amounts is dependent upon facts that will exist or calculations that will be accomplished at fiscal year end. Examples of such estimates include changes in the LIFO reserve (based upon the Company's best estimate of inflation to date), management bonuses and the provision for income taxes. Any adjustments pursuant to such estimates during the quarter were of a normal recurring nature. The provision for income taxes could vary based upon full year synthetic fuel production levels, federal income tax law changes, and the price of certain fuel products adjusted for inflation and Internal Revenue Service audits.

The following table reflects the approximate percent of net sales for each major product group for the periods presented.

	Three Months Ended October 31		Nine Months Ended October 31	
Product Category	2004	2003	2004	2003
Televisions	57.2%	53.5%	52.2%	50.6%
Appliances	19.5	20.3	21.6	21.6
Audio	9.9	11.4	11.8	12.9
Video	5.6	7.1	6.3	6.9
Other	7.8	7.7	8.1	8.0
	100.0%	100.0%	100.0%	100.0%

The Company accounts for vendor allowances in accordance with Emerging Issues Task Force (EITF) 02-16 "Accounting by a Customer for Certain Consideration Received from a Vendor," which addresses how and when to reflect consideration received from vendors in the consolidated financial statements. Vendors often fund, up front, certain advertising costs and exposure to general changes in pricing to customers due to technological change. Allowances are deferred as received from vendors and recognized into income as an offset to the cost of merchandise sold when the related product is sold or expense incurred. Advertising costs are expensed as incurred.

Cost of merchandise sold includes the cost of merchandise, markdowns and inventory shortage, receiving, warehousing and freight charges to deliver merchandise to retail stores, service repair bills as well as cash discounts and rebates. The Company classifies purchasing costs as selling, general and administrative expenses. As a result of this classification, the Company's gross margins may not be comparable to those of other retailers that include costs related to their distribution network in selling, general and administrative expense.

The Company includes stores expenses (such as payroll and occupancy costs), advertising, purchasing, depreciation, insurance and overhead costs in selling, general and administrative expenses.

Interest expense of $2,426,000 for the nine months ended October 31, 2004 is net of approximately $30,000 of interest capitalized. Interest expense of $3,687,000 for the nine months ended October 31, 2003 is net of approximately $65,000 of interest capitalized. Cash paid for interest for the nine months ended October 31, 2004 and 2003 was approximately $2,320,000 and $3,838,000, respectively.

During the first nine months of fiscal 2004 the Company completed the early payoff of mortgages for 42 retail locations totaling approximately $21.6 million. The scheduled payment on these notes included approximately $0.5 million for the last three months of fiscal 2004, $6.2 million for fiscal 2005, $6.9 million for fiscal 2006, $1.6 million for fiscal 2007, $1.4 million for fiscal 2008 and $4.3 million thereafter. The Company incurred a charge of approximately $614,000, including cash payments of approximately $341,000, for the first nine months of fiscal 2004 related to this termination of debt.

During the first nine months of fiscal 2004 the Company received 113,346 shares of common stock into treasury with a market value of approximately $1.7 million as payment for the exercise of options for 271,525 shares of common stock.

The Company applies an effective tax rate to interim periods that is consistent with the Company's estimated annual tax rate. The tax credits generated from synthetic fuel operations reduce the Company's overall effective tax rate. The Company projects the effective tax rate for the year and records a provision in that quarter to reflect the projected tax rate. Estimates of the effective tax rate may change based upon synthetic fuel production and the Company's projected income.

The Company paid income taxes of approximately $2,390,000 and $1,605,000 for the nine months ended October 31, 2004 and 2003, respectively.

Note 3. Revolving Line of Credit

On September 14, 2004, the Company entered into an amended and restated loan agreement which provides for a $115,000,000 five year revolving credit facility through September 14, 2009. Amounts available for borrowing under the loan agreement are subject to a borrowing base equal to the sum of 85% of net appraised liquidation value of eligible inventory and 85% of eligible receivables. Borrowings accrue interest at prime minus 0.5% or LIBOR plus 1.75%. Borrowings are guaranteed by the Company and are presently secured by all of the Company's non real estate assets and the capital stock of the Company's subsidiaries. Aggregate commitments under the loan agreement may be increased by up to an additional $50,000,000.

The loan agreement replaces the Company's prior $130,000,000 bank credit facility. The loan agreement does not contain any financial covenants. The loan agreement requires the maintenance of excess borrowing availability of 10% of the borrowing base, contains covenants limiting indebtedness, liens, mergers and permitted acquisitions, asset divestitures, dividends, loans, investments and transactions with affiliates, and contains customary default provisions including, but not limited to, failure to pay interest or principal when due and failure to comply with covenants.

Note 4. Stock Option Plans

The Company has stock-based compensation plans under which stock options are granted to officers and key employees at the market price on the date of the grant.

