

United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended February 29, 2004

Commission file number 000-25349

HOOKER FURNITURE CORPORATION

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of incorporation or organization)

54-0251350
(IRS Employer Identification No.)

440 East Commonwealth Boulevard, Martinsville, VA 24112
(Address of principal executive offices, Zip Code)

(276) 632-0459
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of **April 5, 2004**.

Common stock, no par value
(Class of common stock)

14,475,300
(Number of shares)

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HOOKER FURNITURE CORPORATION AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED BALANCE SHEETS
 (In thousands, including share data)

	<u>February 29, 2004</u>	<u>November 30, 2003</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 16,408	\$ 14,859
Trade accounts receivable, less allowance for doubtful accounts of \$1,128 and \$991 on each date	38,200	37,601
Inventories	45,586	42,442
Prepaid expenses and other current assets	4,363	3,924
Total current assets	<u>104,557</u>	<u>98,826</u>
Property, plant and equipment, net	52,359	53,582
Goodwill	2,396	2,396
Intangible assets	4,896	4,940
Other assets	7,211	7,355
Total assets	<u>\$ 171,419</u>	<u>\$ 167,099</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Trade accounts payable	\$ 7,433	\$ 6,945
Accrued salaries, wages and benefits	4,203	5,476
Accrued income taxes	2,097	308
Other accrued expenses	3,540	2,612
Current maturities of long-term debt	8,708	8,671
Total current liabilities	<u>25,981</u>	<u>24,012</u>
Long-term debt, excluding current maturities	20,425	22,166
Deferred compensation	2,914	3,094
Other long-term liabilities	1,564	1,563
Total liabilities	<u>50,884</u>	<u>50,835</u>
Shareholders' equity		
Common stock, no par value, 20,000 shares authorized, 14,475 shares issued and outstanding on each date	5,343	4,609
Unearned ESOP shares, 2,825 and 2,870 shares on each date	(17,654)	(17,935)
Retained earnings	134,811	131,468
Accumulated other comprehensive loss	(1,965)	(1,878)
Total shareholders' equity	<u>120,535</u>	<u>116,264</u>
Total liabilities and shareholders' equity	<u>\$ 171,419</u>	<u>\$ 167,099</u>

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

HOOKER FURNITURE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	Three Months Ended	
	February 29, 2004	February 28, 2003
Net sales	\$ 78,222	\$ 74,475
Cost of sales	57,810	53,953
Gross profit	20,412	20,522
Selling and administrative expenses	13,572	12,021
Operating income	6,840	8,501
Other income, net	168	190
Income before interest and income taxes	7,008	8,691
Interest expense	493	643
Income before income taxes	6,515	8,048
Income taxes	2,475	3,057
Net income	\$ 4,040	\$ 4,991
Basic and diluted earnings per share	\$.35	\$.44
Weighted average shares outstanding	11,606	11,394

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

HOOKER FURNITURE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended	
	February 29, 2004	February 28, 2003
Cash flows from operating activities		
Cash received from customers.	\$ 77,762	\$ 76,683
Cash paid to suppliers and employees	(72,392)	(68,189)
Income taxes paid, net	(501)	(1,685)
Interest paid, net	(323)	(797)
Net cash provided by operating activities	<u>4,546</u>	<u>6,012</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(608)	(922)
Acquisition of Bradington-Young, net of cash acquired		(20,416)
Proceeds from the sale of property and equipment	12	
Net cash used in investing activities	<u>(596)</u>	<u>(21,338)</u>
Cash flows from financing activities		
Proceeds from long-term debt		30,500
Payments on long-term debt	(1,704)	(10,776)
Payment to terminate an interest rate swap agreement		(3,001)
Cash dividends paid	(697)	(570)
Net cash (used in) provided by financing activities	<u>(2,401)</u>	<u>16,153</u>
Net increase in cash and cash equivalents	<u>1,549</u>	<u>827</u>
Cash and cash equivalents at beginning of period	<u>14,859</u>	<u>2,316</u>
Cash and cash equivalents at end of period	<u>\$ 16,408</u>	<u>\$ 3,143</u>
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ 4,040	\$ 4,991
Depreciation and amortization	1,893	2,031
Non-cash ESOP cost	1,015	473
Provision for doubtful accounts	220	106
(Gain) loss on disposal of property and equipment	(11)	4
Changes in assets and liabilities, net of effects of acquisition:		
Trade account receivables	(819)	1,913
Inventories	(3,144)	868
Prepaid expenses and other current assets	(261)	33
Trade accounts payable	488	(3,015)
Accrued salaries, wages and benefits	(1,273)	(2,234)
Accrued income taxes	1,789	1,372
Other accrued expenses	788	(2,249)
Other long-term liabilities	(179)	1,719
Net cash provided by operating activities	<u>\$ 4,546</u>	<u>\$ 6,012</u>

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

HOOKER FURNITURE CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in tables in thousands unless otherwise indicated)
For the Quarterly Period Ended February 29, 2004

1. Preparation of Interim Financial Statements

The consolidated financial statements of Hooker Furniture Corporation (referred to as “Hooker” or the “Company”) have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”). In the opinion of management, these statements include all adjustments necessary for a fair presentation of the results of all interim periods reported herein. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures prepared in accordance with accounting principles generally accepted in the United States of America are condensed or omitted pursuant to SEC rules and regulations. However, management believes that the disclosures made are adequate for a fair presentation of results of operations and financial position. Operating results for the interim periods reported herein may not be indicative of the results expected for the year. These financial statements should be read in conjunction with the financial statements and accompanying notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended November 30, 2003.

2. Inventories

	February 29, 2004	November 30, 2003
Finished furniture	\$ 42,934	\$ 40,413
Furniture in process	2,707	2,538
Materials and supplies	11,319	10,668
	<hr/>	<hr/>
Inventories at FIFO	56,960	53,619
Reduction to LIFO basis	11,374	11,177
	<hr/>	<hr/>
Inventories	\$ 45,586	\$ 42,442

3. Property, Plant and Equipment

	February 29, 2004	November 30, 2003
Buildings	\$ 49,812	\$ 49,738
Machinery and equipment	48,487	48,506
Furniture and fixtures	25,288	24,849
Other	3,493	3,537
	<hr/>	<hr/>
Total depreciable property at cost	127,080	126,630
Less accumulated depreciation	77,008	75,335
	<hr/>	<hr/>
Total depreciable property, net	50,072	51,295
Land	2,287	2,287
	<hr/>	<hr/>
Property, plant and equipment, net	\$ 52,359	\$ 53,582

4. Goodwill And Intangible Assets

	February 29, 2004	November 30, 2003
Amortizable Intangible Assets		
Non-compete agreement	\$ 700	\$ 700
Less accumulated amortization	204	160
Net carrying value	<u>\$ 496</u>	<u>\$ 540</u>
Non-amortized Intangible Assets		
Goodwill	\$ 2,396	\$ 2,396
Trade names and trademarks	4,400	4,400
Total	<u>\$ 6,796</u>	<u>\$ 6,796</u>

5. Long-Term Debt

	February 29, 2004	November 30, 2003
Term loan A	\$ 16,908	\$ 17,387
Term loan B	5,825	7,050
Industrial revenue bonds	6,400	6,400
Total long-term debt outstanding	<u>29,133</u>	<u>30,837</u>
Less current maturities	<u>8,708</u>	<u>8,671</u>
Long-term debt, less current maturities	<u>\$ 20,425</u>	<u>\$ 22,166</u>

No amounts were outstanding under the Company's revolving credit line on February 29, 2004 and November 30, 2003.

