SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED JANUARY 31, 2000   COMMISSION FILE NO. 0-13283

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

Delaware (State or other jurisdiction of incorporation or organization)	31-1095548 (I.R.S. 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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. |X|

At the close of business on April 13, 2000 the aggregate market value of the registrant's outstanding Common Stock held by non-affiliates of the registrant (for purposes of this calculation, 1,226,549 shares beneficially owned by directors and executive officers of the registrant were treated as being held by affiliates of the registrant), was $143,352,350.

There were 6,726,879 shares of the registrant's Common Stock outstanding as of April 13, 2000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of REX Stores Corporation's definitive Proxy Statement for its Annual Meeting of Shareholders on June 5, 2000 are incorporated by reference into Part III of this Form 10-K.

PART I

ITEM 1. BUSINESS

OVERVIEW

We are a leading specialty retailer in the consumer electronics/appliance industry, serving over 200 small to medium-sized towns and communities. Since 1980, when our first four stores were acquired, we have expanded into a national chain operating 238 stores in 35 states under the "REX" trade name. Our stores average approximately 10,900 square feet and offer a broad selection of brand name products within selected major product categories, including big screen and standard-sized televisions, video and audio equipment, camcorders and major household appliances.

Our business strategy emphasizes depth of selection within key product categories. Brand name products are offered at everyday low prices combined with frequent special sales and promotions. We concentrate our stores in small and medium sized markets where we believe that by introducing a high volume, low price merchandising concept, we can become a dominant retailer. We support our merchandising strategy with extensive newspaper advertising in each of our local markets and maintain a knowledgeable sales force which focuses on customer service. We believe our low price policy, attention to customer satisfaction and deep product selection provide customers with superior value.

Our growth strategy is to continue to open stores in small to medium sized markets. We will focus on markets with a newspaper circulation which can efficiently and cost-effectively utilize our print advertising materials and where we believe we can become a dominant retailer.

REX was incorporated in Delaware in 1984 as a holding company to succeed to the entire ownership of three affiliated corporations, Rex Radio and Television, Inc., Stereo Town, Inc. and Kelly & Cohen Appliances, Inc., which were formed in 1980, 1981 and 1983, respectively. Our principal offices are located at 2875 Needmore Road, Dayton, Ohio 45414. Our telephone number is (937) 276-3931.

FISCAL YEAR

All references in this report to a particular fiscal year are to REX's fiscal year ended January 31. For example, "fiscal 1999" means the period February 1, 1999 to January 31, 2000. In the past, we referred to this period as "fiscal 2000." To avoid confusion, we now refer to our fiscal year by reference to the year immediately preceding the January 31 fiscal year end date.

BUSINESS STRATEGY

Our objective is to be the leading consumer electronics/appliance retailer in each of our markets. The key elements of our business strategy include:

FOCUSING ON SMALL MARKETS

We traditionally have concentrated our stores in markets with populations of 20,000 to 300,000. We are currently focusing most of our new store openings in markets with populations under 85,000, which generally are underserved by our competitors. We believe our low-overhead store format and our ability to operate in free-standing as well as strip shopping centers and regional mall locations makes us well suited to these small markets.

MAINTAINING GUARANTEED LOWEST PRICES

We actively monitor prices at competing stores and adjust our prices as necessary to meet or beat the competition. We guarantee the lowest price on our products through a policy of refunding 125% of the difference between our price and a competitor's price on the same item.

OFFERING A BROAD SELECTION OF BRAND NAME PRODUCTS

We offer a broad selection of brand name products within key product categories. We carry most major brands of consumer electronics and appliances, having added Sony and Maytag products during fiscal 1999. We offer merchandise in each of our product categories at a range of price points and generally maintain sufficient product stock for immediate delivery to customers.

CAPITALIZING ON OUR OPPORTUNISTIC BUYING

We frequently purchase large quantities of products directly from manufacturers on an opportunistic basis at favorable prices. We believe this buying strategy makes us a unique and attractive customer for manufacturers seeking to sell cancelled orders and excess inventory and enables us to develop strong relationships and extended trade credit support with vendors.

STRIVING TO BE THE LOW COST OPERATOR IN OUR MARKETS

Our current prototype store is approximately 12,000 square feet and provides us with cost and space efficiencies. Our market selection criteria and operating philosophy allow us to minimize both occupancy and labor costs. Generally, all of our store employees, including our store managers, sell products, unload trucks, stock merchandise and process sales, which helps minimize employee count and overhead within each store. Most stores are staffed with between three and six employees.

LEVERAGING OUR STRONG OPERATIONAL CONTROLS

Our information systems and point-of-sale computer systems, which are installed in every store, allow management to monitor our merchandising programs, sales, employee productivity and in-store inventory levels on a daily basis. Our operational controls provide us with cost efficiencies which reduce overhead while allowing us to maintain high levels of in-stock merchandise. Our three distribution centers, strategically located in Dayton, Ohio, Pensacola, Florida and Cheyenne, Wyoming, reduce inventory requirements at individual stores and facilitate centralized inventory and accounting controls.

GROWTH STRATEGY

We plan to accelerate our store expansion program by opening approximately 30 to 35 new stores in fiscal 2000 and approximately 35 to 40 new stores in fiscal 2001.

SITE SELECTION. We select locations for future stores based on our evaluation of individual site economics and market conditions. When deciding whether to enter a new market or open another store in an existing market, we evaluate a number of criteria, including:

- sales volume potential;

- competition within the market area, including size, strength and merchandising philosophy of former, existing and potential competitors;

- cost of advertising;

- newspaper circulation; and

- size and growth pattern of the population.

In choosing specific sites, we apply standardized site selection criteria taking into account numerous factors, including:

- local demographics;

- real estate occupancy expense based upon ownership and/or leasing;

- traffic patterns; and

- overall retail activity.

Stores typically are located on high traffic arteries, adjacent to or in major shopping malls, with adequate parking to support high sales volume.

We either lease or purchase new store sites depending upon opportunities available to us and relative costs. Of the 26 new stores opened in fiscal 1999 and 1998, 20 were purchased sites and six were leased sites.

STORE ECONOMICS. For leased stores, we anticipate per store capital expenditures of $100,000 to $250,000. This amount may increase to the extent we are responsible for the remodeling or renovation of the new leased site. We anticipate expenditures of approximately $950,000 to $1,400,000 when we purchase real estate, which include the cost of the land purchased, building construction and fixtures. The purchase amount varies depending upon the size and location of the store. The purchase amount may be higher if we build or purchase a location larger than our needs and attempt to lease a portion of the store. Historically, we have obtained long-term mortgage financing of approximately 75% of the land and building cost of opening owned stores. Mortgage financing is generally obtained after a store is opened, either on a site by site or multiple store basis. The extent to which we seek mortgage financing for owned stores is dependent upon mortgage rates, terms and availability.

The gross inventory requirements for new stores are estimated at $350,000 to $500,000 per store depending upon the season and store size.

STORE OPERATIONS

STORES. We locate our stores in the general vicinity of major retail shopping districts and design our stores to generate their own traffic. Currently, 160 stores are located in free-standing buildings, with the balance situated in strip shopping centers and regional malls. Stores located in malls have exterior access and signage rights.

Our stores are designed with minimal interior fixtures to provide an open feeling and a view of all product categories upon entering the store. The stores are generally equipped with neon signage above each product category to further direct the customer to particular products. We believe the interior layout of our stores provides an inviting and pleasant shopping environment for the customer.

Our existing stores average approximately 10,900 square feet, including approximately 7,600 square feet of selling space and approximately 3,300 square feet of storage. New stores are planned to be approximately 12,000 square feet. Stores are open seven days and six nights per week, except for certain holidays. Hours of operation are 10:00 a.m. to 9:00 p.m. Monday through Saturday and 12:00 p.m. to 6:00 p.m., or 1:00 p.m. to 5:00 p.m. in some states, on Sunday.

Our operations are divided into regional districts, containing from two to 11 stores whose managers report to a district manager. Our 39 district managers report to one of four regional vice presidents. Each store is staffed with a full-time manager and one or two assistant managers, commissioned sales personnel and, in higher-traffic stores, seasonal support personnel. Store managers are paid on a commission basis and have the opportunity to earn bonuses based upon their store's sales and gross margins. Sales personnel work on a commission basis.

We evaluate the performance of our stores on a continuous basis and, based on an assessment of overall profitability, future cash flows and other factors we deem relevant, will close any store which is not adequately contributing to our profitability. We closed 4, 6 and 8 stores during fiscal 1999, 1998 and 1997, respectively. Subsequent to January 31, 2000, we closed four stores. In fiscal 1999, we opened 14 new stores: three stores in Ohio, two stores each in Alabama and New York and one store each in Louisiana, Michigan, Mississippi, Montana, North Carolina, South Carolina and Virginia.

STORE LOCATIONS. The following table shows the states in which we operated stores and the number of stores in each state as of January 31, 2000:

STATE	NUMBER OF STORES	STATE	NUMBER OF STORES
Alabama	14	Montana	3
Arkansas	1	Nebraska	2
Colorado	3	New York	22
Florida	26	North Carolina	6
Georgia	7	North Dakota	3
Idaho	5	Ohio	20
Illinois	10	Oklahoma	2
Indiana	3	Pennsylvania	18
Iowa	12	South Carolina	11
Kansas	2	South Dakota	3
Kentucky	3	Tennessee	6
Louisiana	7	Texas	10
Maryland	2	Virginia	2
Massachusetts	2	Washington	2
Michigan	4	West Virginia	5
Minnesota	1	Wisconsin	4
Mississippi	12	Wyoming	2
Missouri	3		

PERSONNEL. We train our employees to explain and demonstrate to customers the use and operation of our merchandise and to develop good sales practices. Our in-house training program for new employees combines on-the-job training with use of a detailed company-developed manual entitled "The REX Way." Sales personnel attend in-house training sessions conducted by experienced salespeople or manufacturers' representatives and receive sales, product and other information in meetings with managers. Management and sales personnel are compensated on a commission basis.

We also have a manager-in-training program that consists of on-the-job training of the assistant manager at the store. Our policy is to staff store management positions with personnel promoted from within REX and to staff new store management positions with existing managers or assistant managers.

SERVICES. Virtually all of the products we sell carry manufacturers' warranties. Except for our least expensive items, we offer extended service contracts to customers, usually for an additional charge, which typically provide one to five years of extended warranty coverage. We offer maintenance and repair services for most of the products we sell. These services are generally subcontracted to independent repair firms.

Our return policy provides that any merchandise may be returned for exchange or refund within seven days of purchase if accompanied by original packaging material and verification of sale.

We accept MasterCard, Visa and Discover. We estimate that, during fiscal 1999, approximately 33.5% of our total sales were made on these credit cards, and approximately 9.4% were made on installment credit contracts arranged through banks or independent finance companies which bear the credit risk of these contracts. We work with local consumer finance companies in each of our markets in implementing these credit arrangements and are able to offer competitive credit packages, generally including interest-free financing options.

MERCHANDISING

PRODUCTS. We offer a broad selection of brand name consumer electronics and home appliance products at a range of price points. We emphasize depth of product selection within selected key product categories. We sell approximately 1,000 products produced by approximately 50 manufacturers. Our product categories include:

TELEVISIONS	VIDEO	AUDIO	APPLIANCES	OTHER
TVs	VCRs	Stereo Systems	Air Conditioners	Extended Service Contracts
Big Screen TVs	Camcorders	Receivers	Microwave Ovens	Ready to Assemble Furniture
TV/VCR Combos	Digital Satellite Systems	Compact Disc Players	Washers	Recordable Tapes
	DVD Players	Tape Decks	Dryers	Telephones
		Speakers	Ranges	Fax Machines
		Car Stereos	Dishwashers	Audio/Video Accessories
		Portable Radios	Refrigerators	Radar Detectors
		Turntables	Freezers	CB Radios
			Vacuum Cleaners	Cellular Phones
			Dehumidifiers	
			Garbage Disposals	

Among the leading brands sold by us during fiscal 1999, in alphabetical order, were General Electric, Hitachi, Hotpoint, JVC, Maytag, Panasonic, Phillips Magnavox, Pioneer, RCA, Roper, Sharp, Sony, Technics, Toshiba, Whirlpool and Zenith. Sony and Maytag products were added during fiscal 1999.

All our stores carry a broad range of televisions, video and audio products, microwave ovens and air conditioners and a limited line of home office products. In addition, 234 stores carry major appliances. We began selling cellular phones in 41 of our stores during fiscal 1999. We do not carry computers, computer software or pre-recorded music.

The following table shows the approximate percent of net sales for each major product group for the last three fiscal years.

PRODUCT CATEGORY	FISCAL YEAR 1999	1998	1997
Televisions	38%	36%	36%
Video	16	17	19
Audio	17	18	17
Appliances	22	21	20
Other	7	8	8
	100%	100%	100%

PRICING. Our policy is to offer our products at guaranteed lowest prices combined with frequent special sales and promotions. Our retail prices are established by our merchandising department, but each district manager is responsible for monitoring the prices offered by competitors and has authority to adjust prices to meet local market conditions. Our commitment to offer the lowest prices is supported by our guarantee to refund 125% of the difference in price if, within 30 days of purchase, a customer can locate the same item offered by a local competitor at a lower price.

ADVERTISING. We use a "price and item" approach in our advertising, stressing the offering of nationally recognized brands at significant savings. The emphasis of our advertising is our Guaranteed Lowest Price. Our guarantee states:

> "Our prices are guaranteed in writing. If you find any other local store stocking and offering to sell for less the identical item in a factory sealed box within 30 days after your REX purchase, we'll refund the difference plus an additional 25% of the difference."

Advertisements are concentrated principally in newspapers and preprinted newspaper inserts, which are produced for us by an outside advertising agency. We supplement our newspaper advertising with television and radio advertisements in certain markets. Advertisements are also complemented by in-store signage highlighting special values, including "Value Every Day," "Best Value," and "Top of the Line." Our advertising strategy includes preferred customer private mailers, special events such as "Midnight Madness Sales" and coupon sales to provide shopping excitement and generate traffic.

PURCHASING. Our merchandise purchasing and opportunistic buying are performed predominantly by three members of senior management. Each individual has responsibility for a specific product category, and two share appliance buying responsibility. By purchasing merchandise in large volume, we are able to obtain quality products at competitive prices and advertising subsidies from vendors to promote the sale of their products. For fiscal 1999, seven vendors accounted for approximately 63% of our purchases. We typically do not maintain long-term purchase contracts with vendors and operate principally on an order-by-order basis.

e-COMMERCE

In April 1999, we began selling selected televisions, audio and video products and small appliances on our Web site at www.rexstores.com. We are an Amazon.com Auctions Charter Merchant and also offer selected products on the eBay and Yahoo! auction Web sites. In January 2000 we entered into an agreement with Zengine, Inc. to develop our Web site. We believe the entry into e-commerce offers us the opportunity to expand our sales into larger markets.

DISTRIBUTION

Our stores are supplied by three regional distribution centers. The distribution centers consist of:

- a 315,000 square foot leased facility in Dayton, Ohio;

- a 180,000 square foot owned facility in Pensacola, Florida, of which we lease 90,000 square feet to an outside company; and

- a 145,000 square foot owned facility in Cheyenne, Wyoming.

We also lease a 67,000 square foot auxiliary warehouse in Pensacola, Florida. In addition, we lease overflow warehouse space as needed to accommodate seasonal inventory requirements and opportunistic purchases.

