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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of the
Securities Exchange Act of 1934

HOOKER FURNITURE CORPORATION
(Exact name of registrant as specified in its charter)

VIRGINIA
(State or other jurisdiction of
incorporation or organization)

54-0251350
(I.R.S. Employer
Identification No.)

440 East Commonwealth Blvd.
MARTINSVILLE, VIRGINIA
(Address of principal
executive offices)

24115
(Zip Code)

Registrant's telephone number, including area code (540) 632-2133

Securities to be registered pursuant to Section 12(b) of the Act: None

Title of each class to be so registered	Name of each exchange on which each class is to be registered
N/A	N/A

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

Common Stock, no par value

(Title of class)

ITEM 1. BUSINESS.

General

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Incorporated in Virginia in 1924, Hooker Furniture Corporation ("Hooker" or the "Company") has become a leading manufacturer and importer of residential furniture primarily targeted at the upper-medium price range. The Company offers diversified product lines across many style and product categories within this price range. Its product depth and extensive style selections make the Company an important furniture resource for retailers in its price range and allows the Company to respond more quickly to shifting consumer preferences. The Company has established a broad distribution network that includes independent furniture stores, department stores, specialty retailers, catalog merchandisers and national and regional furniture chains. The Company emphasizes continuous improvement in its manufacturing processes to enable it to continue providing competitive advantages to its customers, such as quick delivery, reduced inventory investment, high quality, and value.

Products and Styles

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The Company's product lines cover most major design categories. The Company believes that the diversity of its product lines enables it to anticipate and respond quickly to changing consumer preferences and provides retailers an important furniture resource in the upper-medium price range. The Company intends to continue expanding its product styles with particular emphasis on home office, entertainment centers, occasional furniture and bedroom. The Company believes that its products represent good value and that the quality and style of its furniture compare favorably with more premium-priced products.

The Company provides furniture products in a variety of materials, woods, veneers, and finishes. Percentage of revenue provided by major design categories for the last three fiscal years are as follows:

	1998	1997	1996
	-----	-----	-----
Desks/Home Office	22.2%	18.9%	17.5%
Wall Systems/Home Theater	21.5	22.2	26.6
Entertainment Centers	21.1	22.9	24.0
Imported lines	18.1	17.2	13.9
Bedroom	16.2	17.8	16.2
All others	0.9	1.0	1.8
	-----	-----	-----
	100.0%	100.0%	100.0%

These product lines cover most major design categories including European traditional, transitional, American traditional, and country/casual designs.

The Company designs and develops new product styles semi-annually to replace discontinued items or styles and, if desired, expand product lines. The Company's product design process begins with marketing personnel identifying customer needs and conceptualizing product ideas, which generally consist of a group of related furniture pieces. A variety of sketches are produced, usually by independent designers, from which prototype furniture pieces are built. The Company invites key dealers and independent sale representatives to view and critique the prototypes. From this input, changes in design are made and the Company's engineering department prepares a sample for actual full-scale production. The Company introduces its new product styles at the fall and spring international furniture markets.

Distribution

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The Company has developed a broad domestic customer base and also sells to a limited international market. The Company sells its furniture through approximately 80 independent sales representatives to independent furniture retailers, catalog merchandisers, and national and regional chain stores. Representative customers include Federated Department

Stores, Sears, Neiman Marcus, Dillard's Department Stores, Nebraska Furniture Mart, and Haverty's. The Company believes this broad network reduces its exposure to regional recessions, and allows it to capitalize on emerging channels of distribution. The Company offers tailored merchandising programs to address each channel of distribution.

The general marketing practice followed in the furniture industry is to exhibit products at international and regional furniture markets. In the spring and fall of each year, a nine-day furniture market is held in High Point, North Carolina, which is attended by most buyers and is regarded by the industry as the international market. The Company utilizes approximately 32,000 square feet of showroom space at the High Point market to introduce new products, increase sales of its existing products, and test ideas for future products.

The Company has sold to over 3,800 customers during the past fiscal year, and approximately 2.3% of the Company's sales in 1998 were to international customers. No single customer accounted for more than six percent of the Company's sales in 1998. No material part of the Company's business is dependent upon a single customer, the loss of which would have a material effect on the business of the Company. The loss of several of the Company's major customers could have a material impact on the business of the Company.

Manufacturing

The Company's manufacturing strategy is to produce products which are on the leading edge of changing consumer demand for the home, such as home theater, home office and computer furniture, as well as traditional bedroom and occasional products. The Company stresses strong customer relationships in developing new products as well as improving existing ones. The Company believes strongly in employee involvement with employee and management teams working and communicating in all areas of manufacturing to improve production and quality related issues, stressing quality improvement not quality control. To meet customer expectations of just-in-time inventory delivery, the Company's strategy has been to strike a balance between minimizing cutting size together with increasing the frequency of cuttings on the one hand, and the efficiencies gained from longer production runs on the other. In recent years, cutting sizes have been reduced, frequencies of cuttings increased, and finished goods inventory levels increased. The Company manufactures products using a flexible plant philosophy structure with all plants capable of making and sharing product lines according to customer demands and plant loads, which allows for quicker delivery of high demand products. The Company is in constant contact with key suppliers in forming partnerships which communicate both quality and delivery issues which are imperative for both the Company and supplier to adjust to ever changing customer requirements

The Company operates manufacturing facilities in North Carolina and Virginia consisting of an aggregate of approximately 1.8 million square feet. The Company considers its present equipment to be generally modern, adequate and well maintained.

The Company schedules production of its various styles based upon actual and anticipated orders. The Company's backlog of unshipped orders was \$32.8 million at November 30, 1998 and \$24.7 million at November 30, 1997.

Imported Lines

The Company imports finished furniture in a variety of styles and materials, and markets the product under the Company name through its normal distribution channels. Product lines include occasional tables, consoles, casual dining, and accent pieces. The Company imports product from the Philippines, China, Honduras, Mexico, Egypt and Indonesia from approximately 20 suppliers. All transactions are in US dollars. Because of the large number and diverse nature of foreign factories, the Company has flexibility in the placement of product in any particular country and factory. The Company does not have a concentration of product in any one country or factory. No one particular supplier would adversely affect the production of imports should it fail to meet a production schedule and thus production disruptions resulting from political or economic instability in any one country are minimized.

Raw Materials

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The principal materials used by the Company in manufacturing its products include lumber, veneers, plywood, particleboard, hardware, glue, finishing materials, glass products, and fasteners. The Company uses a variety of species of lumber, including cherry, oak, ash, poplar, pine, and maple. The Company's five largest suppliers accounted for approximately 14.9% of its purchases in 1998.

The Company believes that its sources of supply for these materials are adequate and that it is not dependent on any one supplier.

Competition

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The Company is the seventeenth largest furniture manufacturer in North America based on 1997 sales, according to Furniture/Today, a trade publication. The furniture industry is highly competitive and includes a large number of foreign and domestic manufacturers, none of which dominates the market. The markets in which the Company competes include a large number of relatively small manufacturers; however, certain competitors of the Company have substantially greater sales volumes and financial resources than the Company. Competitive factors in the upper-medium price range include style, price, quality, delivery, design, service, and durability. The Company believes that its long-standing customer relationships, customer responsiveness, consistent support of existing diverse product lines that are high quality and good value, and experienced management are competitive advantages.

Employees

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At November 30, 1998, the Company had approximately 2,000 employees. None of the Company's employees are represented by a labor union. The Company considers its relations with its employees to be good.

The Corporation sponsors the Hooker Furniture Corporation Employee Stock Ownership Plan (the "ESOP") to provide retirement benefits for eligible employees. The ESOP covers substantially all the Company employees. The ESOP enables employees to share in the growth of the Company and to accumulate a beneficial ownership interest in the Company's Common Stock.

Patents and Trademarks

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The trade name of the Company represents many years of continued business, and the Company believes such name is well recognized and associated with quality in the furniture industry. The Company owns a number of patents, trademarks, and licenses, none of which is considered to be material to the Company.

Governmental Regulations

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The Company is subject to federal, state, and local laws and regulations in the areas of safety, health, and environmental pollution controls. Compliance with these laws and regulations has not in the past had any material effect on the Company's earnings, capital expenditures, or competitive position; however, the effect of such compliance in the future cannot be predicted. Management believes that the Company is in material compliance with applicable federal, state, and local environmental regulations.

Regulations issued in December 1995 under the Clean Air Act Amendments of 1990 as part of the National Emission Standards for Hazardous Air Pollutants program and negotiated into the Furniture Maximum Achievable Control Technology Standard, requires the Company to reformulate certain furniture finishes and institute process and administrative changes to reduce emissions of hazardous air pollutants. The Company believes it is in compliance with these regulations by its use of compliant coatings and by training its associates in work practice standards. The Company cannot at this time

estimate the future impact of these standards on the Company's operations and capital expenditure requirements. See "Item 8--Legal Proceedings."

Forward-Looking Statements

Certain statements made in this registration statement are not based on historical facts, but are forward-looking statements. These statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. These statements reflect the Company's reasonable judgment with respect to future events and are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include the cyclical nature of the furniture industry, fluctuations in the price for lumber which is the most significant raw material used by the Company, competition in the furniture industry, capital costs and general economic conditions.

ITEM 2. FINANCIAL INFORMATION.

SELECTED FINANCIAL DATA

The following selected financial data for each of the last five fiscal years ended November 30, 1998 have been derived from the Company's audited financial statements. The selected financial data should be read in conjunction with the Financial Statements, including the Notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

	Year Ended November 30,				
	(in thousands, except per share data)				
	1998	1997	1996	1995	1994
	----	----	----	----	----
Income Statement Data:					
Net sales	\$205,308	\$175,385	\$161,202	\$144,689	\$138,158
Cost of goods sold	158,752	135,085	120,687	110,777	108,399
Selling and administrative expenses	29,643	24,692	23,160	20,522	19,090
Income from operations	16,913	15,608	17,355	13,390	10,669
Other income	607	600	577	874	382
Interest expense	(561)	(630)	(227)	(124)	(523)
Income (loss) in investee company	68	(1)	(202)	(32)	3
Income before income taxes	17,027	15,577	17,503	14,108	10,531
Income taxes	6,241	5,530	6,715	4,939	3,907
Net income	10,786	10,047	10,788	9,169	6,624
Earnings Per Share Data:					
Basic and diluted earnings per share (1)	2.80	2.60	2.78	2.37	1.71
Weighted number of shares outstanding (in thousands)	3,846	3,867	3,875	3,877	3,873
Balance Sheet Data:					
Cash	3,625	827	1,997	2,543	3,078
Inventories	35,812	33,475	26,013	19,818	20,022
Working capital	51,793	47,153	37,555	33,840	35,098
Total assets	111,233	98,290	87,370	71,144	70,366
Long-term debt (including current maturities)	12,062	9,985	7,228	1,000	8,500
Common stock--held by ESOP	10,213	10,044	9,230	6,740	5,051
Stockholders' equity	73,900	66,210	59,326	52,760	46,760
Cash dividends per share (1)	0.56	0.52	0.44	0.36	0.30

(1) In 1994 the Company recorded a two-for-one stock split. All per share data have been retroactively adjusted to effect the split.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Selected Financial Data above and the Financial Statements and Notes thereto contained elsewhere in this document.

Results of Operations

The following table sets forth the percentage relationship to net sales of certain items included in the Statements of Income:

	For the Year Ended November 30,		
	1998	1997	1996
	----	----	----
Net sales	100.0%	100.0%	100.0%
Cost of sales	77.3	77.0	74.9
	----	----	----
Gross profit	22.7	23.0	25.1
Selling & administrative expenses	14.5	14.1	14.3
	----	----	----
Operating income	8.2	8.9	10.8
Other income -net	0.4	0.4	0.2
Interest expense	0.3	0.4	0.1
	----	----	----
Income before income taxes	8.3	8.9	10.9
Income taxes	3.0	3.2	4.2
	----	----	----
Net income	5.3%	5.7%	6.7%
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General

Historically, American furniture companies, including Hooker, relied on relatively short product lines and large, infrequent cuttings of suites of furniture with similar design and finish characteristics. This sometimes lead to out-of-stock inventory situations between cuttings and ultimately consumer dissatisfaction. Recent years have seen a trend in the industry for more varied product offerings and shorter production cycles, coupled with larger finished goods inventories, working toward inventory-on-demand for Hooker's dealers. It has been Hooker's policy in recent years that as demand for its product increased and backlogs grew, additional manufacturing capacity was added by purchasing existing furniture manufacturing plants and converting the production to Hooker product.

During the latter part of 1995, the Company found itself in the position that, due to increased demand for its products, delivery times to dealers were lengthening. As a result, additional capacity was needed. In April of 1996, a furniture manufacturing plant was purchased to provide this needed capacity. This facility was producing lower-end tables inconsistent with Hooker's offerings, but for which there was an existing market. Hooker continued to produce and sell the existing product in 1996 and at the same time began retooling the facility, retraining the workforce, and in the later part of 1996 began producing Hooker's product.

In 1997 the industry experienced a weak market for retail furniture sales. Consumer discretionary purchases emphasized electronics and investing in a rapidly expanding economy, and furniture sales suffered. Finding itself with new additional capacity and a less than favorable sales environment, Hooker implemented a smaller than normal price increase for its product in 1997 in an attempt to gain market share and keep all manufacturing plants operating.

The Company believes that the styling of its imported furniture together with strong consumer demand for home computers and audio/video entertainment systems has contributed to the growth of Hooker's product offerings in recent years.

1998 Compared to 1997

Net sales increased \$30 million or 17.1% in 1998 compared to 1997. The increase was due principally to higher unit volume, particularly in three major product lines: imported occasional furniture, home entertainment systems, and home office furniture.

Gross profit margin for 1998 decreased to 22.7% compared to 23.0% for 1997. The decline was due primarily to the Company's decision to implement smaller price increases to dealers in December of 1997 than had been implemented in previous years.

Selling and administrative expenses rose from 14.1% of net sales in 1997 to 14.5% in 1998. The increase was primarily due to the Company's planned investment upgrades in year-2000 compliant hardware, software, and network technology.

As a result of the above, operating income dropped from 8.9% of net sales in 1997 to 8.2% of net sales in 1998.

Interest expense dropped from 0.4% of net sales in 1997 to 0.3% in 1998. During 1998 amounts outstanding under the Company's revolving line of credit were reduced due to increased cash flows from operations. In the fourth quarter of 1998, the Company purchased additional warehouse facilities to be used as a central distribution center, increasing the revolving line of credit by \$4 million. Also, in the fourth quarter, the Company renegotiated its Industrial Development Revenue Bonds issued in 1996, securing a more favorable amortization schedule and rate of interest.

The Company's effective tax rate was 35.5% of income before taxes in 1997 and 36.6% in 1998.

1997 Compared to 1996

Net sales increased \$14 million or 8.8% in 1997 compared to 1996. The increase was due primarily to higher unit volume, particularly in imported occasional furniture, home entertainment systems, and home office furniture, and to a lesser extent higher average selling prices.

Gross profit percentages decreased from 25.1% in 1996 to 23.0% in 1997. Many of the costs of retooling and retraining the workforce for the plant purchased in 1996 were not incurred and expensed until late 1996 and 1997. The soft retail environment also caused finished furniture inventory to grow by \$6.5 million and total inventories by \$7.5 million. In an effort to expand market share and sell furniture produced by the additional capacity, many dealer programs were offered to encourage volume buying. Many of these programs involved price concessions and further contributed to the deterioration of the gross profit margin in 1997. Also, new product introductions in 1997 were priced with lower than normal margins.

Selling and administrative expenses as a percentage of net sales were 14.1% for 1997 and 14.3% for 1996. These expenses were lower in 1997 due primarily to lower selling expenses resulting, in part, from lower commission rates paid to independent sales representatives, which were phased in over a two-year period and were fully realized in 1997.

As the result of the above, operating income decreased from 10.8% in 1996 to 8.9% of net sales in 1997.

Other income (net) increased from 0.2% in 1996 to 0.4% in 1997, primarily due to lower losses on the Company's investment in a joint venture in 1997. Interest expense increased from 0.1% of net sales in 1996 to 0.4% of net sales in 1997. The increase was due to increased borrowings for the plant purchased in April of 1996, together with funding the growth in finished goods inventory during 1997.

The Company's effective income tax rate was 38.4% in 1996 and 35.5% in 1997. The decrease was primarily the result of a contribution of land to a local municipality.

Financial Condition, Liquidity and Capital Resources

As of November 30, 1998, assets totaled \$111.2 million, up from \$98.3 million in 1997 and \$87.4 in 1996. Stockholders' equity at November 30, 1998, was \$73.9 million, rising from \$66.2 million in 1997 and \$59.3 million in 1996. Cash generated from operating activities rose to \$15.1 million during 1998 compared to \$4.6 million in 1997 and \$8.1 million in 1996. Cash flow from operating activities increased from 1997 to 1998 primarily due to a reduction of \$7.3 million in the increase in accounts receivable and inventory.

Investing activities consumed \$11.5 million in cash during 1998 compared to \$6.2 million during 1997 and \$13.1 million in 1996. Cash absorbed by investing activities in all three years was due to capital expenditures as the Company continued to invest in property, plant, and equipment for furniture manufacturing capacity and distribution. The Company had committed approximately \$1.8 million for the purchase of property, plant, and equipment as of November 30, 1998. During the fourth quarter of 1998, the Company purchased a 400,000 square foot distribution warehouse for consolidation and shipment of its finished furniture. In the first half of 1999, the Company will be consolidating finished inventory presently kept in three separate warehouses into the new central distribution center. One of the existing warehouses is under lease, which expires in April of 1999, one facility is presently offered for sale or lease, and the final facility will be converted to additional manufacturing needs. Management anticipates that the consolidation will provide improved inventory control, less handling, and improved efficiency for the distribution of its product. The Company used \$0.8 million for financing activities in 1998 compared with providing cash from financing activities in the amount of \$0.4 million in 1997 and \$4.5 million in 1996. The major financing applications of cash in 1996 were for additional manufacturing plant acquisition and the acquisition of additional finished goods warehousing, totaling \$8.5 million.

In 1996, the Company incurred \$7.2 million of additional debt comprised of Industrial Development Revenue Bonds for the purchase, expansion, and retooling of an additional furniture manufacturing facility. During 1997, the Company incurred additional debt through its revolving line of credit for working capital needs primarily as a result of a \$7.5 million increase in inventories. During 1998, total long-term debt increased \$2.1 million, primarily to fund the purchase of additional warehouse capacity during the fourth quarter.

At November 30, 1998, the Company had \$3 million available under its reducing revolving line of credit and additional lines of credit of \$15 million to fund working capital needs as necessary. The Company believes it has the financial resources needed to meet business requirements in the foreseeable future, including capital expenditures for the expansion of manufacturing capacity, working capital requirements, and the Company's dividend program (see "Item 9--Market Price and Dividends on the Registrant's Common Equity and Related Stockholder Matters").

Recent Accounting Pronouncements

Statement of Financial Accounting Standards No. 130 ("SFAS 130"), "Reporting Comprehensive Income", effective for periods beginning after December 15, 1997, establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Among other disclosures, SFAS 130 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements.

Statements of Financial Accounting Standards No. 132 ("SFAS 132"), "Employers' Disclosures about Pensions and Other Postretirement Benefits", effective for periods beginning after December 15, 1997, revises employers' disclosures about pension and other postretirement benefit plans. It does not change the measurement or recognition of those plans.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments," ("SFAS 133"), effective for fiscal years beginning after June 15, 1999. SFAS 133 requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair market value. Under certain circumstances, a portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into income when the transaction affects earnings. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. The Company anticipates that the adoption of SFAS 133 will not have an effect on the Company's financial position or results of operations.

The Company recognizes that the arrival of Year 2000 presents many challenges for information systems, as well as other time-sensitive machinery and equipment and other systems relied on for day-to-day operation of the business. In 1996 the Company embarked on a plan to identify, assess, and to modify or replace equipment and systems that may be impaired following December 31, 1999. A taskforce was created under the leadership of a corporate officer and comprised of representatives from administration, information services, and manufacturing to begin the identification and assessment phase of the project. Early assessments determined that the Company would be required to modify or replace significant portions of its Information Systems software so that computer systems would continue to function properly in Year 2000 and beyond. The Company decided to transition its operating systems from a non-compliant legacy mainframe to a compliant client-server network environment. During 1997 and 1998 predominately all of the required hardware was installed, tested, and Company employees trained on its use and operation. Efforts have been underway since 1996 to create new, or to transition existing operations software, to be Year 2000 compliant. As of November 30, 1998, certain critical operating systems had been transitioned to this new environment and are fully integrated into the day-to-day operation of the business. All other systems will be moved to the new environment by the end of third quarter 1999.

The taskforce has communicated in writing with all suppliers of goods and services to determine the extent to which the Company might be vulnerable to third parties' failure to remediate their own Year 2000 issue. If no response is received, a second request will be sent. By August 1, 1999, negative responses as to the suppliers readiness or non-response will cause the supplier to be reviewed. The Company anticipates that noncompliant or unresponsive suppliers that provide critical product or services will be terminated and other year 2000 compliant suppliers will be used. Additionally, manufacturing personnel at each plant location have physically inventoried machinery, equipment, building systems, and other software for Year 2000 compliance. Manufacturers of equipment and software have been formally asked to respond to their products Year 2000 readiness. Equipment found lacking compliance will be modified or replaced prior to December 31, 1999. Additionally, certain critical equipment to the manufacture of product has been or will be tested by manufacturing personnel.