The following summarizes options granted, exercised and canceled or expired during the nine months ended October 31, 2004:

Outstanding at January 31, 2004 ($3.61 to $16.04 per share)	6,391,069
Issued ($12.18 to $12.45 per share)	369,050
Exercised ($3.61 to $10.14 per share)	(576,336)
Canceled or expired ($8.01 to $14.745 per share)	(22,900)
Outstanding at October 31, 2004 ($3.61 to $16.04 per share)	6,160,883

Pursuant to SFAS No. 123, "Accounting for Stock-Based Compensation," the Company has elected to account for its employee stock option plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees," which recognizes expense based on the intrinsic value at date of grant. As stock options have been issued with exercise prices equal to grant date fair value, no compensation cost has resulted.

Had compensation cost for all options granted been determined based on the fair value at grant date consistent with SFAS No. 123, the Company's net earnings and earnings per share would have been as follows (in thousands, except per share amounts):

		Three Months Ended October 31		Nine Months Ended October 31	
		2004	2003	2004	2003
Net Income	As Reported	$3,381	$4,081	$10,750	$10,386
	Compensation Cost	821	664	2,361	2,086
	Pro forma	2,560	3,417	8,389	8,300
Basic net income per share	As Reported	$ 0.31	$ 0.38	$ 0.97	$ 0.96
	Compensation Cost	.08	.06	.21	.19
	Pro forma	0.23	0.32	0.76	0.77
Diluted net income per share	As Reported	$ 0.27	$ 0.32	$ 0.84	$ 0.82
	Compensation Cost	.07	.05	.18	.16
	Pro forma	0.20	0.27	0.66	0.66

The assumptions used to calculate the fair value of options granted are evaluated and revised, as necessary, to reflect market conditions and experience.

Note 5. Income Per Share from Continuing Operations

The following table reconciles the basic and diluted net income per share from continuing operations computation for each period presented (in thousands, except per share amounts):

	Three Months Ended October 31, 2004			Nine Months Ended October 31, 2004		
	Income	Shares	Per Share	Income	Shares	Per Shares
Basic income per share from continuing operations	$3,499	10,897	$0.32	$11,180	11,092	$1.01
Effect of stock options		1,713			1,686	
Diluted income per share from continuing operations	$3,499	12,610	$0.28	$11,180	12,778	$0.87

	Three Months Ended October 31, 2003			Nine Months Ended October 31, 2003		
	Income	Shares	Per Share	Income	Shares	Per Share
Basic income per share from continuing operations	$4,177	10,819	$0.39	$10,618	10,820	$0.98
Effect of stock options		2,047			1,788	
Diluted income per share from continuing operations	$4,177	12,866	$0.33	$10,618	12,608	$0.84

For the three months ended October 31, 2004 and 2003, a total of 333,536 shares and 337,136 shares, respectively, and for the nine months ended October 31, 2004 and 2003, a total of 333,536 and 667,136 shares, respectively, subject to outstanding options were not included in the common equivalent shares outstanding calculation as the exercise prices were above the average trading price of the Company's common stock for that period.

Note 6. Synthetic Fuel

Net income for the third quarter and first nine months of fiscal 2004 includes approximately $5.2 million and $13.3 million, respectively, of pre-tax investment income from the sales of the Company's entire Partnership interest in Colona SynFuel Limited Partnership, L.L.L.P., a synthetic fuel limited partnership. The Internal Revenue Service has completed an audit on the Colona partnership. The audit was finalized in February 2004 and a closing agreement was signed with the Internal Revenue Service that confirms that the Colona facility was placed in service before July 1, 1998, and that the fuel produced by the Colona facilities in 2001 is a "qualified fuel" for purposes of the Section 29 federal income tax credits. Beginning in fiscal 2002, certain quarterly payments from the sales were being held in escrow pending the results of the audit. All remaining funds were released from escrow upon the completion of the audit.

Net income for the nine months ended October 31, 2004 also includes approximately $468,000 of pre-tax investment income from the sale of the Company's membership interest in the limited liability company that owns a synthetic fuel facility in Gillette, Wyoming. The Company received $2,750,000 at the time of sale on March 30, 2004 along with a secured contingent payment note that could provide additional investment income to the Company if certain federal income tax issues are favorably resolved for the buyer with the Internal Revenue Service and/or the facility resumes commercial operations. If the issues are favorably resolved prior to January 1, 2005, or if thereafter the facility resumes commercial operations, the Company is eligible to receive an additional $3.5 million; in addition the Company is eligible to receive $1.50 per ton of "qualified production" produced by the facility and sold.

The Company remains a limited partner in Somerset SynFuel, L.P., from which we are receiving Section 29 federal income tax credits. In June 2004 the Internal Revenue Service concluded its examination of the partnership's Section 29 federal income tax credits for certain years reporting no change in the credits for those years. As a result, the effective tax rate was reduced for fiscal 2004 by a $1.4 million reduction in the valuation allowance related to alternative minimum tax carry forwards.

A United States Senate Subcommittee has initiated an investigation into federal income tax credits involving synthetic fuel operations.