INVENTORY MANAGEMENT

The regional distribution centers reduce inventory requirements at individual stores, while preserving the benefits of volume purchasing and facilitating centralized inventory and accounting controls. Virtually all of our merchandise is distributed through our distribution centers, with the exception of major appliances which are often shipped directly by the vendor to the retail location. All deliveries to stores are made by independent contract carriers.

MANAGEMENT INFORMATION SYSTEMS

We have developed a computerized management information system which operates an internally developed software package. Our computer system provides management with the information necessary to manage inventory by stock keeping unit (SKU), monitor sales and store activity on a daily basis, capture marketing and customer information, track productivity by salesperson and control our accounting operations.

Our mainframe computer is an IBM A/S 400E series model. The host computer is integrated with our point-of-sale system which serves as the collection mechanism for all sales activity. The combined system provides for next-day review of inventory levels, sales by store and by SKU and commissions earned, assists in cash management and enables management to track merchandise from receipt at the distribution center until time of sale.

COMPETITION

Our business is characterized by substantial competition. Our competitors include national and regional large format merchandisers and superstores such as Best Buy Co., Inc. and Circuit City Stores, Inc., other specialty electronics retailers including RadioShack, the retail operating format of Tandy Corporation, department and discount stores such as Sears, Roebuck and Co., Wal-Mart Stores, Inc. and Montgomery Ward Holding Corp., furniture stores, warehouse clubs, home improvement retailers and Internet and store-based retailers who sell competitive products online. We also compete with small chains and specialty single-store operators in some markets, as well as Sears' dealer-operated units. Some of our competitors have greater financial and other resources than us, which may increase their ability to purchase inventory at a lower cost, better withstand economic downturns or engage in aggressive price competition. Competition within the consumer electronics/appliance retailing industry is based upon price, breadth of product selection, product quality and customer service. We expect competition within the industry to increase.

FACILITIES

We own 128 of our stores. The remaining 110 stores operate on leased premises, with the unexpired terms of the leases ranging from less than one year to 25 years, inclusive of options to renew. For fiscal 1999, the total net rent expense for our leased facilities was approximately $7,411,000.

To date, we have not experienced difficulty in securing leases or purchasing sites for suitable store locations. We continue to remodel and upgrade existing stores as appropriate. In addition, to minimize construction costs, we have developed prototype formats for new store construction.

EMPLOYEES

At January 31, 2000, we had 150 hourly and salaried employees and 949 commission-based sales employees. We also employ additional personnel during peak selling seasons. None of our employees are represented by a labor union. We consider our relationship with our employees to be good.

SERVICE MARKS

We have registered our rights in our service mark "REX" with the United States Patent and Trademark Office. We are not aware of any adverse claims concerning our service mark.

ITEM 2. PROPERTIES

The information required by this Item 2 is set forth in Item 1 of this report under "Store Operations--Stores," "Distribution" and "Facilities" and is incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS

We are involved in various legal proceedings incidental to the conduct of our business. We believe that these proceedings will not have a material adverse effect on our financial condition or operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE COMPANY

Set forth below is certain information about each of our executive officers.

NAME	AGE	POSITION(S)
Stuart Rose	45	Chairman of the Board and Chief Executive Officer*
Lawrence Tomchin	72	President and Chief Operating Officer*
Douglas Bruggeman	39	Vice President-Finance and Treasurer
Edward Kress	50	Secretary*

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*Also serves as a director.

Stuart Rose has been our Chairman of the Board and Chief Executive Officer since our incorporation in 1984 as a holding company to succeed to the ownership of Rex Radio and Television, Inc., Kelly & Cohen Appliances, Inc. and Stereo Town, Inc. Prior to 1984, Mr. Rose was Chairman of the Board and Chief Executive Officer of Rex Radio and Television, Inc., which he founded in 1980 to acquire the stock of a corporation which operated four retail stores.

Lawrence Tomchin has been our President and Chief Operating Officer since 1990. From 1984 to 1990, he was our Executive Vice President and Chief Operating Officer. Mr. Tomchin has been a director since 1984. Mr. Tomchin was Vice President and General Manager of the corporation which was acquired by Rex Radio and Television, Inc. in 1980 and served as Executive Vice President of Rex Radio and Television, Inc. after the acquisition.

Douglas Bruggeman has been our Vice President - Finance and Treasurer since 1989. From 1987 to 1989, Mr. Bruggeman was our Manager of Corporate Accounting. Mr. Bruggeman was employed with the accounting firm of Ernst & Young prior to joining us in 1986.

Edward Kress has been our Secretary since 1984 and a director since 1985. Mr. Kress has been a partner of the law firm of Chernesky, Heyman & Kress P.L.L., our legal counsel, since 1988. From 1985 to 1988, Mr. Kress was a member of the law firm of Smith & Schnacke. Mr. Kress has practiced law in Dayton, Ohio since 1974.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

SHAREHOLDER INFORMATION

Common Share Information and Quarterly Share Prices

Our common stock is traded on the New York Stock Exchange under the symbol RSC.

Fiscal Quarter Ended	High	Low
April 30, 1998	$15.75	$ 9.88
July 31, 1998	15.25	10.88
October 31, 1998	12.75	9.81
January 31, 1999	14.13	10.88
April 30, 1999	$16.94	$11.13
July 31, 1999	39.06	15.75
October 31, 1999	42.38	24.88
January 31, 2000	39.81	13.31

As of April 12, 2000, there were 235 holders of record of our common stock, including shares held in nominee or street name by brokers.

Dividend Policy

Our revolving credit agreement places restrictions on the payment of dividends. We did not pay dividends in the current or prior years.

ITEM 6. SELECTED FINANCIAL DATA

Five Year Financial Summary

(In Thousands, Except Per Share Amounts) (A)	JANUARY 31, 2000	1999	1998	1997	1996
Net sales	$464,300	$416,673	$411,005	$427,378	$442,217
Net income	$ 18,293	$ 11,195	$ 7,412	$ 7,362	$ 14,573
Basic net income per share	$ 2.28	$ 1.51	$ 0.94	$ 0.82	$ 1.62
Diluted net income per share	$ 2.06	$ 1.43	$ 0.91	$ 0.80	$ 1.56
Total assets	$304,036	$268,282	$260,530	$248,034	$234,599
Long-term debt, net of current maturities	$ 46,200	$ 55,478	$ 52,661	$ 51,102	$ 32,590

(A) Per share amounts for the years ended January 31, 1997 and 1996 have been restated to conform with the requirements of SFAS No. 128 "Earnings per Share".

Quarterly Financial Data (Unaudited)

	Quarters Ended (In Thousands Except Per Share Amounts)			
	April 30, 1999	July 31, 1999	October 31, 1999	January 31, 2000
Net sales	$99,056	$107,739	$102,432	$155,073
Cost of merchandise sold	72,613	76,870	74,651	113,284
Net income	2,087	4,098	2,464	9,644
Basic net income per share (a)	$0.28	$0.54	$0.30	$1.07
Diluted net income per share (a)	$0.27	$0.48	$0.27	$0.97

	Quarters Ended (In Thousands Except Per Share Amounts)			
	April 30, 1998	July 31, 1998	October 31, 1998	January 31, 1999
Net sales	$87,964	$92,446	$92,634	$143,629
Cost of merchandise sold	63,982	66,402	67,326	105,184
Net income	1,019	1,579	732	7,865
Basic net income per share (b)	$0.13	$0.21	$0.10	$1.10
Diluted net income per share (b)	$0.13	$0.20	$0.10	$1.04

(a) The total of the quarterly net income per share amounts is less than the annual net income per share amounts due to 53% of net income occurring in the fourth quarter of fiscal 1999, whose per share amounts reflect, for the entire quarter, our 1.5 million share offering in October 1999, while the annual per share amounts only reflect the increased outstanding shares for the four months since the issuance of the shares in October 1999.

(b) The total of the quarterly net income per share amounts is more than the annual net income per share amounts due to 70% of our net income occurring in the fourth quarter of fiscal 1998. In addition, the fourth quarter per share amounts reflect, for the entire quarter, the 632,000 shares repurchased, while the annual per share amounts only reflect the decreased outstanding shares for the average time held in treasury.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We are a leading specialty retailer in the consumer electronics/appliance industry. Since acquiring our first four stores in 1980, we have expanded into a national chain operating 238 stores in 35 states under the "REX" trade name. By offering a broad selection of brand name products at guaranteed lowest prices, we believe we have become a leading consumer electronics/appliance retailer in our markets.

Our comparable store sales increased 8.2% for fiscal 1999. The comparable stores sales increase was primarily driven by large screen television sales throughout the year and strong air conditioner sales in the second quarter due to warm weather conditions. Comparable stores sales had declined 0.1% and 10.5% for fiscal 1998 and 1997, respectively. Negative comparable store sales in fiscal 1997 were primarily driven by increased competitor openings in certain of our markets, a lack of new product introductions within the industry and our decision to discontinue selling personal computers in fiscal 1997. 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.

During fiscal 1999, 1998 and 1997 we opened 14, 12 and 8 stores, and closed 4, 6 and 8 stores, respectively. We plan to accelerate our store openings for fiscal 2000 and 2001, with 30 to 35 new store openings planned in fiscal 2000 and 35 to 40 in fiscal 2001. In March 1998, we opened a third distribution center in Cheyenne, Wyoming, that will allow us to further expand in the western part of the United States. Future store openings are expected to occur in our existing geographical markets and selected new states. We are currently focusing most of our new store openings in markets with populations under 85,000, which we generally believe are underserved by our competitors.

EXTENDED SERVICE CONTRACTS

Our extended service contract revenues, net of sales commissions, are deferred and amortized on a straight-line basis over the life of the contracts after the expiration of applicable manufacturers' warranty periods. Terms of coverage, including the manufacturers' warranty periods, are usually for periods of 12 to 60 months. Extended service contract revenues represented 3.3%, 3.7% and 3.5% of net sales for fiscal 1999, 1998 and 1997, respectively. Service contract costs are charged to operations as incurred. Gross profit realized from extended service contract revenues was $10.9 million, $10.3 million and $11.0 million in fiscal 1999, 1998 and 1997, respectively.

INVESTMENT IN LIMITED PARTNERSHIPS

In fiscal 1998, we invested $3.2 million in two limited partnerships which own four facilities producing synthetic fuel from coal fines. The partnerships earn federal income tax credits under Section 29 of the Internal Revenue Code based on the tonnage and content of solid synthetic fuel sold to unrelated parties. Our share of the credits generated may be used to reduce our federal income tax liability down to the alternative minimum tax (AMT) rate. 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 1999 phase-out started at $47.90 per barrel.

We initially held a 30% interest in one partnership and an 18.75% interest in the other. Effective February 1, 1999, we sold a portion of our interest in one partnership, reducing our ownership percentage from 30% to 17%. We will receive cash payments from the sale on a quarterly basis through 2007. These payments are contingent upon and equal to 75% of the federal income tax credits attributable to the 13% interest sold and are subject to certain annual limitations. The maximum amount of cash that can be received varies by year. The maximum that could be received for calendar 1999 was approximately $6.7 million, of which the actual amount earned and received was approximately $5.1 million. The maximum that can be received for calendar 2000 is approximately $7.1 million.

We are a limited partner in each partnership. We have no managerial responsibility or liability for future working capital contributions, although our interest in each partnership could be diluted if we choose not to pay our share of necessary capital improvements to the partnerships' facilities. We account for our ownership interest in the partnerships under the equity method.

The limited partnerships have received favorable private letter rulings from the IRS that the synthetic fuel produced by their facilities and sold to unrelated parties qualify for the tax credits under Section 29 of the Internal Revenue Code.

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:

	Fiscal Year Ended January 31,		
	2000	1999	1998
Net sales	100.0%	100.0%	100.0%
Cost of merchandise sold	72.7	72.7	72.4
Gross profit	27.3	27.3	27.6
Selling, general and administrative expenses	21.6	22.4	22.9
Income from operations	5.7	4.9	4.7
Interest, net	(1.0)	(1.5)	(1.7)
Gain on sale of real estate	0.2	0.6	--
Income (equity in losses) from limited partnerships	0.6	(0.3)	--
Income before provision for income taxes and extraordinary item	5.5	3.7	3.0
Provision for income taxes	1.4	1.0	1.2
Income before extraordinary item	4.1	2.7	1.8
Extraordinary loss from early extinguishment of debt	0.2	--	--
Net income	3.9%	2.7%	1.8%

COMPARISON OF FISCAL YEARS ENDED JANUARY 31, 2000 AND 1999

NET SALES. Net sales in fiscal 1999 were $464.3 million, an 11.4% increase from the $416.7 million achieved in fiscal 1998. This increase was primarily the result of an increase in comparable store sales of 8.2% for the fiscal year. Sales also increased due to the opening of 14 new stores in fiscal 1999 and the first full year of sales from 12 stores opened in fiscal 1998. During fiscal 1999, we opened 14 stores and closed four, while during fiscal 1998 we opened 12 stores and closed six. We had 238 and 228 stores open at January 31, 2000 and 1999, respectively.

The largest contributor to the increased comparable store sales were larger screen television sales which accounted for 6.5% of the increase. Comparable store sales were also positively impacted by approximately 2.2% from strong air conditioner sales during the second quarter and approximately 1.3% and 1.1% from DVD players and appliances other than air conditioners, respectively. DVD players were a relatively new product in fiscal 1999 and we believe that sales of DVD players serve to replace certain VCR sales. The increase in sales of appliances was a result of expanded product offerings.

Comparable store sales were negatively impacted by approximately 1.5% and 1.4% from smaller screen televisions and VCRs, respectively. The decline in smaller screen televisions was primarily due to increased demand for larger screen televisions and a reduction in average selling prices. The reduction in VCR sales was also due to a decline in average selling prices and a shift in demand toward DVD players.

GROSS PROFIT. Gross profit was $126.9 million in fiscal 1999 versus $113.8 million for fiscal 1998. The gross profit margin was 27.3% for both years. The gross profit margin was positively impacted by the improved sales of larger screen televisions and air conditioners which have higher than average gross profit margins. These improvements were offset by the recognition of a lower percentage of extended service contract revenues relative to merchandise sales. Sales of extended service contracts generally have a higher gross profit margin in comparison to other product categories.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses for fiscal 1999 were $100.6 million, or 21.6% of net sales, a 7.5% increase from $93.6 million, or 22.4% of net sales, in fiscal 1998. The increase in expenses was primarily the result of increased incentive commissions and other selling costs associated with the increased sales levels. The reduction in selling, general and administrative expenses as a percent of net sales was primarily the result of the leveraging of store operating costs, such as advertising and occupancy expenses, as a result of the increase in comparable store sales of 8.2%.

INCOME FROM OPERATIONS. Income from operations was $26.3 million, or 5.7% of net sales, for fiscal 1999, a 30.2% increase from $20.2 million, or 4.9% of net sales, in fiscal 1998. The increase was primarily due to increased comparable store sales and the leveraging of store operating costs, such as advertising and occupancy expenses.

INTEREST EXPENSE. Interest expense decreased to $5.1 million in fiscal 1999 from $6.4 million in fiscal 1998. The decrease in interest expense was primarily attributable to lower borrowings under the line of credit. Average outstanding borrowings under the line of credit were approximately $3.2 million in fiscal 1999 versus approximately $15.8 million in fiscal 1998. We also had a net reduction in mortgage debt of $9.1 million, due to paying off certain higher rate mortgage debt with proceeds from our stock offering in October 1999.

GAIN ON SALE OF REAL ESTATE. During fiscal 1999, we sold a shopping center in which we had previously operated a retail store. We recorded a gain of approximately $787,000 from the sale of this real estate.

