

REX STORES CORP
Form DEF 14A
May 05, 2010

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

**SCHEDULE 14A
(Rule 14a-101)**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒ [X]

Filed by a Party other than the Registrant ☐ []

Check the appropriate box:

☐ [] Preliminary Proxy Statement

☐ [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ [X] Definitive Proxy Statement

☐ [] Definitive Additional Materials

☐ [] Soliciting Material Pursuant to Rule §240.14A-12

REX STORES CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ [X] No fee required

☐ [] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.

(3) Filing Party:

(4) Date Filed:

REX STORES CORPORATION
2875 Needmore Road
Dayton, Ohio 45414

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held on June 9, 2010

The Annual Meeting of Shareholders of REX Stores Corporation will be held at the Dayton Racquet Club, Kettering Tower, 29th Floor, 40 N. Main Street, Dayton, Ohio on Wednesday, June 9, 2010, at 2:00 p.m., for the following purposes:

1. Election of seven members to the Board of Directors to serve until the next Annual Meeting of Shareholders and until their respective successors are elected and qualified.
2. Approval of a proposed amendment to the Certificate of Incorporation changing the name of the Company to REX American Resources Corporation.
3. Transaction of such other business as may properly come before the Annual Meeting or any adjournment thereof.

Only shareholders of record at the close of business on April 28, 2010 will be entitled to notice of and to vote at the Annual Meeting.

All shareholders are cordially invited to attend the Annual Meeting in person.

By Order of the Board of Directors

EDWARD M. KRESS
Secretary

Dayton, Ohio
May 5, 2010

Important Notice Regarding the Availability of Proxy Materials
for the Shareholders Meeting to be Held on June 9, 2010

The Proxy Statement, 2009 Annual Report and other soliciting materials are available at www.rextv.com by clicking on Investors and then clicking on the Corporate Governance 2009 Annual Report link.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE MARK, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED.

REX STORES CORPORATION
2875 Needmore Road
Dayton, Ohio 45414

PROXY STATEMENT

Mailing Date
May 5, 2010

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of REX Stores Corporation, a Delaware corporation (**REX** or the **Company**), for use for the purposes set forth herein at our Annual Meeting of Shareholders to be held on June 9, 2010 and any adjournments thereof. All properly executed proxies will be voted as directed by the shareholder on the proxy card. If no direction is given, proxies will be voted in accordance with the Board of Directors' recommendations and, in the discretion of the proxy holders, in the transaction of such other business as may properly come before the Annual Meeting and any adjournments thereof. Any proxy may be revoked by a shareholder by delivering written notice of revocation to the Company or in person at the Annual Meeting at any time prior to the voting thereof.

We have one class of stock outstanding, namely Common Stock, \$.01 par value, of which there were 9,842,083 shares outstanding as of April 28, 2010. Only holders of Common Stock whose names appeared of record on the books of the Company at the close of business on April 28, 2010 are entitled to notice of and to vote at the Annual Meeting. Each shareholder is entitled to one vote per share.

A majority of the outstanding shares of Common Stock will constitute a quorum at the Annual Meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum. Directors are elected by a plurality of the votes cast by the holders of Common Stock at a meeting at which a quorum is present. Abstentions and broker non-votes will not be counted toward a nominee's achievement of a plurality and thus will have no effect. A broker non-vote occurs when a broker submits a proxy with respect to shares held in a fiduciary capacity (or **street name**) that indicates the broker does not have discretionary authority to vote the shares on a particular matter.

If you hold shares in street name, you must vote by giving instructions to your broker or nominee. Without your instructions, your broker or nominee is permitted to use its own discretion and vote your shares on certain routine matters but is not permitted to use discretion to vote on non-routine matters, such as item 1 and item 2 in the Notice of Annual Meeting. Prior to 2010, the election of directors was considered a routine matter for which brokers were permitted to vote your shares. Beginning this year, brokers are no longer permitted to vote uninstructed shares in the election of directors. **We urge you to give voting instructions to your broker on all voting items.** Because item 2 the proposal to approve an amendment to our Certificate of Incorporation changing our name requires the affirmative vote of holders of a majority of our outstanding Common Stock, broker non-votes will have the same effect as votes against the proposal.

Fiscal Year

All references in this Proxy Statement to a particular fiscal year are to REX's fiscal year ended January 31. For example, **fiscal 2009** means the period February 1, 2009 to January 31, 2010.

ELECTION OF DIRECTORS

Seven directors are to be elected at the Annual Meeting to hold office until the next Annual Meeting of Shareholders and until their successors are elected and qualified. Unless otherwise directed, it is the intention of the persons named in the accompanying proxy to vote each proxy for the election of the nominees listed below. All nominees are presently directors of REX.

If at the time of the Annual Meeting any nominee is unable or declines to serve, the proxy holders will vote for the election of such substitute nominee as the Board of Directors may recommend. We have no reason to believe that any substitute nominee will be required.

Set forth below is certain information with respect to the nominees for director, including the experience, qualifications and skills we believe these individuals bring to the Board and qualify them to serve as directors.

STUART A. ROSE, 55, 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. Mr. Rose's leadership as our Chief Executive Officer provides the Board with essential knowledge of the Company's operations and strategic opportunities.

LAWRENCE TOMCHIN, 82, retired as our President and Chief Operating Officer in 2004, a position he held since 1990, and remained a part-time employee and consultant until January 31, 2006. 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. Mr. Tomchin's service as our retired Chief Operating Officer provides the Board with additional perspective of the Company's operations.

ROBERT DAVIDOFF, 83, has been a director since 1984. Mr. Davidoff has been a Managing Director of Carl Marks & Co., Inc., an investment banking firm, since 1990, and the general partner of CMNY Capital II, L.P., a venture capital affiliate of Carl Marks & Co., since 1989. Mr. Davidoff is currently also a director of Cinedigm Digital Cinema Corp. and formerly a director of Hubco Exploration, Inc. and Marisa Christina, Inc. Mr. Davidoff's long career in investment banking and accounting background gives the Board seasoned, executive level financial knowledge.

EDWARD M. KRESS, 60, has been our Secretary since 1984 and a director since 1985. Mr. Kress has been a partner of the law firm of Dinsmore & Shohl LLP (formerly Chernesky, Heyman & Kress P.L.L.), our legal counsel, since 1988. Mr. Kress has practiced law in Dayton, Ohio since 1974. Mr. Kress, a lawyer and our legal counsel, provides the Board with critical legal advice and perspective.

CHARLES A. ELCAN, 46, has been a director since 2003. Mr. Elcan is a founder and President of China Healthcare Corporation, organized in May 2008 to build and operate a hospital in China. Mr. Elcan was Executive Vice President Medical Office Properties of Health Care Property Investors, Inc. (HCP), a real estate investment trust specializing in health care related real estate, from October 2003 to April 2008, and served as the Chief Executive Officer and President of MedCap Properties, LLC, a real estate company located in Nashville, Tennessee that owned, operated and developed real estate in the healthcare field, from 1998 to October 2003. (HCP acquired MedCap Properties in October 2003.) From 1992 to 1997, Mr. Elcan was a founder and investor in Behavioral Healthcare Corporation (now

Ardent Health Services LLC), a healthcare company that owns and operates psychiatric and acute care hospitals. Mr. Elcan, a founder of health care real estate companies, brings to the Board entrepreneurial experience and real estate expertise.

