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 May 3, 2009**

Commission file number **000-25349**

HOOKER FURNITURE CORPORATION

(Exact name of registrant as specified in its charter)

Virginia	**54-0251350**
(State or other jurisdiction of incorporation or organization)	*(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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated Filer ☐	Accelerated filer x
Non-accelerated Filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of **June 12, 2009**

Common stock, no par value	**10,771,912**
(Class of common stock)	*(Number of shares)*

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	May 3, 2009	February 1, 2009
Assets		
Current assets		
Cash and cash equivalents	**$ 26,205**	$ 11,804
Trade accounts receivable, less allowance for doubtful accounts of **$1,917** and $2,207 on each date	**25,557**	30,261
Inventories	**47,139**	60,248
Income tax recoverable	**397**	186
Prepaid expenses and other current assets	**3,718**	4,550
Total current assets	**103,016**	107,049
Property, plant and equipment, net	**24,478**	24,596
Intangible assets	**4,123**	4,805
Cash surrender value of life insurance policies	**14,059**	13,513
Other assets	**3,703**	3,504
Total assets	**$ 149,379**	$ 153,467
Liabilities and Shareholders' Equity		
Current liabilities		
Trade accounts payable	**$ 6,612**	$ 8,392
Accrued salaries, wages and benefits	**2,282**	2,218
Other accrued expenses	**2,974**	2,279
Current maturities of long-term debt	**2,953**	2,899
Total current liabilities	**14,821**	15,788
Long-term debt, excluding current maturities	**1,560**	2,319
Deferred compensation	**5,852**	5,606
Other long-term liabilities	**34**	44
Total liabilities	**22,267**	23,757
Shareholders' equity		
Common stock, no par value, **20,000** shares authorized, **10,772** shares issued and outstanding on each date	**17,015**	16,995
Retained earnings	**109,840**	112,450
Accumulated other comprehensive income	**257**	265
Total shareholders' equity	**127,112**	129,710
Total liabilities and shareholders' equity	**$ 149,379**	$ 153,467

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

HOOKER FURNITURE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Thirteen Weeks Ended	
	May 3 2009	May 4, 2008
Net sales	**$ 52,063**	$ 71,027
Cost of sales	**40,836**	54,291
Gross profit	**11,227**	16,736
Selling and administrative expenses	**11,181**	12,786
Intangible asset impairment charge	**673**	
Operating (loss) income	**(627)**	3,950
Other (expense) income, net	**(3)**	187
(Loss) income before income taxes	**(630)**	4,137
Income tax (benefit) expense	**(174)**	1,532
Net (loss) income	**$ (456)**	$ 2,605
(Loss) earnings per share:		
Basic	**$ (0.04)**	$ 0.23
Diluted	**$ (0.04)**	$ 0.23
Weighted average shares outstanding:		
Basic	**10,752**	11,533
Diluted	**10,757**	11,539
Cash dividends declared per share	**$ 0.10**	$ 0.10

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

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

	Thirteen Weeks Ended	
	May 3, 2009	May 4, 2008
Cash flows from operating activities		
Cash received from customers.	**$ 56,838**	$ 74,776
Cash paid to suppliers and employees	**(39,872)**	(64,232)
Income taxes paid, net	**(156)**	(2,061)
Interest (paid) received, net	**(128)**	161
Net cash provided by operating activities	**16,682**	8,644
Cash flows from investing activities		
Purchase of property, plant and equipment	**(602)**	(473)
Proceeds received on the sale of property and equipment	**9**	
Premiums paid on life insurance policies	**(280)**	(283)
Proceeds received on life insurance policies	**374**	357
Net cash used in investing activities	**(499)**	(399)
Cash flows from financing activities		
Purchases and retirement of common stock		(856)
Cash dividends paid	**(1,077)**	(1,156)
Payments on long-term debt	**(705)**	(655)
Net cash used in financing activities	**(1,782)**	(2,667)
Net increase in cash and cash equivalents	**14,401**	5,578
Cash and cash equivalents at beginning of period	**11,804**	33,076
Cash and cash equivalents at end of period	**$ 26,205**	$ 38,654
Reconciliation of net income to net cash provided by operating activities		
Net (loss) income	**$ (456)**	$ 2,605
Depreciation and amortization	**730**	574
Non-cash restricted stock awards and performance grants	**20**	148
Provision for doubtful accounts	**183**	96
Deferred income tax (benefit) expense	**(141)**	187
Asset impairment charge	**673**	
Changes in assets and liabilities:		
Trade accounts receivable	**4,521**	3,584
Inventories	**13,109**	4,405
Prepaid expenses and other assets	**(83)**	(465)
Trade accounts payable	**(1,780)**	(532)
Accrued salaries, wages and benefits	**64**	(1,125)
Accrued income taxes		(716)
Other accrued expenses	**(382)**	(442)
Deferred compensation	**192**	325
Other long-term liabilities	**32**	
Net cash provided by operating activities	**$ 16,682**	$ 8,644