INCOME (EQUITY IN LOSSES) FROM LIMITED PARTNERSHIPS. Results for the fiscal year ended January 31, 2000 also reflect the impact of our investment in two synthetic fuel limited partnerships. We reported income from the limited partnerships of approximately $3.0 million for fiscal 1999, which consisted of $5.1 million generated by the sale of a portion of the interest in one of the partnerships, partially offset by a charge of $2.1 million to reflect our equity share of the partnerships' losses.

INCOME TAXES. Our effective tax rate was reduced to 25.0% in fiscal 1999 from 26.3% in fiscal 1998 as a result of our share of federal tax credits earned by the limited partnerships.

EXTRAORDINARY LOSS FROM EARLY EXTINGUISHMENT OF DEBT. We recorded an extraordinary loss from the early extinguishment of debt of $717,000, net of the income tax effect of $239,000, as a result of paying off approximately $18.9 million of mortgage debt with a portion of the proceeds from our stock offering in October 1999.

NET INCOME. As a result of the foregoing, net income was $18.3 million and $11.2 million for fiscal 1999 and 1998, respectively.

COMPARISON OF FISCAL YEARS ENDED JANUARY 31, 1999 AND 1998

NET SALES. Net sales in fiscal 1998 were $416.7 million, a 1.4% increase from the $411.0 million achieved in fiscal 1997. This increase was caused by the addition of 12 stores opened in fiscal 1998 and the first full year of sales for eight stores opened in the previous fiscal year. During fiscal 1998, we opened 12 stores and closed six, while during fiscal 1997 we opened eight stores and closed eight. We had 228 and 222 stores open at January 31, 1999 and 1998, respectively.

Comparable store sales declined by 0.1% in fiscal 1998. Comparable store sales were positively impacted by approximately 1.4% and 1.3% by the audio and appliance categories, respectively, as well as approximately 1.0% by ready to assemble (RTA) furniture. The increase in sales of appliances and RTA furniture was a result of expanded offerings in both categories.

Comparable store sales were negatively impacted by approximately 0.1% and 2.7% by the television and video products categories, respectively, and by approximately 1.0% by our decision to discontinue selling personal computers during fiscal 1997. Television and video products were negatively impacted by a continued decline in average selling prices. There was also a general softness in demand for video products due to the pending transition to digital products. There will not be a continuing effect in fiscal 1999 on comparable store sales from personal computers as we sold a limited number of personal computers in fiscal 1998.

GROSS PROFIT. Gross profit was $113.8 million in fiscal 1998, or 27.3% of net sales, versus $113.2 million, or 27.6% of net sales, recorded the prior year. The reduced gross profit margin was primarily the result of the changes in merchandise sales mix discussed above and the continued decline in the average selling prices of television and video products.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses for fiscal 1998 were $93.6 million, or 22.4% of net sales, a 0.5% decline from $94.1 million, or 22.9% of net sales, in fiscal 1997. The decrease in expenses was primarily due to lower advertising expenditures in certain markets of approximately $2.3 million, partially offset by an increase in compensation expense of approximately $1.2 million resulting from increased total sales and profits.

INCOME FROM OPERATIONS. Income from operations was $20.2 million, or 4.9% of net sales, in fiscal 1998, a 5.2% increase from $19.2 million, or 4.7% of net sales, for fiscal 1997. The increase was primarily due to increased total sales and controls over advertising expenditures.

INTEREST EXPENSE. Interest expense decreased to $6.4 million in fiscal 1998 from $7.1 million in fiscal 1997. The decrease in interest expense was primarily attributable to lower borrowings under the line of credit. Average outstanding borrowings under the line of credit were approximately $15.8 million in fiscal 1998 versus approximately $22.2 million in fiscal 1997.

GAIN ON SALE OF REAL ESTATE. During fiscal 1998, we sold two shopping centers in which we had previously operated retail stores. We recorded a gain of approximately $2.4 million from the sale of this real estate.

INCOME (EQUITY IN LOSSES) FROM LIMITED PARTNERSHIPS. Results for the fiscal year ended January 31, 1999 also reflect the impact of our investment in the two synthetic fuel limited partnerships. We recorded a pre-tax charge of approximately $1.3 million to record our share of the partnerships' operating losses, lowering our total investment in the partnerships to $1.8 million.

INCOME TAXES. Our effective tax rate was reduced to 26.3% in fiscal 1998 from 39.5% in fiscal 1997 as a result of our share of federal tax credits earned by the limited partnerships.

NET INCOME. As a result of the foregoing, net income was $11.2 and $7.4 million for fiscal 1998 and 1997, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of financing have been cash flow provided by operations, supplemented by mortgages on owned properties. We also use borrowings under our revolving line of credit to fund our seasonal working capital needs. In addition, during fiscal 1999 we received approximately $44.7 million after expenses from the sale of 1,500,000 shares of common stock.

OPERATING ACTIVITIES. Net cash provided by operating activities was $10.3 million and $10.2 million for fiscal 1999 and 1998, respectively. For fiscal 1999, operating cash flow was provided by net income of $18.3 million adjusted for the net impact of non-cash items of $3.5 million, which consist of deferred income, the gain on the sale of real estate, depreciation and amortization, the deferred income tax provision and our equity interest in the losses of the synthetic fuel limited partnerships. Cash of $3.0 million was also provided by an increase in other liabilities primarily resulting from the timing of tax payments and increased accrued wages resulting from higher sales levels. The primary uses of cash were an increase in inventory of $7.3 million and a decrease in accounts payable of $6.4 million primarily due to the timing of purchases and terms of payment with vendors.

For fiscal 1998, operating cash flow was provided by net income of $11.2 million adjusted for the net impact of non-cash items of $1.0 million, which primarily consisted of depreciation, the gain on sale of real estate and our equity interest in the losses of the synthetic fuel limited partnerships. Cash was also provided by an increase in accounts payable of $2.8 million, primarily due to extended payment terms and the timing of payments to vendors. Cash was used by an increase in inventory of $5.5 million generally due to the timing of purchases.

INVESTING ACTIVITIES. Capital expenditures in fiscal 1999 totaled $20.2 million. Expenditures included approximately $15.3 million to open 14 stores, approximately $1.2 million to purchase two previously leased stores and approximately $2.6 million for stores we plan to open in fiscal 2000. We plan to open 30 to 35 new stores in fiscal 2000, with anticipated capital expenditures of approximately $25.0 to $30.0 million. We plan to fund the new store openings with cash generated from operations and from additional mortgage debt.

Capital expenditures in fiscal 1998 totaled $12.7 million. Expenditures included approximately $7.9 million to open 12 stores, approximately $2.1 million to relocate two stores and approximately $2.1 million to purchase three previously leased stores. In fiscal 1998, we also invested $3.2 million in the synthetic fuel limited partnerships.

FINANCING ACTIVITIES. Cash provided by financing activities totaled approximately $22.2 million for fiscal 1999. In October 1999, we completed the sale of 1,500,000 shares of common stock with net proceeds to the Company of approximately $44.7 million after expenses. We also received proceeds of approximately $4.0 million from the exercise of stock options by employees and directors. The exercise of non-qualified stock options resulted in a tax benefit of approximately $2.7 million which was reflected as an increase to additional paid-in capital.

During fiscal 1999, we purchased 1,351,325 shares of our common stock for $20.1 million. During fiscal 1998, we purchased 632,000 shares of our common stock for $7.5 million. At January 31, 2000 we had authorization from the Board of Directors to purchase an additional 1,357,900 shares of our common stock, all of which were purchased subsequent to January 31, 2000 for $24.4 million. These shares will be held in treasury for possible future use. On March 22, 2000, we received authorization from our Board of Directors to purchase an additional 1,000,000 shares of our common stock.

At January 31, 2000, we had approximately $49.5 million of mortgage debt outstanding at a weighted average interest rate of 8.04%, with maturities from April 1, 2000 to October 1, 2019. We have balloon payments due totaling approximately $2.2 million over the next two fiscal years, which we plan to either refinance with long-term mortgage debt or satisfy through borrowings on our revolving credit agreement. During fiscal 1999 we obtained mortgage financing of approximately $13.2 million to finance 15 retail store locations. We also paid off $22.3 million of long-term mortgage debt from scheduled repayments and early extinguishment of debt with proceeds from our stock offering.

During fiscal 1999 we renewed our revolving credit agreement. The revolving credit agreement is with six banks through July 31, 2005 with interest at prime or LIBOR plus 1.875% and commitment fees of 1/4% payable on the unused portion. Amounts available for borrowing are equal to the lesser of (1) $100 million for the months of January through June and $130 million for the months of July through December or (2) the sum of specific percentages of eligible accounts receivable and eligible inventories, as defined. Amounts available for borrowing are reduced by any letter of credit commitments outstanding. Borrowings on the revolving credit agreement are secured by certain fixed assets, accounts receivable, inventories and the capital stock of our subsidiaries.

At January 31, 2000 and 1999, we had no borrowings outstanding on the revolving credit agreement. A total of approximately $90 million was available at January 31, 2000. Borrowing levels vary during the course of a year based upon our seasonal working capital needs. The maximum direct borrowings outstanding during fiscal 1999 were approximately $17.8 million, which existed immediately prior to the Christmas selling season due to the build-up of seasonal inventory requirements. The weighted average interest rate was 8.2% (17.8% including commitment fees) for fiscal 1999. The revolving credit agreement contains restrictive covenants which require us to maintain specified levels of consolidated tangible net worth and limit capital expenditures and the incurrence of additional indebtedness. The revolving credit agreement also places restrictions on common stock repurchases and the payment of dividends.

SEASONALITY AND QUARTERLY FLUCTUATIONS

Our business is seasonal. As is the case with many other retailers, our net sales and net income are greatest in our fourth fiscal quarter, which includes the Christmas selling season. The fourth fiscal quarter accounted for 33.4% and 34.5% of net sales and 47.9% and 49.8% of income from operations in fiscal 1999 and 1998, respectively. Year to year comparisons of quarterly results of operations and comparable store sales can be affected by a variety of factors, including the duration of the holiday selling season, weather conditions and the timing of new store openings.

IMPACT OF INFLATION

The impact of inflation has not been material to our results of operations for the past three fiscal years.

YEAR 2000

Certain software and hardware systems are date sensitive. Older date sensitive systems often use a two digit dating convention ("00" rather than "2000") that could have resulted in system failure and disruption of operations. This is referred to as the "Year 2000" issue. We have not experienced any significant disruptions to our business as a result of the Year 2000 issue.

To date, we have incurred approximately $176,000 in costs. These costs were to replace existing hardware and third party software and professional fees for external assistance. We estimate that our future cost to resolve remaining Year 2000 issues will not be significant.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", which requires companies to recognize all derivative contracts at their fair values, as either assets or liabilities on the balance sheet. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designed as part of a hedge transaction and, if it is, the type of hedge transaction. We do not expect the adoption of SFAS No. 133 to have a material impact on the consolidated financial statements because we do not currently hold any derivative instruments. In June 1999, the FASB issued Statement No. 137, which amended SFAS No. 133 such that the effective date of adoption will be for fiscal quarters beginning after June 15, 2000. We do not intend to adopt SFAS No. 133 prior to its effective date.

FORWARD-LOOKING STATEMENTS

This Form 10-K 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 REX or its management are intended to identify such forward-looking statements. Forward-looking statements are inherently subject to risks and uncertainties. Factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in Exhibit 99 to this report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of January 31, 2000, we had financial instruments which were sensitive to changes in interest rates. These financial instruments consist of a revolving credit agreement and various mortgage notes payable secured by certain land, buildings and leasehold improvements.

The revolving credit agreement is with six banks through July 31, 2005, with interest at prime or LIBOR plus 1.875% and commitment fees of 1/4% payable on the unused portion. Amounts available for borrowing are equal to the lesser of (1) $100 million for the months of January through June and $130 million for the months of July through December or (2) the sum of specific percentages of eligible accounts receivable and eligible inventories, as defined. Amounts available for borrowing are reduced by any letter of credit commitments outstanding. Borrowings on the revolving credit agreement are secured by certain fixed assets, accounts receivable, inventories and the capital stock of our subsidiaries. There were no borrowings outstanding at January 31, 2000.

Substantially all of the mortgage notes payable consist of fixed rate debt. The interest rates are fixed from one to 12 years and range from 6.89% to 8.90%. Principal and interest are payable monthly over terms which generally range from 10 to 15 years. Substantially all of the notes payable require balloon payments at the end of the scheduled term. The fair value of our long-term mortgage debt at January 31, 2000 was approximately $48.5 million. The fair value was estimated based on rates available to us for debt with similar terms and maturities.

Maturities of long-term debt are as follows (in thousands):

YEAR ENDING JANUARY 31,	AMOUNT
2001	$ 3,303
2002	3,375
2003	4,115
2004	4,187
2005	7,926
Thereafter	26,597
	$49,503

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REX Stores Corporation and Subsidiaries
Consolidated Balance Sheets
January 31, 2000 and 1999

	2000	1999
	(In Thousands)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 25,609	$ 11,912
Accounts receivable, net of allowance for doubtful accounts of $483 and $430 at January 31, 2000 and 1999, respectively (Note 5)	2,569	2,297
Merchandise inventory (Note 5)	139,267	132,002
Prepaid expenses and other	2,097	2,039
Equity investment in limited partnerships (Note 2)	--	1,838
Future income tax benefits (Note 9)	9,837	9,366
Total current assets	179,379	159,454
PROPERTY AND EQUIPMENT, NET (Notes 1, 5 and 6)	113,802	98,891
FUTURE INCOME TAX BENEFITS (Note 9)	8,835	8,109
RESTRICTED INVESTMENTS (Note 1)	2,020	1,828
Total assets	$304,036	$268,282
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt (Note 6)	$ 3,303	$ 3,114
Current portion of deferred income and deferred gain on sale and leaseback (Notes 1 and 8)	11,219	11,453
Accounts payable, trade	46,252	52,674
Accrued income taxes	1,572	147
Accrued payroll	6,947	5,889
Other current liabilities	9,330	8,817
Total current liabilities	78,623	82,094
LONG-TERM LIABILITIES:		
Long-term mortgage debt (Note 6)	46,200	55,478
Deferred income (Note 1)	16,423	16,723
Deferred gain on sale and leaseback (Note 8)	2,953	3,777
Total long-term liabilities	65,576	75,978
COMMITMENTS AND CONTINGENCIES (Notes 8 and 10)		
SHAREHOLDERS' EQUITY (Notes 4, 5, and 7):		
Common stock, 45,000 shares authorized, 11,495 and 9,767 shares issued, at par	115	98
Paid-in capital	105,303	58,596
Retained earnings	93,663	75,370
Treasury stock, 3,426 and 2,587 shares	(39,244)	(23,854)
Total shareholders' equity	159,837	110,210
Total liabilities and shareholders' equity	$304,036	$268,282

The accompanying notes to consolidated financial statements are an integral part of these consolidated balance sheets.