DAVID S. HARRIS, 50, has been a director since 2004. Mr. Harris has served as President of Grant Capital, Inc., a private investment company, since January 2002. Mr. Harris served as a Managing Director of Tri-Artisan Partners, LLC, a private merchant banking firm engaged in investment banking and principal investment activities, from January 2005 to June 2006. From May 2001 to December 2001, Mr. Harris served as a Managing Director in the investment banking division of ABN Amro Securities LLC (ABN). From 1997 to May 2001, Mr. Harris served as a Managing Director and Sector Head of the Retail, Consumer and Leisure Group of ING Barings LLC (ING). The investment banking operations of ING were acquired by ABN in May 2001. From 1986 to 1997 Mr. Harris served in various capacities as a member of the investment banking group of Furman Selz LLC. Furman Selz was acquired by ING in 1997. Mr. Harris is currently also a director of Steiner Leisure Limited. Mr. Harris' experience in investment banking, corporate finance and capital markets is valuable to the Board in developing strategy and evaluating senior management.

MERVYN L. ALPHONSO, 69, has been a director since 2007. Mr. Alphonso retired as Vice President for Administration and Chief Financial Officer of Central State University in March 2007, a position he held since 2004. Mr. Alphonso has over 30 years of experience in the banking industry. He was President, Dayton District, KeyBank National Association from 1994 to 2000 and held various management positions with KeyBank of New York, N.A., Crocker National Bank and Bankers Trust Company. Mr. Alphonso served as a Peace Corps volunteer from 2001 to 2003. Mr. Alphonso's experience in the banking industry and as a chief financial officer provides the Board with financial management expertise.

Board of Directors

Our Board of Directors consists of seven directors. The Board has determined that four of the seven directors, Robert Davidoff, Charles A. Elcan, David S. Harris and Mervyn L. Alphonso, are independent within the meaning of Section 303A.02 of the New York Stock Exchange (NYSE) Listed Company Manual.

To be considered independent, the Board must determine that the director has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company, including commercial, industrial, banking, consulting, legal, accounting, charitable and family relationships, among others. Our Board has established the following guidelines, consistent with Section 303A.02 of the NYSE listing standards, to assist it in determining independence of directors.

A director who
is an employee,
or whose
immediate
family member
is an executive
officer, of the
Company is not
independent
until three years
after the end of
such

employment
relationship.

A director who receives, or whose immediate family member receives, more than \$120,000 during any 12-month period in direct compensation from the Company, other than director or committee fees and pension or other forms of deferred compensation for prior service (not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$120,000 during any 12-month period in such compensation. (Compensation received by an immediate family member for service as a non-executive employee need not be considered in determining independence under this test.)

A director who is a partner or employee of the Company's internal or external auditor, or whose immediate family member is a partner of such a firm, or an employee of such a firm and personally works on the Company's audit, or a director or immediate family member who was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time, is not independent.

A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of

the Company's
present
executives at
the same time
serve on that
company's
compensation
committee is
not
independent
until three
years after the
end of such
service or the
employment
relationship.

A director
who is an
employee, or
whose
immediate
family
member is an
executive
officer, of a
company that
makes
payments to,
or receives
payments
from, the
Company for
property or
services in an
amount
which, in any
single fiscal
year, exceeds
the greater of
\$1 million, or
2% of such
other
company's
consolidated
gross
revenues, is
not
independent
until three
years after

falling below
such
threshold.

Messrs. Davidoff, Harris and Alphonso have no relationships with the Company other than being a director. Mr. Elcan has only an indirect, immaterial relationship with the Company. Elcan & Associates, Inc., a firm owned by Mr. Elcan's brother, provides real estate brokerage services to REX and has acted as a finder in connection with our investments in synthetic fuel limited partnerships and facilities. Because Mr. Elcan has no financial interest or involvement in Elcan & Associates, nor any involvement in REX's business activities with Elcan & Associates, and the amount of our annual payments to Elcan & Associates falls within our director independence guidelines, the Board has determined that the relationship is not a material relationship affecting Mr. Elcan's independence.

Our Board of Directors held two meetings during the fiscal year ended January 31, 2010. The average attendance by incumbent directors at Board and Board Committee meetings was 100%.

Directors are invited and encouraged to attend our annual meeting of shareholders. All directors attended the 2009 Annual Meeting.

The non-management directors have the opportunity to meet at executive sessions without management following Audit Committee meetings. The presiding director for each executive session is rotated among the chairs of the independent Board committees.

Board Leadership Structure

Our Chief Executive Officer serves as the Chairman of the Board. The Board believes it is appropriate to combine the positions of Chief Executive Officer and Chairman because our CEO is the director most familiar with the Company's business and is best suited to identify strategic opportunities and priorities. The Board also believes that combining the role of Chairman and Chief Executive Officer promotes efficiencies both in communications between management and the Board and in executing business strategy, and is an appropriate board leadership structure for a smaller public company. We have a presiding director, or lead director, for each executive session of the non-management directors which position is rotated among the chairs of the independent Board committees.

Board Role in Risk Oversight

The Board administers its risk oversight function principally through the Audit Committee. The Audit Committee oversees financial, legal, regulatory and operational risks and risk management. The

Committee receives periodic reports from members of senior management who supervise day-to-day risk management activities on specific risks to the Company, risk management and risk mitigation. The Audit Committee reports to the full Board as appropriate. The full Board reviews strategic risk and risk policy as part of its overall monitoring responsibilities.

Board Committees

Our Board of Directors has four standing committees: the Audit Committee, the Compensation Committee, the Nominating/Corporate Governance Committee and the Executive Committee.

Audit Committee. The Audit Committee assists Board oversight of the integrity of the financial statements of the Company, our compliance with legal and regulatory requirements, the independent accountants' qualifications and independence, and the performance of the Company's internal audit function and independent accountants. The Audit Committee is directly responsible for the appointment, retention and oversight of the work of the independent accountants. The Audit Committee acts pursuant to a written charter. The members of the Audit Committee are Messrs. Harris (Chairman), Davidoff and Alphonso. All members of the Audit Committee are independent within the meaning of applicable NYSE listing standards and rules of the Securities and Exchange Commission (SEC). The Board has determined that Mr. Harris and Mr. Davidoff are each an audit committee financial expert as defined by applicable SEC rules and that all members of the Audit Committee are financially literate within the meaning of NYSE listing standards. The Audit Committee met four times during fiscal 2009.

Compensation Committee. The Compensation Committee has direct responsibility to review and approve CEO compensation, makes recommendations to the Board with respect to non-CEO compensation and compensation plans, and administers the Company's stock option plans. The Compensation Committee acts pursuant to a written charter. The members of the Compensation Committee are Messrs. Davidoff (Chairman), Elcan, Harris and Alphonso. All members of the Compensation Committee are independent within the meaning of applicable NYSE listing standards. The Compensation Committee met once during fiscal 2009.

Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee identifies individuals qualified to become Board members consistent with criteria approved by the Board, recommends for the Board's selection a slate of director nominees for election to the Board at the annual meeting of shareholders, develops and recommends to the Board the Corporate Governance Guidelines applicable to the Company, and oversees the evaluation of the Board and management. The Nominating/Corporate Governance Committee acts pursuant to a written charter. The members of the Nominating/Corporate Governance Committee are Messrs. Davidoff, Elcan, Harris and Alphonso. All members of the Nominating/Corporate Governance Committee are independent within the meaning of applicable NYSE listing standards. The Nominating/Corporate Governance Committee took informal action once during fiscal 2009.