6. Restructuring Accrual

	Severance and Related Benefits	Other	Total
Balance at November 30, 2003	\$ 43	\$ 50	\$ 93
Cash payments	(10)		(10)
Balance at February 29, 2004	<u>\$ 33</u>	<u>\$ 50</u>	<u>\$ 83</u>

7. Changes to Executive Compensation Arrangements

In December 2003, in connection with implementing provisions of the Sarbanes-Oxley Act of 2002, the Company modified certain executive compensation arrangements for certain executives of the Company. The modifications were accomplished through the termination of existing salary continuation agreements and split-dollar life insurance agreements and the adoption of a new life insurance program and a new supplemental executive retirement plan which cover each of these executives. In addition, each executive transferred to the Company his ownership interest in the life insurance policy or policies underlying his split-dollar life insurance agreement and each executive received a cash payment from the Company equal to the amount of premiums the executive had previously paid with respect to the life insurance policy or policies underlying his split-dollar life insurance agreement.

Notes to Unaudited Consolidated Financial Statements - Continued

The new life insurance program provides death benefit protection for each executive during employment and automatically terminates when the executive terminates employment with the Company for any reason other than death or when the executive attains age 65, whichever occurs first. The life insurance policies funding the new life insurance program are owned by the Company. The cash surrender value of those life insurance policies amounted to \$1.0 million as of February 29, 2004.

The new supplemental executive retirement plan provides for a monthly supplemental retirement benefit based on the executive's final average monthly compensation as defined in the plan, payable for a 15-year period following the executive's termination of employment, subject to a vesting schedule that may vary for each participant in the plan. In addition, the monthly retirement benefit for each participant in the plan, regardless of age, will become fully vested and the present value of all plan benefits will be paid to participants in a lump sum upon a change in control of the Company (as defined in the plan). The Company accounts for its obligation to each participant in the plan on an accrual basis. The aggregate accrued liability for all participants under the supplemental executive retirement plan amounted to \$692,000 as of February 29, 2004.

8. Other Comprehensive Income

	Three Months Ended	
	February 29, 2004	February 28, 2003
Net income	\$ 4,040	\$ 4,991
Loss on interest rate swaps	464	1,280
Less amount of swaps' fair value reclassified to interest expense	324	422
Other comprehensive loss before tax	140	858
Income tax benefit	53	326
Other comprehensive loss, net of tax	87	532
Comprehensive income	\$ 3,953	\$ 4,459

The amount reclassified to interest expense includes a gain of \$2,000 for the 2004 first quarter and a loss \$98,000 for the 2003 first quarter related to the ineffective portion of the interest rate swap agreements.

Item 2. Management's Discussion and Analysis

Overview

The Company's operations during the 2004 first quarter were principally impacted by what have become recurring themes over the last 5 quarterly periods:

- Sales growth in the Company's wood furniture operations highlighted by strong demand for imported wood furniture, partially offset by declining demand for domestically-produced wood furniture;
- Growth through acquisition: the Company celebrated the first anniversary of its purchase of leather seating specialist Bradington-Young on January 2, 2004;
- Higher in-bound freight and selling, warehousing and distribution costs to support strong growth for imports and upholstery;
- Capacity-related cost issues in the Company's domestic wood furniture manufacturing operations; and,
- The employment of additional resources to comply with new regulatory mandates initiated by the Sarbanes-Oxley Act of 2002, the Securities and Exchange Commission and NASDAQ.

The U.S. economy shows continued signs of growth. The furniture industry and the Company appear to have been beneficiaries since the third quarter of 2003. However, since that time, sales growth for the Company's imported products has been hampered by a lack of inventory availability, although order rates have remained strong. Expected growth in the Company's upholstery operations was hampered by the winter weather during the 2004 first quarter, while incoming order rates for upholstery products have increased.

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 Three Months Ended	
	February 29, 2004	February 28, 2003
Net sales	100.0%	100.0%
Cost of sales	73.9	72.4
Gross profit	26.1	27.6
Selling and administrative expenses	17.4	16.2
Operating income	8.7	11.4
Other income, net	0.3	0.3
Income before interest and income taxes	9.0	11.7
Interest expense	0.7	0.9
Income before income taxes	8.3	10.8
Income taxes	3.1	4.1
Net income	5.2%	6.7%

Management's Discussion and Analysis - Continued

Net sales of \$78.2 million for the first quarter ended February 29, 2004, increased \$3.7 million, or 5.0%, from \$74.5 million in the first quarter of 2003. The increase was due principally to higher unit volume in imported furniture products and having an additional month of Bradington-Young upholstery shipments compared to the prior year. Shipments of imported wood furniture increased \$3.8 million, or 11.0%, to \$38.6 million in the 2004 first quarter compared with \$34.8 million in the same 2003 period. Shipments from leather upholstery specialist Bradington-Young accounted for \$12.3 million in net sales during the 2004 three-month period compared to \$8.7 million during the two months following its acquisition by the Company at the beginning of January 2003. First quarter 2004 shipments of the Company's domestically produced wood furniture declined \$3.7 million, or 11.9%, to \$27.3 million from \$31.0 million in the year earlier quarter. Average selling prices increased for imported wood and for upholstered furniture products, but declined for domestically manufactured wood furniture products. Overall, average selling prices declined due to the higher proportion of lower-priced imported products shipped.

Gross profit margin declined to 26.1% in the 2004 first quarter compared to 27.6% in the 2003 first quarterly period. Margins were depressed during the 2004 quarter principally due to higher inbound freight costs as a percentage of net sales of imported wood furniture and production inefficiencies created by low capacity utilization at Hooker's domestic wood furniture facilities and weather-related downtime at Bradington-Young's upholstery factories. In addition, margins for the Company's domestically produced wood furniture were negatively impacted by aggressive pricing and heavier promotional discounting in order to compete with lower-priced imports. Also, labor costs as a percentage of sales volume increased for upholstery products. The Company's upholstery operations worked overtime to make up for weather-related downtime as it strived to meet more demanding production schedules created by higher incoming order rates.

Selling and administrative expenses increased to 17.4% of net sales in the 2004 first quarter from 16.2% in the same 2003 period. The increase is principally due to: 1) higher selling, warehousing and distribution costs to support higher import sales; 2) increased bad debt expense related to several isolated credit issues; 3) increased leather upholstery product swatching costs, incurred to provide leather product samples to Bradington-Young's expanding dealer base; and, 4) higher legal and professional expenses incurred to comply with the corporate governance mandates brought about by the Sarbanes-Oxley Act of 2002. The dollar amounts of these expenses increased \$1.6 million during the 2004 quarter, mainly due to having an additional month of expenses for Bradington-Young compared to the prior year and the increased expenses enumerated previously.

As a result of the above, operating income as a percentage of net sales declined to 8.7% in the 2004 quarterly period, compared to 11.4% for the 2003 first quarter. However, operating margins increased from 7.8% in the fourth quarter of 2003, an improvement that the Company expects to build upon if sales volume increases as anticipated during the upcoming quarter.

Interest expense decreased \$150,000 to \$493,000 during the first quarter of 2004 from \$643,000 in the 2003 period due to lower debt levels.

The Company's effective tax rate approximated 38.0% in the 2004 and 2003 first quarters.

First quarter 2004 net income decreased to \$4.0 million, or \$0.35 per share, compared to \$5.0 million, or \$0.44 per share in the comparable 2003 period.