REX Stores Corporation and Subsidiaries
Consolidated Statements of Income
For the Years Ended January 31, 2000, 1999 and 1998

	2000	1999	1998
		(In Thousands, Except Per Share Amounts)	
NET SALES	$464,300	$416,673	$411,005
COSTS AND EXPENSES:			
Cost of merchandise sold	337,418	302,894	297,757
Selling, general and administrative expenses	100,589	93,578	94,055
Total costs and expenses	438,007	396,472	391,812
INCOME FROM OPERATIONS	26,293	20,201	19,193
INVESTMENT INCOME	420	347	202
INTEREST EXPENSE	(5,136)	(6,448)	(7,143)
GAIN ON SALE OF REAL ESTATE	787	2,410	--
INCOME (EQUITY IN LOSSES) FROM LIMITED PARTNERSHIPS	2,996	(1,312)	--
INCOME BEFORE PROVISION FOR INCOME TAXES AND EXTRAORDINARY ITEM	25,360	15,198	12,252
PROVISION FOR INCOME TAXES	6,350	4,003	4,840
INCOME BEFORE EXTRAORDINARY ITEM	19,010	11,195	7,412
EXTRAORDINARY LOSS FROM EARLY EXTINGUISHMENT OF DEBT, NET OF INCOME TAX EFFECT OF $239	(717)	--	--
NET INCOME	$ 18,293	$ 11,195	$ 7,412
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	8,022	7,427	7,919
BASIC NET INCOME PER SHARE BEFORE EXTRAORDINARY ITEM	$ 2.37	$ 1.51	$ 0.94
EXTRAORDINARY ITEM	(0.09)	--	--
BASIC NET INCOME PER SHARE	$ 2.28	$ 1.51	$ 0.94
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	8,897	7,833	8,178
DILUTIVE NET INCOME PER SHARE BEFORE EXTRAORDINARY ITEM	$ 2.14	$ 1.43	$ 0.91
EXTRAORDINARY ITEM	(0.08)	--	--
DILUTED NET INCOME PER SHARE	$ 2.06	$ 1.43	$ 0.91

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

REX Stores Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended January 31, 2000, 1999 and 1998

	2000	1999	1998
		(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$18,293	$11,195	$ 7,412
Adjustments to reconcile net income to net cash provided by operating activities--			
Depreciation and amortization, net	3,469	3,194	2,979
Gain on sale of real estate	(787)	(2,410)	--
Equity in losses of limited partnerships	2,100	1,312	--
Deferred income	(534)	(993)	165
Deferred income tax provision	(770)	(137)	(1,015)
Changes in assets and liabilities:			
Accounts receivable	(272)	478	(1,298)
Merchandise inventory	(7,265)	(5,504)	8,535
Other current assets	(485)	131	(2,228)
Accounts payable, trade	(6,422)	2,842	18,567
Other current liabilities	2,996	109	2,400
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,323	10,217	35,517
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(20,213)	(12,736)	(8,015)
Proceeds from sale of real estate and capital disposals	1,796	4,630	573
Equity investment in limited partnerships	(262)	(3,150)	--
Restricted investments	(192)	(191)	8
NET CASH USED IN INVESTING ACTIVITIES	(18,871)	(11,447)	(7,434)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Decrease in note payable	--	--	(12,142)
Proceeds from long-term debt	13,192	7,003	4,473
Payments of long-term debt	(22,281)	(4,031)	(3,086)
Common stock issued	49,717	701	668
Treasury stock issued	1,728	--	--
Treasury stock acquired	(20,111)	(7,468)	(5,018)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	22,245	(3,795)	(15,105)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,697	(5,025)	12,978
CASH AND CASH EQUIVALENTS, beginning of year	11,912	16,937	3,959
CASH AND CASH EQUIVALENTS, end of year	$25,609	$11,912	$16,937

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

REX Stores Corporation and Subsidiaries
Consolidated Statements of Shareholders' Equity
For the Years Ended January 31, 2000, 1999 and 1998

(In Thousands)

	Common Stock – Issued Shares	Common Stock – Issued Amount	Common Stock – Treasury Shares	Common Stock – Treasury Amount	Paid-In Capital	Retained Earnings
BALANCE, January 31, 1997	9,602	$ 96	1,388	$11,368	$ 57,229	$56,763
Net income	--	--	--	--	--	7,412
Treasury stock acquired	--	--	567	5,018	--	--
Common stock issued	86	1	--	--	667	--
BALANCE, January 31, 1998	9,688	97	1,955	16,386	57,896	64,175
Net income	--	--	--	--	--	11,195
Treasury stock acquired	--	--	632	7,468	--	--
Common stock issued	79	1	--	--	700	--
BALANCE, January 31, 1999	9,767	98	2,587	23,854	58,596	75,370
Net income	--	--	--	--	--	18,293
Treasury stock acquired	--	--	1,351	20,111	--	--
Common stock issued	1,728	17	(512)	(4,721)	46,707	--
BALANCE, January 31, 2000	11,495	$115	3,426	$39,244	$105,303	$93,663

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

(1) Summary of Significant Accounting Policies--

(a) Principles of Consolidation--The accompanying financial statements consolidate the operating results and financial position of REX Stores Corporation and its wholly-owned subsidiaries (the Company). All significant intercompany balances and transactions have been eliminated. The Company operates 238 retail consumer electronics and appliance stores under the REX name in 35 states.

(b) Fiscal Year--All references in these financial statements to a particular fiscal year are to the Company's fiscal year ended January 31. For example, "fiscal 1999" means the period February 1, 1999 to January 31, 2000. In the past, the Company referred to this period as "fiscal 2000."

(c) Use of Estimates--The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Cash Equivalents--Cash equivalents are principally short-term investments with original maturities of less than three months. The carrying amount of cash equivalents is a reasonable estimate of fair value.

(e) Merchandise Inventory--Substantially all inventory is valued at the lower of average cost or market, which approximates cost on a first-in, first-out (FIFO) basis, including certain costs associated with purchasing, warehousing and transporting merchandise. The inventory of an acquired subsidiary, Kelly & Cohen Appliances, Inc. (K&C), is valued at the lower of cost or market using the last-in, first-out (LIFO) method. Following the lower of cost or market principle, the K&C inventory value using the LIFO method ($34,096,000 and $32,405,000 at January 31, 2000 and 1999, respectively) is equivalent to the FIFO value for all years presented. Seven suppliers accounted for approximately 63% of the Company's purchases in fiscal 1999.

(f) Property and Equipment--Property and equipment is recorded at cost. Depreciation is computed using the straight-line method. Estimated useful lives are 15 to 40 years for buildings and improvements, and 3 to 12 years for fixtures and equipment. Leasehold improvements are depreciated over 10 to 12 years. The components of property and equipment at January 31, 2000 and 1999 are as follows:

	2000	1999
	(In thousands)	
Land	$ 30,588	$ 26,716
Buildings and improvements	77,645	64,586
Fixtures and equipment	17,213	15,477
Leasehold improvements	10,378	10,217
	135,824	116,996
Less: accumulated depreciation	(22,022)	(18,105)
	$113,802	$ 98,891

In accordance with SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of", the carrying value of long-lived assets is assessed for recoverability by management when changes in circumstances indicate that the carrying amount may not be recoverable, based on an analysis of undiscounted future expected cash flows from the use and ultimate disposition of the asset. There were no material impairment losses incurred in the fiscal years ended January 31, 2000, 1999 and 1998.

(g) Restricted Investments--Restricted investments, which are principally marketable securities, are stated at cost plus accrued interest, which approximates market. The carrying amount of restricted investments approximates fair value. Restricted investments at January 31, 2000 and 1999 are restricted by two states to cover possible future claims under product service contracts.

(h) Revenue Recognition--The Company recognizes sales of products upon receipt by the customer. The Company will honor returns from customers within seven days from the date of sale. The Company establishes liabilities for estimated returns at the point of sale.

The Company also sells product service contracts covering periods beyond the normal manufacturers' warranty periods, usually with terms of coverage (including manufacturers' warranty periods) of between 12 to 60 months. Contract revenues, net of sales commissions, are deferred and amortized on a straight-line basis over the life of the contracts after the expiration of applicable manufacturers' warranty periods. The Company retains the obligation to perform warranty services and such costs are charged to operations as incurred.

(i) Interest Cost--Interest expense of $5,136,000, $6,448,000 and $7,143,000 for the years ended January 31, 2000, 1999 and 1998, respectively, is net of approximately $310,000, $238,000 and $33,000 of interest capitalized related to store construction. Total interest expense approximates interest paid for all years presented.

(j) Loan Acquisition Costs--Direct expenses and fees associated with obtaining notes payable or long-term mortgage debt are capitalized and amortized to interest expense over the life of the loan.

(k) Advertising Costs--Advertising costs are expensed as incurred. Advertising expense was approximately $31,914,000, $30,468,000 and $32,813,000 for the years ended January 31, 2000, 1999 and 1998, respectively.

(l) Store Opening and Closing Costs--Store opening costs are expensed as incurred. The costs associated with closing stores are accrued when the decision is made to close a location. Store closing costs incurred in the fiscal years ended January 31, 2000, 1999 and 1998 were not material.

(2) Investments In Limited Partnerships--

During fiscal 1998, the Company invested $3,150,000 in two limited partnerships which produce synthetic fuels. The Company currently holds a 17% ownership in one partnership and an 18.75% ownership in the other, which are accounted for under the equity method. The limited partnerships also earn Federal income tax credits under Section 29 of the Internal Revenue Code based upon the quantity and content of synthetic fuel production. The Company accounts for its share of the income tax credits as a reduction of the income tax provision in the period earned and such credits totaled approximately $3,800,000 and $2,000,000 in fiscal 1999 and 1998, respectively (see Note 9).

Effective February 1, 1999, the Company sold a 13% interest in one of the limited partnerships reducing its initial 30% ownership interest to 17%. The Company will receive cash payments from the sale on a quarterly basis through December 31, 2007. These payments are contingent upon and equal to 75% of the Federal income tax credits attributable to the 13% interest sold and are subject to certain annual limitations, as specified in the sale agreement. The maximum amount that could be received for calendar 1999 was approximately $6,700,000, of which the Company earned and received $5,100,000. The maximum that can be received for calendar 2000 is approximately $7,100,000. Income from the limited partnership investments reflected in the Consolidated Statements of Income totaled approximately $3,000,000 for fiscal 1999, consisting of $5,100,000 of income generated by the sale of the partnership interest, partially offset by a charge of $2,100,000 to reflect the Company's share of the partnerships' losses. The Company recorded a charge of approximately $1,300,000 in fiscal 1998 to reflect the Company's share of the partnerships' losses

(3) Net Income Per Share--

The Company reports net income per share in accordance with Statement of Financial Accounting Standards (SFAS) No. 128 "Earnings per Share."

Basic net income per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted net income per share is computed by dividing net income available to common shareholders by the weighted average number of common and common equivalent shares outstanding during the year. Common share equivalents include the number of shares issuable upon the exercise of outstanding options, less the shares that could be purchased with the proceeds from the exercise of the options, based on the average trading price of the Company's common stock for fiscal 1999, 1998 and 1997.

The following table reconciles the basic and diluted net income per share computations for each year presented:

	2000		
	Income	Shares	Per Share
Basic net income per share	$18,293	8,022	$2.28
Effect of stock options	--	875	
Diluted net income per share	$18,293	8,897	$2.06

	1999		
	Income	Shares	Per Share
Basic net income per share	$11,195	7,427	$1.51
Effect of stock options	--	406	
Diluted net income per share	$11,195	7,833	$1.43

	1998		
	Income	Shares	Per Share
Basic net income per share	$7,412	7,919	$0.94
Effect of stock options	--	259	
Diluted net income per share	$7,412	8,178	$0.91

For the year ended January 31, 2000, all outstanding options were included in the common equivalent shares outstanding calculation. For the years ended January 31, 1999 and 1998, a total of 1,164,000 and 1,413,000 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 those periods.

(4) Common Stock Transactions--

In October 1999, the Company completed the sale of 1,500,000 shares of common stock and received net proceeds of approximately $44.7 million, net of expenses.

During the years ended January 31, 2000, 1999 and 1998, the Company purchased 1,351,000, 632,000 and 567,000 shares of its common stock for $20,111,000, $7,468,000 and $5,018,000, respectively. At January 31, 2000, the Company was authorized by its Board of Directors to purchase an additional 1,357,900 shares of its common stock. All of these shares were purchased subsequent to January 31, 2000 for approximately $24.4 million and will be held in treasury for possible future use. On March 22, 2000, the Company received authorization from its Board of Directors to purchase an additional 1,000,000 shares of its common stock.

(5) Revolving Line Of Credit--

The Company has a revolving credit agreement with six banks which expires on July 31, 2005. Under the terms of the agreement, available revolving credit borrowings are equal to the lesser of: (i) $100 million for the months of January through June and $130 million for the months of July through December or (ii) the sum of specific percentages of eligible accounts receivable and eligible inventories, as defined. Borrowings available are reduced by any letter of credit commitments outstanding. The Company had no outstanding borrowings under the revolving credit agreement at January 31, 2000 and January 31, 1999. At January 31, 2000, a total of approximately $90.0 million was available for borrowings under the revolving credit agreement.

The interest rate charged on borrowings is prime or LIBOR plus 1.875% and commitment fees of 1/4% are payable on the unused portion. Borrowings are secured by certain fixed assets, accounts receivable and inventories.

The revolving credit agreement contains restrictive covenants which require the Company to maintain specified levels of consolidated tangible net worth and limit capital expenditures and the incurrence of additional indebtedness. The revolving credit agreement also places restrictions on the amount of common stock repurchases and the payment of dividends.

(6) Long-Term Mortgage Debt--

Long-term mortgage debt consists of notes payable secured by certain land, buildings and leasehold improvements. Interest rates range from 6.89% to 8.90%. Principal and interest are payable monthly over terms which generally range from 10 to 15 years. Substantially all of the notes payable require balloon payments at the end of the scheduled term.

Maturities of long-term debt are as follows (in thousands):

Year Ending January 31,	Amount
2001	$ 3,303
2002	3,375
2003	4,115
2004	4,187
2005	7,926
Thereafter	26,597
	$49,503

A portion of the proceeds from the October 1999 stock offering were used to extinguish approximately $18.9 million of higher interest rate mortgage debt (see Note 4). As a result of the early extinguishment of mortgage debt, the Company paid prepayment penalties of approximately $643,000 and expensed unamortized financing costs of approximately $313,000. The Company recorded an extraordinary loss of $717,000, net of an income tax effect of $239,000.

The fair value of the Company's long-term debt at January 31, 2000 and 1999 was approximately $48.5 million and $60.9 million, respectively. The fair value was estimated based on rates available to the Company for debt with similar terms and maturities.

(7) Employee Benefits--

Stock Option Plans--The Company maintains the REX Stores Corporation 1995 Omnibus Stock Incentive Plan (the Omnibus Plan). Under the Omnibus Plan, the Company may grant to officers and key employees awards in the form of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, other stock-based awards and cash incentive awards. The Omnibus Plan also provides for yearly grants of non-qualified stock options to directors who are not employees of the Company. The exercise price of each stock-based award must be at least 100% of the fair market value of the Company's common stock on the date of grant. A maximum of 2,000,000 shares of common stock are authorized for issuance under the Omnibus Plan and at January 31, 2000, 33,405 shares remained available for issuance. At January 31, 2000, 10,797 stock options also remained outstanding under the 1984 Incentive Stock Option Plan which expired in fiscal 1995.

On October 14, 1998, the Company's Board of Directors approved a grant of non-qualified stock options to two key executives for 650,000 shares at an exercise price of $9.94, which represented the market price on the date of grant. These options vest over a three-year period commencing on December 31, 2000, and all of these options remained outstanding at January 31, 2000.

On February 26, 1997, the Company's Board of Directors approved a re-pricing of 362,035 stock options, with exercise prices ranging from $13.00 to $18.98 per share, to the market price as of the date of approval of $8.13 per share. Stock options held by employees who are members of the Board of Directors and stock options held by Non-Employee Directors were not re-priced.