The principal cost associated with the Year 2000 compliance has been the purchase of computer hardware together with software costs. As of November 30, 1998, approximately \$2 million has been expended. It is management's estimate that additional cost for compliance will not exceed \$1 million. Funding for the Year 2000 compliance project has been provided by cash generated from operations. Project expenditures are being capitalized or expensed as appropriate and are not expected to have a material effect on the results of operations.

The Company cannot fully assess the risks of the Year 2000 problems due to numerous uncertainties surrounding the issue. However, the Company has five separate manufacturing locations, in two states and five separate communities each able to produce most products in the Company's line. Additionally, for most processes each plant has multiple machines from many manufacturers purchased over a long period of time. This flexibility also offers redundancy of operations within and between manufacturing locations so that in the event of a shutdown, product could be moved to other functional plant locations. The Company is also not dependent on any single supplier for raw materials or imported furniture. The Company has not developed a contingency plan in the event that the changes in its operating systems are not ready by December 31, 1999, but expects to have such a plan by August 1, 1999.

The failure to correct a material Year 2000 problem could result in the interruption or a failure of certain normal business activities or operations, which could materially and adversely affect the Company's results of operations, liquidity, and financial condition. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third-party suppliers and customers, the Company is unable to determine at this time whether the consequences of Year 2000 problems will have a material impact on the Company's results of operations, liquidity, or financial condition.

ITEM 3. PROPERTIES.

Set forth below is certain information with respect to the Company's principal properties. The Company believes that all these properties are well maintained and in good condition. The Company believes its manufacturing facilities are being efficiently utilized. The Company estimates that its facilities are currently being operated at approximately 95% capacity, on a one-shift basis. Each manufacturing facility is flexible in regard to product lines manufactured, allowing the Company to shift products between plants according to customer sales and delivery demands. All Company plants are equipped with automatic sprinkler systems and modern fire and spark detection systems, which the Company believes are adequate. All facilities set forth below are active and operational.

Location -----	Primary Use -----	Approximate Facility Size (Square Feet) -----	Owned or Leased -----
Martinsville, VA	Corporate Headquarters	32,000	Owned
Martinsville, VA	Manufacturing	760,000	Owned
Martinsville, VA	Distribution	400,000	Owned
Martinsville, VA	Distribution	189,200	Owned
Martinsville, VA	Import Division	125,000	Leased (1)
Martinsville, VA	Plywood Production	146,000	Owned
Kernersville, NC	Manufacturing	115,000	Owned
Roanoke, VA	Manufacturing	265,000	Owned
Pleasant Garden, NC	Manufacturing	300,000	Owned
Maiden, NC	Manufacturing	200,000	Owned
High Point, NC	Showroom	32,000	Leased (2)

(1) Lease expires April 30, 1999.

(2) Lease expires April 30, 2000.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth certain information with respect to the beneficial ownership of the Company's Common Stock as of January 29, 1999, by each stockholder known by the Company to be the beneficial owner of more than 5% of its outstanding Common Stock, by each director and director nominee, by each of the Named Executive Officers (as defined in Item 6, "Executive Compensation") and by all directors and executive officers as a group:

Name -----	Amount and Nature of Beneficial Ownership -----	Percent Of Class -----
J. Clyde Hooker, Jr. (1).....	761,166 (2)(3)	19.9%
Paul B. Toms, Jr. (1).....	588,676 (4)(5)	15.4%
Mabel H. Toms (1).....	564,024 (3)(5)(6)	14.7%
Hooker Furniture Corporation Employee Stock Ownership Plan (7).....	282,185 (8)	7.4%
A. Frank Hooker, Jr. (1).....	201,721 (9)	5.3%
W. Christopher Beeler, Jr. (1).....	41,200 (10)	1.1%
Irving M. Groves, Jr. (1).....	11,564 (11)	*
L. Dudley Walker (1).....	5,000	*
E. Larry Ryder (1).....	4,000 (12)	*
Douglas C. Williams (1).....	2,788	*
Henry P. Long, Jr. (1).....	2,000 (13)	*
Judge John D. Hooker (1).....	892	*
John L. Gregory, III (1).....	400	*
All directors and executive officers as a group (12 persons).....	1,267,407 (14)	33.1%

* Less than one percent.

- (1) The business address for such persons is c/o Hooker Furniture Corporation, 440 East Commonwealth Blvd., Martinsville, Virginia 24115.
- (2) Mr. J. Clyde Hooker, Jr. has sole voting and disposition power with respect to 309,686 shares and shared voting and disposition power with respect to 451,480 shares. Shares beneficially owned by Mr. Hooker do not include 131,456 shares beneficially owned by members of his family; Mr. Hooker disclaims beneficial ownership of such shares. Mr. Hooker also shares voting and disposition power with respect to 282,185 shares held by the Hooker Furniture Corporation Employee Stock Ownership Plan (the "ESOP") (see footnote (8) below).
- (3) Mr. J. Clyde Hooker, Jr. and Mrs. Mabel H. Toms share voting and disposition power with respect to 352,000 shares held by family trusts. Such shares are included in the shares beneficially owned by Mr. Hooker and Mrs. Toms.
- (4) Mr. Toms has sole voting and disposition power with respect to 23,701 shares and shared voting and disposition power with respect to 564,975 shares. Shares beneficially owned by Mr. Toms do not include 1,468 shares beneficially owned by his wife; Mr. Toms disclaims beneficial ownership of such shares.
- (5) Mrs. Mabel H. Toms and her adult children, one of whom is Mr. Toms, share voting and disposition power with respect to 99,480 shares held by a family trust (the "Toms Family Trust"). In addition, pursuant to a revocable power of attorney, Mr. Toms has shared voting and disposition power with respect to all 564,024 shares (which include the 99,480 shares held by the Toms Family Trust) beneficially owned by Mrs. Toms.
- (6) Mrs. Toms has sole voting and disposition power with respect to 112,544 shares and shared voting and disposition power with respect to 451,480 shares.
- (7) BB&T Corp. serves as trustee (the "ESOP Trustee") of the ESOP. The business address for the ESOP Trustee is BB&T Corp., Trust Investment Department, P.O. Box 29542, Raleigh, North Carolina 27626-0542.
- (8) The ESOP Trustee has sole voting and disposition power with respect to shares owned by the ESOP. The Trustee may dispose of and, except with respect to certain fundamental corporate transactions, vote ESOP shares only at the direction of a committee appointed by the Company. During fiscal 1998 such committee consisted of the following officers of the Company: J. Clyde Hooker, Jr., E. Larry Ryder and Jack R. Palmer (Vice President - Human Resources).

- (9) Mr. A. Frank Hooker, Jr. has sole voting and disposition power with respect to 151,000 shares and shared voting and disposition power with respect to 52,721 shares.
- (10) Mr. Beeler has sole voting and disposition power with respect to 1,200 shares and shared voting and disposition power with respect to 40,000 shares.
- (11) Mr. Groves has sole voting and disposition power with respect to 8,864 shares and shared voting and disposition power with respect to 2,700 shares. Shares beneficially owned by Mr. Groves do not include 5,700 shares beneficially owned by his wife; Mr. Groves disclaims beneficial ownership of such shares.
- (12) Mr. Ryder also shares voting and disposition power with respect to 282,185 shares held by the ESOP (see footnote (8) above).
- (13) Mr. Long has sole voting and disposition power with respect to 1,400 shares and shared voting and disposition power with respect to 600 shares.
- (14) Messrs. J. Clyde Hooker, Jr. and E. Larry Ryder, each of whom is an executive officer and a director, also share voting and disposition power with respect to 282,185 shares held by the ESOP (see footnote (8) above).

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS.

The Company's executive officers and directors, their ages as of January 31, 1999 and the year each joined the Company or its Board are as follows:

Name -----	Age ---	Position -----	Year Joined Company -----
J. Clyde Hooker, Jr.	78	Chairman and Chief Executive Officer, and Director*	1946
A. Frank Hooker, Jr.	69	President and Chief Operating Officer, and Director*	1956
Paul B. Toms, Jr.	44	Executive Vice President - Marketing, and Director*	1983
Henry P. Long, Jr.	47	Senior Vice President - Merchandising and Design, and Director*	1983
E. Larry Ryder	51	Senior Vice President - Finance and Administration, Assistant Secretary, and Director*	1977
Douglas C. Williams	51	Senior Vice President - Manufacturing, and Director*	1971
W. Christopher Beeler, Jr.	47	Director*	1994
John L. Gregory, III	51	Director*	1988
Irving M. Groves, Jr.	69	Director*	1964
Judge John D. Hooker	89	Director*	1982
Mabel H. Toms	73	Director*	1977
L. Dudley Walker	68	Director*	1995

* All of the Company's directors serve one-year terms.

J. Clyde Hooker, Jr. has been Chairman of the Board since 1987 and Chief Executive Officer since 1966. He was President from 1960 to 1987. Prior to 1960, Mr. Hooker held various positions in sales and marketing. Mr. Hooker joined the Company in 1946 and has been a Director since 1947. He is the first cousin of A. Frank Hooker, Jr., the uncle of Paul B. Toms, Jr. and the brother of Mabel H. Toms.

A. Frank Hooker, Jr. has been Chief Operating Officer and President since 1987. He was Executive Vice President from 1968 to 1987 and Vice President from 1959 to 1968. Mr. Hooker joined the Company in 1956 and has been a Director since 1958. Mr. Hooker is the first cousin of J. Clyde Hooker, Jr., the first cousin once removed of Paul B. Toms, Jr. and the first cousin of Mabel H. Toms.

Paul B. Toms, Jr. has been Executive Vice President - Marketing since 1994. Mr. Toms was Senior Vice President - Sales & Marketing from 1993 to 1994 and Vice President - Sales from 1987 to 1993. Mr. Toms joined the Company in 1983 and has been a Director since 1993. Mr. Toms serves on the Board of Directors of Piedmont Trust Bank (a subsidiary of MainStreet Financial Corporation). Mr. Toms is the nephew of J. Clyde Hooker, Jr., the first cousin once removed of A. Frank Hooker, Jr. and the son of Mabel H. Toms.

Henry P. Long, Jr. has been Senior Vice President - Merchandising and Design since 1994. He was Vice President - Sales from 1987 to 1994. Mr. Long joined the Company in 1983 and has been a Director since 1993.

E. Larry Ryder has been Senior Vice President - Finance and Administration since 1987 and Assistant Secretary since 1990. He was Treasurer from 1989 to 1998 and Vice President - Finance and Administration from 1983 to 1987. Prior to 1983, Mr. Ryder served in various financial capacities. Mr. Ryder joined the Company in 1977 and has been a Director since 1987.

Douglas C. Williams was elected Senior Vice President - Manufacturing in 1987. He was Vice President - Manufacturing from 1986 to 1987. Prior to 1986, he held various positions in production. Mr. Williams joined the Company in 1971 and has been a Director since 1987.

W. Christopher Beeler, Jr. has been a Director since 1994. He is the President and Chief Executive Officer of Virginia Mirror Company and Virginia Glass Products Corporation, both of which manufacture and fabricate glass products. Mr. Beeler is a director of MainStreet Financial Corporation.

John L. Gregory, III has been a Director since 1988. He is a partner in, and is a director of, the law firm of Young, Haskins, Mann, Gregory & Smith, P.C.

Irving M. Groves, Jr. has been a Director since 1964. He is the retired Chief Executive Officer, President and Chairman of Piedmont BankGroup (a predecessor to MainStreet Financial Corporation).

Judge John D. Hooker has been a Director since 1982. He is a retired Virginia state circuit court judge. Judge Hooker is the second cousin of A. Frank Hooker, Jr. and J. Clyde Hooker, Jr.

Mabel H. Toms has been a Director since 1977. She is a private investor. Mrs. Toms is the sister of J. Clyde Hooker, Jr., the first cousin of A. Frank Hooker, Jr. and the mother of Paul B. Toms, Jr.

L. Dudley Walker has been a Director since 1995. He is Chairman of the Board of VF Knitwear, Inc. (formerly Bassett-Walker, Inc.) a wholly-owned subsidiary of VF Corporation. Mr. Walker is the retired President and Chief Executive Officer of Bassett-Walker, Inc., a manufacturer of knitted fleecewear. He is a director of VF Corporation and Crestar Financial Corporation (a wholly-owned subsidiary of SunTrust Banks, Inc.).

ITEM 6. EXECUTIVE COMPENSATION.

Summary Compensation Table

The following table sets forth, for the years ended November 30, 1998, 1997 and 1996, the compensation for services in all capacities to the Company of those persons who at November 30, 1998 were the Company's Chief Executive Officer and the next four most highly compensated executive officers of the Company for the year ended November 30, 1998 (collectively, the "Named Executive Officers").

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		All Other Compensation (\$)(2)
		Salary (\$)(1)	Bonus (\$)	
J. Clyde Hooker, Jr. Chairman and Chief Executive Officer	1998	\$154,000	\$ 73,497	\$27,393
	1997	112,000	133,305	31,710
	1996	112,000	139,479	26,937
A. Frank Hooker, Jr. President and Chief Operating Officer	1998	\$185,200	\$110,246	\$6,700
	1997	130,000	177,740	6,204
	1996	130,750	232,465	6,244
Paul B. Toms, Jr. Executive Vice President-Marketing	1998	\$145,600	\$102,896	\$32,749
	1997	106,000	124,418	36,066
	1996	100,750	111,583	32,293
E. Larry Ryder Senior Vice President- Finance & Administration	1998	\$131,200	\$ 73,497	\$22,062
	1997	102,400	88,870	24,799
	1996	98,350	92,986	21,606
Douglas C. Williams Senior Vice President-Manufacturing	1998	\$163,600	\$102,896	\$17,443
	1997	124,000	124,418	19,240
	1996	118,750	130,180	15,493

(1) Includes for each Named Executive Officer compensation for services as a director in the amount of \$4,000 in both 1998 and 1997. Also includes director compensation of \$4,000 for Mr. J. Clyde Hooker, Jr. and \$4,750 for each of Messrs. A. Frank Hooker, Jr., Toms, Ryder and Williams in 1996. See "-Compensation of Directors."

(2) All Other Compensation listed for the Named Executive Officers (excluding Mr. A. Frank Hooker, Jr.) includes the present value of the benefit to the executive officer of the Company's contribution toward premiums for split-dollar life insurance under a program offered to all officers and plant managers. The Company is entitled to recover the premiums from any amounts paid to the insurer on such split-dollar life policies and has retained a collateral interest in each policy to the extent of the premiums paid with respect to such policy. All Other Compensation also includes for all the Named Executive Officers employer contributions to the Company's 401(k) Plan and ESOP.

All Other Compensation For Fiscal Year 1998

Name	Split-Dollar Life Insurance (\$)	Matching 401(k) Contribution (\$)	ESOP Contribution (\$)
J. Clyde Hooker, Jr.	\$20,693	\$5,000	\$1,700
A. Frank Hooker, Jr.	-	5,000	1,700
Paul B. Toms, Jr.	26,049	5,000	1,700
E. Larry Ryder	15,362	5,000	1,700
Douglas C. Williams	10,743	5,000	1,700

Deferred Compensation

Messrs. A. Frank Hooker, Jr., Toms, Ryder, Williams and Long have each entered into a deferred compensation agreement with the Company. Pursuant to these agreements each such executive officer, or his beneficiary, will be entitled to receive additional compensation in the form of ten annual payments of \$40,000 upon his retirement, death, or disability. The full retirement benefit vests at age 60 and a reduced retirement benefit vests after age 55. The death and disability benefits vest immediately, however, the disability benefit would not be paid until the executive officer reached the age of 60.

Compensation of Directors

Directors receive an annual retainer fee of \$1,000 and \$750 for each meeting attended, including committee participation or special assignments. In 1998, Messrs. Beeler, Gregory and Walker each received \$5,500 for services as directors of the Company. Each of the other directors received \$4,000 for services in 1998.

Board Interlocks and Insider Participation

Messrs. J. Clyde Hooker, Jr., A. Frank Hooker, Jr., Toms, Long, Ryder and Williams are each an officer and a director of the Company and each participates in the deliberations of the Company's Board of Directors concerning executive officer compensation.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The Board of Directors, at a meeting held December 30, 1997, approved the purchase by the Company of 20,000 shares of the Company's Common Stock from Mr. A. Frank Hooker, Jr., the Company's President and Chief Operating Officer. The shares were purchased at \$25 per share for an aggregate purchase price of \$500,000. The sale was consummated January 2, 1998. This purchase was made in accordance with the Board's policy to purchase the Company's Common Stock from time to time at prices attractive to the Company. The price per share paid by the Company represented an approximately 30% discount off the appraised value of the Common Stock as of November 30, 1997.

ITEM 8. LEGAL PROCEEDINGS.

In 1998 a manufacturing joint venture in which the Company owns a 50% interest was cited by the Environmental Protection Agency ("EPA") for violations of certain regulations under the Clean Air Act Amendments of 1990. The members of the joint venture determined that the costs to bring the plant into compliance, together with costs for other needed capital improvements, would be prohibitive. Thus, the joint venture ceased operations in November 1998. No final action has been taken by the EPA in this matter, including the assessment of any fines against the joint venture. The joint venture is currently negotiating the sale of the property. Company management anticipates that any shortfall between the remaining carrying value of the joint venture investment, including any fines that might be levied by the EPA, and proceeds from the sale of the joint venture facility and equipment will not have a material adverse affect on the Company's financial condition or annual results of operations but it could have a material adverse affect on the Company's results of operations for any particular fiscal quarter.

ITEM 9. MARKET PRICE AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

There is no established public trading market for the Company's Common Stock. As of January 29, 1999 there were approximately 700 beneficial stockholders. As of the same date approximately 2,277,057 shares of the Company's Common Stock could be sold pursuant to Rule 144.

The Company pays quarterly dividends on its Common Stock on or about the last day of February, May, August and November, when declared by the Board of Directors, to stockholders of record approximately two weeks earlier. The amount of any future dividends will be determined by the Board based upon the financial performance and condition of the Company. The following table sets forth the dividends per share paid by the Company with respect to its Common Stock during the Company's two most recent fiscal years:

1998 ----	Dividends Per Share -----
First Quarter.....	\$0.14
Second Quarter.....	0.14
Third Quarter.....	0.14
Fourth Quarter.....	0.14
1997 ----	
First Quarter.....	\$0.13
Second Quarter.....	0.13
Third Quarter.....	0.13
Fourth Quarter.....	0.13

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES.

None.

ITEM 11. DESCRIPTION OF REGISTRANT'S SECURITIES TO BE REGISTERED.

The authorized capital stock of the Company consists of 10,000,000 shares of Common Stock, no par value. As of January 29, 1999, there were 3,826,649 shares of Common Stock issued and outstanding.

The following brief description of the Company's Common Stock does not purport to be complete and is subject in all respects to applicable Virginia law and to the provisions of the Company's Amended and Restated Articles of Incorporation, as amended (the "Articles"), and Bylaws, copies of which have been filed as exhibits to the registration statement.

Holders of Common Stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Holders of Common Stock do not have cumulative voting rights, and therefore holders of a majority of the shares voting for the election of directors can elect all of the directors. In such event, the holders of the remaining shares will not be able to elect any directors.

Holders of Common Stock are entitled to receive such dividends as may be declared from time to time by the Board of Directors out of funds legally available therefor. In the event of the liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities.

The Common Stock has no preemptive or conversion rights and is not subject to further call for assessments by the Company. The Common Stock currently outstanding is validly issued, fully paid and nonassessable.

The Company's Articles require, in addition to any vote required by law or the Articles, subject to certain exceptions, that certain fundamental corporate transactions ("business combinations") between the Company (including any subsidiary of the Company) and any beneficial holder of more than 10% of the Company's outstanding voting stock (an "interested stockholder") or an affiliate or associate of such interested stockholder be approved by the holders of at least 75% of the then outstanding shares of the voting stock of the Company. "Business combinations" include (i) mergers and consolidations, (ii) statutory share exchanges, (iii) dispositions of all or a substantial part of corporate assets, (iv) any issuance or transfer by the Company of any securities of the Company having a fair market value equal to or greater than 10% of the aggregate fair market value of the outstanding voting stock of the Company, (v) any liquidation or dissolution of the Company, or (vi) any reclassification, (including reverse stock splits), recapitalization or merger or consolidation of the Company with any of its subsidiaries, that increases by more than 5% the percentage of any securities of the Company beneficially owned by an interested stockholder.

The exceptions to the 75% stockholder approval requirement require either that (i) the business combination be approved by a majority of the Company's "continuing directors" or (ii) the business combination satisfy certain fair-price and procedural requirements. In general, the fair-price requirements provide that in a two-step acquisition transaction, the interested stockholder must pay the stockholders of the Company in the second step either the same amount of cash or the same amount and type of consideration paid to acquire the Company's shares in the first step. A "continuing director" includes any director who (a) was a member of the Board before December 28, 1987 (the date the Company's Amended and Restated Articles of Incorporation were adopted), (b) is unaffiliated with the interested stockholder and was a director prior to the time the interested stockholder became an interested stockholder, or (c) any successor of a continuing director who is unaffiliated with the interested stockholder and is recommended to succeed a continuing director by a majority of continuing directors then on the Board.

These provisions are designed to deter certain types of takeovers of the Company. The Company's Articles require the affirmative vote of 75% of the voting shares of the Company to amend or repeal these interested stockholder provisions.

The transfer agent and registrar for the Common Stock is First Union National Bank of North Carolina.