Outlook

The Company expects performance in the second quarter to be positively impacted by three factors. First, inventory levels of imported products have not been sufficient to capitalize on the greater-than-anticipated increase of incoming orders. While the Company adjusted inventory purchase rates upward late last summer in response to the increased demand, import inventory receipts did not increase enough to begin shipping backlog until February 2004. The Company expects continued strong receipt of imported wood furniture through the second quarter, which should allow improved shipments and return backlogs to normal levels by the end of the second quarter.

Secondly, while the Company was able to increase planned work schedules for domestic wood manufacturing beginning in January 2004, the full impact of that change will not be realized until the second quarter. Since increasing work schedules the Company has experienced lower production costs as a percentage of net sales in its domestic wood manufacturing operations. Profitability should benefit from these improvements during the upcoming quarter.

Finally, the Company believes the outlook for increased upholstered furniture sales in the near term is bright. As the Company continues to increase upholstery production and realize the benefits of integrating the Hooker Furniture and Bradington-Young sales forces, it expects to see increased sales and profits from Bradington-Young. In the intermediate term, the Company believes that the infrastructure is in place to meet anticipated increased demand with additions to the Bradington-Young labor force.

The Company has an optimistic outlook as it enters the second quarter. Retail is continuing to recover. Incoming order rates are strong. The Company expects net sales to increase 8% to 12% in the 2004 second quarter compared to last year's second quarter as it expects to ship a large portion of its imported product order backlog and better capitalize on the brisk incoming order rate.

Although the Company expects margins to improve on sales of its manufactured products during the second quarter of 2004 compared to the 2004 first quarter, margins on sales of imported goods will likely remain flat. Additionally, the Company expects higher selling and administrative expenses for the 2004 second quarter compared to the same 2003 period in order to support the increased sales growth and fund regulatory compliance under the Sarbanes-Oxley Act of 2002.

Financial Condition, Liquidity and Capital Resources

Balance Sheet and Working Capital

As of February 29, 2004, assets totaled \$171.4 million, increasing from \$167.1 million at November 30, 2003 principally as a result of increased purchases of imported products inventory. Shareholders' equity at February 29, 2004 was \$120.5 million, compared to \$116.3 million at November 30, 2003. The Company's long-term debt, including current maturities, was \$29.1 million at February 29, 2004, decreasing from \$30.8 million at November 30, 2003 as a result of scheduled debt amortization.

Working capital increased to \$78.6 million as of February 29, 2004, from \$74.8 million at the end of fiscal 2003, reflecting the net effect of a \$5.7 million increase in current assets partially offset by a \$2.0 million increase in current liabilities. The increase in current assets includes increases of \$3.1 million in inventories, \$1.5 million in cash, and \$1.1 million in trade accounts receivable and other assets. The increase in current liabilities is due to an increase of \$1.8 million in accrued income taxes not yet due to

Management's Discussion and Analysis - Continued

be paid and \$1.4 million in trade accounts payable and other accrued expenses, partially offset by a decrease of \$1.2 million in accrued salaries, wages and benefits.

Cash Flows – Operating, Investing and Financing Activities

During the three months ended February 29, 2004, cash generated from operations (\$4.5 million), funded the repayment of long-term debt (\$1.7 million), an increase in available cash (\$1.5 million), dividend payments (\$697,000) and capital expenditures (net, \$596,000).

During the three months ended February 28, 2003, proceeds from borrowings (\$30.5 million) and cash generated from operations (\$6.0 million) funded the acquisition of Bradington-Young (\$20.4 million, net of cash acquired), repayment of long-term debt (\$10.8 million, including the repayment of \$4.1 million of debt assumed in the Bradington-Young acquisition), a payment to terminate an interest rate swap agreement (\$3.0 million), capital expenditures (\$922,000), an increase in available cash (\$827,000), and dividend payments (\$570,000).

Cash generated from operations of \$4.5 million during the 2004 period decreased \$1.5 million from \$6.0 million in the 2003 period. The decrease was due to higher payments to suppliers and employees, partially offset by lower interest and income tax payments and higher payments received from customers. Payments to suppliers and employees increased \$4.2 million, principally to fund increased purchases of imports, an additional month of Bradington-Young upholstery production and operating costs compared to the prior year, and higher selling and administrative expenses. Cash received from customers increased \$1.1 million as a result of higher sales of imported wood furniture and having an additional month of Bradington-Young upholstery shipments compared to the prior year. Tax payments decreased \$1.2 million due to lower levels of taxable income and differences in the timing of required payments due in each respective period.

Investing activities used \$596,000, net during the 2004 period compared to \$21.3 million in the 2003 quarter. The Company acquired Bradington-Young in January 2003 for a cash payment of \$20.4 million (net of cash acquired). Purchases of plant, equipment and other assets to maintain and enhance the Company's facilities and business operating systems declined \$314,000 to \$608,000 in the 2004 first quarter compared with \$922,000 in the 2003 period.

The Company used cash of \$2.4 million for financing activities in the 2004 period compared to generating cash of \$16.2 million from financing activities in the 2003 first quarter. During the 2004 quarter, the Company repaid long-term debt in the amount of \$1.7 million and paid cash dividends of \$697,000. During the 2003 period, the Company borrowed \$25.0 million in bank debt to finance the purchase of Bradington-Young and \$5.5 million under its revolving credit line. Also during the 2003 quarter, the Company repaid \$6.7 million under its revolving credit line and term loan, repaid \$4.1 million of debt assumed in the Bradington-Young acquisition, paid \$3.0 million to terminate an interest rate swap agreement and paid dividends of \$570,000.

Swap Agreements

The aggregate fair market value of the Company's swap agreements decreases when interest rates decline and increases when interest rates rise. Interest rates declined during the 2004 first quarter. The aggregate decrease in the fair market value of the effective portion of the agreements of \$2.0 million after tax (\$3.2 million pretax) as of February 29, 2004, and \$1.9 million after tax (\$3.0 million pretax) as of November 30,

Management's Discussion and Analysis - Continued

2003, is reflected under the caption "accumulated other comprehensive loss" in the consolidated balance sheets.

Debt Covenant Compliance

The credit facility for the Company's revolving credit line and Term Loans A and B contains, among other things, financial covenants as to minimum tangible net worth, debt service coverage, the ratio of funded debt to earnings before interest, taxes, depreciation, and amortization, and maximum capital expenditures. The Company was in compliance with these covenants as of February 29, 2004.

Liquidity and Capital Expenditures

As of February 29, 2004, the Company had \$13.7 million available under its revolving credit line to fund working capital needs, and \$26.1 million available under additional committed and uncommitted lines of credit, to support the issuance of letters of credit. The Company believes it has the financial resources (including available cash, expected cash flow from operations, and lines of credit) needed to meet business requirements for the foreseeable future, including capital expenditures, working capital, purchases under the stock repurchase program, and dividends on the Company's common stock. Cash flow from operations is highly dependent on order rates and the Company's operating performance. The Company expects to spend an aggregate of \$3.0 to \$4.0 million in capital expenditures during fiscal 2004 to maintain and enhance its facilities and operating systems.

Dividends and Stock Repurchase Program

At its March 30, 2004 meeting, the Board of Directors of Hooker Furniture Corporation declared a cash dividend of \$0.06 per share, payable on May 28, 2004 to shareholders of record May 14, 2004.