The Company accounts for its stock-based compensation plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees", under which no compensation cost has been recognized. Had compensation cost for these plans been determined at fair value consistent with SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net income and net income per share would have been reduced to the following pro forma amounts for the years ended January 31, 2000, 1999 and 1998:

		2000	1999	1998
Net income (000's):	As reported	$18,293	$11,195	$7,412
	Pro forma	16,428	9,370	6,167
Basic net income per share:	As reported	$2.28	$1.51	$0.94
	Pro forma	2.05	1.26	0.78
Diluted net income per share:	As reported	$2.06	$1.43	$0.91
	Pro forma	1.99	1.25	0.79

The fair values of options granted were estimated as of the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions used for grants in the fiscal years ended January 31, 2000, 1999 and 1998, respectively: risk-free interest rate of 5.4%, 5.7% and 5.7%; expected volatility of 55.6%, 39.2% and 41.5%; and a weighted average stock option life of 9 years, 9 years and 5 years. In accordance with the provisions of SFAS No. 123, the fair value method of accounting was not applied to options granted prior to February 1, 1995 in estimating the pro forma amounts. Therefore, the pro forma effect on net income and net income per share may not be representative of that to be expected in future years.

The following summarizes stock option activity for the years ended January 31, 2000, 1999 and 1998 (options granted and cancelled during the fiscal year ended January 31, 1998 include the effect of the February 26, 1997 re-pricing):

	2000		1999		1998	
	Shares (000's)	Weighted Average Exercise Price	Shares (000's)	Weighted Average Exercise Price	Shares (000's)	Weighted Average Exercise Price
Outstanding at beginning of year	3,195	$10.98	2,288	$11.06	2,119	$12.15
Granted	212	12.20	997	10.54	653	9.13
Exercised	(740)	5.28	(79)	7.54	(86)	7.20
Canceled or expired	(17)	12.88	(11)	13.18	(398)	14.54
Outstanding at end of year	2,650	$12.65	3,195	$10.98	2,288	$11.06
Exercisable at end of year	1,278	$14.84	1,639	$11.10	1,368	$10.62
Weighted average fair value of options granted	$7.30		$6.46		$4.68	

Price ranges and other information for stock options outstanding as of January 31, 2000 were as follows:

	Outstanding			Exercisable	
Range of Exercise Prices	Shares (000's)	Weighted Average Exercise Price	Weighted Average Remaining Life	Shares (000's)	Weighted Average Exercise Price
$8.13 to $11.50	1,499	$10.31	7.8 yrs.	177	$ 9.63
$12.50 to $18.13	1,138	15.62	4.6 yrs.	1,101	15.68
$22.69	13	22.69	9.4 yrs.	--	--
	2,650	$12.65	6.4 yrs.	1,278	$14.84

Profit Sharing Plan--The Company has a qualified, noncontributory profit sharing plan covering full-time employees who meet certain eligibility requirements. The Plan also allows 401(k) savings contributions by participants with certain Company matching contributions. Aggregate contributions to the Plan are determined annually by the Board of Directors and are not to exceed 15% of total compensation paid to all participants during such year. The Company contributed matching amounts of approximately $36,000, $36,000 and $31,000 for the years ended January 31, 2000, 1999 and 1998, respectively, under the Plan.

(8) Leases And Commitments-

The Company is committed under operating leases for certain warehouse and retail store locations. The lease agreements are for varying terms through 2007 and contain renewal options for additional periods. Real estate taxes, insurance and maintenance costs are generally paid by the Company. Contingent rentals based on sales volume are not significant. Certain leases contain scheduled rent increases and rent expense is recognized on a straight-line basis over the term of the leases.

On August 30, 1989, the Company completed a transaction for the sale and leaseback of certain stores and warehouse facilities under an initial 15-year lease term. This transaction resulted in a pre-tax financial statement gain of $15.6 million, which was deferred and is being amortized as a reduction to lease expense over the term of the leases. The unamortized deferred gain at January 31, 2000 was approximately $3.8 million.

During the year ended January 31, 1999, the Company purchased three store locations that were leased pursuant to the sale/leaseback. For financial statement purposes, the purchase of these three stores resulted in approximately $660,000 of the deferred gain associated with the sale/leaseback being recorded as a reduction in the carrying value of properties purchased.

The following is a summary of rent expense under operating leases (in thousands):

Years ended January 31,	Minimum Rentals	Gain Amortization	Sublease Income	Total
2000	$10,679	$(824)	$(2,444)	$7,411
1999	9,729	(943)	(1,854)	6,932
1998	9,453	(943)	(1,713)	6,797

Future minimum annual rentals and gain amortization on non-cancelable leases as of January 31, 2000 are as follows (in thousands):

Years ended January 31,	Minimum Rentals	Gain Amortization
2001	$8,670	$ 824
2002	7,898	824
2003	6,633	824
2004	5,776	824
2005	3,480	481
Thereafter	875	--
	$33,332	$3,777

(9) Income Taxes-

The provision for income taxes for the years ended January 31, 2000, 1999 and 1998 consists of the following (in thousands):

	YEARS ENDED JANUARY 31,		
	2000	1999	1998
Federal:			
Current	$6,114	$3,304	$5,007
Deferred	(887)	(217)	(957)
	5,227	3,087	4,050
State and Local:			
Current	1,006	836	848
Deferred	117	80	(58)
	1,123	916	790
	$6,350	$4,003	$4,840

The tax effects of significant temporary differences representing deferred tax assets and liabilities are as follows:

	JANUARY 31,	
	2000	1999
Assets:		
Deferral of service contract income	$ 9,666	$ 9,853
Sale and leaseback deferred gain	1,322	1,842
Accrued liabilities	3,037	2,757
Inventory accounting	1,280	762
AMT credit carryforwards	3,842	--
Other items	573	3,291
	19,720	18,505
Liabilities:		
Depreciation	(1,048)	(1,030)
Total net future income tax benefits	$18,672	$17,475

For the fiscal year ended January 31, 2000, the Company was subject to the alternative minimum tax (AMT) rules due to the Section 29 tax credits generated from the limited partnerships (see Note 2). The Company's payment required under the AMT rules was approximately $3.8 million for the year ended January 31, 2000. Amounts paid under the AMT rules can be used to offset future regular income tax, subject to certain limitations. Therefore, for financial statement purposes, the required AMT payment has been recorded as an AMT credit carryforward. The AMT credit carryforwards have no expiration date.

The Company paid income taxes of $3,235,000, $5,633,000 and $7,604,000 in the years ended January 31, 2000, 1999 and 1998, respectively.

The effective income tax rate on consolidated pre-tax income differs from the Federal income tax statutory rate as follows:

	YEARS ENDED JANUARY 31,		
	2000	1999	1998
Federal income tax at statutory rate	35.0%	35.0%	35.0%
Tax credits from investment in limited partnerships	(15.0)	(13.2)	--
State and local taxes, net of federal tax benefit	2.9	3.9	4.2
Other	2.1	0.6	0.3
	25.0%	26.3%	39.5%

(10) Contingencies-

The Company is involved in various legal actions arising in the normal course of business. After taking into consideration legal counsels' evaluation of such actions, management is of the opinion that their outcome will not have a significant effect on the Company's consolidated financial statements.

Report of Independent Public Accountants

To the Shareholders and Board of Directors
of REX Stores Corporation:

We have audited the accompanying consolidated balance sheets of REX Stores Corporation (a Delaware corporation) and subsidiaries as of January 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three fiscal years in the period ended January 31, 2000. These consolidated financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of REX Stores Corporation and subsidiaries as of January 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three fiscal years in the period ended January 31, 2000, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedule listed under Part IV, Item 14(a)(2) is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Cincinnati, Ohio,
March 23, 2000.

REX Stores Corporation and Subsidiaries
Schedule II - Valuation and Qualifying Accounts
For the Years Ended January 31, 2000, 1999 and 1998

(In Thousands)

	Balance Beginning of Year	Additions: Charged Cost and Expenses	Deductions: Charges for Which Reserves Were Created	Balance End of Year
2000				
Allowance for doubtful accounts	$430	$500	$447	$483
1999				
Allowance for doubtful accounts	$428	$300	$298	$430
1998				
Allowance for doubtful accounts	$376	$474	$422	$428

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item 10 is incorporated herein by reference to the Proxy Statement for our Annual Meeting of Shareholders on June 5, 2000, except for certain information concerning our executive officers which is set forth in Part I of this report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is set forth in the Proxy Statement for our Annual Meeting of Shareholders on June 5, 2000 and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item 12 is set forth in the Proxy Statement for our Annual Meeting of Shareholders on June 5, 2000 and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item 13 is set forth in the Proxy Statement for our Annual Meeting of Shareholders on June 5, 2000 and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) Financial Statements.

The following consolidated financial statements of REX Stores Corporation and subsidiaries are incorporated by reference as part of this report at Item 8 hereof.

Consolidated Balance Sheets as of January 31, 2000 and 1999

Consolidated Statements of Income for the years ended January 31, 2000, 1999 and 1998

Consolidated Statements of Cash Flows for the years ended January 31, 2000, 1999 and 1998

Consolidated Statements of Shareholders' Equity for the years ended January 31, 2000, 1999 and 1998

Notes to Consolidated Financial Statements

Report of Independent Public Accountants

(a)(2) Financial Statement Schedules.

The following financial statement schedule is incorporated by reference as part of this report at Item 8 hereof.

Schedule II--Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable or not required, or because the required information is included in the consolidated financial statements or notes thereto.

(a)(3) Exhibits.

See Exhibit Index at page 39 of this report.

Management contracts and compensatory plans and arrangements filed as exhibits to this report are identified by an asterisk in the exhibit index.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the quarter ended January 31, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By /s/ STUART ROSE
Stuart Rose
Chairman of the Board and
Chief Executive Officer

Date: April 14, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	CAPACITY	DATE
/s/ STUART ROSE Stuart Rose	Chairman of the Board and Chief Executive Officer (principal executive officer)	April 14, 2000
/s/ DOUGLAS BRUGGEMAN Douglas Bruggeman	Vice President-Finance and Treasurer (principal financial and accounting officer)	April 14, 2000
LAWRENCE TOMCHIN* Lawrence Tomchin	President, Chief Operating Officer and Director	April 14, 2000
/s/ EDWARD KRESS Edward Kress	Secretary and Director	April 14, 2000
ROBERT DAVIDOFF* Robert Davidoff	Director	April 14, 2000
LEE FISHER* Lee Fisher	Director	April 14, 2000
*By /s/ STUART ROSE (Stuart Rose, Attorney-in-Fact)		

EXHIBIT INDEX

Page
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(3) Articles of incorporation and by-laws:

3(a) Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3(a) to Form 10-K for fiscal year ended January 31, 1994, File No. 0-13283)

3(b)(1) By-Laws, as amended (incorporated by reference to Registration Statement No. 2-95738, Exhibit 3(b), filed February 8, 1985)

3(b)(2) Amendment to By-Laws adopted June 29, 1987 (incorporated by reference to Exhibit 4.5 to Form 10-Q for quarter ended July 31, 1987, File No. 0-13283)

(4) Instruments defining the rights of security holders, including indentures:

4(a) Amended and Restated Loan Agreement dated July 31, 1995 among Rex Radio and Television, Inc., Kelly & Cohen Appliances, Inc., Stereo Town, Inc. and Rex Kansas, Inc. (the "Borrowers"), the lenders named therein, and NatWest Bank N.A. as agent (incorporated by reference to Exhibit 4(a) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)

4(b) Form of Amended and Restated Revolving Credit Note (incorporated by reference to Exhibit 4(b) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)

4(c) Guaranty of registrant dated July 31, 1995 (incorporated by reference to Exhibit 4(c) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)

4(d) Borrowers Pledge Agreement as amended and restated through July 31, 1995 (incorporated by reference to Exhibit 4(d) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)

4(e) Borrowers General Security Agreement as amended and restated through July 31, 1995 (incorporated by reference to Exhibit 4(e) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)

4(f) Parent Pledge Agreement as amended and restated through July 31, 1995 (incorporated by reference to Exhibit 4(f) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)

4(g) Parent General Security Agreement as amended and restated through July 31, 1995 (incorporated by reference to Exhibit 4(g) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)

4(h) Amendment Agreement dated April 1, 1997 to Amended and Restated Loan Agreement dated July 31, 1995 and to Guaranty of registrant dated July 31, 1995 among the Borrowers, the registrant, the lenders named therein and Fleet Bank, N.A. (as successor to NatWest Bank N.A.) as agent (incorporated by reference to Exhibit 4(h) to Form 10-Q for quarter ended April 30, 1997, File No. 0-13283)

4(i) Amendment No. 2 dated October 19, 1999 to Amended and Restated Loan Agreement dated July 31, 1995 among the Borrowers, the registrant, the lenders named therein and Fleet Bank, N.A. (as successor to NatWest Bank N.A.) as agent (incorporated by reference to Exhibit 4(i) to Form 10-Q for quarter ended October 31, 1999, File No. 0-13283)

4(j) Amendment No. 3 dated January 11, 2000 to Amended and Restated Loan Agreement dated July 31, 1995 among the Borrowers, the registrant, the lenders named therein and Fleet Bank, N.A. (as successor to NatWest Bank N.A.) as agent..

4(k) Amendment No. 4 dated March 10, 2000 to Amended and Restated Loan Agreement dated July 31, 1995 among the Borrowers, the registrant, the lenders named therein and Fleet Bank, N.A. (as successor to Natwest Bank N.A.) as agent..

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the registrant has not filed as an exhibit to this Form 10-K certain instruments with respect to long-term debt where the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees to furnish a copy of such instruments to the Commission upon request.

(10) Material contracts:

10(a)* Employment Agreement dated October 14, 1998 between Rex Radio and Television, Inc. and Stuart Rose (incorporated by reference to Exhibit 10.1 to Form 10-Q for quarter ended October 31, 1998, File No. 0-13283)

10(b)* Employment Agreement dated October 14, 1998 between Rex Radio and Television, Inc. and Lawrence Tomchin (incorporated by reference to Exhibit 10.2 to Form 10-Q for quarter ended October 31, 1998, File No. 0-13283)

10(c)* Executive Stock Option dated October 14, 1998 granting Stuart Rose an option to purchase 500,000 shares of registrant's Common Stock (incorporated by reference to Exhibit 10.3 to Form 10-Q for quarter ended October 31, 1998, File No. 0-13283)

10(d)* Executive Stock Option dated October 14, 1998 granting Lawrence Tomchin an option to purchase 150,000 shares of registrant's Common Stock (incorporated by reference to Exhibit 10.4 to Form 10-Q for quarter ended October 31, 1998, File No. 0-13283)

10(e)* Subscription Agreement dated December 1, 1989 from Stuart Rose to purchase 300,000 shares of registrant's Common Stock (incorporated by reference to Exhibit 6.5 to Form 10-Q for quarter ended October 31, 1989, File No. 0-13283)

10(f)* Subscription Agreement dated December 1, 1989 from Lawrence Tomchin to purchase 140,308 shares of registrant's Common Stock (incorporated by reference to Exhibit 6.6 to Form 10-Q for quarter ended October 31, 1989, File No. 0-13283)

10(g)* 1984 Incentive Stock Option Plan, as amended effective February 6, 1992 (incorporated by reference to Exhibit 10(a) to Form 10-K for fiscal year ended January 31, 1992, File No. 0-13283)

10(h)* 1995 Omnibus Stock Incentive Plan, as amended and restated effective June 2, 1995 (incorporated by reference to Exhibit 4(c) to Post-Effective Amendment No. 1 to Form S-8 Registration Statement No. 33-81706)

10(i) Real Estate Purchase and Sale Agreement (the "Agreement") dated March 8, 1989 between registrant as Guarantor, four of its subsidiaries (Rex Radio and

Television, Inc., Stereo Town, Inc., Kelly & Cohen Appliances, Inc., and Rex Radio Warehouse Corporation) as Sellers and Holman/Shidler Investment Corporation as Buyer (incorporated by reference to Exhibit (b)(5)(1) to Amendment No. 1 to Schedule 13E-4 filed March 15, 1989, File No. 5-35828)

The Table of Contents to the Agreement lists Exhibits A through P to the Agreement. Each of the following listed Exhibits to the Agreement is incorporated herein by reference as indicated below. The registrant will, upon request of the Commission, provide any of the additional Exhibits to the Agreement.