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

(Dollar and share amounts in tables, except per share amounts, in thousands unless otherwise indicated)

1. Preparation of Interim Financial Statements

The condensed consolidated financial statements of Hooker Furniture Corporation and subsidiaries (referred to as "we," "us," "our," "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 statement 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 U.S. generally accepted accounting principles ("GAAP") are condensed or omitted pursuant to SEC rules and regulations. However, we believe 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 audited condensed consolidated financial statements and accompanying notes included in our annual report on Form 10-K for the fiscal year ended February 1, 2009.

The financial statements contained herein are being filed as part of a quarterly report on Form 10-Q covering the thirteen-week period (also referred to as "three months," "three-month period," "quarter" or "quarterly period") that began February 2, 2009 and ended on May 3, 2009. These financial statements also include the thirteen-week period that began February 4, 2008 and ended on May 4, 2008.

References to the 2010 fiscal year and comparable terminology in the notes to the consolidated financial statements mean the fiscal year that began February 2, 2009 and will end January 31, 2010. References to the 2009 fiscal year and comparable terminology in the notes to the consolidated financial statements mean the fiscal year that began February 4, 2008 and ended February 1, 2009.

We made a change in accounting principle in fiscal 2009 to classify shipping and warehousing costs associated with the distribution of finished products to our customers, as well as certain supply chain and operations management expenses, as cost of sales (previously recorded in selling, general and administrative expense). We believe this accounting principle is preferable because the classification of these shipping and warehousing costs in cost of sales better reflects the cost of producing, selling and distributing our products. The reclassification due to this change in accounting principle amounted to $4.6 million for the 2009 first quarter.

2. Inventories

	May 3, 2009	February 1, 2009
Finished furniture	**$ 52,405**	$ 64,865
Furniture in process	**836**	900
Materials and supplies	**7,412**	8,207
Inventories at FIFO	**60,653**	73,972
Reduction to LIFO basis	**13,514**	13,724
Inventories	**$ 47,139**	$ 60,248

3. **Property, Plant and Equipment**

	May 3, 2009	February 1, 2009
Buildings and land improvements	**$ 23,676**	$ 23,676
Machinery and equipment	**3,690**	3,665
Furniture and fixtures	**27,189**	26,656
Other	**3,887**	3,886
Total depreciable property at cost	**58,442**	57,883
Less accumulated depreciation	**36,279**	35,695
Total depreciable property, net	**22,163**	22,188
Land	**1,357**	1,357
Construction in progress	**958**	1,051
Property, plant and equipment, net	**$ 24,478**	$ 24,596

4. **Intangible Assets**

	May 3, 2009	February 1, 2009
Non-amortizable Intangible Assets		
Trademarks and trade names – Bradington-Young	**$ 2,616**	$ 3,289
Trademarks and trade names – Sam Moore	**396**	396
Trademarks and trade names – Opus Designs	**1,057**	1,057
Total trademarks and trade names	**4,069**	4,742
Amortizable Intangible Assets		
Non-compete agreements	**700**	700
Furniture designs	**100**	100
Total amortizable intangible assets	**800**	800
Less accumulated amortization	**746**	737
Net carrying value	**54**	63
Intangible assets	**$ 4,123**	$ 4,805

During the 2010 first quarter, the continuing economic recession has resulted in steepening year-over-year declines in net sales for each of our businesses. In evaluating the carrying value of our trade names using the relief from royalty method, we determined that the Bradington-Young trade name was further impaired compared to the adjusted carrying value we recorded for that trade name as of February 1, 2009. As a result we recorded an additional intangible asset impairment charge of $673,000 during the 2010 first quarter.