The Virginia Stock Corporation Act contains provisions governing "Affiliated Transactions." These provisions, with several exceptions discussed below, generally require approval of certain material transactions between a Virginia corporation and any beneficial holder of more than 10% of any class of its outstanding voting shares (an "Interested Shareholder") by a majority of disinterested directors and by the holders of at least two-thirds of the remaining voting shares. Affiliated Transactions subject to this approval requirement include mergers, share exchanges, material dispositions of corporate assets not in the ordinary course of business, any dissolution of the corporation proposed by or on behalf of an Interested Shareholder, or any reclassification, including reverse stock splits, recapitalization or merger of the corporation with its subsidiaries, which increases the percentage of voting shares owned beneficially by an Interested Shareholder by more than 5%.

For three years following the time that an Interested Shareholder becomes an owner of 10% of the outstanding voting shares, a Virginia corporation cannot engage in an Affiliated Transaction with such Interested Shareholder without the approval of two-thirds of the voting shares other than those shares beneficially owned by the Interested Shareholder, and the approval of a majority of the Disinterested Directors. "Disinterested Director" means, with respect to a particular Interested Shareholder, a member of the Company's Board of Directors who was

- . a member on the date on which an Interested Shareholder became an Interested Shareholder or
- . recommended for election by, or was elected to fill a vacancy and received the affirmative vote of, a majority of the Disinterested Directors then on the Board.

After the expiration of the three-year period, the statute requires approval of Affiliated Transactions by two-thirds of the voting shares other than those beneficially owned by the Interested Shareholder.

The principal exceptions to the special voting requirements apply to transactions proposed after the three-year period has expired and require either that the transaction be approved by a majority of the Company's Disinterested Directors or that the transaction satisfy the fair-price requirements of the statute. In general, the fair-price requirement provides that in a two-step acquisition transaction, the Interested Shareholder must pay the shareholders in the second step either the same amount of cash or the same amount and type of consideration paid to acquire the Company's shares in the first step.

None of the foregoing limitations and special voting requirements applies to an Interested Shareholder whose acquisition of shares making such person an Interested Shareholder was approved by a majority of the Company's Disinterested Directors.

These provisions are designed to deter certain types of takeovers of Virginia corporations. The statute provides that, by affirmative vote of a majority of the voting shares other than shares owned by any Interested Shareholder, a corporation can adopt an amendment to its articles of incorporation or by-laws providing that the Affiliated Transactions provisions shall not apply to the corporation. The Company has not "opted out" of the Affiliated Transactions provisions.

Virginia law also generally provides that shares of a Virginia corporation acquired in a transaction that would cause the acquiring person's voting strength to meet or exceed any of three thresholds (20%, 33-1/3% or 50%) have no voting rights with respect to such shares unless granted by a majority vote of shares not owned by the acquiring person or any officer or employee-director of the corporation. This provision empowers an acquiring person to require the Virginia corporation to hold a special meeting of shareholders to consider the matter within 50 days of its request. The Board of Directors of a Virginia corporation can opt out of this provision at any time before four days after receipt of a control share acquisition notice.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Article 10 of the Virginia Stock Corporation Act (the "VSCA") allows, in general, for indemnification, in certain circumstances, by a corporation of any person threatened with or made a party to any action, suit or proceeding by reason of the fact that he or she is, or was, a director, officer, employee or agent of such corporation. Indemnification is also authorized with respect to a criminal action or proceeding where the person had no reasonable cause to believe that his or her conduct was unlawful. Article 9 of the VSCA provides limitations on damages payable by officers and directors, except in cases of willful misconduct or knowing violation of criminal law or any federal or state securities law.

Article IV of the Company's Amended and Restated Articles of Incorporation provides for mandatory indemnification of any individual who is, was or is threatened to be made a party to any proceeding (including any proceeding by or on behalf of the Company) because such individual is or was a director or officer of the Company or because such individual was serving the Company or any other legal entity in any capacity at the request of the Company while a director or officer of the Company, against all liabilities and reasonable expenses incurred in the proceeding, except such liabilities and expenses as are incurred because of such director's or officer's willful misconduct or knowing violation of the criminal law.

Article IV of the Company's Amended and Restated Articles of Incorporation also provide that in every instance permitted under the VSCA in effect from time to time, the liability of a director or officer of the Company to the Company or its stockholders arising out of a single transaction, occurrence or course of conduct shall be limited to one dollar.

The Company maintains a standard policy of officers' and directors' liability insurance.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

For the information required by this Item, refer to the Index to Financial Statements appearing on page F-1 of the registration statement.

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS.

Financial Statements

For the information required by this Item, refer to the Index to Financial Statements appearing on page F-1 of the registration statement.

Exhibits

Exhibit No.	Description
- - - - -	- - - - -
3.1	Amended and Restated Articles of Incorporation of the Company
3.2	Articles of Amendment to Amended and Restated Articles of Incorporation of the Company
3.3	Amended and Restated Bylaws of the Company
4.1	Amended and Restated Articles of Incorporation of the Company (See Exhibit 3.1)
4.2	Articles of Amendment to Amended and Restated Articles of Incorporation of the Company (See Exhibit 3.2)
4.3	Bylaws of the Company (See Exhibit 3.3)

Pursuant to Regulation S-K, Item 601(b)(4)(iii), instruments evidencing long term debt less than 10% of the Company's total assets have been omitted and will be furnished to the Securities and Exchange Commission upon request.

10.1	Lease, dated March 14, 1994, between Fred B. Caffey, as lessor, and the Company, as lessee
10.2	Lease, dated November 1, 1994, between Southern Furniture Exposition Building, Inc. and the Company
10.3	Form of Salary Continuation Agreement
10.4	Form of Split Dollar Agreement
27.1	Financial Data Schedule

HOOKER FURNITURE CORPORATION
INDEX TO FINANCIAL STATEMENTS

Financial Statements

Report of Independent Certified Public Accountants.....F-2
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Financial Statement Schedule

Schedule II-Valuation and Qualifying Accounts for the fiscal years ended November 30, 1998, 1997
and 1996.....S-1

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders of
Hooker Furniture Corporation
Martinsville, Virginia

We have audited the accompanying balance sheets of Hooker Furniture Corporation as of November 30, 1998 and 1997 and the related statements of income, stockholders' equity, and cash flows for each of the three years in the period ended November 30, 1998. We have also audited the schedule listed in the accompanying index. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hooker Furniture Corporation at November 30, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 1998 in conformity with generally accepted accounting principles.

Also, in our opinion, the schedule presents fairly, in all material respects, the information set forth therein.

BDO Seidman, LLP

Richmond, Virginia
December 15, 1998

November 30,	1998	1997

Assets		

Current Assets		
Cash, primarily interest-bearing deposits.....	\$ 3,624,920	\$ 826,543
Trade receivables, less allowance of \$500,000.....	23,345,761	22,976,701
Inventories (Note 1).....	35,812,460	33,474,733
Prepaid expenses and other.....	1,637,196	1,328,078
	-----	-----
Total Current Assets.....	64,420,337	58,606,055
Property, plant and equipment, net (Note 2).....	41,500,124	34,913,861
Other Assets		
Investment in and advances to investee company (Note 7).....	2,371,409	2,303,828
Miscellaneous	2,941,474	2,465,925
	-----	-----
	\$111,233,344	\$98,289,669
	=====	=====

Liabilities and Stockholders' Equity		

Current Liabilities		
Trade accounts payable.....	\$ 4,757,043	\$ 4,175,171
Accrued salaries, wages, and benefits.....	4,464,435	4,098,620
Other accrued expenses (Note 4).....	3,405,769	1,579,263
Current maturities of long-term debt (Note 3).....	-	1,600,000
	-----	-----
Total Current Liabilities.....	12,627,247	11,453,054
Long-term debt, less current maturities (Note 3).....	12,061,592	8,384,620
Deferred compensation (Note 4).....	1,865,865	1,602,035
Deferred income taxes (Note 6).....	565,607	595,907
	-----	-----
Total Liabilities.....	27,120,311	22,035,616
	-----	-----
Commitments (Note 4)		
Common Stock - held by ESOP (Note 5).....	10,213,287	10,044,006
Stockholders' Equity		
Common stock - no par value		
Authorized 10,000,000 shares; issued		
3,835,729 shares (3,865,080 in 1997)	2,434,983	2,453,632
Retained earnings.....	71,464,763	63,756,415
	-----	-----
Total Stockholders' Equity.....	73,899,746	66,210,047
	-----	-----
	\$111,233,344	\$98,289,669
	=====	=====

See accompanying Summary of Significant Accounting Policies and Notes to
Financial Statements

Statements of Income

Hooker Furniture Corporation

Year ended November 30,	1998	1997	1996
NET SALES.....	\$205,307,641	\$175,385,497	\$161,201,507
COSTS AND EXPENSES			
Cost of goods sold.....	158,751,682	135,084,924	120,686,628
Selling expenses	16,626,677	13,052,392	13,075,741
Administrative expenses.....	13,016,684	11,640,329	10,084,276
	188,395,043	159,777,645	143,846,645
INCOME FROM OPERATIONS.....	16,912,598	15,607,852	17,354,862
OTHER INCOME AND EXPENSES			
Other income.....	607,510	599,504	577,153
Interest expense.....	(560,563)	(630,107)	(227,301)
Proportionate share of income (loss) in investee company.....	67,581	(647)	(201,538)
	114,528	(31,250)	148,314
INCOME BEFORE INCOME TAXES.....	17,027,126	15,576,602	17,503,176
INCOME TAXES (Note 6)			
Federal.....	5,483,000	5,009,000	5,744,000
State.....	758,000	521,000	971,000
	6,241,000	5,530,000	6,715,000
NET INCOME	\$ 10,786,126	\$ 10,046,602	\$ 10,788,176
EARNINGS PER SHARE DATA			
Basic and diluted earnings per share.....	\$ 2.80	\$ 2.60	\$ 2.78
Weighted average number of shares outstanding.....	3,846,011	3,866,850	3,875,220

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements

Statements of Cash Flows

Hooker Furniture Corporation

Year ended November 30,	1998	1997	1996

Cash flows from operating activities			
Cash received from customers.....	\$205,376,331	\$173,397,676	\$160,627,239
Cash paid to suppliers and employees.....	(183,744,913)	(162,882,466)	(145,822,728)
Income taxes paid.....	(6,038,139)	(5,310,122)	(6,605,631)
Interest paid.....	(560,453)	(630,107)	(221,859)
Interest and dividends received.....	101,534	57,803	88,908
	-----	-----	-----
Net cash provided by operating activities.....	15,134,360	4,632,784	8,065,929
	-----	-----	-----
Cash flows from investing activities			
Purchase of property and equipment.....	(11,485,808)	(6,211,526)	(13,107,957)
	-----	-----	-----
Net cash absorbed by investing activities.....	(11,485,808)	(6,211,526)	(13,107,957)
	-----	-----	-----
Cash flows from financing activities			
Proceeds from long-term debt.....	6,876,972	6,756,855	18,227,765
Payments on long-term debt.....	(4,800,000)	(4,000,000)	(12,000,000)
Cash dividends paid.....	(2,152,265)	(2,010,791)	(1,705,079)
Purchase and retirement of common stock.....	(774,882)	(337,616)	(27,200)
	-----	-----	-----
Net cash provided (absorbed) by financing activities.....	(850,175)	408,448	4,495,486
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH.....	2,798,377	(1,170,294)	(546,542)
CASH AT BEGINNING OF YEAR.....	826,543	1,996,837	2,543,379
	-----	-----	-----
CASH AT END OF YEAR.....	\$ 3,624,920	\$ 826,543	\$ 1,996,837
	=====	=====	=====
Reconciliation of net income to net cash provided by operating activities			
Net income.....	\$ 10,786,126	\$ 10,046,602	\$ 10,788,176
Depreciation and amortization.....	4,899,545	4,769,938	3,782,774
Increase in trade receivables.....	(369,059)	(2,536,337)	(1,062,513)
Increase in inventories.....	(2,337,728)	(7,462,195)	(6,194,981)
Increase in prepaid expenses and other assets.....	(852,249)	(660,129)	(189,767)
Increase (decrease) in trade accounts payable.....	581,872	(330,382)	854,179
Increase (decrease) in other accrued expenses.....	2,192,323	(104,613)	424,481
Increase in deferred compensation.....	263,830	303,313	89,635
Increase (decrease) in deferred income taxes.....	(30,300)	606,587	(426,055)
	-----	-----	-----
Net cash provided by operating activities.....	\$ 15,134,360	\$ 4,632,784	\$ 8,065,929
	=====	=====	=====

See accompanying Summary of Significant Accounting Policies and Notes to
Financial Statements

	Common Stock		Retained Earnings
	Shares	Amount	
Balance at November 30, 1995	3,875,380	\$2,460,224	\$50,299,274
Net income			10,788,176
Cash dividends on common stock (\$0.44 per share)			(1,705,079)
Increase in fair value of shares held by ESOP			(2,489,569)
Purchase and retirement of common stock	(800)	(512)	(26,688)
Balance at November 30, 1996	3,874,580	2,459,712	56,866,114
Net income			10,046,602
Cash dividends on common stock (\$0.52 per share)			(2,010,791)
Increase in fair value of shares held by ESOP			(813,973)
Purchase and retirement of common stock	(9,500)	(6,080)	(331,537)
Balance at November 30, 1997	3,865,080	2,453,632	63,756,415
Net income			10,786,126
Cash dividends on common stock (\$0.56 per share)			(2,152,265)
Increase in fair value of shares held by ESOP			(169,281)
Purchase and retirement of common stock	(29,351)	(18,649)	(756,232)
Balance at November 30, 1998	3,835,729	\$2,434,983	\$71,464,763

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

The Corporation manufactures and imports household and office furniture for sale to wholesale and retail merchandisers located primarily throughout North America.

The Corporation operates predominantly in one business segment. Substantially all revenues result from the sale of residential furniture products. Substantially all of the Corporation's trade accounts receivable are due from retailers in this market, which consists of a large number of entities with a broad geographical dispersion.

INVENTORIES

Inventories are stated at the lower of cost, using the last-in, first-out (LIFO) method, or market.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, less allowances for depreciation. Provision for depreciation has been computed (generally by the declining balance method) at annual rates that will amortize the cost of the depreciable assets over their estimated useful lives as follows: buildings (15 to 40 years), machinery and equipment (8 to 20 years), furniture and fixtures (5 to 10 years), and other (3 to 30 years).

INVESTMENT IN INVESTEE COMPANY

The Corporation accounts for its investment in its investee company under the equity method of accounting.

INCOME TAXES

Deferred income taxes reflect the future tax consequences of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation's financial instruments' (consisting of cash, accounts receivable, accounts payable, and accrued salaries) carrying values approximate fair value because of the short-term nature of those instruments.

The fair value of the Corporation's industrial development revenue bonds and reducing revolving line of credit is estimated based on the quoted market rates for similar debt with remaining maturity. At November 30, 1998, the carrying value of the industrial revenue bonds and reducing revolving line of credit approximated fair value.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reported period. Actual results could differ from those estimates.

REVENUE RECOGNITION

Sales are recognized when products are shipped and invoiced to customers. Substantially all of the Corporation's trade accounts receivable are from customers in the retail furniture industry. Management periodically performs credit evaluations of its customers and generally does not require collateral. The Corporation uses credit insurance to minimize the risk on certain accounts.

LONG LIVED ASSETS

Long-lived assets, such as property and equipment, are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable through the estimated undiscounted future cash flows from the use of those assets. When any such impairment exists, the related assets will be written down to fair value. No impairment losses have been necessary through November 30, 1998.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

EARNINGS PER SHARE

For the year ended November 30, 1998, the Corporation adopted Statement of Financial Accounting Standards No. 128 (SFAS 128), "Earnings Per Share." SFAS 128 is effective for financial statements issued after December 15, 1997. SFAS 128 provides for the calculation of basic and diluted earnings per share. Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilutive effect of securities that could share in earnings of an entity. At November 30, 1998, there were no securities which had a dilutive effect. Earnings per share has been computed based upon the weighted average number of common shares outstanding during the year (3,846,011 shares -1998, 3,866,850 shares - 1997, and 3,875,220 shares - 1996).

ADVERTISING COSTS

Advertising costs are expensed when incurred. The Corporation charged \$4,083,850, \$3,381,830 and \$2,532,511 to advertising expense during the years ended November 30, 1998, 1997 and 1996, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards No. 130 (SFAS 130), "Reporting Comprehensive Income", effective for periods beginning after December 15, 1997, establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Among other disclosures, SFAS 130 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements.

Statements of Financial Accounting Standards No. 132 (SFAS 132), "Employers' Disclosures about Pensions and Other Postretirement Benefits", effective for periods beginning after December 15, 1997, revises employers' disclosures about pension and other postretirement benefit plans. It does not change the measurement or recognition of those plans.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments," ("SFAS 133"), effective for fiscal years beginning after June 15, 1999. SFAS 133 requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair market value. Under certain circumstances, a portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into income when the transaction affects earnings. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. The Company anticipates that the adoption of SFAS 133 will not have an effect on the Company's financial position or results of operations.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - INVENTORIES

The components of inventories are summarized as follows:

	November 30	
	1998	1997
Finished furniture	\$29,786,567	\$26,715,151
Furniture in process	1,663,518	2,314,137
Materials and supplies.....	13,628,203	12,826,714
	45,078,288	41,856,002
Reduction to LIFO basis.....	9,265,828	8,381,269
	\$35,812,460	\$33,474,733
	=====	=====

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 - INVENTORIES (continued)

If the first-in, first-out (FIFO) method had been used in valuing all inventories, net income would have been \$11,356,666, \$10,756,602, and \$10,782,647 for the years ended November 30, 1998, 1997, and 1996, respectively.

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT

Major classes of property, plant and equipment are summarized as follows:

	November 30	
	1998	1997
Buildings.....	\$32,621,398	\$29,800,626
Machinery and equipment.....	37,006,631	35,052,887
Furniture and fixtures.....	6,082,256	5,116,142
Other	9,198,863	4,014,362
	84,909,148	73,984,017
Accumulated depreciation.....	(44,590,267)	(39,965,352)
	40,318,881	34,018,665
Land	1,181,243	895,196
	\$41,500,124	\$34,913,861
	=====	=====

NOTE 3 - LONG TERM DEBT

Long-term debt is comprised of the following:

	November 30	
	1998	1997
Industrial development revenue bonds issued in 1996, secured by a letter of credit of \$10,240,000 from NationsBank N.A., maturing annually from 2004 through 2006 with a variable interest rate (3.3% at November 30, 1998).....	\$ 7,061,592	\$6,984,620
Reducing revolving line of credit to bank, with a maximum of \$8,000,000 at November 30, 1998, variable rate (5.9% at November 30, 1998) unsecured, interest payable monthly.....	5,000,000	3,000,000
	12,061,592	9,984,620
Less current maturities.....	-	1,600,000
	\$12,061,592	\$8,384,620
	=====	=====

During fiscal 1998, the Corporation entered into an interest rate swap agreement with NationsBank N.A., which effectively provides a fixed interest rate of 4.71% on the industrial development revenue bonds through 2006.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 3 - LONG TERM DEBT (continued)

Maturities of long-term debt during the next five years are \$2,440,000 in 2001 and \$2,560,000 in 2002.

The debt instruments contain, among other things, certain restrictions as to minimum tangible net worth, net equity ratio, current ratio, and debt coverage ratio. The Corporation was in compliance with these restrictions as of November 30, 1998.

The Corporation has available additional lines of credit of \$15 million to fund its working capital needs as necessary, all of which was unused at November 30, 1998.

NOTE 4 - EMPLOYEE BENEFIT PLANS

Deferred Compensation Agreements

The Corporation maintains several individual deferred compensation agreements for certain employees. These are unfunded agreements with all benefits paid out of the general assets of the Corporation when the employee retires. The amount of benefits to be paid is specified in each individual agreement.

The following table sets forth the financial status and amounts recognized for the deferred compensation plan:

	November 30	
	1998	1997
Projected benefit obligation, including vested benefits of \$725,000 at November 30, 1998.....	\$2,082,830	\$1,791,501
Unrecognized net loss from past experience.....	(573,626)	(386,259)
Unrecognized prior service cost.....	(72,478)	(93,138)
Unrecognized net obligation.....	(19,702)	(23,768)
Additional liability.....	529,049	403,907
Accrued liability included in balance sheet.....	\$1,946,073	\$1,692,243

Pursuant to SFAS 87, Employer's Accounting for Pensions, the Corporation recorded an additional liability in the amount of \$529,049 at November 30, 1998 (1997-\$403,907). In addition, the Corporation has an intangible asset in the amount of \$137,473 at November 30, 1998, which is being amortized on a straight-line basis over 15 years. The current obligation of \$80,208 (1997-\$90,208) has been included in other accrued expenses in the balance sheet.

The net periodic cost included the following components:

	Year Ended November 30		
	1998	1997	1996
Service cost - benefits earned during the period.....	\$ 35,150	\$ 25,782	\$ 41,608
Interest cost on projected benefit obligations.....	138,762	128,630	105,151
Net amortization and deferral.....	44,984	33,873	24,726
Net periodic cost included in statements of income.....	\$218,896	\$188,285	\$171,485

The weighted average discount rate and rate of compensation increase used in determining the actuarial present value of the projected benefit obligation was 7.0 percent (7.5 percent in 1997), and 5.0 percent respectively.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 4 - EMPLOYEE BENEFIT PLANS (continued)

Employee Savings Plan

The Corporation sponsors the Employee's Savings Plan (the Plan). The Plan is a qualified savings plan (a 401(k) plan) that is designed to permit employees of the Corporation to meet their savings goals and share in the Corporation's profits as a way of providing them with funds for retirement. The Plan covers substantially all employees. A participant in the Plan may contribute an amount not less than 1%, nor more than 16% of their compensation. The Corporation will contribute 50% of the amount contributed by the participant, up to 6% of their compensation, as a matching contribution. Contributions to the Plan by the Corporation amounted to \$571,000 in 1998, \$549,000 in 1997, and \$515,000 in 1996.