In 2001, the Company's Board of Directors authorized the repurchase of up to an aggregate \$5.2 million of the Company's common stock. Repurchases may be made from time to time in the open market, or in privately negotiated transactions, at prevailing market prices that the Company deems appropriate. No shares of common stock were purchased by the Company during the 2004 first quarter. Through February 29, 2004, the Company had repurchased approximately 584,000 shares at a total cost of \$2.5 million or an average of \$4.29 per share. Based on the market value of the common stock as of February 27, 2004 the remaining \$2.7 million of the authorization would allow the Company to repurchase approximately 0.7% of the 14.5 million shares outstanding, or 1.0% of the Company's outstanding shares excluding the 4.2 million shares held by the ESOP.

Forward-Looking Statements

Certain statements made in this report 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," "would," 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. Those risks and uncertainties include but are not limited to: the cyclical nature of the furniture industry; domestic and international competition in the furniture industry; general economic or business conditions, both domestically and internationally; fluctuations in the price of key raw materials, including lumber and leather; supply disruptions or delays affecting imported products; adverse political acts or developments

Management's Discussion and Analysis - Continued

in the international markets from which the Company imports products; fluctuations in foreign currency exchange rates affecting the price of the Company's imported products; and capital costs.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in interest rates and foreign currency exchange rates, which could impact its results of operations and financial condition. The Company manages its exposure to these risks through its normal operating and financing activities and through the use of interest rate swap agreements with respect to interest rates.

The Company's obligations under its lines of credit, industrial revenue bonds and term loans, all bear interest at variable rates. The Company's outstanding debt (including current maturities) as of February 29, 2004, amounted to \$6.4 million under the industrial revenue bonds, \$16.9 million under Term Loan A and \$5.8 million under Term Loan B. As of February 29, 2004, no balance was outstanding under the Company's revolving credit line. The Company has entered into interest rate swap agreements that, in effect, fix the rate of interest on the industrial revenue bonds at 4.7% through 2006 and Term Loan A at 4.1% through 2010. A fluctuation in market interest rates of one percentage point (or 100 basis points) would not have a material impact on the Company's results of operations or financial condition.

For imported products, the Company generally negotiates firm pricing with its foreign suppliers, for periods typically of up to one year. The Company accepts the exposure to exchange rate movements beyond these negotiated periods without using derivative financial instruments to manage this risk. Since the Company transacts its purchases of import products in U.S. Dollars, a decline in the relative value of the U.S. Dollar could increase the cost of imported products when the Company renegotiates pricing. As a result, a weakening U.S. Dollar exchange rate could adversely impact sales volume and profit margins during such periods. However, the Company generally expects to reflect substantially all of the effect of any price changes from suppliers in the price it charges for its imported products. Because the majority of the Company's imports are purchased from countries such as China, whose currencies are presently pegged to the U.S. Dollar, most of the Company's exposure to foreign currency fluctuation is negated.

Item 4. Controls and Procedures

Based on their most recent review, which was made as of the end of the Company's fiscal quarter ended February 29, 2004, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Except for the corrective measures discussed in the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2003, there have been no changes in the Company's internal control over financial reporting for the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 5. Other Information

Set forth below is the Company's income before interest and taxes, or EBIT, and income before interest, taxes, depreciation and amortization, or EBITDA, for the three-month periods ended February 29, 2004 and February 28, 2003. This information has been derived from the Company's consolidated financial statements. For each period presented, EBIT and EBITDA have been reconciled to the Company's net income. The Company provides these non-GAAP measures because it believes they are widely accepted financial indicators of the Company's liquidity. This information should be read in conjunction with the Financial Statements, including the related Notes, and Management's Discussion and Analysis included elsewhere in this quarterly report on Form 10-Q and in the Company's annual report on Form 10-K for the year ended November 30, 2003.

	For the Three Months Ended	
	February 29, 2004	February 28, 2003
Net income	\$ 4,040	\$ 4,991
Income taxes	2,475	3,057
Interest expense	493	643
Income before interest and income taxes	7,008	8,691
Depreciation and amortization	1,893	2,031
Income before interest, income taxes, depreciation, and amortization	\$ 8,901	\$ 10,722

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 10.1* Form of Executive Life Insurance Agreement dated December 31, 2003, between the Company and certain of its executive officers**
- 10.2* Form of Benefit Termination Agreement dated December 31, 2003, between the Company and certain of its executive officers**
- 10.3* Supplemental Retirement Income Plan effective as of December 1, 2003**
- 31.1* Rule 13a-14(a) Certification of the Company's principal executive officer
- 31.2* Rule 13a-14(a) Certification of the Company's principal financial officer
- 32.1* Rule 13a-14(b) Certification of the Company's principal executive officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2* Rule 13a-14(b) Certification of the Company's principal financial officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

Form 8-K, dated December 23, 2003 and furnished to the SEC on December 30, 2003, reporting the Company's results of operations for fiscal year 2003 and the fourth quarter of fiscal year 2003

* Filed herewith

** Management contract or compensatory plan

SIGNATURE

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

HOOKER FURNITURE CORPORATION

Date: April 5, 2004

By: /s/ R. Gary Armbrister

R. Gary Armbrister
Chief Accounting Officer
(Principal Accounting Officer)

[FORM OF EXECUTIVE LIFE INSURANCE AGREEMENT]

THIS EXECUTIVE LIFE INSURANCE AGREEMENT (the "Agreement") is entered into this 31st day of December, 2003, by and between Hooker Furniture Corporation (the "Company") and _____ (the "Employee").

The Employee is a valued employee of the Company, and the Company wishes to retain him in its employ. As an inducement for the Employee to remain in employment with the Company, the Company is willing to provide life insurance protection for the Employee's beneficiary or beneficiaries in the event of his death during employment with the Company.

NOW THEREFORE, the Company and Employee agree, effective as of January 1, 2004 (the "Effective Date"), as follows:

1. This agreement relates to one or more life insurance policies insuring the Employee's life, which are described in the attached Exhibit A (the "Policy"). The Company shall be the sole owner of the Policy and the direct beneficiary of the Policy's entire death proceeds, except for that portion of the death proceeds that the Company has endorsed to the Employee's beneficiary or beneficiaries pursuant to the Endorsement attached hereto as Exhibit A (the "Carve-Out Amount"). Any indebtedness on the Policy will first be deducted from the death proceeds in excess of the Carve-Out Amount.

2. The Employee shall have the right to designate and change direct and contingent beneficiaries of the Carve-Out Amount, and to elect and change a payment plan for such beneficiaries. Any assignment of the Carve-Out Amount by the Employee shall be limited solely to the death proceeds endorsed by the Company to the Employee.

3. The entire premium on the Policy shall be paid by the Company as such premium becomes due.

4. The Company shall not sell, surrender, change the insured or transfer ownership of the Policy while this Agreement is in effect without first giving the Employee the option to purchase the Policy during a period of 60 days from notice to the Employee of such intention. The purchase price of the Policy shall be the cash value of the Policy as of the date of transfer to the Employee, less any policy and premium loans and any other indebtedness secured by the Policy. This restriction shall not impair the right of the Company to terminate this Agreement pursuant to Section 6 hereof. The exercise by the Company of the right to surrender the Policy or to change the insured will terminate the rights of the Employee under this Agreement.

5. This Agreement may be terminated by either party hereto, with or without the consent of the other, by giving notice of termination in writing to the other party. This Agreement shall terminate automatically upon the first to occur of (1) the Employee's termination of employment with Company for any reason other than death, or (2) the Employee's attainment of age 65.

6. The Insurer shall be bound only by the provisions of and endorsements on the Policy, and any payments made or action taken by it in accordance therewith shall fully discharge it from all claims, suits and demands of all persons whatsoever.