10(j) Form of Full Term Lease (incorporated by reference to Exhibit (b)(5)(2) to Amendment No. 1 to Schedule 13E-4 filed March 15, 1989, File No. 5-35828)

10(l) Form of Divisible Lease (incorporated by reference to Exhibit (b)(5)(3) to Amendment No. 1 to Schedule 13E-4 filed March 15, 1989, File No. 5-35828)

10(m) Form of Terminable Lease (incorporated by reference to Exhibit (b)(5)(4) to Amendment No. 1 to Schedule 13E-4 filed March 15, 1989, File No. 5-35828)

10(n) Continuing Lease Guaranty (incorporated by reference to Exhibit (b)(5)(5) to Amendment No. 1 to Schedule 13E-4 filed March 15, 1989, File No. 5-35828)

10(o) Agreement Regarding Leases and Amending Amended and Restated Real Property Purchase and Sale Agreement dated May 17, 1990 among Shidler/West Finance Partners I (Limited Partnership); Rex Radio and Television, Inc., Stereo Town, Inc., Kelly & Cohen Appliances, Inc. and Rex Radio Warehouse Corporation; and registrant (incorporated by reference to Exhibit (a)(10) to Form 10-Q for quarter ended April 30, 1990, File No. 0-13283)

10(p) Lease dated December 12, 1994 between Stuart Rose/Beavercreek, Inc. and Rex Radio and Television, Inc. (incorporated by reference to Exhibit 10(q) to Form 10-K for fiscal year ended January 31, 1995, File No. 0-13283)

(21) Subsidiaries of the registrant:

21(a) Subsidiaries of registrant..............................

(23) Consents of experts and counsel:

23(a) Consent of Arthur Andersen LLP to use its report dated March 23, 2000 included in this annual report on Form 10-K into registrant's Registration Statements on Form S-8 (Registration Nos. 33-3836, 33-81706, 33-62645, 333-69081 and 333-69089)................................

(24) Power of attorney:

Powers of attorney of each person whose name is signed to this report on Form 10-K pursuant to a power of attorney...

(27) Financial data schedule:

Financial data schedule.................................

(99) Additional exhibits:

Risk Factors..

COPIES OF THE EXHIBITS NOT CONTAINED HEREIN MAY BE OBTAINED BY WRITING TO EDWARD M. KRESS, SECRETARY, REX STORES CORPORATION, 2875 NEEDMORE ROAD, DAYTON, OHIO 45414.

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

Those exhibits marked with an asterisk (*) above are management contracts or compensatory plans or arrangements for directors or executive officers of the registrant.

AMENDMENT NO. 3 TO AMENDED AND RESTATED LOAN AGREEMENT
AND TO OTHER LOAN DOCUMENTS

AMENDMENT AGREEMENT, dated as of January 11, 2000, to the Amended and Restated Loan Agreement, dated as of July 31, 1995 (as the same has been or may be further amended, supplemented, modified or restated in accordance with its terms, the "Loan Agreement") among REX RADIO AND TELEVISION, INC., an Ohio corporation ("Rex Radio"), KELLY & COHEN APPLIANCES, INC., an Ohio corporation ("Kelly"), STEREO TOWN, INC., a Georgia corporation ("Stereo Town"), REX KANSAS, INC., a Kansas corporation ("Rex Kansas"), REX ALABAMA, INC., an Ohio corporation ("Rex Alabama"), REXSTORES.COM, INC., an Ohio corporation ("Rex Internet"), those financial institutions named as lenders on Schedule 2.01 thereto (the "Lenders") and FLEET BANK, N.A. (as successor to NatWest Bank N.A.), in its capacity as agent (the "Agent") for itself and the Lenders. Capitalized terms used herein and not otherwise defined shall have the meanings attributed to them in the Loan Agreement.

SECTION I. AMENDMENTS TO LOAN AGREEMENT

1. Section 1.01 of the Loan Agreement is amended by deleting the definitions of "Acquisition Standards" and "Expiration Date" set forth therein and substituting the following therefor:

"'Acquisition Standards' shall mean the following:

> (i) In the event that a proposed acquisition is to be on a "hostile" rather than a "friendly" basis, the Parent or the Borrower, as the case may be, shall so state in the notice of proposed acquisition it sends to the Agent in accordance with Section 14(g)(II) of the Parent Guaranty or the definition of Borrower Acquisition, as applicable, and the Agent or any Lender may disapprove such proposed hostile acquisition if the Agent or any Lender, or any Person related to the Agent or any Lender, or any participant of the Agent or any Lender in connection with the Obligations, shall object to the proposed acquisition because the target business is, or is affiliated with, a customer of the Agent or such Lender, a Person related to the Agent or such Lender, or any participant of the Lender; and
>
> (ii) The nature of the target business shall not be illicit or illegal, shall not subject the Agent or any Lender to embarrassment or adverse publicity and shall not subject the Agent or any Lender to any litigation, claim or other proceeding."

"'Expiration Date' shall mean July 31, 2005."

2. The definition of "Permitted Capital Expenditure Amount" in Section 1.01 of the Loan Agreement is hereby amended by (a) deleting "15,000,000" where it appears in clause (i) and substituting "$30,000,000" therefor and (b) deleting "25,000,000" where it appears in clause (ii) and substituting "50,000,000" therefor.

3. Section 1.01 of the Loan Agreement is further amended by adding the following defined terms in the correct alphabetical order:

"'Availability' shall mean at any time the Borrowing Base minus the sum at such time of (i) the unpaid principal balance of, and accrued interest and fees on, the Revolving Credit Loans and (ii) the Letter of Credit Usage."

"'Borrower Acquisition' shall mean the purchase by a Borrower of (x) assets of any Person which constitute an operating unit or business of such Person or (y) the capital stock or other beneficial ownership interests in another Person; provided that (i) no Default or Event of Default shall have occurred and be continuing on the date of any such acquisition or would occur after giving effect thereto, (ii) at all times during the twelve month period immediately preceding any such acquisition, and after giving effect thereto, Availability shall be equal to or greater than $25,000,000, (iii) the Borrower shall have notified the Agent not less than 10 days prior to the proposed closing date for any such acquisition, and the Agent shall have confirmed within 5 days after Agent's receipt of such notice that the proposed acquisition complies with the Acquisition Standards, and the Agent's decision thereon shall be final and binding, (iv) the Borrowers shall take or cause to be taken such actions as the Agent shall reasonably request in order that the Agent be granted a first priority security interest in all assets acquired, including, without limitation, all assets of any target company and the pledge of any stock purchased or of any Subsidiary formed and (v) any new Subsidiary shall issue a Guaranty of the Obligations; provided further that the Borrowers and the Parent may assume, for all Borrower Acquisitions and Permitted Acquisitions in the aggregate, not more than $10,000,000 in liabilities, contingent and actual and, in any event, including, without limitation, lease obligations with respect to real property."

"'Borrower Stock Repurchase' shall mean the repurchase from time to time by a Borrower of its issued and outstanding common stock; provided that (i) no Default or Event of Default shall have occurred and be continuing on the date of any such stock repurchase or would occur after giving effect thereto, (ii) at all times during the twelve month period immediately preceding any such stock repurchase, and after giving effect thereto, Availability shall be equal to or greater than $25,000,000."

"'Third Amendment Date' shall mean January 11, 2000."

4. Section 2.01 of the Loan Agreement is hereby amended by deleting "$150,000,000" where it appears in paragraph (vi) and substituting "$130,000,000" therefor.

5. Schedules 2.01, 2.02 and 2.03 to the Loan Agreement are hereby deleted and the Schedules 2.01, 2.02 and 2.03 attached hereto as Annex A are substituted therefor.

6. Paragraph (a) of Section 3.03 of the Loan Agreement is hereby amended by deleting clause (iii) thereof in its entirety and substituting the following therefor:

"(iii) the Borrowers shall pay to the Agent on behalf of the Lenders a fee equal to (x) three-quarters of one percent (3/4%) of the amount of such prepayment if such prepayment is made on or prior to the first anniversary of the Third Amendment Date, (y) one-half of one percent (1/2%) of the amount of such prepayment if such prepayment is made after the first anniversary of the Third Amendment Date and on or prior to the second anniversary of the Third Amendment Date and (z) one-quarter of one percent (1/4%) of the amount of such prepayment if such prepayment is made after the second anniversary of the Third Amendment Date and on or prior to the third anniversary of the Third Amendment Date."

7. Section 9.01 of the Loan Agreement is hereby amended by deleting paragraph (b) thereof in its entirety and substituting the following therefor:

"(b) Fixed Charge Coverage Ratio. Permit or suffer the ratio (the "FC Ratio") of (i) EBITDA to (ii) the sum of (w) scheduled principal payments on Indebtedness, (x) capital expenditures made or committed (less any such expenditures made with Capex Financing Proceeds), (y) tax expense and (z) Interest Expense, each for the Parent and its Subsidiaries on a Consolidated basis, at any time to be less than 1.00:1.00; provided, however, that the Borrowers shall not be required to comply with the FC Ratio set forth above in the event that: (A) Undrawn Availability at all times is greater than $25,000,000; provided, that if Undrawn Availability at any time shall be $25,000,000 or less, then compliance with the FC Ratio shall be required at all times thereafter unless Undrawn Availability shall subsequently increase to more than $25,000,000 and shall remain at more than $25,000,000 for twelve consecutive months, in which event compliance with the FC Ratio shall not be required commencing with the end of such twelve consecutive month period and shall not be required again until such time, if any, as Undrawn Availability shall decrease to $25,000,000 or less; or (B) EBITDA of the Parent and its Subsidiaries on a Consolidated basis is not less than the aggregate amounts specified below for the four fiscal quarters ending on the dates indicated:

Period	Amount
January 31, 2000	21,000,000
April 30, 2000	21,000,000
July 31, 2000	21,000,000
October 31, 2000	21,000,000
January 31, 2001	23,000,000
April 30, 2001	23,000,000
July 31, 2001	23,000,000
October 31, 2001	23,000,000
January 31, 2002	26,000,000
April 30, 2002	26,000,000
July 31, 2002	26,000,000
October 31, 2002	26,000,000
January 31, 2003	29,000,000
April 30, 2003	29,000,000
July 31, 2003	29,000,000
October 31, 2003	29,000,000
January 31, 2004	33,000,000
April 30, 2004	33,000,000
July 31, 2004	33,000,000
October 31, 2004	33,000,000"

8. Section 9.02 of the Loan Agreement is hereby amended by (a) deleting "$25,000,000" where it appears in clause (iii) thereof and substituting "$50,000,000" therefor, (b) deleting the word "and" at the end of clause (iv) thereof, (c) deleting the period at the end of clause (v) and substituting "; and" therefor and (d) adding a new clause (vi) which reads as follows:

> "(vi) Unsecured Indebtedness incurred solely to finance a Borrower Acquisition or Borrower Stock Repurchase."

9. Section 9.03 of the Loan Agreement is hereby amended by deleting the proviso in clause (ii) thereof in its entirety and substituting the following therefor:

> "provided, however, that no Liens (except in favor of the Agent) shall be permitted on any stock or assets acquired or on any asset of any target company acquired in a Permitted Acquisition or in a Borrower Acquisition;"

10. Section 9.04 of the Loan Agreement is hereby amended by deleting clause (a) thereof in its entirety and substituting the following therefor:

"(a) Merge or consolidate with, or permit any of its Subsidiaries to merge or consolidate with, any other Person, except that a Subsidiary organized solely for the purpose of consummating a Borrower Acquisition may merge or consolidate with another Person in accordance with such Borrower Acquisition,"

11. Section 9.06 of the Loan Agreement is hereby amended by (a) deleting the word "and" at the end of clause (ix) thereof, (b) deleting the period at the end of clause (x) and substituting "; and" therefor and (c) adding a new clause (xi) which reads as follows:

"(xi) Borrower Acquisitions and Borrower Stock Repurchases up to an aggregate, during the remaining term of the Loan Agreement, together with all Stock Repurchases and Permitted Acquisitions made on or after the Third Amendment Date by the Parent in accordance with Section 14(g) of the Parent Guaranty, of $40,000,000; provided that, to the extent not used to finance Borrower Acquisitions, Borrower Stock Repurchases, Stock Repurchases and Permitted Acquisitions included in such $40,000,000 aggregate, Borrower Acquisitions, Borrower Stock Repurchases, Stock Repurchases and Permitted Acquisitions may be financed with proceeds of equity offerings by the Parent made after the Third Amendment Date in an aggregate amount not to exceed 50% of such proceeds."

12. Section 10.01 of the Loan Agreement is hereby amended by (a) adding the word "or" at the end of clause (i) thereof and (b) adding a new clause (j) which reads as follows:

"(j) if Availability shall be less than $25,000,000 at any time during the twelve month period immediately subsequent to any Stock Repurchase, Permitted Acquisition, Borrower Stock Repurchase or Borrower Acquisition;"

SECTION II. AMENDMENT TO PARENT GUARANTY

Section 14(g) of the Parent Guaranty is hereby amended by (i) deleting the phrase "except that for the period from and including April 1, 1997 through and including the remaining term of the Loan Agreement the Guarantor shall be permitted up to an aggregate of $20,000,000 for any combination of the following" and substituting therefor the phrase "except that for the period from and including the Third Amendment Date through and including the remaining term of the Loan Agreement the Guarantor shall be permitted up to an aggregate of $40,000,000, together with all Borrower Stock Repurchases and Borrower Acquisitions, for any combination of the following", (ii) adding at the end of clause (C) in paragraph (II) thereof the phrase "and the Agent's decision thereon shall be final and binding,", (iii) deleting the phrase "for all Permitted Acquisitions in the aggregate, not more than $10,000,000" and substituting therefor the phrase "for all Permitted Acquisitions and Borrower Acquisitions in the aggregate, not more than $10,000,000", (iv) deleting the phrase "in all assets purchased including, without limitation, the pledge of any stock" and substituting therefor the phrase "in all assets acquired including, without limitation, all assets of any target company and the pledge of any stock" and (v) by adding a new paragraph at the end thereof as follows:

> "In addition, to the extent not used to finance Borrower Acquisitions, Borrower Stock Repurchases, Stock Repurchases and Permitted Acquisitions included in the $40,000,000 aggregate set forth above, Borrower Acquisitions, Borrower Stock Repurchases, Stock Repurchases and Permitted Acquisitions may be financed with proceeds of equity offerings by the Parent made after the Third Amendment Date in an aggregate amount not to exceed 50% of such proceeds."