Under current law, credits under Section 29 are available for qualified fuels sold before January 1, 2008. The tax credits begin to phase out if the price of a barrel of oil exceeds certain levels adjusted annually for inflation. The 2003 phase-out price started at $50.14 per barrel. The 2004 phase-out price has not been determined.

Note 7. Discontinued Operations

During the second and third quarters of fiscal 2004 the Company closed six stores in which the Company vacated the market. Those stores and two stores that are not closed were classified as discontinued operations for all periods presented. Certain of the closed stores and certain other assets are classified as held for sale. The net assets of those stores at October 31, 2004 were approximately $2,569,000. The Company expects to sell the assets related to these stores within the next twelve months through normal real estate channels. No loss has been recognized as the estimated net realizable values exceed the carrying values of these assets.

Below is a table reflecting certain items of the income statement that were reclassified as discontinued operations for the period indicated.

	Three Months Ended October 31		Nine Months Ended October 31	
	2004	2003	2004	2003
	(In Thousands)			
Net sales	$771	$2,064	$4,239	$6,346
Loss before benefit for income taxes	193	157	704	380
Benefit for income taxes	75	61	274	148
Net loss	$118	$ 96	$ 430	$ 232

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

We are a specialty retailer in the consumer electronics/appliance industry. As of October 31, 2004 we operated 238 stores in 37 states, predominantly in small to medium-sized markets under the trade name "REX".

Fiscal Year

All references in this report to a particular fiscal year are to REX's fiscal year ended January 31. For example, "fiscal 2004" means the period February 1, 2004 to January 31, 2005.

Results of Operations

The following table sets forth, for the periods indicated, the relative percentages that certain income and expense items bear to net sales:

	Three Months Ended October 31		Nine Months Ended October 31	
	2004	2003	2004	2003
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of merchandise sold	73.1	70.2	71.8	70.0
Gross profit	26.9	29.8	28.2	30.0
Selling, general and administrative expenses	27.5	26.9	27.7	27.4
Income (loss) from continuing operations before interest, other items, income taxes and discontinued operations	(0.6)	2.9	0.5	2.6
Interest expense	(0.8)	(1.3)	(0.9)	(1.4)
Loss on early termination of debt	-	-	(0.2)	-
Gain on sale of real estate	0.1	0.4	-	0.3
Income from limited partnerships	5.6	3.9	5.2	3.6
Income from continuing operations before provision for income taxes and discontinued operations	4.3	5.9	4.6	5.1
Provision for income taxes	0.6	1.5	0.4	1.3
Income from continuing operations	3.7	4.4	4.2	3.8
Loss from discontinued operations, net of tax	0.1	0.1	0.2	0.1
Net income	3.6%	4.3%	4.0%	3.7%

Comparison of Three and Nine Months Ended October 31, 2004 and 2003

Net sales from continuing operations in the quarter ended October 31, 2004 were $93.6 million compared to $94.5 million in the prior year's third quarter, representing a decrease of $0.9 million or 1.0%. This decline was primarily caused by a reduction in stores since the end of the third quarter of fiscal 2003. There was a decrease of ten stores since the end of the third quarter of fiscal 2003, six of which are classified as discontinued operations. Comparable store sales increased by 1.4% for the third quarter of fiscal 2004. We consider a store to be comparable after it has been open six full fiscal quarters. Comparable store sales comparisons do not include sales of extended service contracts.

Our strongest product category for the third quarter of fiscal 2004 was the television category which positively impacted comparable store sales by 4.7%. This increase is primarily due to higher demand for the LCD, DLP and plasma televisions. The "other" category also positively impacted comparable store sales by 0.5% primarily due to higher sales of the ready to assemble television furniture stands. The appliance category negatively impacted comparable store sales by 0.6% for the third quarter of fiscal 2004. The audio category negatively impacted comparable store sales by 1.5%

and the video category negatively impacted comparable store sales by 1.8% for the third quarter of fiscal 2004.

Net sales for the first nine months of fiscal 2004 were $267.6 million compared to $277.1 million for the first nine months of fiscal 2003 net of the impact of including eight stores as discontinued operations. This represents a decrease of $9.5 million or 3.4%. Comparable store sales declined by approximately 1.9% for the first nine months of fiscal 2004. There was a decrease of ten stores since the end of the third quarter of fiscal 2003, six of which were included as discontinued operations.

Our strongest product category for the first nine months of fiscal 2004 was the television category which positively impacted comparable store sales by 0.6%. The "other" category also positively impacted comparable store sales by 0.3%. The audio category negatively impacted comparable store sales by 1.4%, the video category negatively impacted comparable store sales by 0.8% and the appliance category negatively impacted comparable store sales by 0.5%.

The following table reflects the approximate percent of net sales for each major product group for the periods presented.

	Three Months Ended October 31		Nine Months Ended October 31	
Product Category	2004	2003	2004	2003
Televisions	57.2%	53.5%	52.2%	50.6%
Appliances	19.5	20.3	21.6	21.6
Audio	9.9	11.4	11.8	12.9
Video	5.6	7.1	6.3	6.9
Other	7.8	7.7	8.1	8.0
	100.0%	100.0%	100.0%	100.0%

As of October 31, 2004, we had 238 stores compared to 248 stores one year earlier. We did not open any stores and closed ten stores during the first nine months of fiscal 2004. We did not open any stores and closed four stores during the first nine months of fiscal 2003.