7. The Employee shall have the right to assign any part or all of the Employee's interest in the Policy and this Agreement to any person, entity or trust by execution of a written assignment delivered to the Company and to the Insurer.

8. The Company and the Employee may mutually agree to amend this Agreement, and such amendment shall be in writing and signed by the Company and the Employee.

9. This agreement shall bind and inure to the benefit of the Company and its successors and assigns, the Employee and his heirs, executors, administrators and assigns, and any Policy beneficiary.

10. The following provisions are part of this Agreement and are intended to meet the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"):

(a) The funding policy under the Agreement is that all premiums on the Policy be remitted to the Insurer when due. Direct payment by the Insurer is the basis of payment of benefits under the Agreement, with those benefits in turn being based on the payment of premiums as provided in the Agreement.

(b) The Company is hereby designated the "named fiduciary" and the "plan administrator" of this Agreement. The Company shall be responsible for the general administration, operation and interpretation of the Agreement and for carrying out its provisions, except to the extent all or any such obligations specifically are imposed on another person or persons or entity. The Company has discretion to interpret the terms of the Agreement and to decide factual and other questions relating to the Agreement and the benefits provided hereunder, including without limitation factual questions relating to eligibility for, entitlement to, and payment of benefits. The Company's reasonable interpretations of the Agreement and factual determinations concerning benefit issues are binding on the Employee and beneficiaries. The Company may engage an actuary, attorney, accountant, insurance company or similar entity, consultant or any other technical advisor on matters regarding the operation of the Agreement and to assist in the administration of the Agreement, and to perform such other duties as are required in connection therewith. The Company may allocate its responsibilities for the operation and administration of the Agreement, including the designation of persons who are not named fiduciaries to carry out fiduciary responsibilities under the Agreement. The Company shall effect such allocation of its responsibilities by adopting resolutions specifying the nature and extent of the responsibilities allocated; including, if appropriate, the persons who are not named fiduciaries, but who are designated to carry out fiduciary responsibilities under the Agreement. The Agreement shall be administered and the records of the Agreement shall be maintained on the basis of the plan year. The plan year shall be the twelve month period ending on December 31 of each year.

(c) Any claim for benefits under this Agreement shall be administered in accordance with the procedures set forth in Exhibit B.

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

HOOKER FURNITURE CORPORATION

By: _____

Title: _____

EMPLOYEE

EXHIBIT A

ENDORSEMENT

Policy Number:

Insured:

Supplementing and amending the application as of the Effective Date to _____ (the "Insurer"), the applicant requests and directs that:

1. The owner of the policy will be Hooker Furniture Corporation (the "Owner"). The Owner alone may exercise all policy rights, except that the Owner will not have the rights specified in Section 2 below.

The Owner designates itself (or any successors by merger, purchase or otherwise) as direct beneficiary of all death proceeds in excess of the Carve-Out Amount. The Carve-Out Amount shall be \$1,500,000 if death proceeds are payable on account of the Insured's death during the period that begins on the Effective Date and that ends on the Insured's 60th birthday. The Carve-Out Amount shall be \$1,000,000 if death proceeds are payable on account of the Insured's death during the period beginning the day immediately following the Insured's 60th birthday and that ends on the Insured's 65th birthday.

The Insurer will have the right to rely on any statement signed by said Owner setting forth the amount referred to above, and any decisions made by the Insurer in reliance upon such statement will be conclusive.

2. The Insured will have the rights to designate and change the beneficiaries of and assign the portion of the death proceeds equal to the Carve-Out Amount, as described in Section 1 above. This paragraph will not limit the rights of the Owner as specified in Paragraph 1 above.

HOOKER FURNITURE CORPORATION

By: _____

Title: _____

INSURED

BENEFICIARY DESIGNATION

I hereby designate _____ as direct beneficiary of the policy, subject to the terms of the endorsement Executive Life Insurance Agreement and the above policy endorsement.

The contingent beneficiary shall be _____

INSURED

EXHIBIT B

CLAIMS PROCEDURE

Claims and Review Procedures. The following claims procedure shall apply for purposes of this Agreement. The claims procedure in paragraph (A) below shall be followed with respect to benefits provided by the Insurer under the terms of the Policy. The claims procedure in paragraph (B) below shall be followed with respect to benefits, if any, provided directly by the Company. The Employee and the Employee's heirs, successors, beneficiaries or personal representatives (individually or collectively, "Claimant") must follow both procedures, if necessary.

- A. Filing a Claim for Insurance Benefits. A Claimant shall make a claim for benefits provided by the Insurer by submitting a written claim and proof of claim to the Insurer in accordance with procedures and guidelines established from time to time by the Insurer. On written request, the Company shall provide copies of any claim forms or instructions, or advise the Claimant how to obtain such forms or instructions. The Insurer shall decide whether the claim shall be allowed. If a claim is denied in whole or in part, the Insurer shall notify the Claimant and explain the procedure for reviewing a denied claim.
- B. Filing a Claim for Any Other Benefit. The following claims procedure shall apply with respect to all benefits other than those provided by the Insurer:
1. Filing a Claim; Notification to Claimant of Decision: The Claimant shall make a claim in writing in accordance with procedures and guidelines established from time to time by the Company, which claim shall be delivered to the Company. The Company shall review and make the decision with respect to any claim. If a claim is denied in whole or in part, written notice thereof shall be furnished to the Claimant within ninety (90) days after the claim has been filed. Such notice shall set forth:
 - (a) the specific reason or reasons for the denial;
 - (b) specific reference to the provisions of this Agreement or the Collateral Assignment on which denial is based;
 - (c) a description of any additional material or information necessary for the Claimant to perfect a claim and an explanation of why such material or information is necessary; and
 - (d) an explanation of the procedure for review of the denied claim and the time limits applicable to such procedure, including a statement

of the Claimant's right to bring a civil action under ERISA Section 502(a) following denial of the claim.

2. Procedure for Review: Any Claimant whose claim has been denied in full or in part may individually, or through the Claimant's duly authorized representative, request a review of the claim denial by delivering a written application for review to the Company at any time within sixty (60) days after receipt by the Claimant of written notice of the denial of the claim. Such request shall set forth in reasonable detail:

- (a) the grounds upon which the request for review is based and any facts in support thereof; and
- (b) any issues or comments which the Claimant considers pertinent to the claim.

Following such request for review, the Company fully and fairly shall review the decision denying the claim. Prior to the decision of the Company, the Claimant shall be given an opportunity to review pertinent documents. In performing its review, the Company shall:

- (c) provide, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim;
- (d) permit the Claimant to submit to the Company written comments, documents, records and other information relating to the claim; and
- (e) provide a review that takes into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial determination.

3. Decision on Review: A decision on the review of a claim denied in whole or in part shall be made in the following manner:

- (a) The decision on review shall be made by the Company, which shall consider the application and any written materials submitted by the Claimant in connection therewith. The Company, in its sole discretion, may require the Claimant to submit such additional documents or evidence as the Company may deem necessary or advisable in making such review.
- (b) The Company will render a decision upon a review of a denied claim within sixty (60) days after receipt of a request for review. If special circumstances (such as the need to hold a hearing on any

matter pertaining to the denied claim) warrant additional time, the decision will be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of a request for review. Written notice of any such extension will be furnished to the Claimant prior to the commencement of the extension.