NOTE 5 - COMMON STOCK - HELD BY ESOP

Employee Stock Ownership Plan

The Corporation sponsors an Employee Stock Ownership Plan (ESOP) which is designed to provide retirement benefits for eligible employees by allowing them to share on a noncontributory basis in the growth of the Corporation, and allow them to accumulate a beneficial ownership interest in the common stock of the Corporation. The ESOP covers substantially all employees. Shares contributed to the ESOP are valued at fair market value as determined by an independent appraisal. Dividends paid on shares held by the ESOP are charged to retained earnings. The Company is obligated under certain circumstances to repurchase shares covered by the ESOP, therefore, the estimated fair value of the shares held in the ESOP, representing the maximum potential repurchase obligation, is classified outside of stockholders' equity. At November 30, 1998, 282,135 shares were allocated to participants. Contributions to the ESOP are at the discretion of the Board of Directors and amounted to \$725,000 in 1998, \$359,000 in 1997, and \$353,000 in 1996.

NOTE 6 - INCOME TAXES

Deferred income tax assets (liabilities) are as follows:

	November 30	
	1998	1997
	-----	-----
Assets		
Deferred compensation.....	\$ 740,000	\$ 643,000
Inventory.....	94,000	127,000
Advertising allowance.....	-	175,000
Investment in investee.....	134,000	160,000
	-----	-----
	968,000	1,105,000
	-----	-----
Liabilities		
Property.....	(1,302,000)	(1,346,000)
Allowance for bad debts.....	(162,000)	(256,000)
Other.....	(70,000)	(99,000)
	-----	-----
	(1,534,000)	(1,701,000)
	-----	-----
Net deferred tax asset (liability).....	\$ (566,000)	\$ (596,000)
	=====	=====

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 6 - INCOME TAXES (continued)

The effective tax rate on income before taxes differed from the federal statutory tax rate. The following summary reconciles taxes at the federal statutory rate with the effective rate:

	Year Ended November 30					
	1998		1997		1996	
	Amount	Percent	Amount	Percent	Amount	Percent
Income taxes at statutory rate	\$5,789,000	34.0%	\$5,296,000	34.0%	\$5,951,000	34.0%
Increase in taxes resulting from:						
State taxes, net of federal income tax benefit	426,000	2.5	390,000	2.5	600,000	3.5
Contribution of land	-	-	(252,000)	(1.6)	-	-
Other	26,000	.1	96,000	.6	164,000	.9
	\$6,241,000	36.6%	\$5,530,000	35.5%	\$6,715,000	38.4%
	=====	=====	=====	=====	=====	=====

NOTE 7 - INVESTMENT IN AND ADVANCES TO INVESTEE COMPANY

The Company owns a 50% interest in a joint venture that produces particleboard for manufacturing. During 1998, the joint venture was cited by the Environmental Protection Agency ("EPA") for a violation of certain regulations under the Clean Air Act Amendments of 1990. The joint venture members determined that the cost of modification to the plant to come into compliance, together with other needed capital improvements, would be prohibitive and the joint venture elected to cease operations in November 1998. Company management is currently in negotiation for sale of the property and anticipates that any shortfall between the remaining carrying value of the joint venture investment, including any fines levied by the EPA, and the sale of the facility and the equipment will not be significant.

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

Year	Description	Balance at Beginning of Period	Additions		Deductions (1)	Balance at End of Period
			Charged to Costs and Expenses	Charged to Other Accounts		
1998	Allowance for Doubtful Accounts	\$500	\$287	-	\$287	\$500
1997	Allowance for Doubtful Accounts	500	353	-	353	500
1996	Allowance for Doubtful Accounts	500	404	-	404	500

(1) Net bad debts

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

HOOKER FURNITURE CORPORATION

Date: February 3, 1999

/s/ E. LARRY RYDER

E. Larry Ryder
Senior Vice President - Finance
and Administration

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EXHIBIT INDEX

Exhibit No. -----	Description -----
3.1	Amended and Restated Articles of Incorporation of the Company
3.2	Articles of Amendment to Amended and Restated Articles of Incorporation of the Company
3.3	Amended and Restated Bylaws of the Company
4.1	Amended and Restated Articles of Incorporation of the Company (See Exhibit 3.1)
4.2	Articles of Amendment to Amended and Restated Articles of Incorporation of the Company (See Exhibit 3.2)
4.3	Bylaws of the Company (See Exhibit 3.3)
10.1	Lease, dated March 14, 1994, between Fred B. Caffey, as lessor, and the Company, as lessee
10.2	Lease, dated November 1, 1994, between Southern Furniture Exposition Building, Inc. and the Company
10.3	Form of Salary Continuation Agreement
10.4	Form of Split Dollar Agreement
27.1	Financial Data Schedule

HOOKER FURNITURE CORPORATION
AMENDED AND RESTATED ARTICLES OF INCORPORATION

ARTICLE I
NAME

The name of the Corporation is Hooker Furniture Corporation.

ARTICLE II
PURPOSE

The Corporation is organized to engage in any lawful business not required by the Virginia Stock Corporation Act to be stated in the Articles of Incorporation.

ARTICLE III
AUTHORIZED SHARES

3.1 Number and Designation. The number and designation of shares that the Corporation shall have authority to issue and the par value per share are as follows:

Class	Number of Shares	Par Value
Common	5,000,000	No Par

3.2 Preemptive Rights. No holder of outstanding shares shall have any preemptive right with respect to (i) any shares of any class of the Corporation, whether now or hereafter authorized, (ii) any warrants, rights or options to purchase any such shares, or (iii) any obligations convertible into any such shares or into warrants, rights or options to purchase any such shares.

ARTICLE IV
LIMIT ON LIABILITY AND INDEMNIFICATION

4.1 Definitions. For purposes of this Article the following definitions

shall apply:

(i) "Corporation" means this Corporation only and no predecessor
entity or other legal entity;

(ii) "expenses" include counsel fees, expert witness fees, and costs
of investigation, litigation and appeal, as well as any amounts expended in
asserting a claim for indemnification;

(iii) "liability" means the obligation to pay a judgment, settlement,
penalty, fine, or other such obligation, including, without limitation, any
excise tax assessed with respect to an employee benefit plan;

(iv) "legal entity" means a corporation, partnership, joint venture,
trust, employee benefit plan or other enterprise;

(v) "predecessor entity" means a legal entity the existence of which
ceased upon its acquisition by the Corporation in a merger or otherwise;
and

(vi) "proceeding" means any threatened, pending, or completed action,
suit, proceeding or appeal whether civil, criminal, administrative or
investigative and whether formal or informal.

4.2 Limit on Liability. In every instance permitted by the Virginia Stock
Corporation Act, as it exists on the date hereof or may hereafter be amended,
the liability of a director or

officer of the Corporation to the Corporation or its shareholders arising out of a single transaction, occurrence or course of conduct shall be limited to one dollar.

4.3 Indemnification of Directors and Officers. The Corporation shall

indemnify any individual who is, was or is threatened to be made a party to a proceeding (including a proceeding by or in the right of the Corporation) because he is or was a director or officer of the Corporation or because he is or was serving the Corporation or any other legal entity in any capacity at the request of the Corporation while a director or officer of the Corporation, against all liabilities and reasonable expenses incurred in the proceeding except such liabilities and expenses as are incurred because of his willful misconduct or knowing violation of the criminal law. Service as a director or officer of a legal entity controlled by the Corporation shall be deemed service at the request of the Corporation. The determination that indemnification under this Section 4.3 is permissible and the evaluation as to the reasonableness of expenses in a specific case shall be made, in the case of a director, as provided by law, and in the case of an officer, as provided in Section 4.4 of this Article; provided, however, that if a majority of the directors of the Corporation has changed after the date of the alleged conduct giving rise to a claim for indemnification, such determination and evaluation shall, at the option of the person claiming indemnification, be made by special legal counsel agreed upon by the Board of Directors and such person. Unless a determination has been made

that indemnification is not permissible, the Corporation shall make advances and reimbursements for expenses incurred by a director or officer in a proceeding upon receipt of an undertaking from him to repay the same if it is ultimately determined that he is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the director or officer and shall be accepted without reference to his ability to make repayment. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that

a director or officer acted in such a manner as to make him ineligible for indemnification. The Corporation is authorized to contract in advance to indemnify and make advances and reimbursements for expenses to any of its directors or officers to the same extent provided in this Section 4.3.

4.4 Indemnification of Others. The Corporation may, to a lesser extent or

to the same extent that it is required to provide indemnification and make advances and reimbursements for expenses to its directors and officers pursuant to Section 4.3, provide indemnification and make advances and reimbursements for expenses to its employees and agents, the directors, officers, employees and agents of its subsidiaries and predecessor entities, and any person serving any other legal entity in any capacity at the request of the Corporation, and may contract in advance to do so. The determination that indemnification under this Section 4.4 is permissible, the authorization of such

indemnification and the evaluation as to the reasonableness of expenses in a specific case shall be made as authorized from time to time by general or specific action of the Board of Directors, which action may be taken before or after a claim for indemnification is made, or as otherwise provided by law. No person's rights under Section 4.3 of this Article shall be limited by the provisions of this Section 4.4.

4.5 Miscellaneous. Every reference in this Article to persons who are or

may be entitled to indemnification shall include all persons who formerly occupied any of the positions referred to and their respective heirs, executors and administrators. Special legal counsel selected to make determinations under this Article may be counsel for the Corporation. Indemnification pursuant to this Article shall not be exclusive of any other right of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by legal entities other than the Corporation and indemnification under policies of insurance purchased and maintained by the Corporation or others. However, no person shall be entitled to indemnification by the Corporation to the extent he is indemnified by another, including an insurer. The Corporation is authorized to purchase and maintain insurance against any liability it may have under this Article or to protect any of the persons named above against any liability arising from their service to the Corporation or any other legal entity at the request of the Corporation regardless of the Corporation's power to indemnify against such liability. The

provisions of this Article shall not be deemed to preclude the Corporation from entering into contracts otherwise permitted by law with any individuals or legal entities, including those named above. If any provision of this Article or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of this Article, and to this end the provisions of this Article are severable.

4.6 Applications; Amendments. The provisions of this Article shall be

applicable from and after its adoption even though some or all of the underlying conduct or events relating to a proceeding may have occurred before its adoption. No amendment, modification or repeal of this Article shall diminish the rights provided hereunder to any person arising from conduct or events occurring before the adoption of such amendment, modification or repeal.

ARTICLE V
CERTAIN BUSINESS COMBINATIONS

5.1 Vote Required for Certain Business Combinations. In addition to any

affirmative vote required by law or these Amended and Restated Articles of Incorporation, and except as otherwise expressly provided in Section 5.2 of this Article:

(1) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (a) any Interested Stockholder (as hereinafter defined) or (b) any other corporation which immediately before such merger or consolidation is an

Affiliate or Associate (as hereinafter defined) of an Interested Stockholder; or

(2) any statutory exchange of stock in which any Interested Stockholder or any Affiliate or Associate of an Interested Stockholder acquires the issued and outstanding shares of any class of capital stock of the Corporation or any Subsidiary in exchange for cash or property or shares or other securities or obligations of any other corporation; or

(3) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder of all or any Substantial Part (as hereinafter defined) of the assets of the Corporation or any Subsidiary; or

(4) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary having an aggregate Fair Market Value equal to or greater than 10% of the aggregate Fair Market Value of all of the issued and outstanding shares of the Voting Stock of the Corporation on the Determination Date (as hereinafter defined) to any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder; or

(5) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Stockholder or any Affiliate or Associate of any Interested Stockholder; or

(6) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect directly or indirectly, of increasing by more than 5% the proportion of any class of securities of the Corporation or any Subsidiary directly or indirectly owned by an Interested Stockholder or any Affiliate or Associate of any Interested Stockholder; shall require the affirmative vote of the holders of at least 75% of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or otherwise.

5.2 When Higher Vote is Not Required. The provisions of Section 5.1 of this

Article shall not be applicable to any particular Business Combination (as hereinafter defined), and such Business Combination shall require only such affirmative vote as is required by law and any other provision of these Amended and Restated Articles of Incorporation, if all of the conditions specified in either of the following paragraphs (1) or (2) are met:

(1) Approval by Continuing Directors. The Business Combination shall

have been approved by a majority of the Continuing Directors (as hereinafter defined), it being

understood that this condition shall not be capable of satisfaction unless there is at least one Continuing Director.

(2) Price and Procedure Requirements. Consideration shall be paid to

the holders of the Common Shares in such Business Combination and all of the following conditions shall have been met:

(a) the aggregate amount of the cash and the Fair Market Value (as hereinafter defined) as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of Common Shares in such Business Combination shall be at least equal to the highest of the following:

(i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any Common Shares acquired by it (AA) within the two--year period immediately prior to the first public announcement of the proposal of the Business Combination (the "Announcement Date") or (BB) in the transaction in which it became an Interested Stockholder, whichever is higher;

(ii) the Fair Market Value per Common Share on the Announcement Date or on the date on which the Interested Stockholder became an Interested Stockholder (such latter date is referred to in this Article as the "Determination Date"), whichever is higher; and

(iii) (if applicable) the price per share equal to the Fair Market Value per Common Share determined pursuant to paragraph (2) (a) (ii) above, multiplied by the ratio of (AA) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any Common Shares acquired by it within the two-year period immediately prior to the Announcement Date to (BB) the Fair Market Value per Common Share on the first day in such two--year period upon which the Interested Stockholder acquired any Common Shares.

(b) the consideration to be received by holders of Common Shares shall be in cash or in the same form as the Interested Stockholder has previously paid for shares of such class. If the Interested Stockholder has paid for Common Shares with varying forms of consideration, the form of consideration for Common Shares shall be either cash or the form used to acquire the largest number of shares of such class previously acquired by the Interested Stockholder.

(c) after such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination, except as approved by a majority of the Continuing Directors: (i) there shall have been (AA) no reduction in the annual rate of dividends paid on the Common Shares (except as necessary to reflect any subdivision of

the Common Shares), and (BB) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding Common Shares; and (ii) such Interested Stockholder shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder.

(d) after such Interested Stockholder has become an Interested Stockholder, except as approved by a majority of the Continuing Directors, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(e) except as otherwise approved by a majority of the Continuing Directors, a proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to shareholders of the Corporation at least 30 days prior to the consummation of such Business Combination

(whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

5.3 Certain Definitions. For the purposes of this Article:

(1) A "Business Combination" as used in this Article shall mean any transaction which is referred to in any one or more clauses (1) through (6) of Section 5.1 of this Article.

(2) A "person" shall mean any individual, firm, corporation, partnership, joint venture or other entity.

(3) "Interested Stockholder" shall mean any person who or which is the beneficial owner, directly or indirectly, of more than 10% of the outstanding Voting Stock; provided, however, the term Interested Stockholder shall not include the Corporation, any Subsidiary, or any savings, employee stock ownership or other employee benefit plan of the Corporation or any Subsidiary, or any fiduciary with respect to any such plan when acting in such capacity.

(4) A person shall be a "beneficial owner" of any Voting Stock as to which such person and any such person's Affiliates or Associates, individually or in the aggregate, have or share directly, or indirectly through any contract, arrangement, understanding, relationship, or otherwise:

(a) voting power, which includes the power to vote, or to direct the voting of Voting Stock; or

(b) investment power, which includes the power to dispose or to direct the disposition of, Voting Stock; or

(c) economic benefit, which includes the right to receive or control the disposition of income or liquidation proceeds from Voting Stock; or

(d) the right to acquire voting power, investment power or economic benefit (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options or otherwise; provided, that in no case shall a director of the Corporation be deemed to be the beneficial owner of Voting Stock beneficially owned by another director of the Corporation solely by reason of actions undertaken by such persons in their capacity as directors of the Corporation.

(5) For the purpose of determining whether a person is an Interested Stockholder pursuant to paragraph (3) of this Section 5.3, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph (4) of this Section 5.3 but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options or otherwise.

(6) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the person specified.

(7) "Associate" means as to any specified person:

(a) any corporation or organization (other than the Corporation and its Subsidiaries) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities;

(b) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and

(c) any relative or spouse of such person or any relative of such spouse, who has the same home as such person.

(8) "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Interested Stockholder set forth in paragraph (3) of this Section 5.3, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity securities is owned, directly or indirectly, by the Corporation.

(9) "Continuing Director" means any member of the Board of Directors of the Corporation (the "Board") who (i) is a member of the Board before the adoption of these Amended and Restated Articles of Incorporation or (ii) is unaffiliated with the Interested Stockholder and was a member of the Board prior to the time that the Interested Stockholder became an Interested Stockholder, or (iii) any successor of a Continuing Director who is unaffiliated with the Interested Stockholder and is

recommended to succeed a Continuing Director by a majority of Continuing Directors then on the Board.

(10) "Fair Market Value" means:

(a) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange--Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on any such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Continuing Directors in good faith; and

(b) in case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the Continuing Directors in good faith.

(11) "Substantial Part" means more than 10% of the book value of the total assets of the entity in question, as reflected on the most recent fiscal year end consolidated balance sheet of

such entity existing at the time the shareholders of the Corporation would be required to approve or authorize the Business Combination involving the assets constituting any such Substantial Part.

5.4 Powers of the Continuing Directors. A majority of the Continuing

Directors shall have the power and duty to determine for the purposes of this Article, on the basis of information known to it after reasonable inquiry, (i) whether a person is an Interested Stockholder, (ii) the number of shares of Voting Stock beneficially owned by any person, (iii) whether a person is an Affiliate or Associate of another, (iv) whether the securities to be issued or transferred by the Corporation or any Subsidiary in any Business Combination involving such person have an aggregate Fair Market Value equal to or greater than 10% of the aggregate Fair Market Value of all of the issued and outstanding shares of the Voting Stock of the Corporation on the Determination Date, and (v) whether the assets which are the subject of any Business Combination involving such person constitute a Substantial Part of the assets of the Corporation or any Subsidiary.

5.5 No Effect on Fiduciary Obligations. Nothing contained in this Article

shall be construed to relieve any Interested Stockholder or any director of the Corporation from any obligation imposed by law.

5.6 Amendment or Repeal. Notwithstanding any other provision of law, these

Amended and Restated Articles of Incorporation or the bylaws of the Corporation (and notwithstanding the fact that a lesser percentage may be

specified by law, these Amended and Restated Articles of Incorporation or the bylaws of the Corporation), and in addition to any affirmative vote of the holders of any other class of capital stock of the Corporation then outstanding which is required by law or by these Amended and Restated Articles of Incorporation or the bylaws of the Corporation, the affirmative vote of the holders of 75% or more of the voting power of the shares of the then outstanding Voting Stock, voting together as a single class, shall be required to amend or repeal this Article of these Amended and Restated Articles of Incorporation.

ARTICLES OF AMENDMENT TO THE
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF HOOKER FURNITURE CORPORATION

WHEREAS, Hooker Furniture Corporation (the "Corporation"), a corporation organized and existing under the laws of the Commonwealth of Virginia, desires to have its existing Amended and Restated Articles of Incorporation amended pursuant to Code of Virginia (1950) (S)13.1-707 as hereinafter set forth;

NOW, THEREFORE, to that end, we, the undersigned, being the President and Secretary of the Corporation, do hereby certify as follows:

1. That on the 25/th/ day of March, 1997, the Board of Directors of the Corporation, by the unanimous vote of all Directors, adopted the following Resolution:

BE IT RESOLVED that the Board of Directors of the Corporation deems it advisable to recommend that the stockholders amend the Corporation's Amended and Restated Articles of Incorporation to increase the number of authorized no par value common shares from 5,000,000 to 10,000,000 and, accordingly, the Board of Directors hereby recommends that the stockholders of the Corporation adopt at the next annual meeting of stockholders a Resolution amending the Corporation's Amended and Restated Articles of Incorporation as specified.

2. That on the 30/th/ day of December, 1997, the regular annual meeting of stockholders of the Corporation was held pursuant to the notice to stockholders as set forth in Code of Virginia (1950) (S)13.1-658, which notice stated that one of the purposes of said meeting was to consider the adoption of the following Resolution as required by Code of Virginia (1950) (S)13.1-707(D). At least 69.6% of the total shares outstanding were present either in person or by proxy at said meeting. By unanimous vote of the shares present either in person or by proxy, thus constituting a vote of more than two-thirds of all votes entitled to be cast as required by Code of

Virginia (1950) (S)13.1-707(E), the stockholders voted to amend the Amended and Restated Articles of Incorporation of the Corporation to increase the number of authorized shares from 5,000,000 to 10,000,000, by the adoption of the following Resolution:

BE IT RESOLVED that the existing Amended and Restated Articles of Incorporation of Hooker Furniture Corporation be amended to increase the number of authorized no par value common shares from 5,000,000 to 10,000,000.

Accordingly, the Corporation hereby requests that the State Corporation Commission admit this document to record and issue a certificate evidencing the effectiveness hereof.

IN WITNESS WHEREOF, the President and Secretary of the Corporation hereunto affix their respective signatures, this 31/st/ March, 1998.