The Board seeks director candidates who possess the background, skills and expertise to make a significant contribution to the Board, the Company and shareholders. In identifying and evaluating director candidates, the Nominating/Corporate Governance Committee may consider a number of attributes, including experience, skills, judgment, accountability and integrity, financial literacy, time, industry knowledge, networking/contacts, leadership, independence from management and other factors it deems relevant. The Nominating/Corporate Governance Committee reviews the desired experience, mix of skills and other qualities to assure appropriate Board composition, taking into account the

current directors and specific needs of the Company and the Board. The Nominating/Corporate Governance Committee may solicit advice from the CEO and other members of the Board.

The Nominating/Corporate Governance Committee considers diversity of professional experience, skills and individual qualities and attributes in identifying director candidates. The Nominating/Corporate Governance Committee does not have a formal policy with respect to diversity.

The Nominating/Corporate Governance Committee will consider director candidates recommended by our shareholders. Shareholders must submit the name of a proposed shareholder candidate to the Nominating/Corporate Governance Committee at our corporate offices by the date specified under Shareholder Proposals.

Executive Committee. The Executive Committee is empowered to exercise all of the powers and authority of the Board of Directors between meetings of the Board, other than the power to fill vacancies on the Board or on any Board committee and the power to declare dividends. The members of the Executive Committee are Messrs. Rose and Tomchin. The Executive Committee met informally throughout the year and took formal action by unanimous written consent two times during fiscal 2009.

Code of Ethics, Corporate Governance Guidelines and Committee Charters

We have adopted a Code of Business Conduct and Ethics applicable to our employees, officers and directors. A copy of the Code of Business Conduct and Ethics has been filed as an exhibit to our Annual Report on Form 10-K for the year ended January 31, 2004 and is posted on our website www.rextv.com.

We have adopted a set of Corporate Governance Guidelines addressing director qualification standards, director responsibilities, director access to management and independent advisors, director compensation and other matters. A copy of the Corporate Governance Guidelines is posted on our website www.rextv.com.

The charters of the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee are posted on our website www.rextv.com.

Procedures for Contacting Directors

Shareholders and interested parties may communicate with the Board, the non-management directors as a group, or a specific director by writing to REX Stores Corporation, 2875 Needmore Road, Dayton, Ohio 45414, Attention: Board of Directors, Non-Management Directors or [Name of Specific Director]. All communications will be forwarded as soon as practicable to the specific director, or if addressed to the Non-Management Directors to the Chairman of the Audit Committee, or, if addressed to the Board, to the Chairman of the Board or other director designated by the Board to receive such communications.

PROPOSED AMENDMENT TO CERTIFICATE OF INCORPORATION TO CHANGE THE COMPANY S NAME

On March 26, 2010, our Board of Directors approved an amendment to the Company s Certificate of Incorporation to change the Company s name from REX Stores Corporation to REX American Resources Corporation and authorized the amendment to be submitted to stockholders for approval at the Annual Meeting.

Reasons for Name Change

Historically, we were a specialty retailer in the consumer electronics/appliance industry. We began investing in various alternative energy entities beginning with synthetic fuel partnerships in 1998 and later with ethanol production facilities in 2006. Following an evaluation of strategic alternatives for our retail segment in fiscal 2007, we began closing unprofitable and marginally profitable stores and monetizing our retail-related assets, eventually winding down our retail operations during 2008 and closing our remaining retail locations in September 2009. We are currently invested in four entities that own and operate ethanol production facilities and we are considering making additional investments in the alternative energy segment in fiscal 2010.

Our management and Board of Directors believe the corporate name change to REX American Resources Corporation will better reflect our business and strategy and help investors and the marketplace to better associate us with our alternative energy business.

Implementation and Effect

If the amendment is approved by stockholders, Section 1 of our Certificate of Incorporation will be amended to read: "The name of the corporation is REX American Resources Corporation." The name change will become effective upon filing a Certificate of Amendment to our Certificate of Incorporation with the Delaware Secretary of State.

The change of our name will not affect in any way the validity or transferability of currently outstanding certificates for our Common Stock or the trading of our Common Stock on the New York Stock Exchange (NYSE). Stockholders will not be required to surrender or exchange their existing stock certificates. Stockholders may continue to hold their existing certificates or receive new certificates reflecting the name change by delivering their existing certificates to our transfer agent.

If stockholders approve the name change, we plan to change the ticker symbol of our Common Stock on the NYSE to REX.

Required Vote

Approval of the amendment requires the affirmative vote of the holders of a majority of the outstanding shares of our Common Stock. Abstentions and broker non-votes will have the effect of votes against the proposal. **The Board of Directors recommends a vote for approval of the proposed amendment.**

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The objectives of our executive compensation program are to motivate and retain our key employees, to tie annual cash bonuses to corporate performance and profitability, and to provide long-term incentives for executives to create shareholder value.

Elements of Executive Compensation

The elements of our executive compensation program are discussed below.

Base Salary. Base salaries of our executive officers are set at a level to provide basic economic security, with consideration given for past contributions and length of service. Base salary levels also reflect individual cash bonus opportunities, with salaries set lower where cash bonus opportunities are higher. The base salary of our CEO is set at a level below that of salaries paid to CEOs of other public companies in the ethanol industry in recognition of his annual cash bonus opportunities and prior stock option awards. Base salaries are reviewed annually and adjusted from time to time to reflect individual responsibilities and corporate performance. For comparative purposes, we review base salaries paid by companies in our industry peer group, including Pacific Ethanol, Inc. and BioFuel Energy Corp., recognizing that our executive officers' base salaries generally are below those levels. We do not engage in benchmarking in setting or adjusting base salaries. Executive salaries were not increased in fiscal 2009 based on our financial performance.

Annual Cash Bonus Program. Our annual cash bonus program is designed to reward executive officers for corporate performance and to incentivize those individuals to contribute to corporate profitability. Annual cash bonuses are based on corporate performance and profitability measures. There are no individual performance goals or objectives.

The annual cash bonus programs of our CEO, Mr. Rose, and our former President and COO, Mr. Bearden, are set forth in their employment agreements. Mr. Rose's annual cash bonus is based upon both (1) earnings before income taxes of our retail business, or Retail EBT, and determined by a specific dollar amount for achieving specified levels of Retail EBT and (2) earnings before income taxes of our synthetic fuel or other alternative energy investments, or Energy Investment EBT, determined as a specific percentage of Energy Investment EBT, subject to an aggregate maximum \$1 million cash bonus in any fiscal year. Mr. Bearden's annual cash bonus, previously based upon Retail EBT, was replaced in fiscal 2009 with a cash bonus to be earned upon completion of the transition of our retail stores to Appliance Direct, Inc.

For fiscal 2009, the cash bonuses for our Vice President, Mr. Rizvi, and our CFO, Mr. Bruggeman, were based upon (1) performance of our ethanol and synthetic fuel investments and determined as a specific percentage of ethanol and synthetic fuel investment pre-tax income and (2) pre-tax income of our retail operations and determined as a specific percentage of retail pre-tax operating income. The annual cash bonuses for our other Vice Presidents were generally based upon pre-tax income of our retail operations and determined as a specific dollar amount for achieving specified levels of retail pre-tax income.