SECTION III. AMENDMENT TO PARENT SECURITY AGREEMENT

Paragraph 1 of the Parent Security Agreement is hereby amended by (i) deleting the phrase "all Obligations including, without limitation," where it appears therein, (ii) inserting the word "Parent" immediately preceding the word "Guaranty" where it appears therein and (iii) deleting the parenthetical at the end thereof in its entirety and substituting the following therefor:

> "and all Obligations (as such term is defined in the Loan Agreement; all of the foregoing are referred to hereinafter collectively as the "Obligations")."

SECTION IV. CONDITIONS PRECEDENT

This Amendment Agreement shall become effective upon the execution and delivery of counterparts hereof by the Borrowers, the Parent, the Agent and the Required Lenders and the fulfillment of the following conditions:

1. No unwaived event has occurred and is continuing which constitutes a Default or an Event of Default.

2. All representations and warranties made by the Borrowers and the Parent in this Amendment Agreement shall be true and correct.

3. The Agent shall have received, for the ratable benefit of the Lenders, an amendment and extension fee in the amount of $225,000.

4. All required corporate actions in connection with the execution and delivery of this Amendment Agreement shall have been taken, and each shall be satisfactory in form and substance to the Agent, and the Agent shall have received all information and copies of

all documents, including, without limitation, records of requisite corporate action that the Agent may reasonably request, to be certified by the appropriate corporate person or governmental authorities.

5. All of the conditions subsequent set forth in Amendment No. 2 to Amended and Restated Loan Agreement and to Other Loan Documents, dated as of October 19, 1999, shall have been satisfied or waived by the Agent.

6. The Agent shall have received any promissory notes issued to any Borrower or any Subsidiary of any Borrower in connection with any Permitted Agreements, duly endorsed to the Agent.

7. The Agent shall have received acknowledgment copies of financing statements (showing the Agent as assignee) duly filed in all jurisdictions deemed necessary to perfect the security interests granted under the Permitted Agreements.

SECTION V. MISCELLANEOUS

1. By its signature below, each of the Borrowers reaffirms and restates the representations and warranties set forth in Article VII of the Loan Agreement, and all such representations and warranties are true and correct on the date hereof with the same force and effect as if made on such date (except to the extent that they relate expressly to an earlier date). The Parent reaffirms and restates the representations and warranties set forth in Section 14 of the Parent Guaranty, and all such representations and warranties are true and correct on the date hereof with the same force and effect as if made on such date (except to the extent that they relate expressly to an earlier date). In addition, each of the Borrowers and the Parent represents and warrants (which representations and warranties shall survive the execution and delivery hereof) to the Agent and the Lenders that:

(a) it has the power and authority to execute, deliver and carry out the terms and provisions of this Amendment Agreement and the transactions contemplated hereby, and has taken or caused to be taken all necessary actions to authorize the execution, delivery and performance of this Amendment Agreement and the transactions contemplated hereby;

(b) no consent of any other Person (including, without limitation, shareholders or creditors of the Borrowers or the Parent) and no action of, or filing with any governmental or public body or authority is required to authorize, or is otherwise required in connection with the execution, delivery and performance of this Amendment Agreement, or consummation of the transactions contemplated hereby;

(c) this Amendment Agreement has been duly executed and delivered by or on behalf of the Borrowers and the Parent and constitutes a legal, valid and binding obligation of each of the Borrowers and the Parent enforceable in accordance with its terms, subject as to enforceability to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally and the exercise of judicial discretion in accordance with general principles of equity;

(d) the execution, delivery and performance of this Amendment Agreement will not violate any law, statute or regulation, or any order or decree of any court or governmental instrumentality, or conflict with, or result in the breach of, or constitute a default under any contractual obligation of any Borrower or the Parent; and

(e) as of the date hereof (after giving effect to the consummation of the transactions contemplated under this Amendment Agreement) there exists no Default or Event of Default.

By its signature below, each of the Borrowers and the Parent agree that it shall constitute an Event of Default if any representation or warranty made above should be false or misleading in any material respect.

2. Each of the Loan Agreement, the Parent Guaranty and the Parent Security Agreement is hereby ratified and confirmed in all respects and, except as expressly amended or waived hereby, all of the representations, warranties, terms, covenants and conditions of the Loan Agreement, the Parent Guaranty and the Parent Security Agreement shall remain unamended, unwaived and in effect in accordance with their respective terms. The amendments and waivers set forth herein shall be limited precisely as provided for herein and shall not be deemed to be amendments or consents to, or waivers of modifications of, any term or provision of the Loan Documents or any other document or instrument referred to herein or therein or of any transaction or further or future action on the part of any Borrower or the Parent requiring the consent of the Agent or any Lender, except to the extent specifically provided for herein.

3. Each Borrower and the Parent confirms in favor of the Agent and each Lender that it agrees that it has no defense, offset, claim, counterclaim or recoupment with respect to any of its obligations or liabilities under the Loan Agreement, the Borrowers Guaranty, the Parent Guaranty, the Borrowers Security Agreement, the Parent Security Agreement, the Borrowers Pledge Agreement, the Parent Pledge Agreement, the Security Agreement-Patents and Trademarks or any other Loan Document and that, except as herein provided, all terms of the Loan Agreement, the Borrowers Guaranty, the Parent Guaranty, the Borrowers Security Agreement, the Parent Security Agreement, the Borrowers Pledge Agreement, the Parent Pledge Agreement, the Security Agreement-Patents and Trademarks and the other Loan Documents shall continue in full force and effect.

4. This Amendment Agreement may be executed by the parties hereto individually or in combination, in one or more counterparts, each of which shall be an original

and all of which shall constitute one and the same agreement.

5. Delivery of an executed counterpart of a signature page by telecopier shall be effective as delivery of a manually executed counterpart.

6. THIS AMENDMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SAID STATE (WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF).

"BORROWERS"

REX RADIO AND TELEVISION, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

KELLY & COHEN APPLIANCES, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

STEREO TOWN, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

REX KANSAS, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

REX ALABAMA, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

REXSTORES.COM, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

"PARENT"

REX STORES CORPORATION

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

"LENDERS"

FLEET BANK, N.A.,
Individually

By: THOMAS MAIALE

Name: Thomas Maiale
Title: Vice President

BANK ONE, N.A. (successor to Bank One,
Dayton, N.A.)

By: MICHAEL R. ZAKSHESKE

Name: Michael R. Zaksheske
Title: Vice President

KEY BANK NATIONAL ASSOCIATION

By: R. MICHAEL DUNLAVEY

Name: R. Michael Dunlavey
Title: Vice President

NATIONAL CITY BANK (as successor by
merger to National City Bank, Dayton)

By: SHEILA J. PETTERUTI

Name: Sheila J. Petteruti
Title: Vice President

THE PROVIDENT BANK

By: JEROME BRUNSWICK

Name: Jerome Brunswick
Title: Vice President

THE FIFTH THIRD BANK

By:______________________________
Name:
Title:

FIRSTAR BANK, N.A. (as successor to
Star Bank, N.A.)

By: THOMAS D. GIBBONS

    Name: Thomas D. Gibbons
    Title: Senior Vice President

"AGENT"
FLEET BANK, N.A.,
As Agent

By: THOMAS MAIALE

    Name: Thomas Maiale
    Title: Vice President

ANNEX A

SCHEDULE 2.01

Revolving Credit Commitments

Lender	Revolving Credit Commitment	Approximate Percentage of Total Revolving Credit Commitment
Fleet Bank N.A. 60 East 42nd Street New York, New York 10017 Fax: (212) 885-8829	$45,000,000	34.6154%
Bank One, N.A. 100 East Broad Street 7th Floor Columbus, Ohio 43215 Fax: (614) 248-5518	$20,000,000	15.3846%
Key Bank National Association 34 North Main Street Dayton, Ohio 45402 Fax: (937) 586-7695	$15,000,000	11.5385%
National City Bank 6 North Main Street Dayton, Ohio 45412-2200 Fax: (937) 226-2058	$25,000,000	19.2308%
The Provident Bank Courthouse Plaza Northeast 10 West 2nd Street Dayton, Ohio 45402 Fax: (937) 223-3522	$15,000,000	11.5385%
Firstar Bank, N.A. 425 Walnut Street P.O. Box 1038 Cincinnati, Ohio 45201-1038 Fax: (513) 632-2068	$10,000,000	7.6923%

SCHEDULE 2.02

Domestic Lending Office

Lender	Domestic Lending Office
Fleet Bank N.A.	60 East 42nd Street New York, NY 10017
Bank One, N.A.	Kettering Tower 40 North Main Street Dayton, OH 45423
Key Bank National Association	34 North Main Street Dayton, OH 45402
National City Bank	6 North Main Street Dayton, OH 45412
The Provident Bank	Courthouse Plaza Northeast 10 West 2nd Street Dayton, OH 45402
Firstar Bank, N.A.	425 Walnut Street P.O. Box 1038 Cincinnati, OH 45201-1038

SCHEDULE 2.03

Eurodollar Lending Office

Lender	Eurodollar Lending Office
Fleet Bank N.A.	60 East 42nd Street New York, NY 10017
Bank One, N.A.	Kettering Tower 40 North Main Street Dayton, OH 45423
Key Bank National Association	34 North Main Street Dayton, OH 45402
National City Bank	6 North Main Street Dayton, OH 45412
The Provident Bank	Courthouse Plaza Northeast 10 West 2nd Street Dayton, OH 45402
Firstar Bank, N.A.	425 Walnut Street P.O. Box 1038 Cincinnati, OH 45201

AMENDMENT NO. 4 TO AMENDED AND RESTATED LOAN AGREEMENT
AND TO OTHER LOAN DOCUMENTS

AMENDMENT AGREEMENT, dated as of March 10, 2000, to the Amended and Restated Loan Agreement, dated as of July 31, 1995 (as the same has been or may be further amended, supplemented, modified or restated in accordance with its terms, the "Loan Agreement") among REX RADIO AND TELEVISION, INC., an Ohio corporation ("Rex Radio"), KELLY & COHEN APPLIANCES, INC., an Ohio corporation ("Kelly"), STEREO TOWN, INC., a Georgia corporation ("Stereo Town"), REX KANSAS, INC., a Kansas corporation ("Rex Kansas"), REX ALABAMA, INC., an Ohio corporation ("Rex Alabama"), REXSTORES.COM, INC., an Ohio corporation ("Rex Internet"), those financial institutions named as lenders on Schedule 2.01 thereto (the "Lenders") and FLEET BANK, N.A. (as successor to NatWest Bank N.A.), in its capacity as agent (the "Agent") for itself and the Lenders. Capitalized terms used herein and not otherwise defined shall have the meanings attributed to them in the Loan Agreement.

SECTION I. AMENDMENTS TO LOAN AGREEMENT

1. Section 1.01 of the Loan Agreement is further amended by adding the following defined term in the correct alphabetical order:

"'Fourth Amendment Date' shall mean March 10, 2000."

2. Section 9.06 of the Loan Agreement is hereby amended by deleting "Third Amendment Date" where it appears in clause (xi) thereof and substituting "Fourth Amendment Date" therefor.

SECTION II. AMENDMENT TO PARENT GUARANTY

Section 14(g) of the Parent Guaranty is hereby amended by deleting each reference to "Third Amendment Date" in such section and substituting therefor "Fourth Amendment Date".

SECTION III. CONDITIONS PRECEDENT

This Amendment Agreement shall become effective upon the execution and delivery of counterparts hereof by the Borrowers, the Parent, the Agent and the Required Lenders and the fulfillment of the following conditions:

1. No unwaived event has occurred and is continuing which constitutes a

Default or an Event of Default.

2. All representations and warranties made by the Borrowers and the Parent in this Amendment Agreement shall be true and correct.

3. All required corporate actions in connection with the execution and delivery of this Amendment Agreement shall have been taken, and each shall be satisfactory in form and substance to the Agent, and the Agent shall have received all information and copies of all documents, including, without limitation, records of requisite corporate action that the Agent may reasonably request, to be certified by the appropriate corporate person or governmental authorities.

SECTION IV. MISCELLANEOUS

1. By its signature below, each of the Borrowers reaffirms and restates the representations and warranties set forth in Article VII of the Loan Agreement, and all such representations and warranties are true and correct on the date hereof with the same force and effect as if made on such date (except to the extent that they relate expressly to an earlier date). The Parent reaffirms and restates the representations and warranties set forth in Section 14 of the Parent Guaranty, and all such representations and warranties are true and correct on the date hereof with the same force and effect as if made on such date (except to the extent that they relate expressly to an earlier date). In addition, each of the Borrowers and the Parent represents and warrants (which representations and warranties shall survive the execution and delivery hereof) to the Agent and the Lenders that:

(a) it has the power and authority to execute, deliver and carry out the terms and provisions of this Amendment Agreement and the transactions contemplated hereby, and has taken or caused to be taken all necessary actions to authorize the execution, delivery and performance of this Amendment Agreement and the transactions contemplated hereby;

(b) no consent of any other Person (including, without limitation, shareholders or creditors of the Borrowers or the Parent) and no action of, or filing with any governmental or public body or authority is required to authorize, or is otherwise required in connection with the execution, delivery and performance of this Amendment Agreement, or consummation of the transactions contemplated hereby;

(c) this Amendment Agreement has been duly executed and delivered by or on behalf of the Borrowers and the Parent and constitutes a legal, valid and binding obligation of each of the Borrowers and the Parent enforceable in accordance with its terms, subject as to enforceability to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally and the exercise of judicial discretion in accordance with general principles of equity;

(d) the execution, delivery and performance of this Amendment Agreement will not violate any law, statute or regulation, or any order or decree of any court or governmental instrumentality, or conflict with, or result in the breach of, or constitute a default under any contractual obligation of any Borrower or the Parent; and

(e) as of the date hereof (after giving effect to the consummation of the transactions contemplated under this Amendment Agreement) there exists no Default or Event of Default.

By its signature below, each of the Borrowers and the Parent agree that it shall constitute an Event of Default if any representation or warranty made above should be false or misleading in any material respect.

2. Each of the Loan Agreement and the Parent Guaranty is hereby ratified and confirmed in all respects and, except as expressly amended or waived hereby, all of the representations, warranties, terms, covenants and conditions of the Loan Agreement and the Parent Guaranty shall remain unamended, unwaived and in effect in accordance with their respective terms. The amendments and waivers set forth herein shall be limited precisely as provided for herein and shall not be deemed to be amendments or consents to, or waivers of modifications of, any term or provision of the Loan Documents or any other document or instrument referred to herein or therein or of any transaction or further or future action on the part of any Borrower or the Parent requiring the consent of the Agent or any Lender, except to the extent specifically provided for herein.

3. Each Borrower and the Parent confirms in favor of the Agent and each Lender that it agrees that it has no defense, offset, claim, counterclaim or recoupment with respect to any of its obligations or liabilities under the Loan Agreement, the Borrowers Guaranty, the Parent Guaranty, the Borrowers Security Agreement, the Parent Security Agreement, the Borrowers Pledge Agreement, the Parent Pledge Agreement, the Security Agreement-Patents and Trademarks or any other Loan Document and that, except as herein provided, all terms of the Loan Agreement, the Borrowers Guaranty, the Parent Guaranty, the Borrowers Security Agreement, the Parent Security Agreement, the Borrowers Pledge Agreement, the Parent Pledge Agreement, the Security Agreement-Patents and Trademarks and the other Loan Documents shall continue in full force and effect.

4. This Amendment Agreement may be executed by the parties hereto individually or in combination, in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

5. Delivery of an executed counterpart of a signature page by telecopier shall be effective as delivery of a manually executed counterpart.

6. THIS AMENDMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SAID STATE (WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF).

"BORROWERS"

REX RADIO AND TELEVISION, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

KELLY & COHEN APPLIANCES, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

STEREO TOWN, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

REX KANSAS, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

REX ALABAMA, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

REXSTORES.COM, INC.