(d) The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the Claimant, and the specific references to the provisions of this Agreement or the Collateral Assignment on which the decision is based. The decision also shall notify the Claimant of the right to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the Claimant's claim, and shall contain a statement of the Claimant's right to bring an action under ERISA Section 502(a). The decision of the Company on review shall be final and conclusive upon all persons. If the decision on review is not furnished to the Claimant within the time limits prescribed in subparagraph (b) above, the claim will be deemed denied on review.

[SCHEDULE I TO FORM OF EXECUTIVE LIFE INSURANCE AGREEMENT]

The Company entered into an Executive Life Insurance Agreement with each of the executive officers of the Company named below:

1. Paul B. Toms, Jr.
2. Douglas C. Williams
3. E. Larry Ryder
4. Raymond T. Harm
5. Henry P. Long, Jr.
6. Michael P. Spece

[FORM OF BENEFIT TERMINATION AGREEMENT]

THIS BENEFIT TERMINATION AGREEMENT (the "Agreement") is entered into as of December 31, 2003 (the "Agreement Date"), by and between Hooker Furniture Corporation (the "Company") and _____ (the "Employee").

The Company and the Employee are parties to a Split Dollar Agreement dated _____ (the "Split Dollar Agreement") and an Assignment of Life Insurance Policy as Collateral dated - _____ (the "Collateral Assignment"). The Split Dollar Agreement and the Collateral Assignment relate to one or more life insurance policies insuring the Employee's life, which are described in the attached Exhibit A (the "Life Insurance Policies"). The Company and the Employee are also parties to a Salary Continuation Agreement dated _____ (the "Continuation Agreement") which provides for the payment of certain compensation to the Employee following the Employee's termination of employment with the Company.

The Company and the Employee have the power to terminate the Split Dollar Agreement and the Collateral Assignment, and the Employee has the power to waive all of the Employee's rights and interests under the Continuation Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. The Split Dollar Agreement, the Collateral Assignment and the Continuation Agreement are each terminated effective as of the Agreement Date, and each shall cease to have any further force or effect.

2. The Employee assigns and transfers to the Company all rights, title, privileges powers and interests in the Life Insurance Policies (including, without limitation, the right to designate a beneficiary to receive any and all death benefits payable thereunder) effective as of the Agreement Date. The Employee agrees on his own behalf, and on behalf of his personal representative in the event of his death, to take all actions as may be necessary to effect the assignment and transfer of the Life Insurance Policies, including the execution of any forms or agreements as may be required by the issuer or issuers of the Life Insurance Policies. The Company and the Employee agree that the issuer or issuers of the Life Insurance Policies are hereby authorized to recognize the Company's claims to all of the rights under the Life Insurance Policies, and that the sole signature of the Company shall be sufficient for the exercise of any of such rights.

3. The Company and the Employee acknowledge that the Employee is an officer of the Company and that the assignment and transfer of the Life Insurance Policies is intended not to constitute a transfer for valuable consideration for purposes of Section 101(a)(2) of the Internal Revenue Code of 1986, as amended. The Company and the Employee further acknowledge that the termination of the Split Dollar Agreement and the Collateral Assignment, and the transfer of the Life Insurance Policies to the Company, are intended to satisfy the conditions described in Section IV, Paragraph 4 of Internal Revenue Service Notice 2002-8.

4. The Company shall pay to the Employee within ten business days following the Agreement Date a lump sum cash payment of \$_____ which represents the total aggregate premiums the Employee has paid with respect to the Life Insurance Policies.

5. The Company acknowledges that the Employee has been designated to participate in the Company's Supplemental Retirement Income Plan effective as of December 1, 2003, a copy of which is attached as Exhibit B to this Agreement.

6. The Employee hereby waives any and all rights under the Collateral Assignment, the Split Dollar Agreement and the Continuation Agreement, and forever releases the Company from any and all obligations thereunder. Such waiver and release by the Employee do not apply to any other plan, agreement or arrangement to which the Company or the Employee are parties.

7. This Agreement is personal in its nature and neither party hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, that in the event of the merger, consolidation, transfer, or sale of all, substantially all or a substantial portion of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the party hereunder.

8. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

9. This Agreement shall not be modified in any respect except by a writing executed by each party hereto.

10. This Agreement shall be governed by the laws of the Commonwealth of Virginia, without regard to the conflicts of laws principles thereof.

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

HOOKER FURNITURE CORPORATION

By: _____

Title: _____

[EMPLOYEE]

[SCHEDULE I TO FORM OF BENEFIT TERMINATION AGREEMENT]

The Company entered into a Benefit Termination Agreement with each of the executive officers of the Company named below and made a lump sum cash payment to each such executive officer pursuant to Section 4 of the Agreement in the amount set forth next to his name:

1.	Paul B. Toms, Jr.	\$ 6,625.00
2.	Douglas C. Williams	\$21,945.00
3.	E. Larry Ryder	\$21,945.00
4.	Raymond T. Harm	\$ 2,556.00
5.	Henry P. Long, Jr.	\$14,124.00
6.	Michael P. Spece	\$ 2,305.00

**HOOKER FURNITURE CORPORATION
SUPPLEMENTAL RETIREMENT INCOME PLAN**

Effective as of
December 1, 2003

HOOKER FURNITURE CORPORATION
SUPPLEMENTAL RETIREMENT INCOME PLAN

Purpose

The Board of Directors of Hooker Furniture Corporation (the "Company") has determined that the adoption of the Hooker Furniture Corporation Supplemental Retirement Income Plan (the "Plan") will assist it in attracting and retaining those employees whose judgment, abilities and experience will contribute to the Company's continued progress. The Plan is intended to be unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, as described under sections 201(2), 301(a)(3), and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan shall be administered and construed in a manner that is consistent with this intent.

Article I
Definitions

As defined herein, the following phrases or terms shall have the indicated meanings:

1.1. "Administrative Committee" means the Administrative Committee, consisting of at least three employees of the Company as appointed by the Board, which shall manage and administer the Plan in accordance with the provisions of Article X.

1.2. "Affiliate" means any entity that is (i) a member of a controlled group of corporations as defined in Section 1563(a) of the Internal Revenue Code of 1986, as amended (the "Code"), determined without regard to Code Sections 1563(a)(4) and 1563(e)(3)(C), of which the Company is a member according to Code Section 414(b); (ii) an unincorporated trade or business that is under common control with the Company, as determined according to Code Section 414(c); or (iii) a member of an affiliated service group of which the Company is a member according to Code Section 414(m).

1.3. "Beneficiary" means the person, persons, entity, entities or the estate of a Participant entitled to receive a benefit under Section 3.6 of the Plan on account of the Participant's death.

1.4. "Board" means the Board of Directors of the Company.

1.5. "Change in Control" means:

(a) The acquisition, other than from the Company by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of either the then outstanding

shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, but excluding for this purpose, any such acquisition by the Company or any of its subsidiaries, or any employee benefit plan (or related trust) of the Company or its subsidiaries, or any corporation with respect to which, following such acquisition, more than 50% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by the individuals and entities who were the beneficial owners, respectively, of the common stock and voting securities of the Company immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the then outstanding shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, as the case may be; or

(b) Individuals who, as of the date hereof, constitute the Board (as of the date hereof the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the date hereof whose election or nomination for election by the Company’s shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company; or

(c) Approval by the stockholders of the Company of a reorganization, merger or consolidation, in each case, with respect to which the individuals and entities who were the respective beneficial owners of the common stock and voting securities of the Company immediately prior to such reorganization, merger or consolidation do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation, or a complete liquidation or dissolution of the Company or of its sale or other disposition of all or substantially all of the assets of the Company

1.6. “Code” means the Internal Revenue Code of 1986, as amended.