We define pre-tax income from ethanol and synthetic fuel investments (and retail operations for periods prior to fiscal 2009) for purposes of our bonus program as essentially equivalent to segment profit, the measure we use to evaluate the performance of our reportable business segments. Segment

profit excludes income taxes, interest expense, discontinued operations, indirect interest income and certain other items that are not included in net income determined in accordance with generally accepted accounting principles. With the exit of our retail business during fiscal 2009, the realignment of our reportable business segments and the classification of all retail related activities in discontinued operations, the retail component of our bonus program for fiscal 2009 was based on all other (non-ethanol) pre-tax income. See Note 18 Discontinued Operations and Note 20 Segment Reporting to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended January 31, 2010.

We chose the foregoing measures to incentivize our executive officers to grow operating profits. Specific quantitative corporate performance factors and measures for determining individual annual cash bonuses are described under Employment Agreements and Annual Cash Bonus Program following the Summary Compensation Table.

Annual bonus opportunities for certain executives reflect the individual's contribution to and responsibility for certain aspects of our business. Mr. Rose overall retail operations and alternative energy investments, Mr. Bearden retail operations and Mr. Rizvi ethanol investments.

Annual cash bonuses are determined and paid on a formula basis without discretion to increase or decrease bonus amounts.

Long-Term Incentive Awards. Long term incentive awards historically were made in the form of stock option grants under our 1995 and 1999 Omnibus Stock Incentive Plans. Stock appreciation rights, restricted stock and other stock-based awards are authorized, but have not been granted, under the Plans.

Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* (FAS 123R), requires us to recognize compensation cost for all share-based payments, including stock options, in our financial statements. Due to the significant impact on our results of operations from the adoption of FAS 123R, we have discontinued granting stock options. We have not granted stock options since 2004 and we have no current plans to grant stock options or other stock-based incentive awards. Our executive officers currently hold vested stock options, and shares acquired upon exercise of stock options, granted in prior years in amounts that we believe align our executives' long-term interests with the interests of shareholders and provide incentive to create shareholder value.

Option Grant Practices

In past years, all stock options were granted at an exercise price equal to the average of the high and low market prices on the date of grant, unless a higher price was required to qualify the option as an incentive stock option. Option grants were made annually at times approved by the Compensation Committee or in connection with executive officers entering into new employment agreements. All annual option grants were made to executive and non-executive employees on the same date. The number of options granted to each employee was determined by the Compensation Committee based upon the recommendation of our CEO with consideration that the options were intended to provide both long-term incentive and retirement compensation as we do not maintain a defined benefit or supplemental executive retirement plan. Annual option grants typically vested in 20% installments for five years while options granted in connection with new employment agreements typically vested in one-third installments for three years. All outstanding options have a ten year term from the date of grant. The annual grant dates approved by the Compensation Committee varied from year to year. We have no program, plan or practice to time option grants to our executives or other employees in

connection with the release of material non-public information and we have not timed nor plan to time the release of material non-public information to affect the value of executive compensation.

Role of Executive Officers in Determining Executive Compensation

The Compensation Committee of our Board of Directors determines the compensation paid to our CEO. Our CEO determines base salary levels and annual cash bonus opportunities for executive officers other than himself. All cash bonus payments to executive officers are approved by the Compensation Committee.

Change in Control Payments

In January 2009 we entered into an agreement with Appliance Direct, Inc. pursuant to which we agreed to sell certain appliance inventory, furniture fixtures and equipment, leased 37 owned store locations to Appliance Direct, and entered into leases or subleases for two leased store locations in connection with winding down our retail operations and exiting the consumer electronics and appliance retailing business in fiscal 2009.

Following our agreement with Appliance Direct, Mr. Bearden's employment agreement was amended to provide for a cash bonus of \$1 million to be earned upon completion of the transition of operational control of retail stores to Appliance Direct. See Employment Agreements David L. Bearden.

Messrs. Bruggeman, Magby, Fuchs and Rizvi were eligible for a cash bonus of \$200,000, \$200,000, \$50,000 and \$50,000, respectively, to be earned upon completion of the retail store transition to Appliance Direct. This bonus opportunity reflected that these individuals would be involved, to varying degrees, in the transaction.

In July 2009 our agreement with Appliance Direct was amended to reduce the number of stores leased from 38 to 16. In September 2009 Appliance Direct vacated the 16 properties leased from us and we agreed to release and discharge each other from all claims or actions, including claims relating to the leases. As a result, retail store transition bonuses were paid based on the percentage of stores initially transitioned to Appliance Direct.

The automatic acceleration of all unvested options granted under our stock options plans upon a change in control is intended to enable option holders to realize the full value of their stock options upon the occurrence of an event outside of their control. The change in control provision of our stock option agreements was not triggered by the transaction with Appliance Direct.

Severance Payments

All salaried and hourly employees, other than salespeople and executive officers with employment agreements, who were terminated as a result of winding down our retail operations and closing our remaining retail locations in fiscal 2009 received a severance payment of one week base pay for each full year of service.

Internal Revenue Code Section 162(m)

Section 162(m) of the Internal Revenue Code disallows a federal income tax deduction to a public company for compensation paid in excess of \$1 million in any taxable year to the company's chief executive officer or any of its other four highest paid executive officers. This limitation does not apply to performance-based compensation, as defined under federal tax laws, under a plan approved by shareholders.

The annual bonus payable to Messrs. Rose, Bruggeman and Rizvi, including the retail transition bonus, is subject to an aggregate \$1 million annual maximum. Depending upon an executive's salary, bonus, other compensation, and exercise of previously granted stock options under plans not approved by shareholders, the individual's annual compensation could exceed the \$1 million limitation.

The Compensation Committee considers anticipated tax treatment when reviewing executive compensation, but does not limit executive compensation to amounts deductible under Section 162(m) in order to maintain flexibility to structure compensation programs.

Compensation Committee Report

The Compensation Committee of the Board of Directors of REX Stores Corporation has reviewed and discussed the Compensation Discussion and Analysis with management. Based on that review and discussion, the Compensation Committee recommended that the Compensation Discussion and Analysis be included in the proxy statement for our 2010 annual meeting of shareholders.

ROBERT DAVIDOFF, *Chairman*

CHARLES A. ELCAN

DAVID S. HARRIS

M ERVYN L. ALPHONSO

Compensation Committee Interlocks and Insider Participation

Charles A. Elcan, a member of the Compensation Committee, has an indirect relationship with the Company. Elcan & Associates, Inc., a firm owned by Mr. Elcan's brother, provides real estate brokerage services to REX and has acted as a finder in connection with our investments in synthetic fuel limited partnerships and facilities. These transactions are described under Certain Relationships and Related Transactions.