5. **Other Comprehensive Income**

	Thirteen Weeks Ended	
	May 3, 2009	May 4, 2008
Net (loss) income	**$ (456)**	$ 2,605
(Loss) gain on interest rate swaps	**(19)**	2
Portion of swap agreement's fair value reclassified to interest expense	**62**	46
Unrealized gain on interest rate swaps	**43**	48
Portion of accumulated actuarial gain on Supplemental Retirement Income Plan reclassified to deferred compensation expense	**(55)**	
Other comprehensive (loss) income before tax	**(12)**	48
Income tax benefit (expense)	**4**	(18)
Other comprehensive (loss) income, net of tax	**(8)**	30
Comprehensive (loss) income	**$ (464)**	$ 2,635

6. **Accounting Pronouncements**

In December 2007, the FASB issued a revision to SFAS No. 141R, "Business Combinations." The objective of this Statement is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, this statement establishes principles and requirements for how the acquirer: a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption of this standard is not permitted. Consequently, we adopted the standard in our fiscal year 2010 first quarter, which began February 2, 2009. The adoption of SFAS 141R did not have an impact on our financial position or results of operations.

In March 2008, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133." The objective of this statement is to require enhanced disclosures about an entity's derivative and hedging activities and to improve the transparency of financial reporting. This statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. This statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. Consequently, we adopted this standard effective with our fiscal year 2010 first quarter, which began February 2, 2009. The adoption of SFAS No. 161 did not have a material impact on our financial position or results of operations.

On April 9, 2009 the FASB issued FASB Staff Position ("FSP") FAS 107-1 and Accounting Principles Board ("APB") 28-1, "Interim Disclosures about Fair Value of Financial Instruments". This statement requires disclosures about the fair value of financial instruments for annual and interim reporting periods of publicly traded companies. This FSP also amends APB Opinion No. 28, Interim Financial Reporting, to require those disclosures in summarized financial information at interim reporting periods. FSP FAS 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. An entity may early adopt this FSP only if it also elects to early adopt FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly, and FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption. We expect to adopt this standard during our fiscal 2010 second quarter, which began on May 4, 2009. The adoption of this standard is not expected to have a material impact on our financial position or results of operations.

On April 9, 2009 the FASB issued FSP FAS 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly.” FSP FAS 157-4 provides additional guidance for estimating fair value in accordance with Statement No. 157, Fair Value Measurements, when the volume and level of activity for the asset or liability have significantly decreased and provides additional guidance on the Statement No. 157 disclosure requirements. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. FSP FAS 157-4 is effective for interim and annual reporting periods ending after June 15, 2009, and should be applied prospectively. Early adoption is permitted for periods ending after March 15, 2009. Earlier adoption for periods ending before March 15, 2009 is not permitted. If a reporting entity elects to adopt early FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments, or FSP FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments, the reporting entity also is required to adopt early this FSP. Additionally, if the reporting entity elects to adopt early this FSP, FSP FAS 115-2 and FAS 124-2 also must be adopted early. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption. We expect to adopt this standard during our fiscal 2010 second quarter. The adoption of this standard is not expected to have a material impact on our financial position or results of operations.

7. Supplier Commitments

In fiscal year 2009 we advanced payments to one of our finished goods suppliers against our purchase orders placed with that supplier. The purpose of the advances was to facilitate the supplier’s purchase of raw materials in order to ensure timely delivery of furniture shipments to us. The current balance of the advances is approximately $1,000. We also assisted the supplier in obtaining additional bank financing by issuing a standby letter of credit in the amount of $600,000, which expires in July 2009, as security for that financing. In conjunction with the issuance of the letter of credit, we entered into a security agreement with the supplier, which provides us with a security interest in certain assets of the supplier and its shareholders. Our maximum exposure under the advances and the standby letter of credit as of May 3, 2009 is approximately $601,000, which we believe to be adequately secured under this arrangement.