Gross profit of $25.2 million (26.9% of net sales) from continuing operations in the third quarter of fiscal 2004 was approximately $3.0 million lower than the $28.2 million (29.8% of net sales) recorded from continuing operations in the third quarter of fiscal 2003. Gross profit from continuing operations for the first nine months of fiscal 2004 was $75.3 million (28.2% of net sales) compared to $83.2 million (30.0% of net sales) for the first nine months of fiscal 2003. Gross profit margin has been reduced primarily due to more aggressive promotional activity and recognizing a lower amount of extended service contract sales which generally have higher gross profit margin associated with it.

Selling, general and administrative expenses from continuing operations for the third quarter of fiscal 2004 were $25.8 million (27.5% of net sales), an increase of $0.3 million or 1.2% from $25.5 million (26.9% of net sales) for the third quarter of fiscal 2003. The increase in expenditures was primarily a result of costs associated with hurricane damage to stores in the southeastern United

States and costs associated with abandoning leased locations. Selling, general and administrative expenses from continuing operations were $74.0 million (27.7% of net sales) for the first nine months of fiscal 2004 representing a reduction of $2.1 million or 2.7% from $76.1 million (27.4% of net sales) for the first nine months of fiscal 2003. The reduction in expenditures was primarily due to: (i) lower salespeople commission costs due to lower gross profit margins which generally results in lower commission cost; and (ii) lower advertising expenditures primarily due to reduced television advertising.

Interest expense from continuing operations was $716,000 (0.8% of net sales) for the third quarter of fiscal 2004 compared to $1.2 million (1.3% of net sales) for the third quarter of fiscal 2003. Interest expense from continuing operations was $2.4 million (0.9% of net sales) for the first nine months of fiscal 2004 compared to $3.7 million (1.4% of net sales) for the first nine months of fiscal 2003. Interest expense for the current year has been lowered due to lower average borrowings on the line of credit and the pay off of approximately $24.2 million in mortgage debt in the current year. We incurred a charge of approximately $614,000 in the current year related to the early termination of approximately $21.6 million of mortgage debt.

There were two parcels of land attached to owned properties sold in the first nine months of fiscal 2004 for a gain of approximately $121,000. In the first nine months of fiscal 2003 we sold three properties for gains of approximately $779,000.

Results for the third quarter and first nine months of fiscals 2004 and 2003 also reflect the impact of our equity investment in two limited partnerships, Colona SynFuel Limited Partnership, L.L.L.P., and Somerset SynFuel, L.P., which produce synthetic fuels. We remain a limited partner in the Somerset limited partnership but have sold our ownership interest in the Colona limited partnership through a series of three sales. We expect to receive payments from the sales on a quarterly basis through 2007, which will range from 74.25% to 82.5% of the federal income tax credits attributable to the interest sold. The Colona partnership had been under audit by the Internal Revenue Service. As a result, certain proceeds from the sales were held in escrow beginning in fiscal 2002 pending the results of the audit. The audit was finalized and a closing agreement was signed with the Internal Revenue Service in February 2004. All remaining proceeds were released from escrow and letters of credit were cancelled.

Below is a table summarizing the income from the sales, net of certain expenses. The higher income for the current year generally reflects higher production levels compared to the previous year.

	Three Months Ended October 31		Nine Months Ended October 31	
	2004	2003	2004	2003
	(In Thousands)			
February 1, 1999 sale	$2,083	$1,489	$5,260	$3,955
July 31, 2000 sale	1,660	1,188	4,298	3,139
May 31, 2001 sale	1,476	1,056	3,772	2,822
	$5,219	$3,733	$13,330	$9,916

Income from synfuel investment for the first nine months of fiscal 2004 also includes income of approximately $468,000 from our sale of our membership interest in the limited liability company that owns a synthetic fuel facility in Gillette, Wyoming. We also received a secured contingent payment note that could provide additional investment income for the Company if certain tax issues are favorably resolved for the buyer with the Internal Revenue Service and/or the facility resumes commercial operation. If the tax issues are favorably resolved with the Internal Revenue Service prior to January 1, 2005, or, if thereafter the facility resumes commercial operations, we are eligible to receive an additional $3.5 million; in addition, we are eligible to receive $1.50 per ton of "qualified production" produced by the facility and sold.

Our effective tax rate was 13.2% and 25.4% for the third quarter of fiscals 2004 and 2003, respectively, and 9.4% and 25.4% for the first nine months of fiscals 2004 and 2003, respectively, after reflecting our share of federal income tax credits earned by the limited partnerships under Section 29 of the Internal Revenue Code. Our effective tax rate was reduced in fiscal 2004 as a result of a $1.4 million reduction in the valuation allowance related to alternative minimum tax credit carry forwards as a result of the conclusion in June 2004 of the Internal Revenue Service audit of the Somerset partnership for certain years. The audit resulted in no change in federal income tax credits under Section 29 taken for the period audited.