Summary Compensation Table

The following table sets forth the compensation of our Chief Executive Officer, Chief Financial Officer and our other most highly compensated executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus (1)(\$)	All Other Compensation (2)(\$)	Total (\$)
Stuart A. Rose	2009	154,500	459,760	9,750	624,010
Chairman of the Board and	2008	154,500	26,507	9,750	190,757
Chief Executive Officer	2007	154,500	1,000,000	11,818	1,166,318
David L. Bearden(3)	2009	103,846		226,537	330,383
President and Chief	2008	200,000		3,100	203,100
Operating					
Officer	2007	200,000	118,000	3,100	321,100
Douglas L. Bruggeman	2009	225,700	248,475	200	474,375
Vice President Finance, Chief	2008	227,600	39,760	200	267,560
Financial Officer and	2007	226,700	104,499	200	331,399
Treasurer					
Zafar A. Rizvi	2009	149,070	330,460	200	479,730
Vice President	2008	150,570	45,451	200	196,221
	2007	150,070	630,646	200	780,916
David Fuchs(4)	2009	104,038	21,050	82,315	207,403
Vice President Management	2008	179,850	10,328	200	190,378
Information Systems	2007	179,350	60,000	200	239,550
Keith B. Magby(5)	2009	88,671	84,200	53,517	226,388
Vice President Operations	2008	165,200	15,492	200	180,892
	2007	164,700	90,000	200	254,900

- (1) Amounts in this column reflect (i) cash bonuses earned under our annual cash bonus program and (ii) retail store transition cash bonuses earned in

2009. See
Annual Cash
Bonus
Program.

- (2) Amounts in this column reflect (i) \$200 matching contribution on behalf of each named executive officer other than Mr. Rose, Mr. Bearden, and in 2009 Messrs. Fuchs and Magby and (ii) value of use of a company automobile for Mr. Rose (\$9,750) and Mr. Bearden (\$1,537). Amounts in this column for 2009 also reflect severance payments to Mr. Bearden (\$225,000), Mr. Fuchs (\$82,315) and Mr. Magby (\$53,517) in connection with termination of employment.

- (3) Mr. Bearden's employment

terminated as
of June 30,
2009.

(4) Mr. Fuchs's
employment
terminated as
of July 31,
2009.

(5) Mr. Magby's
employment
terminated as
of July 10,
2009.

Employment Agreements

Stuart A. Rose, our Chairman and Chief Executive Officer, has an employment agreement with Rex Radio and Television, Inc. that provides for an annual salary of \$154,500 and annual cash bonuses based upon (i) the earnings before income taxes of our retail business, or Retail EBT, starting at \$5,000 for each \$1 million of Retail EBT up to \$5 million and increasing incrementally to \$15,000 for each \$1 million of Retail EBT over \$20 million and (ii) the earnings before income taxes of our synthetic fuel or other alternative energy investments, or Energy Investment EBT, equal to 3% of the Energy Investment EBT for the fiscal year, but in no event will Mr. Rose receive a total cash bonus exceeding \$1 million in any fiscal year. Mr. Rose is also eligible to participate in all employee benefit plans.

Mr. Rose's employment agreement is for a term of two years and one month commencing January 1, 2006 and continuing through January 31, 2008 and is automatically renewed for additional one-year terms unless earlier terminated by resignation, death, total disability or termination for cause, or unless terminated by either party upon 180 days notice. Termination for cause means Mr. Rose's repeated failure or refusal to perform his duties under the agreement, violation of any material provision of the agreement, or clear and intentional violation of law involving a felony which has a materially adverse effect on us. If Mr. Rose's employment is terminated by us without cause, he is entitled to the balance of his annual salary plus all rights to the bonuses based on Retail EBT and Energy Investment EBT for the remainder of the employment period. If Mr. Rose's employment is terminated for any other reason, he is entitled to a pro rata portion of his annual salary and cash bonuses based upon the date of termination.

David L. Bearden, our former President and Chief Operating Officer, had an employment agreement with Rex Radio and Television, Inc. that provided for an annual salary of \$200,000. Effective February 2009, the agreement was amended to provide for a cash bonus of \$1 million to be earned upon completion of the transition of operational control of our retail stores to Appliance Direct, Inc. as determined by our Chief Executive Officer in his sole discretion on or before June 30, 2009. This transition bonus replaced any annual cash bonus for fiscal 2008 and beyond and a \$1 million change of ownership award if our retail business was sold during or within one year after termination of employment previously provided for in Mr. Bearden's employment agreement. Mr. Bearden was eligible to participate in all employee benefit plans and was furnished a company owned automobile for use during his employment.

Mr. Bearden's employment with REX terminated as of June 30, 2009. In September 2009 Mr. Bearden's employment agreement was amended to provide that, notwithstanding that our Chief Executive Officer determined that transition of operational control of retail stores to Appliance Direct had not occurred as of June 30, 2009, we agreed to pay Mr. Bearden, in lieu of any other payment pursuant to his employment agreement, a severance payment of \$450,000, payable in two equal installments on or before January 31, 2010 and January 31, 2011, respectively, subject to execution of a severance agreement and release of claims.

Annual Cash Bonus Program

The annual cash bonus program for Mr. Rose is set forth in his employment agreement described above.

For fiscal 2009, the annual cash bonus program for Zafar A. Rizvi, our Vice President, was based upon (1) performance of our ethanol and synthetic fuel investments determined at 2% of ethanol and synthetic fuel pre-tax income, (2) 0.5% of retail pre-tax operating income and (3) cash bonus of \$50,000 upon transition of our retail operations, subject to an aggregate maximum \$1 million cash bonus for the year. The annual cash bonus program for Douglas L. Bruggeman, our Vice President Finance and Chief Financial Officer, was based upon (1) performance of our ethanol and synthetic fuel investments determined at 1% of ethanol and synthetic fuel pre-tax income, (2) 0.75% of all pre-tax income other than from ethanol and synthetic fuel investments and (3) cash bonus of \$200,000 upon transition of our retail operations, subject to an aggregate maximum \$1 million cash bonus for the year. The annual cash bonus programs for David Fuchs, our former Vice President Management Information Systems and Keith B. Magby, our former Vice President Operations, were based upon pre-tax income of retail operations determined at \$5,000 (\$7,500 for Mr. Magby) per \$1 million of retail pre-tax operating

income, with Mr. Fuchs and Mr. Magby eligible for a cash bonus of \$50,000 and \$200,000, respectively, upon transition of our retail operations.

Mr. Rose earned a bonus of \$459,760 for fiscal 2009 based on achieving \$14,992,000 ethanol pre-tax income and \$1,194,000 all other pre-tax income. Mr. Bruggeman earned a bonus of \$164,275 based on achieving \$14,992,000 ethanol pre-tax income and \$1,194,000 all other pre-tax income. Mr. Rizvi's cash bonus of \$309,410 for fiscal 2009 was based on achieving \$14,992,000 ethanol pre-tax income and \$1,194,000 all other pre-tax income. Messrs. Magby and Fuchs did not earn bonuses based on pre-tax income as their employment terminated mid-year. With the exit of our retail business during fiscal 2009, the realignment of our reportable business segments and the classification of all retail related activities in discontinued operations, the retail component of annual cash bonuses was calculated using all other pre-tax income which includes extended service contract revenues and gains on sale of real estate.

Cash bonuses upon transition of our retail operations to Appliance Direct were earned at 42.1% of target amount based upon 16 of 38 stores initially being transitioned to Appliance Direct. Amounts earned were Mr. Bruggeman \$84,200, Mr. Rizvi \$21,050, Mr. Magby \$84,200 and Mr. Fuchs \$21,050.

Outstanding Equity Awards at Fiscal 2009 Year-End

The following table sets forth information concerning unexercised options for each named executive officer outstanding as of the end of fiscal 2009.

Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Stuart A. Rose				
David L. Bearden				
Douglas L. Bruggeman	56,250		8.01	4/17/11
	35,000		14.745	4/30/12
	35,000		13.01	9/30/13
	35,000		12.45	6/7/14
Zafar A. Rizvi	56,250		8.01	4/17/11
	35,000		14.745	4/30/12
	35,000		13.01	9/30/13
	35,000		12.45	6/7/14
David Fuchs				
Keith B. Magby				

Option Exercises and Vested Stock for Fiscal 2009

The following table sets forth information concerning exercise of stock options during fiscal 2009 for each named executive officer.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)
Stuart A. Rose	1,147,500	5,832,232
David L. Bearden		
Douglas L. Bruggeman	22,500	84,150
Zafar A. Rizvi	22,500	84,150
David Fuchs	152,937	411,257
Keith B. Magby	70,000	85,719

Potential Payments Upon Termination or Change in Control

Pursuant to Mr. Rose's employment agreement, if he is terminated without cause, as defined in his agreement, we must pay him the balance of his annual salary plus bonuses based on Retail EBT and Energy Investment EBT for the remainder of the employment period. We agreed to pay Mr. Rose the balance of his salary and bonus because a termination without cause would not be reflective of his individual performance. Under these circumstances, we believe he should receive his full contractual compensation. Salary payments for the first six months are paid in a lump sum in the seventh month following termination and no less frequently than monthly thereafter, and bonus payments are paid in annual installments corresponding to the performance period.

Assuming the employment of Mr. Rose was terminated without cause on January 31, 2010, and assuming equivalent bonus amounts for fiscal 2009 and 2010, Mr. Rose would be entitled to a cash payment of \$614,260. If Mr. Rose's employment is terminated for any reason other than without cause, we must pay him a pro rata portion of his annual salary and cash bonuses based upon the date of termination.

Mr. Bearden's employment with REX terminated as of June 30, 2009. We agreed to pay Mr. Bearden, in lieu of any other payment pursuant to his employment agreement, a severance payment of \$450,000. See Employment Agreements David L. Bearden.

Mr. Rose and Mr. Bearden are subject to non-competition provisions for periods of two years and one year, respectively, following termination of employment for any reason, as well as confidentiality provisions, in their employment agreements.

All unvested options granted under our stock option plans automatically vest upon a change in control. There were no unvested options outstanding at January 31, 2010.

Director Compensation for Fiscal 2009

The following table sets forth information concerning the compensation of our non-employee directors for fiscal 2009.

Name	Fees Earned or Paid in	
	Cash (\$)	Total (\$)
Lawrence Tomchin	45,000	45,000
Robert Davidoff	45,000	45,000
Edward M. Kress		
Charles A. Elcan	45,000	45,000
David S. Harris	50,000	50,000
Mervyn L. Alphonso	45,000	45,000

Director Compensation Arrangements

Directors who are not officers or employees of REX are paid an annual retainer of \$20,000 per year (plus reasonable travel expenses) and a \$5,000 per year retainer if they serve on one or more Board committees. The Chairman of the Audit Committee is paid an additional \$5,000 per year retainer.

Non-employee directors are eligible to receive grants of stock options under our 1999 Omnibus Stock Incentive Plan. Under the Plan, on the date of each annual meeting of shareholders, each non-employee director is awarded a nonqualified stock option to purchase a number of shares of our common stock such that the exercise price of the option multiplied by the number of shares subject to the option is as near as possible to \$100,000, but in no event more than 10,000 shares. The exercise price of each nonqualified option is the fair market value of the common stock on the date of grant. The options are exercisable in five equal annual installments commencing on the first anniversary of the date of grant and expire ten years from the date of grant.

Directors who are not officers or employees are paid an additional \$20,000 per year for each year such director waives his right to the grant of stock options pursuant to the 1999 Omnibus Stock Incentive Plan. The non-employee directors waived their right to the grant of stock options under the Plan for fiscal 2009.

Compensation Policies and Risk

We believe the compensation policies and practices for our employees do not encourage excessive or inappropriate risk taking and are not reasonably likely to have a material adverse effect on the Company.

Our compensation program consists of fixed and variable components. The fixed portion, base salary, provides stable income regardless of Company performance or stock price. The variable portion, annual cash bonus and stock options, awards both short-term and long-term corporate performance.

Our annual cash bonus program is based on earnings before income taxes of each of our business segments. We believe that basing annual cash bonuses on pre-tax operating income encourages executives to focus on growing operating profits rather than other measures such as gross revenues which may incentivize executives to increase sales without regard to operating costs. We cap each executive's total annual cash bonus at \$1 million, which we believe reduces the incentive to engage in excess risk taking as bonus payments are limited. We have used pre-tax operating income as our bonus performance measure for several years without evidence that it has increased our risk profile.

Long-term performance is reflected in stock option awards. Option grants typically vested in installments over five years and have value only if our stock price increases over time. We believe that

our stock option awards create a disincentive to engage in short-term risk taking which could ultimately harm the Company's long-term performance and stock price.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a)) (c)
Equity compensation plans approved by security holders(1)		\$	108,011
Equity compensation plans not approved by security holders(2)	824,421	\$ 10.14	2,302,425
Total	824,421	\$ 10.14	2,410,436

(1) Includes the REX Stores Corporation 1995 Omnibus Stock Incentive Plan.

(2) Includes the REX Stores Corporation 1999 Omnibus Stock Incentive Plan and the 2001 Nonqualified Executive Stock Options.

Under the 1999 Omnibus Plan, awards in the form of nonqualified stock options, stock appreciation rights, restricted stock, other stock-based awards and cash incentive awards may be granted to officers and key employees. The 1999 Omnibus Plan also allows for yearly grants of nonqualified stock options to non-employee directors. The exercise price of each option must be at least 100% of the fair market value of the Common Stock on the date of grant. A maximum of 4,500,000 shares are authorized for issuance under the 1999 Omnibus Plan, of which 2,302,425 shares remained available for issuance at

January 31,
2010.

The 2001
Nonqualified
Executive
Stock Options
are individual
compensation
arrangements.
On April 17,
2001,
nonqualified
stock options
for 1,462,500
shares were
granted to
Messrs. Rose
and Tomchin
at an exercise
price of \$8.01
per share,
which
represented
the market
price on the
date of grant,
in connection
with their
entering into
new three year
employment
agreements.
These options
are fully
exercisable
and a total of
337,500 shares
were
outstanding at
January 31,
2010.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL
OWNERS AND MANAGEMENT**

The following table sets forth, as of April 28, 2010 (the record date for the Annual Meeting), certain information with respect to the beneficial ownership of REX Common Stock by each director and nominee for director, each named executive officer, all directors and executive officers as a group and those persons or groups known by us to own more than 5% of our Common Stock.

For purposes of this table, a person is considered to beneficially own any shares if the person, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has (or has the right to acquire within 60 days after April 28, 2010) sole or shared power (i) to vote or to direct the voting of the shares or (ii) to dispose or to direct the disposition of the shares. Unless otherwise indicated, voting power and investment power are exercised solely by the named person or shared with members of his household.