/s/ A. F. Hooker, Jr.

President

/s/ Robert W. Sherwood

Secretary

AMENDED AND RESTATED

BYLAWS
OF

HOOKER FURNITURE CORPORATION

March 31, 1998

ARTICLE I. OFFICES

The principal office of the corporation shall be located in the City of Martinsville, Virginia. The corporation may have such other offices, either within or without the Commonwealth of Virginia, as the Board of Directors may designate or as the business of the corporation may require from time to time.

ARTICLE II. SHAREHOLDERS

SECTION 1. Annual Meeting. The annual meeting of the shareholders

shall be held not later than the last business day in the month of March of each year, beginning with the year 1999, at the hour of 10:00 o'clock a.m., for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as conveniently may be. Unless required by law or

the Articles of Incorporation require otherwise, notice of an annual meeting of shareholders need not state the purpose or purposes for which the meeting is called.

SECTION 2. Special Meetings. Special meetings of the shareholders,

for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the request of the holders of not less than ten (10%) percent of all the outstanding shares of the corporation entitled to vote at the meeting. Notice of a special meeting shall state the purpose or purposes for which the meeting is called.

SECTION 3. Place of Meeting. The Board of Directors may designate

any place, either within or without the Commonwealth of Virginia unless otherwise prescribed by statute, as the place of meeting of shareholders for any annual meeting or for any special meeting called by the Board of Directors. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or without the Commonwealth of Virginia, unless otherwise prescribed by statute, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the corporation in the Commonwealth of Virginia.

SECTION 4. Notice of Meeting. Written notice stating the place, day

and hour of the meeting and, in case of special meetings, the purpose or purposes for which the meeting is called, shall unless otherwise prescribed by statute, be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If the purpose for which a shareholders

meeting is called is to act on an amendment to the Articles of Incorporation, a plan of merger or share exchange, a proposed sale of assets pursuant to Code of Virginia (1950) (S)13.1-724, or the dissolution of the corporation, notice shall be delivered not less than twenty-five (25) nor more than sixty (60) days before the meeting date. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid. Notwithstanding the foregoing, no notice of a shareholder's meeting need be given to a shareholder if (i) an annual report and proxy statements for two consecutive annual meetings of shareholders, or (ii) all, and at least two, checks in payment of dividends or interest on securities during a twelve-month period, have been sent by first-class United States mail, addressed to the shareholder at his address as it appears on the share transfer books of the corporation, and returned undeliverable. The obligation of the corporation to give notice of shareholders' meetings to any such shareholder shall be reinstated once the corporation has received a new address for such shareholder for entry on its stock transfer books.

SECTION 5. Closing of Transfer Books or Fixing of Record Date. For

the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy (70) nor less than ten (10) days prior to the date on which the particular action requiring such determination of shareholders is to be taken. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof unless the Board of Directors fixes a new

record date, which shall be required if the meeting is adjourned to a date more than one-hundred twenty (120) days after the date of the original meeting.

SECTION 6. Voting Lists. At least ten (10) days before each meeting

of shareholders, the officer or agent having charge of the stock transfer books for shares of the corporation shall take reasonable steps to make a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. Such list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder for a period of ten (10) days prior to the meeting during regular business hours and during the whole time of the meeting for the purposes thereof.

SECTION 7. Quorum. A majority of the outstanding shares of the

corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

SECTION 8. Proxies. At all meetings of shareholders, a shareholder

may vote in person or by proxy executed in writing by shareholder or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the

meeting. No proxy shall be valid after six (6) months from the date of its execution, unless otherwise provided in the proxy.

SECTION 9. Voting of Shares. Each outstanding share entitled to vote

shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

SECTION 10. Voting of Shares by Certain Holders. Shares standing in

the name of another corporation may be voted by such officer, agent or proxy as the bylaws of such corporation may prescribe, or, in the absence of such provision, as the Board of Directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the Court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Shares of its own stock belonging to the corporation shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

SECTION 11. Action by Shareholders Without Meeting. Unless otherwise

provided by law, any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

SECTION 12. Cumulative Voting. Unless otherwise provided in the

Articles of Incorporation, Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. Shareholders do not have a right to cumulate their votes for Directors unless the Articles of Incorporation so provide.

ARTICLE III. BOARD OF DIRECTORS

SECTION 1. General Powers. The business and affairs of the

corporation shall be managed by its Board of Directors.

SECTION 2. Number, Tenure and Qualification. The number of

directors of the Corporation shall not be less than five (5) nor more than fifteen (15). No decrease in the number of directors shall have the effect of shortening the term of any incumbent director. Each director shall hold office until the next annual meeting of shareholders and until his successor shall have been elected and duly qualified, or until removed by the shareholders, whichever event first occurs.

SECTION 3. Regular Meetings. A regular meeting of the Board of

Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

SECTION 4. Special Meetings. Special meetings of the Board of

Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meeting of the Board of Directors called by them.

SECTION 5. Notice. Notice of any special meeting shall be given at

least seven (7) days prior thereto by written notice delivered personally or mailed to each director at his business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 6. Quorum. A majority of the number of directors in office

immediately before the meeting shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors then present may adjourn the meeting from time to time without further notice.

SECTION 7. Manner of Acting. The act of the majority of the

directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 8. Action Without a Meeting. Any action that may be taken

by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so to be taken, shall be signed before such action by all of the directors.

SECTION 9. Vacancies. Any vacancy occurring in the Board of

Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors, unless otherwise provided by law. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by election by the Board of Directors for a term of office continuing only until the next election of directors by the shareholders.

SECTION 10. Compensation. By resolution of the Board of Directors,

each director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the Board of Directors or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

SECTION 11. Presumption of Assent. A director of the corporation who

is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

ARTICLE IV. OFFICERS

SECTION 1. Number. The officers of the corporation shall include

the Chairman of the Board of Directors, a President, an Executive Vice-

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President, one or more Senior Vice-Presidents, a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected by the Board of Directors or appointed by the President. One person may hold two or more offices, except those of President and Secretary.

SECTION 2. Election and Term of Office. The officers of the

corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Removal. Any officer, employee or agent may be removed

by the Board of Directors with or without cause whenever in its judgment, the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer or assistant officer, if appointed by another officer, may likewise be removed by such officer. Election or appointment of an officer, employee or agent shall not of itself create contract rights.

SECTION 4. Vacancies. A vacancy in any office because of death,

resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. Chairman of the Board of Directors. The Chairman of the

Board of Directors shall preside at all meetings of stockholders and of the Board of Directors and shall

perform such other duties as may be prescribed from time to time by these Bylaws or by the Board of Directors. In addition, the Chairman shall be an ex-officio member of all committees appointed by the shareholders or by the Board of Directors of the Corporation.

SECTION 6. President. The President shall be the principal

executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the shareholders and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 7. Executive Vice-President. In the absence of the

President or in event of his death, inability or refusal to act, the Executive Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Executive Vice-President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 8. Senior Vice-President. In the absence of both the

President and the Executive Vice-President, or in event of their death, inability or refusal to act, the Senior Vice-President having the most seniority with the corporation shall perform the duties of the President,

and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Senior Vice-Presidents shall perform such other duties as from time to time may be assigned to them by the President or by the Board of Directors.

SECTION 9. Secretary. The Secretary shall: (a) keep the minutes of

the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) sign with the President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 10. Treasurer. The Treasurer shall: (a) have charge and

custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these Bylaws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the

Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

SECTION 11. Salaries. The salaries and expense allowances of the

President and Chairman of the Board shall be fixed from time to time by the Board of Directors. The President and Chairman of the Board shall fix the salaries and expense allowances of the other officers from time to time. No officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

ARTICLE V. CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The President shall be empowered in his

discretion to enter into any contract or agreement and to execute and deliver any instrument in the name of and on behalf of the corporation unless specifically limited by the Board of Directors. The Board of Directors may authorize any other officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the

corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. Checks, Drafts, etc. All checks, drafts or other orders

for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. Deposits. All funds of the corporation not otherwise

employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VI. CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. Certificates for Shares. Certificates representing

shares of the corporation shall be in such form as shall be determined by the Board of Directors. All such certificates shall be signed by the President or Vice-President and the Secretary or an Assistant Secretary, or be authenticated by facsimiles of the signatures of the President and Secretary or by a facsimile of the signature of the President and the written signature of the Secretary or an Assistant Secretary. Every certificate authenticated by a facsimile of a signature must be countersigned by a transfer agent or transfer clerk, or by the facsimile signature of the transfer agent or transfer clerk, and be registered by an incorporated bank or trust company, either domestic or foreign, as registrar of transfers, before issuance. Even though an officer who signed, or whose facsimile signature has been written, printed or stamped on, a certificate for shares shall have ceased by death, resignation, or otherwise to be an officer of the corporation before such certificate is delivered by the corporation, such certificate shall be as valid as though signed by a duly elected, qualified and authorized officer, if it be countersigned by a signature or facsimile signature of a transfer agent or transfer clerk and registered by an incorporated bank or trust company as registrars of transfers. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled, except that in case of a lost, destroyed

or mutilated certificate, a new one may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe.

SECTION 2. Transfer of Shares. Transfer of shares of the corporation

shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

SECTION 3. Transfer Agents and Registrar. The Board of Directors may

appoint one or more transfer agents or transfer clerks, and one or more registrars which shall be an incorporated bank or trust company, either domestic or foreign, who shall be appointed at such times and places as the requirements of the corporation may necessitate and the Board of Directors may designate.

ARTICLE VII. FISCAL YEAR

The fiscal year of the corporation shall begin on the 1st day of December and end on the 30th day of November in each year.

ARTICLE VIII. DIVIDENDS

The Board of Directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Articles of Incorporation.

ARTICLE IX. CORPORATE SEAL

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation. The failure to affix a seal shall not affect the validity of any instrument.

ARTICLE X. WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any shareholder or director of the corporation under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the Virginia Stock Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XI. AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors.

ADOPTED AND EFFECTIVE as of the 31st day of March, 1998.

/s/ Robert W. Sherwood

Secretary

Approved:

/s/ J. Clyde Hooker Jr.

Chairman of the Board

Amended and Restated Bylaws
Page 15 of 15

LEASE OF CAFFEY WAREHOUSE

HIGHWAY 58 EAST, HENRY COUNTY, VIRGINIA

THIS LEASE made this 14th day of March, 1994, by and between FRED B. CAFFEY, of Martinsville, Virginia, hereinafter referred to as "Lessor," and HOOKER FURNITURE CORPORATION, of Martinsville, Virginia, hereinafter referred to as "Lessee."

RECITALS

1. Lessor is the sole owner of the premises hereinafter described and desires to lease the same Lessee for storage and/or its manufacturing business.
2. The parties hereto desire to set forth the agreement between them concerning the lease of said property.
3. It is the purpose of this agreement to set forth the terms and conditions of this lease.

IN CONSIDERATION of the mutual covenants and promises contained herein, the parties agree as follows:

ARTICLE ONE

SUBJECT AND PURPOSE

Lessor leases to Lessee the building known as Caffey Warehouse situated on Highway #58 in Henry County, Virginia.

All that said warehouse containing 125,000 square feet, which is the entire square footage of said warehouse, and the right of ingress and egress thereto.

It is understood and agreed that Lessee shall have the right to use the parking lot situated on the premises, and Lessee has the responsibility of maintaining the parking lot and grounds surrounding said building. In addition, Lessee shall have use of all toilets situated in the warehouse and must maintain the same in a clean and sanitary condition throughout the term hereof. Map of said property attached. Described as Tract "B", 12,467 acres.

ARTICLE TWO

TERM, RENT AND OPTION TO PURCHASE

Lessor demises the above premises for a term of three years, commencing May 1, 1994, and terminating April 30, 1997, at a monthly

[MAP APPEARS HERE]

rental of \$22,500.00 (\$.18 per square foot), due and payable on the first of each month. The total rental amount for this term will be \$810,000.00. Should any installment of rent not be paid by the 10th day of any month, Lessee shall pay a late charge of 5% of the delinquent installment. All rental payments shall be made to Lessor at 407 Starling Avenue, Martinsville, VA 24112.

Lessee has option to purchase said property for \$2,050,000.00 if Lessor is notified at least six months before expiration of said lease. If option is exercised a \$.02 per square foot per month will be credited (\$90,000.00) toward the purchase price of \$2,050,000.00. The net purchase price will be \$1,960,000.00. It is agreed that Lessor has the option of making an IRS 1031 Starker Tax deferred exchange with Lessor bearing the expense of said exchange. Closing will occur within thirty (30) days of expiration of lease with taxes and rent being pro-rated. The Lessor shall convey the property by General Warranty Deed with English Covenants of title.

ARTICLE THREE

ALTERATIONS, ADDITIONS AND IMPROVEMENTS

Lessee shall not alter, add ot, or make improvements upon the demised premises without first obtaining the express written consent of Lessor. Further, should Lessor grant his consent to any such alterations, additions, or improvements placed on the premises by Lessee, it shall be at the sole expense of Lessee.

ARTICLE FOUR

REPAIRS

Lessee covenants and agrees to make all necessary repairs to the premises of all descriptions as needed, including, but not limited to, all docks and overhead doors. Lessor agrees to the contract dated 4/4/94 with National Roof Coaters of St. Albans, West Virginia, for \$ 93,352.00 Any subsequent repairs to the roof will be the responsibility of Lessee. Further, Lessee agrees at the termination of this lease to return the demised premises to Lessor in the same condition which they were at the commencement of this lease, less any reasonable wear and tear. Lessee further agrees to maintain the premises in a good state of cleanliness and good order. In addition, should

Lessee during the term of this lease damage the premises for whatever reason, then it shall be liable for such damages and shall make all necessary repairs to restore the premises to their undamaged condition, with the full written approval of Lessor as to such damage repairs. Lessee agrees to maintain and make necessary repairs to the sprinkler system.

ARTICLE FIVE

UTILITIES

All applications and connections for necessary utility services used by Lessee on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for sewer, water, gas, electricity and telephone services, if any.

ARTICLE SIX

TAXES

Lessor shall pay all real estate taxes levied against the demised property, except Lessee shall be liable for any increase in real estate taxes as a result of a higher assessment for improvements or alterations placed on the demised premises by Lessee with Lessor's written permission. All other taxes and levies for personal property and fixtures of whatever description shall be the sole responsibility of Lessee.

ARTICLE SEVEN

INSURANCE

During the term of this lease, Lessor shall maintain at his sole expense fire and extended coverage insurance covering the demised premises. Such insurance shall only cover the improvements upon the demised premises, and such other fire insurance to cover the tangible personal property, including equipment and fixtures placed on the premises by Lessee, shall be carried by Lessee at its sole expense. Further, Lessee shall maintain adequate insurance coverage to protect the demised premises as a result of any damages caused by its activities and its occupancy and use of the premises. In addition, should Lessor be required to pay higher rates for fire and extended coverage insurance covering the demised premises as a result of the activities or use and occupancy of the premises by Lessee, then Lessee shall be liable to reimburse Lessor for any such increase in insurance costs.

Lessor and Lessee hereby mutually release and discharge each other from any liabilities arising from leased premises.

Lessee shall at its sole expense maintain liability insurance coverage, which shall be so drawn so as to provide insurance protection to Lessee as well as Lessor as a result of injuries to third persons, including other tenants, or property damages to such third persons and other tenants resulting from the negligent acts of Lessee, its employees, agents or invitees.

ARTICLE EIGHT

UNLAWFUL OR DANGEROUS ACTIVITY

Lessee shall neither use nor occupy the demised premises or any part thereof for any unlawful, disreputable, or ultra-hazardous business purpose nor operate or conduct its business in a manner constituting a nuisance of any kind. Lessee shall immediately, on discovery of any unlawful, disreputable, or ultra-hazardous use, take action to halt such activity.

ARTICLE NINE

INDEMNITY

Lessee shall indemnify Lessor against all expenses, liabilities and claims of every kind, including reasonable counsel fees, by or on behalf of any person or entity, arising out of either (1) a failure by Lessee to perform any of the terms or conditions of this lease, (2) any injury or damage happening on or about the demised premises due solely to the negligence of the Lessee, (3) failure to comply with any law of any governmental authority, or (4) any mechanic's lien or security interest filed against the demised premises or equipment, materials for alterations of buildings, or improvements thereon.

ARTICLE TEN

DEFAULT OR BREACH

Each of the following events shall constitute a default or breach of this lease by Lessee:

1. If Lessee, or any successor or assignee of Lessee, while in possession, shall file a petition in bankruptcy or insolvency or for reorganization under any bankruptcy act, or shall voluntarily take advantage of any such act by answer or otherwise, or shall make an assignment for the benefit of creditors.

2. If involuntary proceedings under any bankruptcy law or insolvency act shall be instituted against Lessee, or if a receiver or trustee shall be appointed of all or substantially all of the property of Lessee, and such proceedings shall not be dismissed or the receivership or trusteeship vacated within thirty (30) days after the institution or appointment.

3. If Lessee shall fail to pay Lessor any rent or additional rent when the rent shall become due and shall not make the payment within thirty (30) days after notice thereof by Lessor to Lessee.

4. If Lessee shall fail to perform or comply with any of the conditions of this lease and if the nonperformance shall continue for a period of thirty (30) days after notice thereof by Lessor to Lessee or, if the performance cannot be reasonably had within the 30-day period, Lessee shall not in good faith have commenced performance within the 30-day period and shall not diligently proceed to completion of performance.

5. If Lessee shall vacate or abandon the demised premises.

6. If this lease or the estate of Lessee hereunder shall be transferred to or shall pass to or devolve on any other person or party, except in the manner herein permitted.

ARTICLE ELEVEN

EFFECT OF DEFAULT

In the event of any default hereunder, as set forth in Article Ten, the rights of Lessor shall be as follows:

1. Lessor shall have the right to cancel and terminate this lease, as well as all of the right, title and interest of Lessee hereunder, by giving the Lessee not less than ten (10) days' notice of the cancellation and termination. On expiration of the time fixed in the notice, this lease and the right, title and interest of Lessee hereunder shall terminate in the same manner and with the same force and effect, except as to Lessee's liability, as if the date fixed in the notice of cancellation and termination were the end of the term herein originally determined.

2. Lessor may elect, but shall not be obligated, to make any payment required of Lessee herein or comply with any agreement, term or condition required hereby to be performed by Lessee, and Lessor shall

have the right to enter the demised premises for the purpose of correcting or remedying any such default and to remain until the default has been corrected or remedied, but any expenditure for the correction by Lessor shall not be deemed to waive or release the default of Lessee or the right of Lessor to take any action as may be otherwise permissible hereunder in the case of any default.

3. Lessor may re-enter the premises immediately and remove the property and personnel of Lessee, and store the property in a public warehouse or at a place selected by Lessor, at the expense of Lessee. After re-entry, Lessor may terminate the lease on giving ten (10) days' written notice of termination to Lessee. With the notice, re-entry will not terminate the lease. On termination, Lessor may recover from Lessee all damages approximately resulting from the breach, including the cost of recovering the premises, and the worth of the balance of this lease over the reasonable rental value of the premises for the remainder of the lease term, which sum shall be immediately due Lessor from Lessee. Notwithstanding the rights of Lessor hereunder relative to re-entry and termination, he may elect not to re-enter and not to terminate this lease, but to hold Lessee liable for the payment of the full rental for the remainder of the term of this lease.

4. After re-entry, Lessor may relet the premises or any part thereof for any term without terminating the lease, at the rent and on the terms as Lessor may choose. Lessor may make alterations and repairs to the premises. The duties and liabilities of the parties if the premises are relet as provided herein shall be as follows:

(a) In addition to Lessee's liability to Lessor for breach of the lease, Lessee shall be liable for all expenses of the reletting, for the alterations and repairs made, and for the difference between the rent received by Lessor under the new lease agreement and the rent installments that are due for the same period under this lease.

(b) Lessor shall have the right, but shall not be required, to apply the rent received from reletting the premises (1) to reduce the indebtedness of Lessee to Lessor under the lease, not including indebtedness for rent, (2) to expenses of the reletting and altera-

tions and repairs made, (3) to rent due under this lease, or

(4) to payment of future rent under this lease as it becomes due.

If the new Lessee does not pay a rent installment promptly to Lessor, and the rent installment has been credited in advance of payment to the indebtedness of Lessee other than rent, or if rentals from the new Lessee have been otherwise applied by Lessor as provided for herein and during any rent installment period are less than the rent payable for the corresponding installment period under this lease, Lessee shall pay Lessor the deficiency, separately for each rent installment deficiency period, and before the end of that period. Lessor may at any time after a reletting terminate the lease for the breach on which Lessor had based the re-entry and subsequently relet the premises.

ARTICLE TWELVE

ACCESS TO PREMISES: SIGNS POSTED BY LESSOR

Lessee shall permit Lessor or his agents to enter the demised premises at all reasonable hours to inspect the premises or make repairs that Lessee may neglect or refuse to make in accordance with the provisions of this lease, and also to show the premises to prospective purchasers or tenants. Lessee shall, within two months prior to expiration of the term, permit the usual notice of "For Rent" and "For Sale" to be placed on the demised premises and to remain thereon without hindrance and molestation.

ARTICLE THIRTEEN

WAIVERS

The failure of Lessor to insist on a strict performance of any of the terms and conditions hereof shall be deemed a waiver of the rights or remedies that Lessor may have regarding that specific instance only, and shall not be deemed a waiver of any subsequent breach or default in any terms and conditions.