During the third quarter and first nine months of fiscal 2004, we closed one and six stores, respectively, that were classified as discontinued operations. We also reported two stores that did not close as discontinued operations as we have executed contracts to sell the properties. As a result, we had a loss from discontinued operations, net of tax benefit, of $118,000 and $96,000 for the third quarter of fiscals 2004 and 2003, respectively, and $430,000 and $232,000 for the nine months ended October 31, 2004 and 2003, respectively.

As a result of the foregoing, net income for the third quarter of fiscal 2004 was $3.4 million, a 17.2% decrease from $4.1 million for the third quarter of fiscal 2003. Net income for the first nine months of fiscal 2004 was $10.8 million, a 3.5% increase from $10.4 million for the first nine months of fiscal 2003.

Liquidity and Capital Resources

Net cash used in operating activities was approximately $21.5 million for the first nine months of fiscal 2004, compared to $4.5 million for the first nine months of fiscal 2003. For the first nine months of fiscal 2004, cash was provided by net income of $10.8 million, adjusted for the impact of $13.8 million for gains on our installment sales of the limited partnership interest, non-cash items of $0.8 million, which consisted of deferred income, deferred taxes, loss on disposal of fixed assets and depreciation and amortization. The primary use of cash was an increase in inventory of $35.5 million primarily due to seasonal fluctuations. The other use of cash was a decrease in other current liabilities of $2.1 million. Cash was provided by an increase in accounts payable of $16.5 million due to the increase in inventory and the timing of purchases and payments to vendors. Cash was also provided by a decrease in other long term assets of $2.9 million.

At October 31, 2004, working capital was $81.5 million compared to $98.5 million at January 31, 2004. This decline is primarily caused by seasonal fluctuations as we build inventory levels for the fourth quarter. The ratio of current assets to current liabilities was 1.9 to 1 at October 31, 2004 and 2.6 to 1 at January 31, 2004.

During the first nine months of fiscal 2004, we received proceeds of $15.0 million from installment sales of our ownership interest in the Colona synfuel limited partnership. We had capital expenditures of approximately $5.4 million during the first nine months of fiscal 2004, primarily related to the relocation of eight retail stores.

Cash used in financing activities totaled approximately $13.4 million for the first nine months of fiscal 2004. Cash was provided by increased borrowings of approximately $15.2 million on the line of credit. We received proceeds of approximately $2.0 million from the exercise of stock options by employees and directors. We also recorded a tax benefit of approximately $2.1 million during the first nine months of fiscal 2004 from the exercise of non-qualified stock options as an increase in additional paid-in capital. Cash of $24.2 million was used for scheduled payments of mortgage debt and the early payoff of mortgage debt of approximately $21.6 million. Cash of approximately $8.4 million was also used to acquire 647,000 shares of our common stock. We currently have approximately 523,000 authorized shares remaining available for purchase under the stock buy-back program.

On September 14, 2004, we entered into an amended and restated loan agreement which provides for a $115,000,000 five year revolving credit facility through September 14, 2009. Amounts available for borrowing under the loan agreement are subject to a borrowing base equal to the sum of 85% of net appraised liquidation value of eligible inventory and 85% of eligible receivables. Borrowings accrue interest at prime minus 0.5% or LIBOR plus 1.75%. Borrowings are guaranteed by the Company and are presently secured by all of our non real estate assets and the capital stock of our subsidiaries. Aggregate commitments under the loan agreement may be increased by up to an additional $50,000,000.

The loan agreement replaces our prior $130,000,000 bank credit facility. The loan agreement does not contain any financial covenants. The loan agreement requires the maintenance of excess borrowing availability of 10% of the borrowing base, contains covenants limiting indebtedness, liens, mergers and permitted acquisitions, asset divestitures, dividends, loans, investments and transactions with affiliates, and contains customary default provisions including, but not limited to, failure to pay interest or principal when due and failure to comply with covenants.

Forward-Looking Statements

This Form 10-Q contains or may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. The words "believes", "estimates", "plans", "expects", "intends", "anticipates" and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. Forward-looking statements are inherently subject to risks and uncertainties. These risks and uncertainties include 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 interests in synthetic fuel investments, the uncertain amount of synthetic fuel production and tax credits received from time to time from the Company's synthetic fuel investments, and the potential for Section 29 tax credits to phase out based on the price of crude oil adjusted for inflation. Other factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in Exhibit 99(a) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2004 (File No. 001-09097).

Item 3. Quantitative and Qualitative Disclosures About Market Risk

No material changes since January 31, 2004.