8. 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 our earnings. Restricted shares awarded to non-employee members of the board of directors that have not yet vested are considered when computing diluted earnings per share. As of May 3, 2009, there were approximately twenty thousand shares of non-vested restricted stock outstanding.

	Thirteen Weeks Ended	
	May 3, 2009	May 4, 2008
Net (loss) income	**$ (456)**	$ 2,605
Weighted average shares outstanding for basic earnings per share	**10,752**	11,533
Dilutive effect of non-vested restricted stock awards	**5**	6
Weighted average shares outstanding for diluted earnings per share	**10,757**	11,539
Basic (loss) earnings per share	**$ (0.04)**	$ 0.23
Diluted (loss) earnings per share	**$ (0.04)**	$ 0.23

9. **Share-Based Compensation**

The Hooker Furniture Corporation 2005 Stock Incentive Plan permits incentive awards of restricted stock, restricted stock units, stock appreciation rights and performance grants to key employees and non-employee directors. We have issued annual restricted stock awards to each non-employee member of the board of directors since January 2006. These shares will vest if the director remains on the board through a 36-month service period or may vest earlier in accordance with terms specified in the plan. We account for these awards as "non-vested equity shares." For each restricted common stock issuance, the following table summarizes the actual number of shares that have been issued/vested/forfeited, the weighted average issue price of those shares on the grant date, the fair value of each grant on the grant date, compensation expense recognized for the non-vested shares of each grant and the remaining fair value of the non-vested shares of each grant as of May 3, 2009:

	Whole Number of Shares	Grant-Date Fair Value Per Share	Aggregate Grant-Date Fair Value	Compensation Expense Recognized	Grant-Date Fair Value Unrecognized At May 3, 2009
Shared Issued on January 16, 2006					
Issued	4,851	$ 15.31	$ 74		
Forfeited	(784)	15.31	(12)		
Vested	(4,067)	15.31	(62)	$ 62	
				62	
Shares Issued on January 15, 2007					
Issued	4,875	$ 15.23	74	58	$ 16
Shares Issued on January 15, 2008					
Issued	4,335	$ 19.61	85	38	47
Shares Issued on January 15, 2009					
Issued	10,474	$ 8.12	85	9	76
Awards outstanding at **May 3, 2009:**	**19,684**		**$ 244**	**$ 167**	**$ 139**

10. **Interest Rate Swaps (Derivative Financial Instruments)**

We may enter into swap agreements to hedge against the potential impact of increases in interest rates on our debt instruments. By using swap agreements to hedge exposures to changes in interest rates, we expose ourselves to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the swap agreement. We attempt to minimize this credit risk by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of the swap agreement that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

We are party to an interest rate swap agreement that in effect provides for a fixed interest rate of 4.1% through 2010 on our term loan. In addition in 2003, we terminated a similar swap agreement, which in effect provided a fixed interest rate of approximately 7.4% on that term loan. We made a $3.0 million payment to terminate that former swap agreement, which is being amortized over the remaining repayment period of the loan, resulting in an effective fixed interest rate of approximately 7.4% on the term loan. We account for our interest rate swap agreements as a cash flow hedges and recognize the fair value of our existing agreement and the unamortized portion of the termination payment on the balance sheet in shareholders' equity under the caption "accumulated other comprehensive income". The related gains or losses on these instruments are recorded through comprehensive income and accordingly are included in accumulated other comprehensive income on the balance sheet until recognized in net income. The gains or losses on these transactions are recognized in net income in the periods in which interest expense on our term note (the related hedged item) is recognized in net income.