ARTICLE FOURTEEN

ASSIGNMENT, MORTGAGE OR SUBLEASE

Neither Lessee nor its successors or assigns shall assign, mortgage, pledge or encumber this lease or sublet the demised premises

in whole or in part, or permit the premises to be used or occupied by others, nor shall this lease be assigned or transferred by operation of law without the prior consent in writing of Lessor in each instance. Such consent shall not be unreasonably withheld by the Lessor. If this lease is assigned or transferred, or if all or any part of the demised premises is sublet or occupied by anybody other than Lessee, Lessor may, after default by Lessee, collect rent from the assignee, transferee, subtenant, or occupant, and apply the net amount collected to the rent reserved herein, but no such assignment, subletting, occupancy, or collection shall be deemed a waiver of any agreement or condition hereof, or the acceptance of the assignee, transferee, subtenant, or occupant as Lessee. Lessee shall continue to be liable hereunder in accordance with the terms and conditions of this lease and shall not be released from the performance of the terms and conditions hereof. The consent by Lessor to an assignment, mortgage, pledge, or transfer shall not be construed to relieve Lessee from obtaining the express written consent of Lessor to any future transfer of interest.

ARTICLE FIFTEEN

SURRENDER OF POSSESSION

Lessee shall, on the last day of the term, or on earlier termination and forfeiture of the lease, peaceably and quietly surrender and deliver the demised premises to Lessor free of subtenancies, including all buildings, additions, and improvements constructed or placed thereon by Lessee, except movable trade fixtures, all in good condition and repair. Any trade fixtures or personal property not used in connection with the operation of the demised premises and belonging to Lessee, if not removed within thirty (30) days at the termination or default, and if Lessor shall so elect, shall be deemed abandoned and become the property of Lessor without any payment or effect therefor. Lessor may remove such fixtures or property from the demised premises and store them at the risk and expense of Lessee if Lessor shall not so elect. Lessee shall repair and restore all damage to the demised premises caused by the removal of equipment, trade fixtures, and personal property.

ARTICLE SIXTEEN

CONDEMNATION

In the event of a taking by eminent domain in whole or in part of the leased premises or the building of which they are a part (or a sale under threat thereof) or the parking lot appurtenant thereto, resulting in the leased premises becoming unsuitable for the use then being made of them by Lessee, then this lease shall automatically cease and terminate on the date title passes to the condemning authority. If there is a partial taking which does not result in the leased premises being rendered unsuitable for the use then being made of them by Lessee, then this lease shall continue, with a proportionate abatement of rent for that portion of the leased premises, if any, so taken.

ARTICLE SEVENTEEN

TOTAL AGREEMENT: APPLICABLE TO SUCCESSORS

This lease contains the entire agreement between the parties and cannot be changed or terminated except by a written instrument subsequently executed by the parties hereto. This lease and the terms and conditions hereto apply to and are binding upon the heirs, legal representatives, successors, and assigns of both parties.

ARTICLE EIGHTEEN

APPLICABLE LAW

THIS AGREEMENT shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

ARTICLE NINETEEN

NOTICES

All notices permitted or required to be given hereunder shall be given in writing and sent by registered or certified mail, return receipt requested; if to Lessor, to 407 Starling Avenue, Martinsville, VA 24112, and if to Lessee, to P.O. Box 4708 Martinsville, VA 24115.

IN WITNESS WHEREOF, Lessor has hereunto set his hand and seal, and Lessee has caused its corporate name to be signed by E. Larry Ryder,

its Vice President, the day and year first above written.

(SEAL)

/s/ Fred B. Caffey

Fred B. Caffey

Lessor

CORPORATION - Lessee

HOOKER FURNITURE

(SEAL)

By /s/ E. Larry Ryder

E. Larry Ryder
Senior Vice President
Finance and Administration

STATE OF VIRGINIA,

COUNTY/CITY OF MARTINSVILLE, TO WIT

The foregoing instrument was acknowledged before me this 17th day of March, 1994, by Fred B. Caffey as Lessor herein.

My Commission expires: March 31, 1995

/s/ Rebecca V. Hartis

Notary Public

STATE OF VIRGINIA,

COUNTY/CITY OF MARTINSVILLE, TO-WIT:

The foregoing instrument was acknowledged before me this 12th day of April, 1994, by E. Larry Ryder, Vice President of Hooker Furniture Corporation, on behalf of that corporation as Lessee herein.

My Commission expires: 4/30/95

/s/ JoAnne D. Gravely

Notary Public

Addendum to lease of Caffey Warehouse Highway 58 East Henry county, Virginia dated March 14, 1994 by and between Fred B. Caffey (Lessor) and Hooker Furniture Corporation (Lessee) all of Martinsville, Virginia. This addendum only changes Article Two titled Term, Rent, and Option to Purchase. The remainder of said lease will remain in effect.

The above lease will be extended from May 1, 1997 to April 30, 1999 at 17(cents) per Square foot per month (\$21,250.) Lessee has an option for an additional two years or purchase with 6 months notice required in either case before expiration of this addendum. If lease is renewed for an additional 2 years annualized cost of living adjustment (COLA) will be added to rent.

LESSOR

/s/ Fred B. Caffey

Fred B. Caffey

Corporation Lessee

Hooker Furniture Corporation

By /s/ Edwin L Ryder

E. Larry Ryder
Senior Vice President
Finance and Administration

State of Virginia,

county/city of Martinsville, To Wit

The foregoing instrument was acknowledge before me this 20th day of Sept., 1996 by Fred B. Caffey as Lessor herein,

My commission expires: 1-31-97

[SIGNATURE APPEARS HERE]

Notary Public

State of Virginia,

county/city of _____, To Wit:

The foregoing instrument was acknowledge before me this _____ day of _____, 1996 by E. Larry Ryder, Senior Vice President of Hooker Furniture Corporation, on behalf of that Corporation as Lessee herein.

My commission expires: -----

Notary Public

Addendum 2 to lease of Caffey Warehouse located Highway 58 East Henry County, Virginia dated March 14, 1994 by and between Fred E. Caffey (Lessor) and Hooker Furniture Corporation (Lessee) all of Martinsville, Virginia. Lessee has requested installing an enclosed finishing area for furniture in said property which includes using flammable materials. With proper governmental approval Lessor has granted permission with the following provisions:

(1) Lessee agrees to bear the cost of insurance formerly provided by Lessor as describe in the first sentence of Section 7 Titled Insurance.

(2) Lessee agrees if and when lessee vacates the property any environmental problems created by said addition will be cleaned up to governmental requirements at lessees expense.

This addendum is in effect starting December 19, 1997

Lessor

/s/ Fred B. Caffey

Fred B. Caffey

Hooker Furniture Corporation
Lessee

E. Larry Ryder
Senior Vice President
Finance and Administration

State of Virginia,
county/city of Martinsville, To Wit

The foregoing instrument was acknowledge before me this 22nd day of December, 1997 by Fred B. Caffey as Lessor herein,

My commission expires: 1-31-2001 [SIGNATURE APPEARS HERE]

Notary Public

State of Virginia,

county/city of _____, To Wit

The foregoing instrument was acknowledge before me this _____ day of _____, 1997 by E. Larry Ryder, Senior Vice President of Hooker Furniture Corporation, on behalf of that Corporation as Lessee herein.

My commission expires:

Notary Public

LEASE OF SPACE IN INTERNATIONAL HOME FURNISHINGS CENTER

IHFC: Southern Furniture Exposition Building, Inc. Post Office Box 828 High Point, North Carolina 27261

LESSEE: Hooker Furniture Corp. P0 Box 4708 Martinsville VA 24115

INCLUDE NAME ADDRESS FOR NOTICES AND STATE OF INCORPORATION DESCRIPTION OF PREMISES: Space No. W1047 plus bays W1041-W1054 inclusive, in the International Home Furnishings Center, High Point, North Carolina C1003, C1005, C1007 C1009 C1011, C1067, C1069, H1047, H1001, H1002, HI042, HI043 AND HI045

TERM: 5 1/2 years COMMENCEMENT DATE: November 1, 1994. EXPIRATION DATE: April 30, 2000.

ANNUAL RENTAL:

24,633 sq. ft. @ \$9.40 per sq. ft. per yr. \$231,550.20 7,232 sq. ft. @ \$9.85 per sq. ft. per yr. 71,235.20 \$ 302,785.40 Plus: November 1, 1994 - October 31, 1999 7,232 sq. ft. @ \$1.00 per sq. ft. per yr. \$ 7,232.00 for common area improvements for above lease term only

ADDITIONAL OR SUPPLEMENTAL TERMS AND PROVISIONS:

Addendum A for Hamilton Wing Leases is attached hereto and made a part of this lease.

This lease supersedes the present lease between the Lessor and Lessee for Space No. W1047, dated February 13, 1992, and such prior lease shall be deemed cancelled.

IHFC, by this Agreement, leases to Lessee and Lessee leases from IHFC, the Premises described above, at the rental, for the term and upon the other terms and conditions contained on this page and in IHFC's Standard Terms and Conditions of Lease (IHFC Form No.900103) which are incorporated by reference in and made a part of this Lease.

IHFC and Lessee have caused this Lease to be executed by their duly authorized officers, this the 6th day of October, 1994.

IHFC: Southern Furniture Exposition Building, Inc. LESSEE: Hooker Furniture Corp. COMPLETE FORMAL BUSINESS NAME

By: [SIGNATURE APPEARS HERE] CORPORATION PRESIDENT LEGAL FORM OF BUSINESS: CORPORATION, PARTNERSHIP OR INDIVIDUAL AND STATE OF PRINCIPAL OFFICE

Attest: [SIGNATURE APPEARS HERE] SECRETARY By: [SIGNATURE APPEARS HERE] NAME TITLE PRESIDENT, VICE PRESIDENT, GENERAL PARTNER, OWNER

Attest: [SIGNATURE APPEARS HERE] CORPORATE SEAL SECRETARY IF LESSEE IS A CORPORATION

CORPORATE SEAL

STANDARD TERMS AND CONDITIONS OF LEASE
IHFC FORM NO. 900103

1.0
PREMISES

(S)1.1. Description. Lessee acknowledges receipt of a drawing or floor plan showing the exact location of the Premises in the Intentional Home Furnishings Center showroom complex owned and operated by IHFC (the "Home Furnishings Center"). The Home Furnishings Center is more particularly described on a map or plat prepared by Davis-Martin-Powell and Associates, Inc. and designated Job No. S-18512, a copy of which is on file at the office of IHFC and is incorporated in this Lease by reference. The lease of the Premises includes the right of access to the Premises through the common areas of the Home Furnishings Center.

(S)1.2. Relocation. Lessee acknowledges and agrees that it is essential to the orderly and efficient operation of the Home Furnishings Center by IHFC that IHFC have the right from time to time to relocate lessees in order to achieve optimum utilization of all space in the Home Furnishings Center. Consequently, IHFC shall be entitled to relocate Lessee as provided in this section if IHFC determines that relocation of Lessee is in the best interest of the Home Furnishings Center in the conduct of its business. IHFC shall exercise its right to relocate Lessee in the following manner: (a) the premises to which Lessee is to be relocated (the "New Premises") shall be selected by IHFC and shall be equivalent (as determined by IHFC in its sole discretion) in size and value to the Premises; (b) IHFC shall notify Lessee of its intent to relocate Lessee within a time period prior to the commencement of the next regularly scheduled Market such that the Lessee has a reasonable period of time (as determined by IHFC in its sole discretion) to refixture, redecorate, and prepare to show at that Market and identify the proposed New Premises; (c) within ten (10) days after notice of relocation by IHFC, Lessee, at its option, may terminate this Lease by written notice to IHFC; (d) if Lessee fails to terminate this Lease as provided in (c) above, the New Premises shall be substituted for the original Premises, this Lease shall continue in full force and effect without any other change, and IHFC, at its expense, shall move Lessee's property to the New Premises and shall pay the costs (less a reasonable allowance for depreciation) of replacing (as nearly as possible) all installations and improvements of Lessee which cannot be moved to the New Premises.

2.0
TERM

(S)2.1. Commencement and Expiration Date. The Commencement Date and Expiration Date of the Lease term are the dates set forth on the first page of this Lease.

(S)2.2. Holding Over. If Lessee remains in possession of the Premises after the expiration or termination of this Lease, Lessee shall be only a tenant at will but its occupancy shall otherwise be subject to all of the terms and provisions of this Lease, except that Lessee shall pay per diem rent for each day Lessee occupies the premises, in an amount equal to one hundred fifty percent (150%) of the then prevailing annual rates for comparable space charged by IHFC to new tenants, prorated on a daily basis.

3.0
RENT

(S)3.1. Annual Rental. Lessee shall pay to IHFC without offset or deduction the Annual Rental for the Premises set forth on the first page of this Lease, in semiannual installments, each such semiannual installment being due and payable in advance on or before the first day of November and on or before the first day of May (the "Rental Payment Dates") of each calendar year during the Lease term, except as provided in (S)3.2.

(S)3.2. No Reduction. If the Commencement Date is a day other than a Rental Payment Date, Lessee acknowledges and agrees that by receiving possession of the Premises on the Commencement Date, Lessee will be able to show its merchandise at the next ensuing Market and will receive the same benefits as would have been the case had the Lease term commenced on the Rental Payment Date next preceding the actual Commencement Date. Lessee therefore agrees to pay a full semiannual rental payment for the period of time beginning with the Commencement Date and ending on the day before the next Rental Payment Date.

(S)3.3. Rent Adjustment. In addition to the Annual Rental provided for in (S)3.1, Lessee agrees to pay IHFC, for each Lease Year, an amount determined by multiplying the Annual Rental by a percentage equal to the cumulative percentage increase, if any, in the CPI, determined as follows:

(a) "CPI" means the Consumer Price Index, All Urban Consumers - U.S. City Average - All items (1982-4=100) as published by the Bureau of Labor Statistics of the United States Department of Labor;

(b) If the Commencement Date is a Rental Payment Date, A Lease Year is the annual period commencing on the Commencement Date and on each anniversary thereof. If the Lease Term commences on any other date, a Lease Year is the annual period commencing on

the Rental Payment Date next preceding the Commencement Date, and on each anniversary thereof;

(c) The cumulative percentage increase in the CPI shall be the percentage increase, if any, in the CPI for the sixth month prior to the Lease Year in question over the CPI for the same month next preceding the Commencement Date;

(d) If the CPI ceases to use the 1982-4 average equaling 100 as the basis of calculation, or if a change is made in the term or number of items contained in the CPI, or if the CPI is altered, modified, converted or revised in any other way, then the foregoing computations shall be made with the use of such conversion factor, formula or table for converting the CPI as may be published by the Bureau of Labor Statistics or, if the Bureau shall not publish the same, then with the use of a conversion factor which adjusts the modified CPI to the figure that would have been arrived at had the change in the manner of computing the CPI in effect on the date of this lease not been altered. If the Bureau shall cease publication of the CPI, then any substitute or successor index published by the Bureau or other governmental agency of the United States shall be used, similarly adjusted. If neither the CPI or a successor or substitute index similarly adjusted is available, then a reliable governmental or other reputable publication selected by IHFC and evaluating the information theretofore used in determining the CPI shall be used;

(e) IHFC shall bill the Lessee for the cumulative increase in the Annual Rental at the same time as its normal invoices for Annual Rental are sent prior to each Lease Year, and, upon request by Lessee, shall furnish Lessee with a statement explaining the method of computation of the CPI increase; and

(f) IHFC shall not be obliged to make any adjustments or recomputations, retroactive or otherwise, by reason of any revision which may later be made in the amount of the CPI first published for any month.

4.0
USE AND
OCCUPANCY
OF PREMISES
BY LESSEE

(S)4.1. Use. Lessee shall use the Premises for the display, exhibition, and sale of home furnishings, furniture, accessories, carpeting and wall coverings, and for office or clerical purposes to the extent reasonably required for the conduct of such activities at the Premises, and for no other purpose.

(S)4.2. Operation During Markets. Lessee shall open the Premises, exhibit its products and staff the Premises with employees for the entire period of each regularly scheduled Market.

(S)4.3. Rules and Regulations. IHFC has established rules, regulations, guidelines and policies (the "Guidelines") regarding the operation of the Home Furnishings Center, and shall be entitled to establish Guidelines from time to time after the execution of this Lease. Lessee acknowledges receipt of a copy of the current Guidelines and agrees to comply, and to cause its employees, contractors, agents and others occupying the Premises to comply, with all current and future Guidelines, provided that (a) IHFC notifies Lessee of any Guidelines established after the date of this Lease and (b) the Guidelines established by IHFC do not unreasonably interfere with Lessee's use of the Premises for the purposes set forth in (S)4.1.

(S)4.4. Restriction on Other Operations of Lessee. Lessee agrees (insofar as and to the extent Lessee may lawfully do so) that during all regularly scheduled Markets or other times at which the Home Furnishings Center is officially open to buyers during the term of this Lease, Lessee will not, within a five (5) mile radius of the Home Furnishings Center (a) operate any other showroom under the same trade name or names under which Lessee does business from the Premises or (b) exhibit in any other location the same merchandise which Lessee exhibits in the Premises. Lessee acknowledges and agrees that it is in the best interest of Lessee and other tenants in the Home Furnishings Center as exhibitors, and in the best interest of the successful operation of the Home Furnishings Center as a national market for home furnishings, to maximize buyer traffic in, and the duration of buyer visits to, the Home Furnishings Center. Lessee agrees that the foregoing provisions are reasonably necessary to accomplish these purposes, and that a breach of these provisions by Lessee will constitute a material breach of the Lease.

(S)4.5. Property of Others. Lessee will not place or permit to be placed in the Premises property of any other person or entity, unless it has first secured the written consent of IHFC.

(S)4.6. Market Dates; Admission. IHFC shall have the sole right to prescribe the dates of regularly scheduled Markets applicable to Lessee's lines of merchandise, and qualifications, conditions and times of admission to the Home Furnishings Center. IHFC may restrict admission to accredited buyers and condition admission upon the presentation of credentials prescribed or provided by IHFC. Without limiting the generality of the foregoing, Lessee agrees not to admit any buyers to the Premises during the seven day period prior to each Market.

(S)4.7. Compliance. Lessee agrees not to use or occupy the Premises, or permit them to be used or occupied, in any manner which violates applicable laws or regulations affecting the Premises or the Home Furnishings Center established by any governmental or public authority having jurisdiction to promulgate such laws or regulations, or by any insurance carrier insuring the Premises, property located therein, or the Home Furnishings Center.

(S)4.8. Inspection by IHFC. IHFC and its representatives shall be entitled to enter the Premises at any reasonable time for the purpose of inspecting the Premises, performing any work required or permitted to be performed by IHFC under this Lease, and exhibiting the Premises to prospective mortgagees and tenants. IHFC agrees that to the extent practical, it will not unreasonably interfere with the operation of Lessee's business in the exercise of its rights under this Section.

5.0
ASSIGNMENT
AND
SUBLETTING

(S)5.1. Transfers by Lessee. Lessee agrees not to assign this Lease or sublet all or any part of the Premises without Lessor's prior written consent in each instance. In the event of an assignment or sublease, Lessee shall remain primarily liable for payment and performance of all obligations under this Lease upon default by the assignee or subtenant, notwithstanding the acceptance of rent or performance directly from the assignee or subtenant by IHFC.

(S)5.2. Subleasing Policy. All proposed subleases which IHFC is requested to approve pursuant to (S)5.1 must conform to subleasing policies established by IHFC from time to time, and Lessee acknowledges and agrees that IHFC's subleasing policies, among other things, may provide for selection of sublessees from a priority waiting list, the use of standard forms, direct billing by IHFC, the imposition of subleasing fees by IHFC, and the retention by IHFC of the excess of any amounts payable under

the sublease over the rent and other charges payable under this Lease. Nothing in this section may be construed to create any inference that IHFC is obligated to approve any sublease which complies with the provisions of this section.

(S)5.3. Change of Ownership. For purposes of this Paragraph, an assignment includes: (1) one or more sales or transfers by operation of law or otherwise by which an aggregate of more than fifty percent (50%) of Lessee's shares or ownership shall be vested in a party or parties who are not shareholders or owners of Lessee as of the date of this Lease; (2) any transfer by operation of law; (3) any assignment among co-tenants; and (4) any assignment of a part interest in this lease.

(S)6.1. Acceptance. Lessee has examined the Premises and accepts them in their present conditions, without any representation on the part of IHFC as to the present or future condition of the Premises except as otherwise specifically provided in this Lease.

(S)6.2. IHFC's Repair Obligations. IHFC shall at IHFC's expense maintain the exterior walls, roof, structural supports and common areas of the Home Furnishings Center in good order and repair; provided, however, that (a) IHFC is not an insurer and its responsibility to do so shall be confined to making the proper repairs within a reasonable time after it has received notice of the necessity, nature and location of the repairs and (b) Lessee shall repair any damage to the Home Furnishings Center caused by Lessee or its agents.

(S)6.3. Lessee's Repair Obligations. Lessee agrees to maintain the Premises in a neat and clean condition, in good order and repair, and in full compliance with applicable laws, ordinances, regulations, and codes.

(S)6.4. Surrender. At the expiration or termination of this Lease, Lessee agrees to quit and surrender the Premises to IHFC in as good a condition as when received, reasonable wear and tear and damage by fire or other casualty excepted.