Item 4. Controls and Procedures

The Company's management evaluated, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures, as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There were no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
August 1-31, 2004	103,235	$12.67	103,235	596,845
September 1-30, 2004	73,656	$13.88	29,300	567,545
October 1-31, 2004	44,500	$14.08	44,500	523,045
Total	221,391	$13.35	177,035	523,045

- ------------------------

(1) A total of 44,356 shares of common stock were purchased by the Company other than through a publicly announced plan or program. These shares were acquired on September 21, 2004 in payment of the exercise price of stock options exercised by Stuart A. Rose, Chairman, President and Chief Executive Officer of the Company. The purchase price was $13.91 per share.

(2) On February 27, 2004, the Company announced it had authorized the purchase of up to 1,000,000 shares of its common stock from time to time in private or market transactions at prevailing market prices. At October 31, 2004, a total of 523,045 shares remained available to purchase under this authorization.

Item 6. Exhibits.

The following exhibits are filed with this report:

10(a) Form of Stock Option Agreement under 1999 Omnibus Stock Incentive Plan (Nonqualified Stock Option)

10(b) Form of Stock Option Agreement under 1999 Omnibus Stock Incentive Plan (Nonemployee Director Stock Option)

31 Rule 13a-14(a)/15d-14(a) Certifications

32 Section 1350 Certifications

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.

REX STORES CORPORATION
Registrant

Signature	Title	Date
STUART A. ROSE (Stuart A. Rose)	Chairman of the Board (Chief Executive Officer)	December 9, 2004
DOUGLAS L. BRUGGEMAN (Douglas L. Bruggeman)	Vice President, Finance and Treasurer (Chief Financial Officer)	December 9, 2004

NO. ______

REX Stores Corporation

STOCK OPTION AGREEMENT
UNDER THE
1999 OMNIBUS STOCK INCENTIVE PLAN

(Nonqualified Stock Option)

REX Stores Corporation (the "Company") hereby grants, effective _____________ (the "effective date"), to ______________ (the "Optionee") an option to purchase a maximum of ______ shares of its Common Stock, $.01 par value, at a price of $______ per share, subject to the following:

1. Relationship to Plan. This nonqualified stock option is granted pursuant to the Company's 1999 Omnibus Stock Incentive Plan, a copy of which is attached as Exhibit A hereto (the "Plan"), and is in all respects subject to the terms, conditions and definitions of the Plan. The Optionee hereby accepts this option subject to all the terms and provisions of the Plan, including those relating to non-transferability and termination of the option and adjustment of the number of shares subject to this option and the exercise price therefor. The Optionee further agrees that all decisions under and interpretations of the Plan by the Compensation Committee (the "Committee") shall be final, binding and conclusive upon the Optionee and his heirs.

2. Time of Exercise. This option may not be exercised prior to the first anniversary of the effective date of this Agreement. It may thereafter be exercised, from time to time, in full or in part, by the Optionee to the extent of the Optionee's then "Vested Percentage" of the maximum number of shares of Common Stock subject to this option as determined in accordance with the following schedule, and shall remain exercisable (subject to the provisions of Section 6 hereof and the Plan) until it has been exercised as to all shares subject hereto or has expired, whichever occurs first.

Anniversary of Effective Date of Agreement		Vested Percentage
First	(12th month)	20%
Second	(24th month)	40%
Third	(36th month)	60%
Fourth	(48th month)	80%
Fifth	(60th month)	100%

Notwithstanding anything to the contrary herein contained, so long as the Optionee shall be employed by the Company or any of its subsidiaries, this option may not be exercised if, in the opinion of counsel for the Company, the issuance of the shares pursuant hereto, either alone or in combination with the issuance of other securities by the Company, would constitute a violation of applicable federal or state securities laws or regulations or orders thereunder. In the event this option may not otherwise be exercised by reason of the foregoing sentence, the Company shall use its best efforts to register said shares with the Securities and Exchange

Commission on Form S-8 (or successor form) and, concurrently therewith, to take such steps as may be necessary to comply with applicable state securities laws in connection with such issuance.

3. Term of Option. This option shall expire on the tenth anniversary of the effective date of this Agreement.

4. Methods of Exercise. This option shall be exercisable by a written notice in the form adopted by the Committee, as attached hereto as Exhibit B, which specifies the number of shares to be purchased. Upon receipt of payment for the shares, the Company will thereafter deliver or cause to be delivered to the Optionee (or if any other individual or individuals are exercising this option, to such individual or individuals) at the office of the Company, a certificate or certificates for the number of shares with respect to which this option is being exercised, registered in the name or names of the individual or individuals exercising the option, provided, however, that if any law or regulation or order of the Securities and Exchange Commission or other body having jurisdiction in the premises shall require the Company or Optionee (or other individual or individuals exercising this option) to take any action in connection with the shares then being purchased, the delivery of the certificate or certificates for such shares shall be delayed for the period necessary to take and complete such action.

5. Purchase for Investment. This option is granted on the condition that the purchase of shares of stock hereunder shall be for the account of the Optionee (or other individual or individuals exercising this option) for investment purposes and not with a view to resale or distribution, except that such condition shall be inoperative if the offering of shares subject to the option is registered under the Securities Act of 1933, as amended, or if in the opinion of counsel for the Company such shares may be resold without registration. At the time of any exercise of the option, the Optionee (or other individual or individuals exercising this option) will execute such further agreements as the Company may require to implement the foregoing condition and to acknowledge the Optionee's (or such other individual's) familiarity with restrictions on the resale of the shares under applicable securities laws.