The aggregate fair market value of our interest rate swap agreements decreases when interest rates decline and increases when interest rates rise. Overall, interest rates have declined since the inception of our swap agreements. The aggregate decrease in the fair market value of the effective portion of the existing agreement and the unamortized balance of the termination payment of $116,000 ($187,000 pretax) as of May 3, 2009 and $142,000 ($229,000 pretax) as of February 1, 2009 is reflected under the caption "accumulated other comprehensive income" in the condensed consolidated balance sheets. Substantially all of the aggregate pre-tax decrease in fair market value of the agreement is expected to be reclassified into interest expense during the next twelve months.

At May 3, 2009 we were party to one derivative financial instrument, as described in the following table:

Agreement	Notional Amount	Fixed Interest Rate	Expiration Date	Fair Value
Interest rate swap	**$ 4,513**	**3.09%**	**September 1, 2010**	**$ (98)**

Fair Value Disclosure of Derivative Instruments

In accordance with SFAS No. 157, "Fair Value Measurements" (SFAS No. 157) and SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" (SFAS No. 161), on a combined basis, the following table represents the required quantitative disclosures at May 3, 2009.

	Carrying Value and Balance Sheet Location As of May 3, 2009		Fair Value as of May 3, 2009		
	Other Accrued Expenses	Other Long Term Liabilities	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Swap designated as cash flow hedging instrument:					
Interest rate swap	**$ (80)**	**$ (18)**		**$ (98)**	

	Thirteen Weeks Ended	
	May 3, 2009	May 4, 2008
Swap designated as cash flow hedging instrument:		
(Loss) gain recognized in other comprehensive income	**(19)**	2
(Loss) reclassified from AOCI into interest expense, net	**62**	46

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This quarterly report on Form 10-Q includes our unaudited condensed consolidated financial statements for the thirteen week (also referred to as "three months," "three-month period," "quarter" or "quarterly period") period ended May 3, 2009. This report discusses our results of operations for the period compared to the fiscal year 2009 thirteen-week first quarter that ended May 4, 2008 and our financial condition as of May 3, 2009. References in this report to the 2010 fiscal year or comparable terminology refer to the fiscal year that began February 2, 2009 and will end January 31, 2010.

In the fiscal year 2009 fourth quarter we reclassified shipping and warehousing costs from selling and administrative expenses to cost of sales in our condensed consolidated financial statements and accompanying notes. Accordingly, these costs have also been reclassified for prior periods to conform to the new method of presentation. We reclassified $4.6 million for the 2009 first quarter.

Overview

We have seen a growing consumer preference for lower-priced, high-quality imported furniture products since 2001. Led by the change in consumer demand, from 2003 to 2008 we systematically increased our focus on high-quality imported home furnishings with a coordinated exit from domestic wood furniture manufacturing. We closed our last domestic wood manufacturing plant during the fiscal year 2008 first quarter and completed the sale of all manufacturing assets no longer needed in the business in December 2007. As a result, we have replaced a domestic operating model for wood furniture, which had high overhead and high fixed costs, with a low overhead, variable cost import model. We are now focused on imported wood and metal furniture, as well as both domestically produced and imported upholstered home furnishings. Maintaining domestic upholstered furniture manufacturing allows us to offer four to six week turnaround on orders for custom leather and fabric upholstered seating and remains an important part of our strategy.

Since the fall of 2006, our business has been impacted by low levels of consumer confidence and a weakening housing market. By late 2008, this malaise, exacerbated by weak credit markets, had spread to the broader U.S. economy. As a result, the residential home furnishings industry has seen an unprecedented decline in demand for its products. Steepening year-over-year declines in net sales have continued through the fiscal year 2010 first quarter.

Results of operations for the thirteen-week first quarter ended May 3, 2009 reflect the continuing deterioration in the retail environment for home furnishings. Discretionary purchases of furniture, particularly at the upper-middle price points where we compete, have been highly affected by consumer confidence. Current economic factors, such as rising unemployment, high energy and food costs and a difficult housing and mortgage market, have resulted in a weak retail environment. We believe however, that our business model provides us with the flexibility necessary to adjust to changing market conditions by controlling inventory purchases from suppliers. We also believe that the current economic downturn is temporary and upon economic recovery, we will be well positioned to respond quickly to increased demand.

