

REX Stores Corporation

Compensation Committee Charter

I. Purpose

The Compensation Committee shall have direct responsibility to (i) review and approve CEO compensation as provided in this charter, (ii) make recommendations to the Board with respect to non-CEO compensation and compensatory plans and (iii) produce a compensation committee report on executive compensation as required by the Securities and Exchange Commission to be included in the Company's annual proxy statement.

II. Committee Membership

The Compensation Committee shall be comprised of at least three directors of the Company. Each member of the Compensation Committee shall satisfy the independence requirements of applicable law and the listing standards of the New York Stock Exchange and, if deemed appropriate from time to time, meet the definition of "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934 and "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986. The Board shall appoint the members of the Compensation Committee. The members of the Compensation Committee shall serve until their successors are appointed and qualify, and shall designate the Chairman of the Compensation Committee.

The Compensation Committee shall meet periodically as necessary to discharge its duties and responsibilities. The Committee may form and delegate authority to subcommittees when appropriate, provided that the subcommittees are composed entirely of independent directors.

III. Authority and Responsibilities

The Compensation Committee shall have the following authority, duties and responsibilities:

- Review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer (CEO), evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the Board), determine and approve the CEO's compensation level based on this evaluation.
 - In determining the long-term incentive component of CEO compensation, the Compensation Committee should consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.
 - Nothing in this charter shall preclude discussion of CEO compensation with the Board generally.

- The Compensation Committee shall have sole authority to retain and terminate any compensation consultant used to assist in the evaluation of director, CEO or senior executive compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

- Make recommendations to the Board with respect to non-CEO compensation, incentive compensation plans and equity-based plans.

- Adopt, administer, approve and ratify awards under incentive compensation and stock plans, including amendments to awards made under such plans.

- Review, based on recommendations of the CEO, performance or operating goals for participants in the Company's incentive plans.

- Review and approve employment agreements, severance arrangements and change in control agreements or provisions for the CEO and other senior executives of the Company when and if appropriate.

- Make regular reports to the Board.

- Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review its own performance.

Adopted: March 30, 2004

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