6. Termination of Option. This Agreement, and the option granted hereunder, shall terminate and may no longer be exercised if the Optionee ceases for any reason to be an employee of the Company, or any of its subsidiaries, except that:

(i) If the Optionee's employment shall have terminated for any reason other than cause, disability (as defined below) or death, the Optionee may at any time within a period of six months after such termination of employment exercise the option to the extent of the Optionee's Vested Percentage on the date of termination of employment; and/or

(ii) If the Optionee's employment shall have been terminated because of disability within the meaning of Section 22(e)(3) of the Code, the Optionee may at any time within a period of one year after such termination of employment exercise the option to the extent of the Optionee's Vested Percentage on the date of termination of employment; and/or

(iii) If the Optionee dies at a time when the option was exercisable by the Optionee, the Optionee's estate, personal representative or beneficiary to whom it has been transferred pursuant to the Plan may, within six months following the death, exercise the option to the extent of the deceased Optionee's Vested Percentage at the time of death;

Provided, however, that no option may be exercised to any extent by anyone after the date of expiration of the option.

7. Acceleration of Exercise Date Upon Change In Control. Notwithstanding anything to the contrary herein, upon the occurrence of a Change in Control (as defined in the Plan), this option, if outstanding at such time, shall become fully and immediately exercisable and shall remain exercisable until its expiration, termination or cancellation.

8. General. This Agreement shall be construed as a contract under the laws of the State of Ohio. It shall bind and, subject to the terms of the Plan, benefit the parties and their respective successors, assigns and legal representatives.

IN WITNESS WHEREOF, the Company and the Optionee have caused this Agreement to be executed as of the date first above written.

REX Stores Corporation

By:_________________________________

Its:________________________________

____
Name of Employee

EXHIBIT B

WRITTEN NOTICE OF EXERCISE OF
STOCK OPTION AGREEMENT UNDER
1999 OMNIBUS STOCK INCENTIVE PLAN
REX Stores Corporation

The undersigned hereby exercises, according to the terms and conditions thereof, his option pursuant to the 1999 Omnibus Stock Incentive Plan, No. ____ for ______________ shares of the Common Stock of REX Stores Corporation, at a price of $______ per share, said number of shares not to exceed the Vested Percentage as set forth in said option. The undersigned hereby makes payment to REX Stores Corporation of the purchase price in full. Kindly issue all shares to the undersigned and deliver to the undersigned at the address stated below.

Name: _____________________________________

Address: _____________________________________

____

Social Security Number: _______________________

Signature:_____________________________________

Purchase Price:________________________________

Dated:____________________________

NO. _____

REX Stores Corporation

STOCK OPTION AGREEMENT
UNDER THE
1999 OMNIBUS STOCK INCENTIVE PLAN
(Nonemployee Director Stock Option)

REX Stores Corporation (the "Company") hereby grants, effective ____________ (the "effective date"), to _____________ (the "Optionee") an option to purchase a maximum of _____ shares of its Common Stock, $.01 par value, at a price of $______ per share, subject to the following:

1. Relationship to Plan. This nonqualified stock option is granted pursuant to the Company's 1999 Omnibus Stock Incentive Plan, a copy of which is attached as Exhibit A hereto (the "Plan"), and is in all respects subject to the terms, conditions and definitions of the Plan. The Optionee hereby accepts this option subject to all the terms and provisions of the Plan, including those relating to non-transferability and termination of the option and adjustment of the number of shares subject to this option and the exercise price therefor. The Optionee further agrees that all decisions under and interpretations of the Plan by the Compensation Committee (the "Committee") shall be final, binding and conclusive upon the Optionee and his heirs.

2. Time of Exercise. This option may not be exercised prior to the first anniversary of the effective date of this Agreement. It may thereafter be exercised, from time to time, in full or in part, by the Optionee to the extent of the Optionee's then "Vested Percentage" of the maximum number of shares of Common Stock subject to this option as determined in accordance with the following schedule, and shall remain exercisable (subject to the provisions of Section 6 hereof and the Plan) until it has been exercised as to all shares subject hereto or has expired, whichever occurs first.

Anniversary of Effective Date of Agreement		Vested Percentage
First	(12th month)	20%
Second	(24th month)	40%
Third	(36th month)	60%
Fourth	(48th month)	80%
Fifth	(60th month)	100%

Notwithstanding anything to the contrary herein contained, so long as the Optionee shall be a member of the Board of Directors of the Company, this option may not be exercised if, in the opinion of counsel for the Company, the issuance of the shares pursuant hereto, either alone or in combination with the issuance of other securities by the Company, would constitute a violation of applicable federal or state securities laws or regulations or orders thereunder. In the event this option may not otherwise be exercised by reason of the foregoing sentence, the Company shall use its best efforts to register said shares with the Securities and Exchange

Commission on Form S-8 (or successor form) and, concurrently therewith, to take such steps as may be necessary to comply with applicable state securities laws in connection with such issuance.