1.7. “Company” means Hooker Furniture Corporation, a Virginia corporation, and any successor thereto by merger, purchase or otherwise.

1.8. “Earnings” means the total base salary and bonuses paid by the Company and any Affiliate to the Participant. For purposes of this definition, bonuses do not include any payment to a Participant to reimburse him in whole or in part for any tax liability or any other special nonrecurring payment.

1.9. “Eligible Employee” means an officer of the Company or of an Affiliate.

1.10. "Effective Date" means December 1, 2003.

1.11. "Final Average Monthly Earnings" means a Participant's average monthly Earnings during the 60 consecutive calendar month period ending on the last day of the last full month immediately preceding or coinciding with the date on which the Participant's employment with the Company or an Affiliate terminates. Months completed prior to the Plan's Effective Date shall be taken into account in computing a Participant's Final Average Monthly Earnings. In the event that a Participant does not have 60 consecutive full calendar months of employment with the Company or an Affiliate, the average shall be based on the Participant's actual number of consecutive full calendar months of employment.

1.12. "Normal Retirement Age" means the Participant's 65th birthday.

1.13. "Participant" means an Eligible Employee who is designated by the Board for participation in the Plan in accordance with the provisions of Article II. An individual shall remain a Participant for so long as the individual is entitled to receive a vested Supplemental Benefit under the Plan.

1.14. "Plan" means the Hooker Furniture Corporation Supplemental Retirement Income Plan.

1.15. "Supplemental Benefit" means the benefit described in Article III of the Plan.

Article II
Participation

The Board shall designate in its sole discretion the Eligible Employees who may participate in the Plan from time to time. Participants shall be identified in the attached Appendix A. A Participant shall continue to participate in the Plan until such date as the Board may declare that he is no longer a Participant.

Article III
Amount and Payment of Benefits

3.1. Supplemental Benefit. A Participant's Supplemental Benefit shall be a monthly retirement benefit equal to forty percent (40%) of the Participant's Final Average Monthly Earnings, payable in a series of equal monthly payments for a period of one-hundred and eighty (180) months following the Participant's termination of employment with the Company or an Affiliate.

3.2. Entitlement to Benefit. Each Participant shall be entitled to receive the vested percentage of his Supplemental Benefit upon termination of his employment with the Company or an Affiliate. A Participant shall become vested in 75% of his Supplemental Benefit if he remains continuously employed with the Company or an Affiliate until his attainment of age 60, and shall become ratably vested in the remaining portion of his Supplemental Benefit if he remains in continuous employment according to the following vesting schedule:

Attainment of Age	Vested Percentage of the Supplemental Benefit
60	75%
61	80%
62	85%
63	90%
64	95%
65	100%

Notwithstanding the forgoing, the Board may in its discretion designate that a Participant will be subject to a vesting schedule different from the schedule contained in this Section 3.2. Any such designation of an alternative vesting schedule, and the Participant or Participants to which the alternative vesting schedule applies, shall be described in the attached Appendix B.

3.3. Time of Payment. The vested portion of the Participant's Supplemental Benefit, if any, shall begin to be paid on the first day of the month following the Participant's termination of employment or as soon thereafter as is reasonably practicable, but no later than the fifteenth (15th) day of such month.

3.4. Pre-Retirement Survivor Benefit. If a Participant dies while employed by the Company and before commencement of payment of his vested Supplemental Benefit, the Participant's Beneficiary shall be entitled to a death benefit equal to Participant's vested Supplemental Benefit and payable in accordance with Sections 3.1 and 3.3.

3.5. Post-Retirement Survivor Benefit. If a Participant dies after commencement of payment of his vested Supplemental Benefit, then the balance of any remaining payment of his vested Supplemental Benefit shall continue to be paid to his Beneficiary over the remaining period of such payments.

3.6. Designation of Beneficiary. A Participant may, at any time and in a manner determined by the Administrative Committee, designate a beneficiary and one or more contingent beneficiaries (which may include the Participant's estate) to receive any Supplemental Benefit which may be payable under this Plan upon his death. If the Participant does not designate a beneficiary or contingent beneficiary, or if the beneficiary and the contingent beneficiaries do not survive the Participant, such Supplemental Benefit shall be paid to the Participant's estate. A Participant may revoke or change any designation made under this Section 3.6 in a time and manner determined by the Administrative Committee.

3.7. Change in Control. Upon the occurrence of a Change in Control, each Participant who has not yet begun to receive payment of his Supplemental Benefit shall become fully vested in his Supplemental Benefit, and the present value of each such Participant's Supplemental Benefit shall be paid in a single lump sum to the Participant (or his Beneficiary in the event of

his death) within no later than fifteen (15) days following the Change in Control. In addition, the present value of the unpaid balance of any Participant's vested Supplemental Benefit for which payment commenced prior to the Change in Control shall be paid in a single lump sum to such Participant or his Beneficiary, as applicable, within no later than fifteen (15) days following the Change in Control. For purposes of this Section 3.7, the present value of a Participant's Supplemental Benefit shall be determined by applying a discount rate equal to the discount rate required to be applied for purposes of Code Section 280G and applicable regulations thereunder, as in effect on the date of the Change in Control.

Article IV
Guarantees

The Company has only a contractual obligation to make payments of the benefits described in Article III. All benefits are to be satisfied solely out of the general corporate assets of the Company, which shall remain subject to the claims of its creditors. No assets of the Company will be segregated or committed to the satisfaction of its obligations to any Participant or Beneficiary under this Plan. If the Company, in its sole discretion, elects to purchase life insurance on the life of a Participant in connection with the Plan, the Participant must submit to a physical examination, if required by the insurer, and otherwise cooperate in the issuance of such policy or his rights under the Plan will be forfeited.

Article V
Termination of Employment or Participation

5.1. The Plan does not in any way limit the right of the Company or an Affiliate at any time and for any reason to terminate the Participant's employment or terminate such Participant's status as an Eligible Employee, or limit the right of the Board pursuant to Article II to declare that a Participant shall no longer be a Participant. In no event shall the Plan, by its terms or by implication, constitute an employment contract of any nature whatsoever between the Company or an Affiliate and a Participant.

5.2. A Participant who ceases to be an Eligible Employee, whose employment with the Company or an Affiliate is terminated or whom the Board declares is no longer a Participant shall immediately cease to be a Participant under this Plan and shall be entitled to receive the vested portion of his accrued Supplemental Benefit, if any, subject to the provisions of Article III. A Participant on an authorized leave of absence from the Company or an Affiliate shall not be deemed to have terminated employment or to have lost his status as an Eligible Employee for the duration of such authorized leave of absence.

5.3. A Participant who ceases to be an employee of the Company or an Affiliate and who is subsequently reemployed by the Company or an Affiliate shall not accrue any additional benefits on account of such later service for periods in which he is not a Participant.

Article VI
Termination, Amendment or Modification of Plan

6.1. Except as otherwise specifically provided, the Board reserves the right to terminate, amend or modify this Plan, wholly or partially, at any time and from time to time.

6.2. Section 6.1 notwithstanding, no action to terminate, amend or modify the Plan shall be taken except upon written notice to each Participant to be affected thereby, which notice shall be given not less than thirty (30) days prior to such action. Furthermore, no action to terminate, amend or modify the Plan may eliminate or reduce in any way the vested portion of the Participant's accrued vested Supplemental Benefit.