6.0
REPAIRS
AND
MAINTENANCE

7.0
LESSEE'S
PROPERTY;
ALTERATIONS
AND
IMPROVEMENTS

(S)7.1. Lessee's Property. Subject to the security interest granted in (S)12.4 of this Lease, all merchandise, office furniture and equipment, samples, inventory and other unattached movable property placed in the Premises by Lessee shall remain the property of Lessee, and Lessee, if it is not in default under this Lease, shall be entitled to remove such items from the Premises, provided Lessee repairs any damage to the Premises or the Home Furnishings Center caused by such removal.

(S)7.2. Placing Property in or Removing Property From Premises. Except as otherwise specifically permitted by IHFC's Guidelines, all property of Lessee shall be moved to or from the Premises by the employees or designated contractors of IHFC, at the expense and risk of Lessee, and Lessee agrees to pay IHFC upon receipt of IHFC's invoice, IHFC's standard charges for moving such items to and from the Premises. IHFC shall not be liable for any loss or damage to property of Lessee, unless caused by the negligence of IHFC or its employees.

(S)7.3. Alterations and Improvements. Lessee shall be entitled to make alterations, additions, and improvements to the Premises, provided Lessee first obtains IHFC's written consent, which IHFC will not unreasonably withhold. Any alteration, addition, improvement or other property attached to the Premises by Lessee (including, without limitation, electrical wiring, lighting fixtures, carpeting and track lighting) shall become the property of IHFC upon the expiration or termination of this Lease, unless IHFC elects to require Lessee to remove the same, repair any damages occasioned by such installation or removal, and restore the Premises to their original condition.

(S)7.4. Performance of Work. All work in connection with alterations, additions, or improvements to the Premises (a) shall be performed in a first class, workmanlike manner with all required governmental and utility permits obtained in advance by Lessee; (b) shall not weaken or impair the structural integrity of the Home Furnishings Center; and (c) shall be in accordance with plans and specifications, and performed by contractors, approved by IHFC. All contractors performing such work shall carry insurance satisfactory to IHFC and shall execute lien waivers, and indemnity agreements satisfactory to IHFC. IHFC shall have no duty to Lessee or anyone else to enforce these requirements or inspect the work of Lessee's contractors.

8.0
TAXES

IHFC agrees to pay all ad valorem taxes and assessments levied, assessed or charged against the Home Furnishings Center. Lessee agrees to list and pay all license, privilege, ad valorem or other taxes levied, assessed or charged against Lessee or IHFC on account of the operation of Lessee's business in the Premises or on account of property owned by Lessee.

9.0
UTILITIES

IHFC agrees to furnish heat, electricity, air conditioning, and elevator service to the Premises for a period beginning thirty (30) days prior to the commencement of each regularly scheduled Market, and ending fourteen (14) days following the close of each such Market; provided, however, that IHFC shall not be liable for interruptions in service due to breakdowns or other causes beyond its control. If Lessee uses the Premises at any other times, Lessee agrees to pay such additional charges as may be imposed by IHFC for such excess utility use.

10.0
INSURANCE;
INDEMNITY

(S)10.1. Insurance. Lessee agrees to keep its property located in the Premises, including all alterations, additions and improvements made by it, insured against loss or damage by fire or other casualty, under an "all risks" policy in an amount equal to full replacement cost value thereof. Lessee agrees to maintain in force comprehensive general liability insurance coverage on the Premises, with a minimum combined single limit of \$500,000 for death, personal injury or property damage, naming IHFC as an additional insured. This general liability coverage may be either on an "occurrence" or a "claims made" basis. If on a "claims made" basis, Lessee must either:

(a) Agree to provide certificates of insurance evidencing the above coverages for a period of three years after expiration of the lease, which certificate shall evidence a "retroactive date" no later than the Commencement Date; or

(b) Purchase the extended reporting period endorsement for the policy or policies in force during the term of this lease and evidence the purchase of this extended reporting period endorsement by means of a certificate of insurance or a copy of the endorsement itself.

All policies shall provide that unless IHFC is given ten (10) days written notice of any cancellation, failure to renew, or material change, the insurance shall remain in full force and effect, without change. On or before the Commencement Date, Lessee agrees to provide IHFC with satisfactory evidence that all required insurance is in force. Lessee may provide any insurance required under this Article through its corporate or blanket policies.

(S)10.2. Waiver of Subrogation. To the extent that any business interruption or loss or damage to property occurring in the Premises or in the Home Furnishings Center, or in any manner growing out of or connected with Lessee's occupation of the Premises or the condition thereof (whether or not caused by the negligence of IHFC or Lessee or their respective agents, employees, contractors, tenants, licensees, or assigns) is covered by insurance (regardless of whether the insurance is payable to or protects IHFC or Lessee, or both) neither IHFC nor Lessee, nor their respective officers, directors, employees, agents, invitees, assignees, tenants, or subtenants, shall be liable to the other for such business interruption or loss or damage to property, it being understood and agreed that each party will look to its insurer for reimbursement. This release shall be effective only so long as the applicable insurance policies contain a clause to the effect that it shall not affect the right of the insured to recover under the policies. Such clauses shall be obtained by the parties wherever possible. Nothing in this Section may be construed to impose any other or greater liability upon either IHFC or Lessee than would have existed in its absence.

(S)10.3. Assumption of Risks, Release, and Indemnity. Lessee (1) assumes all risks with respect to, (2) releases IHFC from liability for, and (3) agrees (except to the extent IHFC is effectively protected by insurance) to protect, indemnify and save harmless IHFC from and to defend IHFC (through counsel acceptable to IHFC) against any claim liability, loss, or damage arising out of or connected with the following, however caused and wherever originating and regardless of whether the cause or means of repairing the same is accessible to or under the control of Lessee:

(a) Damage to property of Lessee, or its agents, employees or subtenants occurring in or about the Home Furnishings Center;

(b) Damage to property of anyone occurring in or about the Premises;

(c) Any injury to or interruption of business or loss of profits attributable to or connected with any damage to property referred to in subparagraphs (a) or (b), above.

(d) Death or personal injury occurring in or about the Premises (unless resulting from the negligence of IHFC or its employees); or (e) Any other risks with respect to which Lessee is required to insure by the terms of this Lease (whether or not such insurance is actually in force).

In addition to and without limiting the generality of the foregoing, Lessee's assumption of risk, release, and indemnity obligations as set forth above shall apply to any claim, liability, loss or damage arising out of or in connection with (1) Lessee's occupancy of or conduct of business in the Premises; (2) the condition of the Premises; (3) any default of Lessee under this Lease; and (4) mechanic's or materialmen's liens asserted by persons claiming to have dealt with Lessee or Lessee's contractors.

11.0 DAMAGE OR DESTRUCTION (S)11.1. Option to Terminate. If the Premises are damaged or destroyed by fire or other casualty to such extent that they are completely untenable, or if the area of the Home Furnishings Center in which the Premises are located is so severely damaged that IHFC elects to demolish, or completely rebuild it, IHFC may terminate this Lease by notifying Lessee within thirty (30) days following the damage or destruction, and rent and other charges payable by Lessee under this lease shall be apportioned to the date of the damage or destruction.

(S)11.2. Obligation to Repair or Restore. If the Premises are damaged by fire or other casualty, unless IHFC has exercised its right to terminate, if any, under (S)11.1, IHFC shall with reasonable dispatch, and in any event within one hundred eighty (180) days, repair and restore the Premises to their condition existing at the date of the damage or destruction (except for alterations and improvements installed by Lessee and other property of Lessee, which Lessee shall repair and restore within that time) and this Lease shall remain in full force and effect except that rent shall abate as provided in (S).11.3.

(S)11.3. Rent Abatement. If the Premises are damaged or destroyed by fire or other casualty and this Lease is not terminated, rent and other charges under this Lease shall abate in the same percentage as the rentable area of the Premises available for use bears to the entire rentable area of the Premises; provided, however, that if the Premises are damaged or destroyed to such extent that it is unreasonable to expect Lessee to continue to operate the Premises as a showroom, all rent shall abate from the date of the damage or destruction until the earlier of the date the Premises are repaired and restored, or the date Lessee reopens the Premises as a showroom. Notwithstanding the foregoing, if IHFC is able to repair and restore the Premises within such time as to permit Lessee (in the exercise of reasonable dispatch and considering the time required for Lessee to complete Lessee's restorations to the Premises and redecorate them) to use the Premises for a showroom at the next ensuing Market after the damage or destruction, there shall be no abatement of rent.

12.0 DEFAULT (S)12.1. Events of Default. Lessee shall be in default under this Lease if any one of the following Events of Default occurs:

(a) Lessee fails to pay when due any installment of rent or other amount due under the terms of this Lease;

(b) Lessee fails to pay when due any other amount owed to IHFC; or

(c) Lessee repudiates or fails to perform any obligation under (S).1.2 (Relocation), (S).4.0 (Use), (S).5.0 (Assignment and Subletting), (S).7.3 (Alterations), (S).13.0 (Subordination) or (S).14.0 (Estoppel Certificates).

(d) Lessee vacates or abandons the Premises;

(e) Lessee becomes insolvent, executes an assignment for the benefit of creditors, is adjudicated a bankrupt, files for relief under the reorganization provisions of any Federal bankruptcy law or state insolvency law, or a permanent receiver of the property of Lessee is appointed by any court of competent jurisdiction.

(f) Lessee repudiates or, within ten (10) days after notice of nonperformance by IHFC, fails to perform any other obligation which it is required to perform under the terms of this Lease or, if performance cannot reasonably be had within ten (10) days after notice from IHFC, Lessee fails to commence performance within that period and diligently proceed to completion of performance.

(S)12.2. Remedies. If an Event of Default occurs, IHFC, at its option and without further notice to Lessee, may pursue any remedy now or hereafter available to IHFC under the laws of the State of North Carolina. Without limiting the generality of the foregoing, IHFC shall be entitled to reenter the Premises by

force, summary proceedings or otherwise, expelling Lessee and removing all property from the Premises, all without liability to Lessee or anyone else and either:

(a) attempt to relet the Premises for such term and rental and upon such other terms and conditions as IHFC in its sole discretion deems advisable. All rentals received by IHFC from such reletting shall be applied, first, to payment of any indebtedness other than rent due from Lessee to IHFC; second, to payment of any expenses of reletting, including, without limitation, the costs of recovering the Premises, such alterations or repairs as may be necessary to relet the Premises, brokerage fees, and reasonable attorney's fees; third to payment of any rent unpaid under the terms of this Lease; and the residue, if any, to the payment of rent as the same becomes due and payable under this Lease. If the amount received from such reletting and applied to rent during any semiannual period is less than the rent reserved under this Lease, Lessee agrees to pay the deficiency to IHFC. The deficiency shall be calculated and paid semiannually. No reentry or taking possession of the Premises by IHFC shall be construed as an election upon its part to terminate this Lease unless IHFC so notifies Lessee or this Lease is terminated by order of a court of competent jurisdiction; or

(b) notwithstanding any reletting without termination, at any time after an Event of Default occurs, elect to terminate this Lease, and, in addition to IHFC's other remedies, recover from Lessee all damages incurred by reason of Lessee's default, including, without limitation, the costs of recovering the Premises, reasonable attorney's fees, and the worth, at the time of the termination, of the excess, if any, of the amount of rent reserved under this Lease over the then reasonable rental value of the Premises for the remainder of the term of the Lease, all of which amounts shall be immediately due and payable from Lessee to IHFC.

(S)12.3. Late Charges. If any installment of rent or any other amount due under this Lease is not received by IHFC within ten (10) days after the date such payment was due, then Lessee shall be obligated to pay, in addition to the amount due, a late charge equal to five percent (5%) of the overdue amount. Lessee agrees that this late charge represents a fair and reasonable estimate of the additional processing, accounting and other costs IHFC will incur by reason of late payment by Lessee, the exact amount of which would be difficult to ascertain. Notification by IHFC to Lessee that a late payment charge has been added to the amount of overdue rent or other charges shall not constitute a waiver of Lessee's default, nor preclude IHFC from exercising any other remedy.

(S)12.4. Security Interest. As security for performance and payment of all present and future rents and other obligations required to be paid or performed by Lessee under the terms of this Lease, and for any other amounts owed IHFC by Lessee, Lessee hereby grants unto IHFC a security interest in all installations, samples, goods, merchandise, furniture, fixtures, and other property of Lessee, now owned or hereafter acquired, located in the Premises or the Home Furnishings Center. If an Event of Default occurs, IHFC at any time thereafter may exercise, in addition to its other remedies, the rights of a secured party under Chapter 25 of the North Carolina General Statutes. The proceeds from any sale of the collateral pursuant to such remedies shall be applied in the following order: (a) the expense of taking, removing, holding for sale, and preparing for sale, specifically including IHFC's reasonable attorney's fees; (b) the expense of liquidating any liens, security interests or other encumbrances superior to this security interest; and (c) amounts owed by Lessee to IHFC under the terms of this Lease or otherwise, in the order herein provided for. Lessee agrees to execute such financing statements and other documents as may be required to perfect the security interest granted to IHFC under this Section.

(S)12.5. Partial Payment. IHFC shall not be obligated to accept partial payments of rent or other charges due under this Lease. If IHFC accepts any such payment, IHFC shall not be deemed to have waived the default of Lessee by reason of non-payment of such charges in full, nor to have waived its right to collect late charges. IHFC will hold any partial payment so received as a deposit against full payment of such amounts. At any time prior to full payment by Lessee of such amounts, IHFC may exercise any one or more of its remedies on default, and apply the deposit to any amounts or damages owed IHFC as of the date IHFC elects to exercise such remedies, including, without limitation, pro rata rent and other charges payable under this Lease for the current lease period up through the date of the exercise by IHFC of its remedies upon default. The acceptance of such deposit by IHFC shall be entirely without prejudice to IHFC's right thereafter, at any time prior to payment in full, to assert such default, apply the deposit as provided in this section, and pursue all remedies available to IHFC under this Lease or applicable law.

(S)12.6. Default Under Prior Lease. If this Lease is to take effect at the expiration of an earlier lease between IHFC and Lessee for space in the Home Furnishings Center (the "Prior Lease"), then this Lease is subject to Lessee's performing its obligations under the Prior Lease up through the date of its expiration. If an Event of Default occurs under the Prior Lease and IHFC, pursuant to its rights under the Prior Lease, either (a) terminates Lessee's right to possession of the Premises or (b) terminates the Prior Lease, then this Lease shall be automatically terminated, whether or not such termination is expressly stated in any notice from IHFC to Lessee.

13.0
SUBORDINATION

At the election of IHFC, this Lease shall be subordinate to a first mortgage or deed of trust held by a lending institution and secured by the Home Furnishings Center; provided, however, that IHFC agrees to use reasonable efforts to secure from the mortgagee a nondisturbance agreement providing that in the event of foreclosure the mortgagee will recognize the validity of this Lease, and, provided Lessee is not in default, will not disturb Lessee's possession hereunder.

14.0
ESTOPPEL
CERTIFICATES

Upon ten (10) days prior written notice from IHFC, Lessee agrees to execute, acknowledge and deliver to IHFC, Lessee's certificate: (a) stating whether this Lease is in full force and effect; (b) stating whether this Lease has been modified, and if so, the nature of such modification; (c) stating the date through which rent and other charges are paid in advance; (d) stating whether, to Lessee's knowledge, there are any uncured defaults of IHFC under this Lease, specifying the nature of any claimed default; and (e) providing such other information as IHFC may reasonably request with respect to the status of the Lease. Any such certificate may be conclusively relied upon by IHFC or any prospective purchaser or mortgagee of the Home Furnishings Center.

15.0
NOTICES

All notices required or permitted by the terms of this Lease shall be deemed given when deposited in the United States Registered or Certified Mail, Postage Prepaid, or with verification of delivery by telegram, cable, telex, commercial courier or any other generally accepted means of business communication, to either party, at the address set forth for such party on the first page of this Lease. Either party may change the address to which notices must be sent by giving notice to the other party in accordance with this Section.

16.0
MISCELLANEOUS

(a) This Lease shall be governed, construed, and enforced under the laws of North Carolina and the parties submit to the jurisdiction of the courts of North Carolina and stipulate that

Guilford County, North Carolina, is proper venue for the purpose of all controversies which may arise under this Lease;

(b) This Lease contains the entire understanding of the parties and there are no conditions precedent to its effectiveness or collateral understandings with respect to its subject matter;

(c) It may not be modified except by writing signed by both parties;

(d) it shall not be construed strictly against either party, but fairly in accordance with their intent as expressed herein;

(e) Lessor's remedies are cumulative and not exclusive of other remedies to which Lessor may be legally entitled;

(f) No waiver of any breach of a provision of this Lease may be construed to be a waiver of any succeeding breach of the same or any other provision, nor shall any endorsement or statement on any check or letter accompanying payment be deemed an accord and satisfaction, and IHFC may accept payment without prejudice to its rights to pursue any remedy provided for in this Lease;

(g) Time is of the essence in every particular, especially where the obligation to pay money is involved;

(h) Amounts not paid IHFC when due will bear interest on the unpaid balance at the lower of one and one-half percent (1-1/2%) per month or the maximum lawful rate; and

(i) This Lease binds the parties, their respective heirs, personal representatives, successors and assigns.

ADDENDUM A

This Addendum contains provisions which modify and supplement the provisions contained in the standard IHFC Lease and in IHFC's Standard Terms and Conditions of Lease. If there is any conflict between the terms of this Addendum and the terms of IHFC's standard Lease or Standard Terms and Conditions of Lease, this Addendum controls.

1. SIGNAGE

- . Lessee agrees to pay for and maintain the standard exterior signage in accordance with signing specification on all fascias. (Signs are required on all fascias.) Lessee agrees not to place any other signs, banners, or other material of any kind on the exterior of the premises.

2. DESIGN STATEMENT

- . This Lease is contingent upon Lessee making a professionally designed showroom statement both interiorly and exteriorly.

3. WINDOWS

- . Lessee agrees that draperies, blinds, paper, curtains, or any other device that limits vision in the Premises will not be installed upon or near any window or door of the Premises.

[GRAPHIC OF FLOOR PLAN APPEARS HERE]

TENTH FLOOR PLAN Space No. W1047 plus bays W1041 through W1054 inclusive,
C1003, C1005, C1007, C1009, C1011, C1067, C1069,
H1047, H1001, H1002, H1042, H1043, H1045 31,865 Sq. Ft.

Wrenn, Commerce & Hamilton Wings

SALARY CONTINUATION AGREEMENT

This agreement entered into the _____ day of _____, _____, between Hooker Furniture Corporation, a domestic Corporation having its principal office in Martinsville, Virginia (hereinafter referred to as "the Company") and _____ of _____, _____, (hereinafter referred to as "the Employee").

Whereas the Employee has rendered the Company valuable service and it is the desire of the Company to have the benefit of his continued loyalty, service and counsel and also to assist him in providing for the contingencies of death and old age dependency, it is hereby agreed:

1. Benefits - Total salary continuation benefits as set forth in this

contract shall be based on annual compensation for the preceding year as described in Schedule A attached and included as part of this contract. Once the Employee attains a level of annual compensation and receives the corresponding salary continuation benefits per Schedule A, the Employee will remain in that total salary continuation bracket until his annual compensation level increases to the next bracket. Once the total salary continuation amount is attained, it may only be increased and not decreased as a result of possible decreases in annual compensation levels.

2. Retirement - Should the Employee still be in the employ of the Company

upon the first day of the month following or coincident with his 60th birthday, he will be fully vested in the retirement benefits under this agreement and upon application for such retirement, the Company will commence to pay him 1/10th of his total salary continuation amount, per Schedule A attached, each year for a period of 10 years. At any time after attaining age 55 and before attaining age 60, the Employee may apply in writing for early retirement. In that event, the annual payment specified above will be reduced by 1/120th for each full month remaining from the date of retirement until the Employee's 60th birthday. In the event of early retirement, the employee may elect to have payments deferred for any length of time until the January following his 65th birthday when payments will automatically begin. In the event that the Employee should die after said payments have commenced, but before expiration of said 10 year period, the unpaid balance of the 10 annual payments will continue to be paid by the Company to those beneficiaries designated in Paragraph 3.

3. Death Benefit - Should the Employee die while still in the employ of

the Company, the Company will commence to pay 1/10th of the total salary continuation, per Schedule A attached, each year for a continuous period of 10 years as follows: _____. The beneficiaries named hereon may be changed at any time by the Employee, with the agreement of the Company, by written amendment.

4. Disability Benefit - In the event of total disability (as defined

below) this contract will continue in effect throughout such period of disability until the Employee's 60th birthday when full benefits or, in the case of early retirement, partial benefits as described in Paragraph 2 above are payable.

For purposes of this section, the term "disability" means that the Employee is not able to perform with reasonable continuity the substantial and material duties of his own occupation in the usual or customary way due to injury, disease, illness, pregnancy or mental disorder.

5. Conditions - (a) The provisions of Paragraph 2 are conditional upon

the continuous employment of the Employee by the Company (excluding periods of compulsory military service and subject to the provisions of Paragraph 5 hereof) until the first day of the month following or coincident with the Employee's 60th birthday, or his death, whichever is sooner, and upon the first further condition that, during the 10 year period subsequent to said date, the Employee shall not engage in business activities which are in competition with the Company without first obtaining the written consent of the Company.

(b) The Company has procured certain life insurance policies on the life of the Employee to aid in meeting his obligations under this agreement. It is understood, however, that such policies held by the Company, and the proceeds therefrom, shall be treated as the general assets of the Company; that it shall in no way represent the vested, secured or preferred interest of the Employee or his beneficiaries under this agreement; and that the Company shall be under no obligation to either procure or continue life insurance in force upon the life of the Employee.