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

"PARENT"

REX STORES CORPORATION

By: EDWARD M. KRESS

Name: Edward M. Kress
Title: Secretary

"LENDERS"

FLEET BANK, N.A.,
Individually

By: THOMAS MAIALE

Name: Thomas Maiale
Title: Vice President

BANK ONE, N.A. (successor to Bank One,
Dayton, N.A.)

By: PAUL A. HARRIS

Name: Paul A. Harris
Title: Managing Director
Ohio Large Corporate

KEY BANK NATIONAL ASSOCIATION

By: R. MICHAEL DUNLAVEY

Name: R. Michael Dunlavey
Title: Vice President

NATIONAL CITY BANK (as successor by merger to National City Bank, Dayton)

By: DAVID A. DENNY

Name: David A. Denny
Title: Vice President

THE PROVIDENT BANK

By: JEROME J. BRUNSWICK

Name: Jerome J. Brunswick
Title: Senior Vice President

FIRSTAR BANK, N.A. (as successor to Star Bank, N.A.)

By: THOMAS D. GIBBONS

Name: Thomas D. Gibbons
Title: Senior Vice President

"AGENT"
FLEET BANK, N.A.,
As Agent

By: THOMAS MAIALE

Name: Thomas Maiale
Title: Vice President

EXHIBIT 21(a)

SUBSIDIARIES OF REX STORES CORPORATION

Name	State of Incorporation
Rex Radio and Television, Inc.	Ohio
Stereo Town, Inc.	Georgia
Kelly & Cohen Appliances, Inc.	Ohio
Rex Kansas, Inc.(1)	Kansas
AVA Acquisition Corp.(2) (3)	Delaware
Rex Louisiana, Inc.(3)	Ohio
Rex Alabama, Inc.(1)	Ohio
REX Investment, LLC (4)	Ohio
rexstores.com, Inc.	Ohio

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(1) Wholly-owned subsidiary of Rex Radio and Television, Inc.

(2) Wholly-owned subsidiary of Kelly & Cohen Appliances, Inc.

(3) Non-operating subsidiary.

(4) Kelly & Cohen Appliances, Inc. owns a 98.032% Class A interest and a 95% Class C interest. AVA Acquisition Corp. owns a 95.46% Class B interest and a 5% Class C interest.

EXHIBIT 23(a)

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K into the Company's previously filed Registration Statements on Form S-8 (No. 33-3836, No. 33-81706, No. 33-62645, No. 333-69081 and No. 333-69089).

/s/ Arthur Andersen LLP

Cincinnati, Ohio
April 14, 2000

EXHIBIT 24.1

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, in his capacity as a director or officer, or both, of REX Stores Corporation, a Delaware corporation (the "Company"), hereby constitutes and appoints Stuart A. Rose and Edward M. Kress, or any one of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the Fiscal Year Ended January 31, 2000 and to sign any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and any one of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents or any one of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 5th day of April, 2000.

LAWRENCE TOMCHIN
Lawrence Tomchin

EXHIBIT 24.2

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, in his capacity as a director or officer, or both, of REX Stores Corporation, a Delaware corporation (the "Company"), hereby constitutes and appoints Stuart A. Rose and Edward M. Kress, or any one of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the Fiscal Year Ended January 31, 2000 and to sign any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and any one of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents or any one of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 5th day of April, 2000.

ROBERT DAVIDOFF
Robert Davidoff

EXHIBIT 24.3

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, in his capacity as a director or officer, or both, of REX Stores Corporation, a Delaware corporation (the "Company"), hereby constitutes and appoints Stuart A. Rose and Edward M. Kress, or any one of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the Fiscal Year Ended January 31, 2000 and to sign any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and any one of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents or any one of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 5th day of April, 2000.

LEE FISHER
Lee Fisher

5
0000744187
REX STORES CORPORATION
1,000

YEAR
JAN-31-2000
FEB-01-1999
JAN-31-2000
25,609
0
3,052
483
139,267
179,379
135,824
22,022
304,036
78,623
46,200
115
0
0
159,722
304,036
464,300
464,300
337,418
337,418
0
0
5,136
25,360
6,350
19,010
0
717
0
18,293
2.28
2.06

EXHIBIT 99

RISK FACTORS

You should carefully consider the risk factors described below as well as the other information in our SEC filings before making an investment in REX common stock.

WE FACE SIGNIFICANT COMPETITION FROM OTHER RETAILERS MANY OF WHOM HAVE GREATER FINANCIAL RESOURCES.

We face significant competition from a diverse group of retailers. Our competitors include national and regional large format merchandisers and superstores such as Best Buy Co., Inc. and Circuit City Stores, Inc., other specialty electronics retailers including RadioShack, the retail operating format of Tandy Corporation, department and discount stores such as Sears, Roebuck and Co., Wal-Mart Stores, Inc. and Montgomery Ward Holding Corp., furniture stores, warehouse clubs and home improvement retailers. In addition, we compete with small chains and specialty single-store operators in some markets, as well as Sears' dealer-operated units. We also face additional competition from Internet and store-based retailers who sell consumer electronics and home appliance products online. Some of our competitors have greater financial resources than us, which may increase their ability to purchase inventory at a lower cost, better withstand economic downturns or engage in aggressive price competition.

We expect competition within the consumer electronics/appliance retailing industry to increase. National merchandisers are expanding their geographic markets and entering markets traditionally served by us. In the event that competitors enter markets we serve, we may experience pricing pressures, reduced gross margins and declines in same store sales.

WE MAY BE UNABLE TO FULLY EXERCISE OUR NEW STORE EXPANSION PLAN AND CANNOT ASSURE YOU THAT OUR NEWLY OPENED STORES WILL BE PROFITABLE.

Our success depends, in part, on our ability to open and operate new stores profitably. Several factors could affect achievement of our planned store expansion or could adversely impact new store sales and profitability. These factors include:

- identifying new geographic markets in which we can successfully compete;

- identifying and acquiring or leasing suitable new store sites at an acceptable cost;

- obtaining governmental and other third-party consents, permits and licenses needed to operate new stores;

- securing favorable economic terms for newspaper, television and radio advertising;

- hiring, promoting and training qualified personnel, including new store managers;

- integrating new stores into our existing operations;

- adapting our existing information systems and distribution infrastructure to our growing number of stores; and

- having adequate financial resources available to us.

Although we believe that we have the management, operational and information systems, distribution infrastructure and other resources required to implement our store expansion goals, we may not be able to execute our new store expansion within the expected time frame, if at all. To meet our store expansion goals over the next three years, we may need to expend significant effort and additional managerial and financial resources to ensure the continuing adequacy of our financial controls, operating procedures, information systems, product purchasing and distribution systems and employee training programs.

A DECLINE IN ECONOMIC CONDITIONS COULD LEAD TO REDUCED CONSUMER DEMAND FOR THE PRODUCTS WE SELL.

Demand for consumer electronics and home appliance products is dependent upon various economic factors outside of our control. These factors include:

- general economic conditions;
- consumer confidence;
- consumer spending patterns and preferences; and
- new housing starts.

A slowdown in the national or regional economies or an uncertain economic outlook could adversely affect discretionary consumer spending habits and negatively impact our sales and operating results.

IF NEW PRODUCTS ARE NOT INTRODUCED OR CONSUMERS DO NOT ACCEPT NEW PRODUCTS OUR SALES MAY DECLINE.

We rely upon the periodic introduction of new products to help stimulate consumer demand. The lack of new products could reduce consumer interest and lower our sales.

In addition, many products which incorporate the newest technologies, such as DVD players and high definition television, are subject to technological and pricing limitations and may not achieve widespread or rapid consumer acceptance in the markets we serve. If these new products do not meet with widespread or rapid market acceptance, our results of operations may be impaired.

Furthermore, the introduction or expected introduction of new products may depress sales of existing products and technologies.

IF WE DO NOT ADEQUATELY ANTICIPATE AND RESPOND TO CHANGING CONSUMER DEMAND AND PREFERENCES OUR RESULTS OF OPERATIONS MAY BE IMPAIRED.

Our success depends, in part, on our ability to anticipate and respond in a timely manner to changing consumer demand and preferences regarding consumer electronics and home appliances. Our failure to adequately anticipate and respond to these changes could have a material adverse effect on our business, results of operation and financial condition either from lost sales or lower margins due to the need to mark down excess inventory.

OUR OPPORTUNISTIC PRODUCT BUYING STRATEGY COULD NEGATIVELY IMPACT OUR SALES AND GROSS MARGINS.

We frequently purchase large quantities of merchandise on an opportunistic or when-available basis at favorable prices. Our inability to find suitable opportunistic product buying opportunities could negatively impact our sales and gross margins.

Products purchased on an opportunistic basis generally are held in inventory longer than our other products. This can result in increased inventory levels and lower inventory turnover, which increase our working capital requirements and inventory carrying costs. Increased inventory levels and lower turnover rates also increase the risk of inventory mark-downs.

THE LOSS OF TAX CREDITS RESULTING FROM OUR INVESTMENT IN SYNTHETIC FUEL LIMITED PARTNERSHIPS COULD SIGNIFICANTLY INCREASE OUR EFFECTIVE TAX RATE AND REDUCE OUR NET INCOME.

Our net income for fiscal 1998 and 1999 was positively impacted by our equity investment in two limited partnerships which produce solid synthetic fuels from four facilities. As a result of our share of the federal income tax credits earned by the partnerships under Section 29 of the Internal Revenue Code, our effective tax rate for fiscal 1998 and 1999 was reduced to 26.3% and 25.0%, respectively, versus 39.5% for fiscal 1997. Loss of these tax credits could significantly increase our effective tax rate and reduce our net income.

The limited partnerships earn tax credits based upon the tonnage and content of solid synthetic fuel sold to unrelated parties. As production and sales levels change, so will the amount of tax credits available to us. This could result in fluctuations in our effective tax rate and net income.

THE LOSS OF THE SERVICES OF OUR CHIEF EXECUTIVE OFFICER, OUR PRESIDENT OR OUR OTHER KEY EMPLOYEES COULD JEOPARDIZE OUR ABILITY TO MAINTAIN OUR COMPETITIVE POSITION.

We believe that our success depends on the continued service of our key executive management personnel. Loss of the services of Stuart Rose, our Chairman and Chief Executive Officer, Lawrence Tomchin, our President and Chief Operating Officer, or other key employees could jeopardize our ability to maintain our competitive position in the industry. We have entered into employment agreements with Mr. Rose and Mr. Tomchin which run through December 31, 2002, but we do not have employment agreements with any other members of our executive management team.

FLUCTUATIONS IN OUR COMPARABLE STORE SALES MAY CAUSE THE PRICE OF OUR COMMON STOCK TO FLUCTUATE SUBSTANTIALLY.

A number of factors have historically affected and will continue to affect our comparable store sales, including the following:

- competition;
- national and regional economic conditions;
- consumer trends;
- new product introductions;
- weather conditions which can impact store traffic as well as sales of seasonal products such as air conditioners;
- changes in our product mix;

- duration of the holiday selling season; and

- timing of promotional events.

Comparable store sales are often followed closely by the investment community and significant fluctuations in these results could cause the price of our common stock to fluctuate substantially.

OUR QUARTERLY OPERATING RESULTS ARE SUBJECT TO SEASONALITY.

Our business is seasonal. Our net sales and net income historically have been highest in our fourth fiscal quarter, which includes the Christmas selling season. The fourth quarter accounted for approximately 34% and 33% of our net sales, 50% and 48% of our income from operations, and 70% and 53% of our net income in fiscal 1998 and 1999, respectively. Our annual financial results would be adversely impacted if our sales were to fall substantially below what we normally expect during this period.

WE DEPEND ON OUR SUPPLIERS FOR PRODUCTS AND OUR BUSINESS COULD BE ADVERSELY AFFECTED IF WE DO NOT MAINTAIN RELATIONSHIPS WITH OUR KEY VENDORS.

Our success depends to a significant degree upon our suppliers of consumer electronics and home appliance products. We do not have any long-term supply agreements or exclusive arrangements with vendors. We typically order merchandise by issuing individual purchase orders to vendors. We rely significantly on a few suppliers. Our seven largest suppliers accounted for approximately 63% of our purchases during fiscal 1999. The loss of any of these key vendors, our failure to establish and maintain relationships with our vendors, or any prolonged disruptions in product supply, could have a material adverse impact on our business.

WE MAY INCUR HIGHER COSTS OR DECREASED SALES AND GROSS MARGINS BECAUSE WE PURCHASE IMPORTED PRODUCTS.

A significant portion of our inventory is manufactured outside the United States. Changes in trade regulations, currency fluctuations or other factors may increase the cost of items manufactured outside the United States or create shortages of those items. We purchase all of our products in U.S. dollars. Significant reductions in the cost of such items in U.S. dollars may cause a significant reduction in retail price levels of those products, which could adversely effect our sales and gross margins.

OUR MANAGEMENT, INCLUDING OUR PRINCIPAL SHAREHOLDER, OWNS A SIGNIFICANT PORTION OF OUR COMMON STOCK AND WILL BE ABLE TO EXERCISE SIGNIFICANT INFLUENCE OVER OUR AFFAIRS.

As of April 13, 2000, Stuart Rose, our Chairman and Chief Executive Officer, owned approximately 14.5% of our outstanding common stock and held options to acquire an additional 1,327,513 shares. In addition, our directors and executive officers as a group owned approximately 18.2% of our common stock as of April 13, 2000 and held options to acquire an additional 2,042,708 shares. As a result of this share ownership, our management, and in particular Mr. Rose, will be able to exert significant influence on corporate action requiring shareholder approval, including the election of directors. This share ownership could delay or prevent a change in control. It could also prevent our shareholders from realizing a premium over the market price for their common stock or effecting a change in management.

WE DO NOT ANTICIPATE PAYING CASH DIVIDENDS ON OUR COMMON STOCK IN THE FORESEEABLE FUTURE.

We have not paid cash dividends on our common stock in prior years. We currently intend to retain all of our earnings for use in our business and do not anticipate paying any cash dividends in the foreseeable future. Our revolving credit agreement limits and potentially prohibits the payment of dividends. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" in our Annual Report on Form 10-K for a description of the revolving credit agreement.

THE SUBSTANTIAL NUMBER OF SHARES THAT ARE ELIGIBLE FOR PUBLIC SALE MAY ADVERSELY AFFECT OUR STOCK PRICE.

As of April 13, 2000, there were 6,726,879 shares of our common stock outstanding. Of these outstanding shares, 5,500,330 shares are freely tradable without restriction or registration under the Securities Act. The remaining 1,226,549 shares are currently eligible for public sale under Rule 144 of the Securities Act.

As of April 13, 2000, 2,633,020 shares of common stock were issuable pursuant to options granted under our stock option plans. Of these option shares, 1,301,516 shares are currently exercisable. All shares issuable under our stock option plans have been registered under the Securities Act.

Sales of substantial amounts of common stock in the public market, including shares issued upon the exercise of stock options, or the perception that such sales could occur, could adversely impact the market price for our common stock.

OUR STOCK PRICE MAY FLUCTUATE SIGNIFICANTLY AND YOU COULD LOSE A SIGNIFICANT PART OF YOUR INVESTMENT AS A RESULT.

The trading price of our common stock has been volatile and is likely to continue to be volatile. Our stock price could be subject to wide fluctuations in response to a variety of factors. The stock market has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies. Broad market factors may have a material adverse effect on our stock price, regardless of our actual operating performance.