Name and Address	Common Stock Beneficially Owned	
	Number	Percent(1)
Stuart A. Rose(2) 2875 Needmore Road Dayton, Ohio 45414	1,992,758	20.2 %
Lawrence Tomchin(3) 2875 Needmore Road Dayton, Ohio 45414	524,449	5.2 %
Robert Davidoff(4) 900 Third Avenue, 33rd Floor New York, New York 10022	294,574	3.0 %
Edward M. Kress(5) 1100 Courthouse Plaza S.W. Dayton, Ohio 45402	110,953	1.1 %
Charles A. Elcan(6) 3100 West End Avenue, Suite 500 Nashville, Tennessee 37203	16,515	*
David S. Harris(7) 24 Avon Road Bronxville, New York 10708	8,210	*
Mervyn L. Alphonso 5 Royal Birkdale Drive Springboro, Ohio 45066	1,500	*
Douglas L. Bruggeman(8) 2875 Needmore Road Dayton, Ohio 45414	201,850	2.0 %
Zafar A. Rizvi(9) 2875 Needmore Road	206,250	2.1 %

Dayton, Ohio 45414

All directors and executive officers as a group (9 persons)(10)	3,357,059	31.6 %
18		

Name and Address	Common Stock Beneficially Owned	
	Number	Percent(1)
FMR LLC(11) 82 Devonshire Street Boston, Massachusetts 02109	1,375,000	14.0 %
Dimensional Fund Advisors LP(12) Palisades West, Building One 6300 Bee Cave Road Austin, Texas 78746	962,542	9.8 %
Royce & Associates, LLC(13) 745 Fifth Avenue New York, New York 10151	899,300	9.1 %
Nery Capital Partners, L.P.(14) 263 Stratford Road Asheville, North Carolina 28804	620,000	6.3 %

* One percent or less.

(1) Percentages are calculated on the basis of the number of shares outstanding on April 28, 2010 plus the number of shares issuable upon the exercise of options held by the person or group which are exercisable within 60 days after April 28, 2010.

(2) Includes 686,854 shares held by the

Stuart Rose
Family
Foundation, an
Ohio nonprofit
corporation of
which Mr.
Rose is the
sole member,
chief executive
officer and one
of three
members of
the board of
trustees, the
other two
being
members of
his immediate
family.

- (3) Includes 12,388 shares held by Mr. Tomchin's wife and 337,500 shares issuable upon the exercise of options.
- (4) Includes 42,898 shares issuable upon the exercise of options.
- (5) Includes 4,775 shares held by Mr. Kress as trustee of two trusts for the benefit of his children and 42,898 shares issuable upon the exercise of options.
- (6) Includes 16,515 shares issuable upon

the exercise of options.

- (7) Includes 8,210 shares issuable upon the exercise of options.
- (8) Includes 161,250 shares issuable upon the exercise of options.
- (9) Includes 161,250 shares issuable upon the exercise of options.
- (10) Includes 770,521 shares issuable upon the exercise of options.
- (11) Based on a Schedule 13G filing dated February 13, 2008. Fidelity Management & Research Company, a wholly-owned subsidiary of FMR LLC and a registered investment adviser, is the beneficial owner of 1,375,000 shares of Common Stock as a result of acting as investment adviser to various

registered
investment
companies.
One
investment
company,
Fidelity Low
Priced Stock
Fund, owns
1,375,000
shares. Edward
C. Johnson 3d
(Chairman of
FMR LLC),
FMR LLC,
through its
control of
Fidelity
Management
& Research
Company, and
the funds each
has sole power
to dispose of
the 1,375,000
shares owned
by the funds,
while the sole
power to vote
or direct

the voting of
the shares
owned
directly by the
Fidelity funds
resides with
the funds
boards of
trustees.

- (12) Based on a
Schedule 13G
filing dated
February 10,
2010.
Dimensional
Fund
Advisors LP,
a registered
investment
adviser,
furnishes
investment
advice to four
registered
investment
companies
and serves as
investment
manager to
certain other
commingled
group trusts
and separate
accounts. In
its role as
investment
adviser or
manager,
Dimensional
Fund
Advisors LP
has sole
power to vote
and dispose of
962,542
shares owned
by these
funds.
Dimensional
Fund

Advisors LP
disclaims
beneficial
ownership of
all such
shares.

- (13) Based on a
Schedule 13G
filing dated
January 26,
2010. Royce
& Associates,
LLC, a
registered
investment
adviser, has
sole power to
vote or direct
the voting and
sole power to
dispose or
direct the
disposition of
899,300
shares.
- (14) Based on a
Schedule 13G
filing dated
February 9,
2009. Nery
Capital
Partners, L.P.
(the Fund) has
power to vote
and dispose of
620,000
shares. Nery
Capital
Management,
L.L.C.,
general
partner of the
Fund, Nery
Asset
Management,
L.L.C.,
investment
advisor to the
Fund, and

Michael A.
Nery have
shared power
to vote and
dispose of the
620,000
shares held by
the Fund.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers to file reports of ownership and changes of ownership of REX Common Stock with the Securities and Exchange Commission. We believe that during fiscal 2009 all filing requirements applicable to our directors and executive officers were met.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Rex Radio and Television, Inc. leased 10,000 square feet for a store in a strip shopping center in Beavercreek, Ohio, from Stuart Rose/Beavercreek, Inc. under a net lease dated December 12, 1994. The shareholders of Stuart Rose/Beavercreek, Inc. are Stuart A. Rose and Lawrence Tomchin. Mr. Rose, our CEO, and Mr. Tomchin are members of our Board of Directors. Base rent was \$92,500 per year. The lease was terminated as of June 15, 2009. Rex Radio and Television, Inc. paid Stuart Rose/Beavercreek, Inc. \$34,687 in rent and \$18,935 for its pro rata portion of common area maintenance, real estate taxes and utilities under the lease in fiscal 2009.

During fiscal 2009, REX paid the law firm of Dinsmore & Shohl LLP, of which Edward M. Kress is a partner, a total of \$419,448 for legal services. Mr. Kress is a member of our Board of Directors.

Elcan & Associates, Inc., a real estate brokerage firm owned by Dan Elcan, has an exclusive listing agreement with REX to sell or lease 35 of our former store locations until January 1, 2011, and has acted as a finder in connection with our investments in synthetic fuel limited partnerships and facilities. Dan Elcan is the brother of Charles Elcan, a member of our Board of Directors. During fiscal 2009, REX paid or accrued to Elcan & Associates \$148,605 in real estate and leasing commissions.

We believe the lease with Stuart Rose/Beavercreek, Inc., fees paid to Dinsmore & Shohl LLP for legal services, and amounts paid to Elcan & Associates, Inc. in real estate and leasing commissions were comparable to terms that we could have obtained from unaffiliated third parties.

Dan Elcan acquired minority interests in Rex Investment, LLC and Rex Investment I, LLC as compensation for finder services in connection with our investments in Colona SynFuel Limited

Partnership, L.L.L.P. and Somerset SynFuel, L.P. in fiscal 1998, and our purchase of the Gillette synthetic fuel plant in fiscal 2002. We have sold our entire interests in the Colona and Somerset partnerships and the Gillette facility and generally received payments from the sales through 2007, subject to production levels. We do not expect to receive additional income from our investments in Colona and Somerset. For the Gillette facility, payments for production after September 2006 through December 2007, if any, are expected after the related tax credits are allowed under IRS audit or the statute of limitations for an IRS audit has expired. REX and Dan Elcan receive the benefit of these payments on a pro rata basis from their ownership of equity interests in Rex Investment and Rex Investment I. Dan Elcan acquired his equity interests in these entities before Charles Elcan became a director of REX in 2003.

Review and Approval of Transactions with Related Persons

We review all financial transactions, arrangements or relationships between REX and our directors, executive officers, their immediate family members and our significant shareholders to determine the materiality of the related person's interest, whether it creates a conflict of interest, and whether it is on terms comparable to arm's length dealings with an unrelated party or otherwise fair to us. We have developed internal controls and processes for identifying related party transactions, including annual director and officer questionnaires. All related party transactions are reviewed by our legal counsel for disclosure in our proxy statement. Related party transactions are reviewed and approved by our CEO, unless our legal counsel determines that the amount involved, persons involved, significance or other aspects of the transaction require review and approval by the disinterested members of our Board of Directors.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP served as REX's independent registered public accounting firm for the fiscal year ended January 31, 2010, and has served in that capacity since 2002. It is anticipated that representatives of Deloitte & Touche LLP will be present at the Annual Meeting to respond to appropriate questions from shareholders and to make a statement if they desire to do so.