(c) The Employee hereby agrees that he has answered truthfully and completely, without mental reservation or concealment, any question or request for information by the insurance company in connection with the issuance of insurance policies described in Paragraph 5 (b) above. In the event the Employee fails to do so, or dies by suicide, and the liability of the insurer of such policy is restricted as a result of such failure or suicide, then the Company shall thereby be released from all of its obligations under Paragraph 2 of this Agreement.

6. Leave of Absence - The Company may, in its sole discretion, grant the

Employee a leave of absence for a period not to exceed one year, during which time the Employee will be considered to be still in the employ of the Company for the purposes of this Agreement.

7. Right to Accelerate Payment of Benefits - The Company hereby reserves

the right to accelerate the payment of any of those sums specified in Paragraph 1 and 2 thereof without the consent of the Employee, his estate, beneficiaries, or any other person claiming through or under him.

8. Assignability - Except to the extent that this provision may be

contrary to law, no assignment, pledge or attachment of any of the benefits under this Agreement shall be valid or recognized by the Company.

9. Employment or Other Rights - This Agreement creates no rights in the

Employee to continue in the employ of the Company for any specific length of time, nor does it create any rights in the employ or obligations on the part of the Company, other than those set forth herein.

THIS AGREEMENT is solely between the Company and the Employee. The Employee and his beneficiaries designated under Paragraph 3, shall have recourse only against the Company for enforcement, and it shall be binding upon the beneficiaries, heirs, executors and administrators of the Employee and upon the successors and assigns of the Company.

EXECUTED as of the day and year first above written.

WITNESS:

COMPANY BY:

WITNESS:

EMPLOYEE:

SCHEDULE A

ANNUAL COMPENSATION (1)	TOTAL SALARY CONTINUATION (2)
\$175,000 AND OVER	\$400,000
150,000 TO 174,999	350,000
125,000 TO 149,999	300,000
100,000 TO 124,999	250,000
75,000 TO 99,999	200,000
50,000 TO 74,999	150,000
UNDER \$50,000	100,000

- (1) To be defined for the current year as reported W-2 earnings for the previous December 31st before adjustment for salary deferrals.
- (2) Payable in ten (10) equal annual installments beginning on the January 10th following the Employee's retirement or death and annually on January 10 for a period of ten (10) years.

HOOKER FURNITURE CORPORATION
SPLIT DOLLAR AGREEMENT

THIS AGREEMENT made as of the ____ day of _____, _____, by and between Hooker Furniture Corporation, (the "Corporation") and _____ (the "Employee").

WHEREAS, the Employee is a valued employee of the Corporation; and

WHEREAS, the Employee wishes to provide life insurance protection for his beneficiary or beneficiaries in the event of his death, under a policy or policies of life insurance insuring his life (hereinafter referred to as the "Policy"), which is described in Exhibit A attached hereto and which is being issued by _____ Insurance Company (the "Insurer"); and

WHEREAS, in recognition of the management service that Employee has rendered and is expected to render to the Corporation, the Corporation is willing to pay the premiums due on the Policy as an additional employment benefit for the Employee, on the terms and conditions hereinafter set forth; and

WHEREAS, the Employee has purchased or will contemporaneously purchase the Policy from the Insurer in the face amount designated in Exhibit A; and

WHEREAS, the Corporation and the Employee have agreed that the Employee collaterally assign the Policy to the Corporation, in order to secure the repayment of the premiums which the Corporation will pay on the Policy, or such other amount as described in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the Parties agree as follows:

ARTICLE 1: OWNERSHIP OF THE POLICY

1.1 Employee as Owner. The Employee shall be the sole and absolute owner of the Policy including all supplemental riders and endorsements thereto and may exercise all ownership rights granted to the owner thereof by the terms of the Policy, except as otherwise provided herein.

1.2 Future Actions. The Employee and Corporation agree that they will take all necessary action to cause the Insurer to issue the Policy, and shall take any further action which may be necessary to cause the Policy to conform to the provisions of this Agreement. The parties hereto agree that the Policy shall be subject to the terms and conditions of this Agreement and of the collateral assignment filed with the Insurer relating to the Policy.

1.3 Assignment. The Employee agrees to execute an assignment

(hereinafter the "Assignment") to the Corporation to secure the Corporation's rights under this Agreement, in the form required by or acceptable to the Insurer, a copy of which is attached hereto as Exhibit B. The Employee and the Corporation agree to be bound by the terms of the Assignment, and the Assignment shall not be terminated, altered or amended by the Employee prior to a termination event as described in Section 4.1, without the express written consent of the Corporation.

1.4 Corporation's Rights. The Corporation's rights with respect to

the Policy shall be limited to:

(a) The right to receive an amount as set forth in Section 4.3 (the "Corporate Interest") on a termination event, as defined in Section 4.1;

(b) The right to possess the Policy; and

(c) The right to release the Assignment upon receipt of the Corporate Interest.

The Corporation shall have the right to borrow against the Policy, and to secure that loan by the Policy, in an amount which, together with the unpaid interest accrued thereon, will at no time exceed the Corporate Interest.

The Corporation shall make the Policy reasonably available to the Employee and the Insurer.

1.5 Employee's Rights. The Employee shall, as owner of the Policy,

retain all other rights in the Policy not held by the Corporation pursuant to Section 1.4, including, but not limited to, the following:

(a) The right to cause the full or partial surrender of the Policy upon a termination event, as defined in Section 4.1, and to succeed to full ownership of the Policy cash values after satisfaction of the Corporate Interest; provided, however, that the Employee shall give the Corporation thirty (30) days advance written notice of the exercise of such right;

(b) The right to exercise all non-forfeiture or lapse option rights permitted by the terms of the Policy;

(c) The right to designate and change the beneficiary or beneficiaries of the portion of the proceeds of the Policy payable, upon the death of the Employee, pursuant to Section 3.1 (the "Employee's Death Benefit Portion"); and

(d) The right to assign the Employee's rights in and with respect to the Policy.

Prior to a termination event, as defined in Section 4.1, the Employee shall not have the right to borrow against the Policy.

Pursuant to Section 1.5(d), the Employee shall have the right absolutely and irrevocably to give to a transferee all of his right, title and interest in and to the Policy, subject to the collateral assignment of the Policy to the Corporation pursuant hereto. The Employee may exercise this right by executing a written transfer of ownership in the form used by the Insurer for transferring insurance policies, and delivering this form to the Corporation. Upon receipt of such form, executed by the Employee and duly accepted by the transferee thereof, the Corporation shall acknowledge such transfer in writing, and shall thereafter treat the Employee's transferee as the sole owner of all of the Employee's right, title and interest in and to the Policy, subject to this Agreement and the collateral assignment of the Policy to the Corporation pursuant hereto. Thereafter, the Employee shall have no right, title or interest in and to the Policy, all such rights being vested in and exercisable only by the assignee.

ARTICLE 2: PAYMENT OF PREMIUMS AND APPLICATION OF DIVIDENDS

2.1 Premium Payment; Timing. The Corporation shall pay the premiums, -----
including all costs associated with all supplemental riders and endorsements to the Policy (the "Premium"), on the Policy to the Insurer on or before the due date of each Premium payment, and in any event, not later than the expiration of the grace period under the Policy for such Premium payment. As soon as practicable following the payment of a Premium, the Corporation shall furnish the Employee with written notice of such timely payment. The Corporation shall annually furnish the Employee a statement of the amount of income reportable by the Employee for income tax purposes as a result of this Agreement.

Each year, the Employee shall reimburse the Corporation for a portion of the premium paid by the Corporation. The amount of reimbursement shall equal the value of the economic benefit attributable to the life insurance protection provided to the Employee under this Agreement. The value of the economic benefit attributable to the life insurance protection provided to the Employee under this Agreement shall be the lower of (a) the PS-58 rates (as set forth in Revenue Ruling 55-747 or the corresponding applicable section of any future Revenue Ruling) or (b) the Insurer's current published premium rate for annually renewable term insurance for standard risks, assuming a death benefit equal to the face amount of the Policy less the Corporate Interest.

The Corporation shall continue to pay its portion of the Premiums until a termination event, as defined in Section 4.1.

2.2 Dividend. Any dividends declared on the Policy shall be applied -----
as shown in the Policy illustration, Exhibit B.

ARTICLE 3: RIGHTS UPON DEATH OF EMPLOYEE

3.1 Employee's Death Benefit Portion. If Employee dies prior to termination of employment, the Employee's designated beneficiary or beneficiaries as set forth in the Policy shall be entitled to receive the death proceeds as provided under the Policy. For purposes of this Agreement, the term "death proceeds" shall mean the face amount of the death benefit provided for in the Policy plus any increase in the Death Benefit from dividends, cash or accumulation value as those terms may be defined in any Policy contract or option contained therein.

3.2 Corporation's Death Benefit Portion. Notwithstanding Section 3.1, upon the death of the Employee, the Corporation shall be entitled to receive an amount equal to the Corporate Interest.

ARTICLE 4: TERMINATION OF AGREEMENT OR SURRENDER OF POLICY

4.1 Termination Defined. This Agreement shall automatically terminate upon the occurrence of any of the following events:

- (a) the bankruptcy, receivership or dissolution of the Corporation;
- (b) the Employee's termination of employment with the Corporation (including permanent and total disability); or
- (c) the written agreement of the Employee and the Corporation.

Also, if the Employee so elects, this Agreement shall terminate upon the occurrence of a Change in Control, as defined in Section 5.10

4.2 Rights Upon Termination. If this Agreement terminates pursuant to an event described in Section 4.1, the Employee shall have the option of obtaining the release of the Assignment by either:

- (a) paying to the Corporation, within 60 days of the termination event described in Section 4.1, the Corporate Interest; or
- (b) notifying the Corporation in writing, within 60 days of the termination event described in Section 4.1, of the Employee's desire to have the Assignment released and, as soon as practicable thereafter, jointly applying to the Insurer to surrender dividend values from the Policy and, if necessary, to make a loan to the Employee from the Policy. Such amounts will be paid directly to the Corporation to be applied to the payment of the Corporate Interest.

Upon receipt of the Corporate Interest, the Corporation shall take all steps necessary to release the Assignment so that the Employee shall own the Policy free of all encumbrances thereon in favor of the Corporation required by this Agreement. Thereafter, neither the

Corporation nor the Corporation's successors or assigns shall have any further interest in and to the Policy.

If the Employee fails to exercise one of the options described in subsection (b) or (c) of this Section 4.2, at the request of the Corporation, the Employee shall execute any document or documents required by the Insurer to transfer ownership of the Policy to the Corporation. Alternatively, the Corporation may enforce its right to receive the Corporate Interest from the cash surrender value of the Policy, as set forth in the Assignment; provided that, in the event the cash surrender value of the Policy exceeds the amount due the Corporation, such excess shall be paid to the Employee. Thereafter, neither the Employee nor the Employee's heirs, assigns or beneficiaries shall have any further interest in and to the Policy.

4.3 Corporate Interest. Corporate Interest means an amount equal to -----
the cumulative value of all Premiums paid by the Corporation.

ARTICLE 5: ADMINISTRATIVE PROVISIONS

5.1 Insurer's Responsibility. The Insurer shall not be considered a -----
party to this Agreement and shall not be bound hereby. No provision of this Agreement, or any amendment hereof, shall in any way enlarge, change, vary or affect the obligations of the Insurer as expressly provided in the Policy, except to the extent that this Agreement becomes a part of the Policy by acceptance of the Assignment by the Insurer.

5.2 Amendment. Notwithstanding anything else in this Agreement to -----
the contrary, the Corporation reserves the right to amend or terminate this Agreement (including the right not to pay a Premium) at any time with the consent of Employee.

5.3 Notice. Any and all notices required to be given under the terms -----
of this Agreement shall be given in writing and signed by the appropriate party, and shall be sent by certified mail, postage prepaid, to the appropriate address set forth below:

(a) to the Employee at:

(b) to the Corporation at:

Hooker Furniture Corporation
440 East Commonwealth Boulevard
Martinsville, Virginia 24112
ATTN: Senior Vice President,
Finance and Administration

5.4 Heirs, Successors and Assigns. This Agreement shall be binding

upon and shall inure to the benefit of the Employee, his or her successors, heirs and the executors or administrators of the estate of the Employee, and to the Corporation and its successors. The Employee and the Corporation agree that either party may assign its interest under this Agreement, and any assignee shall be bound by the terms and conditions of this Agreement as if an original party hereto.

5.5 Interpretation. This Agreement and the interests of the Employee

and the Corporation hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

5.6 Terms. This Agreement shall be effective as of the date first above written, and shall continue until terminated as herein provided or until all covenants herein activated by the death of the Employee are fully carried out.

5.7 Headings. Any headings or captions in this Agreement are for

reference purposes only and shall not expand, limit, change or affect the meaning of any provision of this Agreement.

5.8 Counterparts. This Agreement may be executed in any number of

counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same Agreement.

5.9 ERISA. The following provisions are part of this plan and are

intended to meet the requirements of the Employee Retirement Income Security Act of 1974:

(a) Fiduciary. The named Fiduciary and administrator of the

split-dollar arrangement established pursuant to this Agreement shall be the Senior Vice President of Finance and Administration of the Corporation (hereinafter the "Fiduciary"). The Fiduciary shall have full power to administer this Agreement, and the Fiduciary's actions with respect hereto shall be binding and conclusive upon all persons for all purposes.

(b) The funding policy under this plan is that the Employee and the Corporation shall remit premiums when due.

(c) The amounts payable pursuant to this Agreement shall be paid by the Insurer solely from the Policy.

(d) Claims Procedure. Any controversy or claim arising out of

or relating to this Agreement shall be filed with the Fiduciary which shall make all determinations concerning such claim. Any decision by the Fiduciary denying such claim shall be in writing and shall be delivered to all parties in interest in accordance with the notice provisions of Section 5.3 hereof. Such decision shall set forth, in plain language, the

reasons for denial. Pertinent provisions of the Agreement shall be cited and, where appropriate, an explanation as to how the Employee can perfect the claim will be provided. This notice of denial of benefits will be provided within 90 days of the Fiduciary's receipt of the Employee's claim for benefits. If the Fiduciary fails to notify the Employee of his decision regarding his claim, the claim shall be considered denied, and the Employee shall then be permitted to proceed with his appeal as provided in this Section.

If Employee has been completely or partially denied a benefit, the Employee shall be entitled to appeal this denial of his claim by filing a written statement of his position with the Fiduciary no later than sixty (60) days after receipt of the written notification of such claim denial. The Fiduciary shall schedule an opportunity for a full and fair review of the issue within thirty (30) days of receipt of the appeal.

The decision on review shall set forth specific reasons for the decision, and shall cite specific references to the pertinent Agreement provisions on which the decision is based.

Following the Fiduciary's review of any additional information submitted by the Employee, either through the hearing process or otherwise, the Fiduciary shall render a decision on his review of the appealed claim in the following manner:

(i) The Fiduciary shall make its decision regarding the merits of the appealed claim within 60 days following his receipt of the request for review (or within 120 days after such receipt in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). The Fiduciary shall deliver the decision to the claimant in writing. If an extension of time for reviewing the appealed claim is required because of special circumstances, written notice of the extension shall be furnished to the Employee prior to the commencement of the extension. If the decision on review is not furnished within the prescribed time, the claim shall be deemed denied on review.

(ii) The decision on review shall set forth specific reasons for the decision, and shall cite specific references to the pertinent Agreement provisions on which the decision is based.

5.10 Change in Control. A "Change in Control" shall mean any of the

following events:

(a) any third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, shall become the beneficial owner of shares of the Corporation with respect to which 40% or more of the total number of votes which may be cast for the election of the Board of Directors of the Corporation;

(b) as a result of, or in connection with, any cash tender offer, merger or other business combination, sale of assets or contested election, or combination of the foregoing, the persons who were directors of the Corporation shall cease to constitute a majority of the Board of Directors of the Corporation; or

(c) the shareholders of the Corporation shall approve an agreement providing either for a transaction in which the Corporation will cease to be an independent publicly owned entity or for a sale or other disposition of all or substantially all the assets of the Corporation.

IN WITNESS WHEREOF, the parties hereto have signed this document as of the day and year first above written.

HOOKER FURNITURE CORPORATION

By: _____

Title: _____

THE EMPLOYEE

EXHIBIT A

The following life insurance policy or policies is subject to the attached Split-Dollar Agreement:

Insurer: _____ Insurance Company

Insured: _____

Policy Number: _____

Face Amount: _____

Corporation: Hooker Furniture Corporation

Date of Issue: _____

EXHIBIT B

ASSIGNMENT OF LIFE INSURANCE POLICY AS COLLATERAL

- A. FOR VALUE RECEIVED, _____ (the "Employee") hereby assigns, transfers and sets over to Hooker Furniture Corporation, with its principal offices in Martinsville, Virginia, its successors and assigns, (herein called the "Corporation") Policy No. _____ issued by _____ Insurance Company, (herein the "Insurer") and any supplementary contracts issued in connection therewith (said policy and contracts being herein called the "Policy"), upon the life of the Employee, an individual residing in the Commonwealth of Virginia and all claims, options, privileges, rights, title and interest therein and thereunder (except as provided in Paragraph C hereof), subject to all the terms and conditions of the Policy and to all superior liens, if any, which the Insurer may have against the Policy. The undersigned by this instrument jointly and severally agree and the Corporation, by the acceptance of this Assignment, agrees to the conditions and provisions herein set forth.
- B. It is expressly agreed that, without detracting from the generality of the foregoing, the following specific rights are included in this Assignment and pass by virtue hereof:
1. The right to collect from the Insurer an amount equal to its total premium payments made under the Policy or a portion of the death proceeds as provided for under the terms of a Split Dollar Agreement between the Employee and the Corporation, dated _____ (herein called the "Split Dollar Agreement"), when it becomes a claim by death or maturity or upon such other events as may be set forth in the Split Dollar Agreement;
 2. The right to surrender the Policy and receive the surrender values thereof at any time provided by the terms of the Policy and at such other times as the Insurer may allow; and
 3. The right to obtain one or more loans or advances on the Policy, either from the Insurer, or, at any time, from other persons, and to pledge or assign the Policy as security for such loans or advances.
- C. It is expressly agreed that the following specific rights, so long as the Policy has not been surrendered, are reserved and excluded from this Assignment and do not pass by virtue hereof:
1. The right to collect from the Insurer any disability benefit payable in cash that does not reduce the amount of insurance;
 2. The right to designate and change the beneficiary;

3. The right to elect any optional mode of settlement permitted by the Policy or allowed by the Insurer,

but the reservation of these rights shall in no way impair the right of the Corporation to surrender the Policy completely with all its incidents or impair any other right of the Corporation hereunder, and any designation or change of beneficiary or election of a mode of settlement shall be made subject to this Assignment and to the rights of the Corporation hereunder.

D. This Assignment is made and the Policy is to be held as collateral security for any and all liabilities of the undersigned, or any of them, to the Corporation, either now existing or that may hereafter arise under the terms of the Split Dollar Agreement (all of which liabilities secured or to become secured are herein called "Liabilities").

E. The Corporation covenants and agrees with the undersigned as follows:

1. That any balance of sums received hereunder from the Insurer remaining after payment of the then existing Liabilities, matured or unmatured, shall be paid by the Corporation to the persons entitled thereto under the terms of the Policy had this Assignment not been executed;

2. That the Corporation will not exercise either the right to surrender the Policy or the right to obtain policy loans from the Insurer, except as expressly provided under the terms of the Split Dollar Agreement; and

3. That the Corporation will, upon request, forward without unreasonable delay to the Insurer the Policy for endorsement of any designation or change of beneficiary or any election of an optional mode of settlement.

F. The Insurer is hereby authorized to recognize the Corporation's claims to the rights hereunder without investigating the reason for any action taken by the Corporation, or the validity or the amount of the Liabilities or the existence of any default therein, or the application to be made by the Corporation of any amounts to be paid to the Corporation. The sole signature of the Corporation shall be sufficient for the exercise of any rights under the Policy assigned hereby and the sole receipt of the Corporation for any sums received shall be a full discharge and release to the Insurer. Checks for all or any part of the sums payable under the Policy and assigned herein shall be drawn to the exclusive order of the Corporation if, when and in such amounts as may be requested by the Corporation.

G. The exercise of any right, option privilege or power given herein to the Corporation shall be at the option of the Corporation, but (except as restricted by Paragraph E(2) above) the Corporation may exercise any such right, option, privilege or power without notice to, or

assent by, or affecting the liability of, or releasing any interest hereby assigned by the undersigned, or any of them.

- H. The Corporation may take or release other security, may release any party primarily or secondarily liable for any of the Liabilities, may grant extensions, renewals or indulgences with respect to the Liabilities, or may apply to the Liabilities in such order as the Corporation shall determine, the proceeds of the Policy hereby assigned or any amount received on account of the Policy by the exercise of any right permitted under this Assignment, without resorting or regard to other security.
- I. Each of the undersigned declares that no proceedings in bankruptcy are pending against him and that his property is not subject to any assignment for the benefit of creditors.

* * * * *

EXECUTED IN MARTINSVILLE VIRGINIA THIS _____ DAY OF _____,
_____.

Witness

[Name of Employee]

Employee's Address:

Witness

Beneficiary

Beneficiary's Address:

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUDITED FINANCIAL STATEMENTS OF HOOKER FURNITURE CORPORATION FOR THE FISCAL YEAR ENDED NOVEMBER 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

12-MOS		
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	2.80	

Represents Common Stock held by ESOP