6.3. Any notice which shall be or may be given under the Plan shall be in writing and shall be mailed by United States mail, postage prepaid. If notice is to be given to the Company, such notice shall be addressed to its corporate offices; addressed to the attention of the Corporate Secretary. If notice is to be given to a Participant, such notice shall be addressed to the Participants last known address.

Article VII
Other Benefits and Agreements

The benefits provided for a Participant and his Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program maintained by the Company or any Affiliate for their employees. The Plan shall supplement and shall not supersede, modify or amend any other plan or program of the Company or an Affiliate in which a Participant is participating.

Article VIII
Restrictions on Transfer of Benefits

No right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit. If any Participant or Beneficiary under the Plan should become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber or charge any right to a benefit hereunder, then such right or benefit, in the discretion of the Board, shall cease and terminate, and, in such event, the Board may hold or apply the same or any part thereof for the benefit of such Participant or Beneficiary, his or her spouse, children, or other dependents, or any of them, in such manner and in such portion as the Board may deem proper.

Article IX
Claims Procedures

9.1. Any claim by a Participant or Beneficiary (the "claimant") with respect to eligibility, participation, contributions, benefits or other aspects of the operation of the Plan shall be made in writing to the Administrative Committee.

9.2. If the claim is denied in whole or in part, the claimant shall be furnished written notice of the denial of the claim within ninety (90) days after the Administrative Committee's receipt of the claim, or within one hundred eighty (180) days after such receipt if special circumstances require an extension of time. If special circumstances require an extension of time, the claimant shall be furnished written notice prior to the termination of the initial ninety (90) day period which explains the special circumstances requiring an extension of time and the day by which the Administrative Committee expects to render the benefit determination. A written notice of denial of the claim shall contain the following information:

- (a) Specific reason or reasons for denial,
- (b) Specific reference to pertinent Plan provisions on which the denial is based,
- (c) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why the material or information is necessary, and
- (d) A description of the Plan's review procedures and the time limits applicable to the procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following a denial upon review of the claim.

9.3. The claimant may appeal the denial of a claim by submitting a written request for review to the Board, as the case may be, within sixty (60) days following the date the claimant received written notice of the denial of his or her claim. The Board shall afford the claimant a full and fair review of the decision denying the claim that takes into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial determination, and, if so requested, shall:

- (a) provide, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim, and
- (b) permit the claimant to submit written comments, documents, records and other information relating to the claim.

9.4. The decision on review by the Board shall be in writing and shall be issued within sixty (60) days following receipt of the request for review. The period for decision may be extended to a date not later than one hundred twenty (120) days after such receipt if the Board

determines that special circumstances require extension. If special circumstances require an extension of time, the claimant shall be furnished written notice prior to the termination of the initial sixty (60) day period which explains the special circumstances requiring an extension of time and the date by which the Board expects to render its decision on review. The decision on review shall include:

- (a) Specific reason or reasons for the adverse determination,
- (b) references to the specific Plan provisions on which the determination is based,
- (c) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claimant's claim, and
- (d) a statement of the claimant's right to bring an action under Section 502(a) of ERISA.

9.5. For purposes of this Article IX, any action required or authorized to be taken by the claimant may be taken by a representative authorized in writing by the claimant to represent him.

Article X
Administration of the Plan

10.1. The Plan shall be administered by the Administrative Committee. Subject to the provisions of the Plan, the Administrative Committee may adopt such rules and regulations as may be necessary to carry out the purposes hereof. Except as specifically provided in Article IX, the Administrative Committee's interpretation and construction of any provision of the Plan shall be final and conclusive.

10.2. The Company shall indemnify and save harmless each member of the Administrative Committee against any and all expenses and liabilities arising out of his membership on such Committee, excepting only expenses and liabilities arising out of his own willful misconduct. Expenses against which a member of the Administrative Committee shall be indemnified hereunder shall include without limitation, the amount of any settlement or judgment, costs, counsel fees, and related charges reasonably incurred in connection with a claim asserted, or a proceeding brought or settlement thereof. The foregoing right of indemnification shall be in addition to any other rights to which any such member may be entitled.

10.3. In addition to the powers hereinabove specified, the Administrative Committee shall have the power to compute and certify the amount and kind of benefits from time to time payable to Participants and their Beneficiaries under the Plan, to authorize all disbursements for such purposes, and to determine whether a Participant is entitled to a benefit under Article III.

10.4. To enable the Administrative Committee to perform its functions, the Company shall supply full and timely information to the Administrative Committee on all matters relating to the Earnings of all Participants, their retirement, death or other cause for termination of employment, and such other pertinent facts as the Committee may require.

Article XI
Miscellaneous

11.1. The Plan shall be binding upon the Company and its successors and assigns (subject to the powers set forth in Article VI) and upon a Participant, his Beneficiary, and their respective assigns, heirs, executors and administrators.

11.2. To the extent not preempted by federal law, the Plan shall be governed and construed under the laws of the Commonwealth of Virginia without regard to the conflict of law provisions of any jurisdiction.

11.3. Masculine pronouns wherever used shall include feminine pronouns and the use of the singular shall include the plural.

11.4. All amounts payable under the Plan shall be reduced for the amounts required to be withheld pursuant to applicable federal, state or local withholding tax requirements or any similar provisions. Notwithstanding the foregoing, the Company may, in its discretion, pay withholding taxes from other amounts payable by the Company to a Participant or Beneficiary to the extent such withholding taxes are due prior to the time that benefits are payable under the Plan.

IN WITNESS WHEREOF, this instrument has been executed this 31st day of December, 2003.

HOOKER FURNITURE CORPORATION

By: /s/ Douglas C. Williams

Title: President

APPENDIX A

PARTICIPANTS

The following Eligible Employees have been designated by the Board of Directors as Participants in the Plan:

<u>Name of Participant</u>	<u>Participation Commencement Date</u>
Paul B. Toms, Jr.	December 1, 2003
Douglas C. Williams	December 1, 2003
E. Larry Ryder	December 1, 2003
Raymond T. Harm	December 1, 2003
Henry P. Long, Jr.	December 1, 2003
Michael P. Spece	December 1, 2003
R. Gary Armbrister	December 1, 2003

ALTERNATIVE VESTING SCHEDULES

In accordance with the provisions of Section 3.1 of the Plan, the Board has determined that the following alternative vesting schedule(s) shall apply to the following Plan Participants:

A. Vesting Schedule for Michael P. Spece

Michael P. Spece shall become 100% vested in his Supplemental Benefit if he remains continuously employed with the Company until his attainment of age 60.

Form 10-Q for the Quarterly Period Ended February 29, 2004
SECTION 13a-14(a) CERTIFICATION

I, Paul B. Toms, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hooker Furniture Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 5, 2004

/s/ Paul B. Toms, Jr.

Paul B. Toms, Jr.
Chairman and Chief Executive Officer

Form 10-Q for the Quarterly Period Ended February 29, 2004
SECTION 13a-14(a) CERTIFICATION

I, E. Larry Ryder, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hooker Furniture Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 5, 2004

/s/ E. Larry Ryder

E. Larry Ryder
Executive Vice President - Finance and
Administration and Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Hooker Furniture Corporation (the "Company") Quarterly Report on Form 10-Q for the period ending February 29, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul B. Toms, Jr., Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 5, 2004

By: /s/ Paul B. Toms, Jr.

Paul B. Toms, Jr.
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Hooker Furniture Corporation (the "Company") Quarterly Report on Form 10-Q for the period ending February 29, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, E. Larry Ryder, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 5, 2004

By: /s/ E. Larry Ryder

E. Larry Ryder
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.