The Board of Directors annually appoints the independent registered public accounting firm for the Company after receiving the recommendations of the Audit Committee, typically following the Annual Meeting. No recommendation of the Audit Committee has been made concerning the appointment of the independent registered public accounting firm for the fiscal year ending January 31, 2011.

Audit and Non-Audit Fees

The following table sets forth the aggregate fees billed REX for the fiscal years ended January 31, 2010 and 2009 by Deloitte & Touche LLP:

	Fiscal 2009	Fiscal 2008
Audit Fees(1)	\$ 360,000	\$ 615,000
Audit-Related Fees(2)	14,000	13,000
Tax Fees(3)	284,100	159,813
All Other Fees(4)	3,852	3,852
Total	\$ 661,952	\$ 791,665

- (1) Audit Fees consist of fees billed for professional services rendered for the audit of our annual financial statements and review of the interim financial statements included in our quarterly reports and services that are normally provided by Deloitte & Touche LLP in connection with statutory and regulatory filings or engagements. This category included fees related to the audit of our internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act.
- (2) Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or

review of our financial statements and are not reported under Audit Fees. This category included fees related to the audit of the financial statements of an employee benefit plan.

- (3) Tax Fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (4) All Other Fees consist of fees paid for a web based accounting research tool.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services

The Audit Committee's policy is to pre-approve all audit and non-audit services provided by our independent registered public accounting firm. The Audit Committee will generally pre-approve a list of specific services and categories of services, including audit, audit-related, tax and other services, for the upcoming or current fiscal year, subject to a specified dollar limit. Any material service not included in the approved list of services, and all services in excess of the pre-approved dollar limit, must be separately pre-approved by the Audit Committee. Our independent registered public accounting firm and management are required to periodically report to the Audit Committee all services performed and fees charged to date by the firm pursuant to the pre-approval policy. None of the fees billed by our independent registered public accounting firm for Audit-Related, Tax and Other Services described above were approved by the Audit Committee after the services were rendered pursuant to the de minimus exception under SEC rules.

Audit Committee Report

The Audit Committee assists Board oversight of the integrity of the financial statements of the Company. The Audit Committee is comprised of nonemployee directors who meet the independence and financial experience requirements of applicable NYSE listing standards and SEC rules. The Audit Committee operates under a written charter.

Management has the primary responsibility for the financial statements and the reporting process, including the Company's systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed the audited

financial statements in the Annual Report on Form 10-K with management, including a discussion of the quality and the acceptability of the Company's financial reporting and controls.

The Committee reviewed with the Company's independent registered public accounting firm, Deloitte & Touche LLP, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality and the acceptability of the Company's financial reporting and such other matters as are required to be discussed with the Committee under Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU Section 380), as adopted by the Public Company

Accounting Oversight Board in Rule 3200T. In addition, the Committee has discussed with the independent registered public accounting firm the firm's independence from management and the Company, including the matters in the independent registered public accounting firm's written disclosures and letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence.

The Committee also discussed with the Company's independent registered public accounting firm the overall scope and plans for their respective audits. The Committee meets periodically with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

Based on the review and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2010 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

DAVID S. HARRIS, *Chairman*
ROBERT DAVIDOFF
MERVYN L. ALPHONSO

OTHER BUSINESS

Solicitation of Proxies

The Company will bear the entire expense of this proxy solicitation. Arrangements will be made with brokers and other custodians, nominees and fiduciaries to send proxy solicitation materials to their principals and the Company will, upon request, reimburse them for their reasonable expenses in so doing. Officers and other regular employees of the Company may solicit proxies by mail, in person or by telephone.

Other Matters

The Board of Directors does not know of any matters to be presented at the Annual Meeting other than those mentioned above. However, if other matters should properly come before the Annual Meeting or any adjournments thereof, the proxy holders will vote the proxies thereon in their discretion.

Shareholder Proposals

Proposals by shareholders intended to be presented at REX's 2011 Annual Meeting of Shareholders must, in accordance with applicable regulations of the Securities and Exchange Commission, be received by the Secretary of the Company at 2875 Needmore Road, Dayton, Ohio 45414 on or before January 5, 2011 in order to be considered for inclusion in our proxy materials for that meeting. Shareholder proposals intended to be submitted at the 2011 Annual Meeting outside the processes of Rule 14a-8 will be considered untimely under Rule 14a-4(c)(1) if not received by us at our corporate offices on or before March 21, 2011. If we do not receive timely notice of such proposal, the proxy holders will vote on the proposal, if presented at the meeting, in their discretion.

Shareholder recommendations for director candidates must be received by the Nominating/Corporate Governance Committee at our corporate offices on or before January 5, 2011 to be considered for nomination in connection with the 2011 Annual Meeting. Names submitted after this deadline will not be considered.

By Order of the Board of Directors

EDWARD M. KRESS

Secretary

May 5, 2010
Dayton, Ohio

0

PROXY

REX STORES CORPORATION
Proxy for Annual Meeting of Shareholders
June 9, 2010

The undersigned hereby appoints Stuart A. Rose and Lawrence Tomchin and each of them proxies for the undersigned, with full power of substitution, to vote all the shares of Common Stock of REX STORES CORPORATION, a Delaware corporation (the Company), which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Company to be held on Wednesday, June 9, 2010, at 2:00 p.m. and any adjournments thereof.

(Continued, and to be signed, on the other side)

14475

ANNUAL MEETING OF SHAREHOLDERS OF
REX STORES CORPORATION

June 9, 2010

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:

The Notice of Meeting, proxy statement and proxy card
are available at www.rextv.com

Please sign, date and mail
your proxy card in the
envelope provided as soon
as possible.

Please detach along perforated line and mail in the envelope provided.

20730000000000000000 5

060910

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS
AND FOR APPROVAL OF THE AMENDMENT TO THE CERTIFICATE OF INCORPORATION.
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS
SHOWN HERE x**

1. ELECTION OF DIRECTORS

- ☐ **FOR ALL NOMINEES**
- ☐ **WITHHOLD AUTHORITY
FOR ALL NOMINEES**
- ☐ **FOR ALL EXCEPT**
(See instructions below)

NOMINEES:

☐ Stuart A. Rose
☐ Lawrence Tomchin
☐ Robert Davidoff
☐ Edward M. Kress
☐ Charles A. Elcan
☐ David S. Harris
☐ Mervyn L. Alphonso

INSTRUCTIONS: withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in
the circle next to each nominee you wish to withhold, as shown here: =

Edgar Filing: REX STORES CORP - Form DEF 14A

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

- | | FOR | AGAINST | ABSTAIN |
|--|-----------------------|-----------------------|-----------------------|
| 2. PROPOSAL to approve amendment to the Certificate of Incorporation changing the name of the Company to REX American Resources Corporation. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 3. IN THEIR DISCRETION the proxies are authorized to vote upon such other business as may properly come before the Meeting. | | | |

This proxy is solicited on behalf of the Board of Directors and will be voted as directed herein. If no direction is given, this proxy shall be voted FOR Proposals 1 and 2.

Signature of Shareholder

Date:

Signature of Shareholder

Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.