3. Term of Option. This option shall expire on the tenth anniversary of the effective date of this Agreement.

4. Methods of Exercise. This option shall be exercisable by a written notice in the form adopted by the Committee, as attached hereto as Exhibit B, which specifies the number of shares to be purchased. Upon receipt of payment for the shares, the Company will thereafter deliver or cause to be delivered to the Optionee (or if any other individual or individuals are exercising this option, to such individual or individuals) at the office of the Company, a certificate or certificates for the number of shares with respect to which this option is being exercised, registered in the name or names of the individual or individuals exercising the option, provided, however, that if any law or regulation or order of the Securities and Exchange Commission or other body having jurisdiction in the premises shall require the Company or Optionee (or other individual or individuals exercising this option) to take any action in connection with the shares then being purchased, the delivery of the certificate or certificates for such shares shall be delayed for the period necessary to take and complete such action.

5. Purchase for Investment. This option is granted on the condition that the purchase of shares of stock hereunder shall be for the account of the Optionee (or other individual or individuals exercising this option) for investment purposes and not with a view to resale or distribution, except that such condition shall be inoperative if the offering of shares subject to the option is registered under the Securities Act of 1933, as amended, or if in the opinion of counsel for the Company such shares may be resold without registration. At the time of any exercise of the option, the Optionee (or other individual or individuals exercising this option) will execute such further agreements as the Company may require to implement the foregoing condition and to acknowledge the Optionee's (or such other individual's) familiarity with restrictions on the resale of the shares under applicable securities laws.

6. Termination of Option.

(i) In the event of the Optionee's termination of service on the Board of Directors of the Company other than by reasons of retirement, disability (as defined below) or death, the Optionee may at any time within a period of six months after such termination of service exercise this option to the extent of the Optionee's Vested Percentage on the date of termination of service.

(ii) In the event of the Optionee's termination of service on the Board of Directors by reason of retirement, or disability within the meaning of Section 22(e)(3) of the Code, this option shall continue to become exercisable in accordance with the schedule set forth in Section 2 hereof.

(iii) In the event of the death of the Optionee, this option shall become immediately exercisable in full (100% Vested Percentage) and may be exercised by the Optionee's estate, personal representative or beneficiary to whom it has been transferred pursuant to the Plan at any time within two years after death.

(iv) This option may not be exercised to any extent by anyone after the date of expiration of the option.

7. Acceleration of Exercise Date Upon Change In Control. Notwithstanding anything to the contrary herein, upon the occurrence of a Change in Control (as defined in the Plan), this option, if outstanding at such time, shall become fully and immediately exercisable and shall remain exercisable until its expiration, termination or cancellation.

8. General. This Agreement shall be construed as a contract under the laws of the State of Ohio. It shall bind and, subject to the terms of the Plan, benefit the parties and their respective successors, assigns and legal representatives.

IN WITNESS WHEREOF, the Company and the Optionee have caused this Agreement to be executed as of the date first above written.

REX Stores Corporation

By:______________________________

Its: ____________________________

____
Name

EXHIBIT B

WRITTEN NOTICE OF EXERCISE OF
STOCK OPTION AGREEMENT UNDER
1999 OMNIBUS STOCK INCENTIVE PLAN
REX Stores Corporation

The undersigned hereby exercises, according to the terms and conditions thereof, his option pursuant to the 1999 OMNIBUS STOCK INCENTIVE PLAN, No. _____, for _________ shares of the Common Stock of REX Stores Corporation, at a price of $______ per share, said number of shares not to exceed the Vested Percentage as set forth in said option. The undersigned hereby makes payment to REX Stores Corporation of the purchase price in full. Kindly issue all shares to the undersigned and deliver to the undersigned at the address stated below.

Name: _____________________________________

Address: _____________________________________

____

Social Security Number: _______________________

Signature:_____________________________________

Purchase Price:________________________________

Dated:____________________________

Exhibit 31

CERTIFICATIONS

I, Stuart A. Rose, certify that:

1. I have reviewed this quarterly report on Form 10-Q of REX Stores Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 9, 2004

STUART A. ROSE
Stuart A. Rose
Chairman of the Board, President and
Chief Executive Officer

I, Douglas L. Bruggeman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of REX Stores Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 9, 2004

DOUGLAS L. BRUGGEMAN
Douglas L. Bruggeman
Vice President, Finance, Treasurer and
Chief Financial Officer

Exhibit 32

REX Stores Corporation
CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officers of REX Stores Corporation (the "Company") hereby certify, to their knowledge, that the Company's Quarterly Report on Form 10-Q for the period ended October 31, 2004, which this certificate accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained therein fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

STUART A. ROSE
Stuart A. Rose

DOUGLAS L. BRUGGEMAN
Douglas L. Bruggeman

Dated: December 9, 2004