Following are the principal factors that impacted the Company's results of operations during the quarterly period ended May 3, 2009:

- Net sales declined by $19.0 million, or 26.7%, to $52.1 million during the fiscal year 2010 first quarter compared to net sales of $71.0 million during the fiscal year 2009 first quarter. This decline reflects the continuing year-over-year declines in incoming order rates we have experienced in all operating units since the fiscal 2006 third quarter, resulting from the industry-wide slow down in business at retail.

- Operating loss for the fiscal year 2010 first quarter was $627,000, or 1.2% of net sales, compared to operating income of $4.0 million, or 5.6% of net sales, in the fiscal 2009 first quarter principally due to lower net sales, higher fixed operating and domestic upholstery overhead costs as a percent of net sales, as well as an impairment charge of $673,000 for the value of the Bradington-Young trade name.

Results of Operations

The following table sets forth the percentage relationship to net sales of certain items included in the condensed consolidated statements of operations.

	Thirteen Weeks Ended	
	May 3, 2009	May 4, 2008
Net sales	**100.0%**	100.0%
Cost of sales	**78.4**	76.4
Gross profit	**21.6**	23.6
Selling and administrative expenses	**21.5**	18.0
Intangible asset impairment charge	**1.3**	
Operating (loss) income	**(1.2)**	5.6
Other (expense) income, net		0.3
(Loss) income before income taxes	**(1.2)**	5.8
Income tax (benefit) expense	**(0.3)**	2.2
Net (loss) income	**(0.9)**	3.7

Net sales for the fiscal year 2010 first quarter declined to $52.1 million compared to $71.0 million for the fiscal 2009 first quarter, principally due to lower unit volume attributed to the continued industry-wide slow down in business at retail. Almost every product line and category reported lower sales in the 2010 first quarter compared to the 2009 first quarter, with the exception of Opus Designs by Hooker youth bedroom and our new Envision product line, which was recently introduced to address the needs of a younger consumer.

Unit volume decreased for Hooker imported and domestically produced wood and metal furniture, Bradington-Young domestic and imported leather upholstered furniture and Sam Moore domestic and imported upholstered furniture compared to the fiscal 2009 first quarter. Sales of imported wood and metal furniture and upholstery declined approximately 25% from the prior year quarter, while domestic upholstery sales declined approximately 30% in the same period.

Overall, average selling prices increased during the fiscal year 2010 first quarter compared to the fiscal year 2009 first quarter primarily due to selling price increases implemented during fiscal year 2009 in reaction to cost increases for imported finished goods and raw materials. Imported wood and metal furniture average selling prices increased as a result of price increases partially offset by higher discounting, while selling prices of imported upholstery declined slightly due to heavier discounting and the mix of products shipped. Domestic leather upholstered furniture average selling prices increased slightly principally due to an overall increase in per unit pricing, however overall domestic upholstery prices declined due to the mix of leather and fabric products shipped. The modest decline in imported leather upholstery prices was due to the mix of products shipped and higher discounting on slower-moving products.

Overall, gross profit margin decreased to 21.6% of net sales in the fiscal year 2010 first quarter compared to 23.6% in the fiscal 2009 first quarter, mainly as a result of higher fixed overhead as a percentage of net sales due to significantly lower unit volume for domestically produced upholstered products. While gross margins for wood and metal furniture improved slightly in the fiscal year 2010 first quarter compared to the fiscal 2009 first quarter, margins for upholstered furniture declined.

Selling and administrative expenses decreased to $11.2 million, or 21.5% of net sales for the fiscal year 2010 first quarter, compared to $12.8 million, or 18.0% of net sales for the fiscal year 2009 first quarter. The decrease in spending was principally due to lower selling expenses attributed to lower sales volume as well as to certain cost reduction initiatives undertaken in response to lower sales volume, partially offset by a higher provision for bad debts. Selling and administrative expenses increased as a percentage of net sales, from 18.0% for the fiscal year 2009 first quarter to 21.5% for the fiscal year 2010 first quarter due to lower net sales.

In evaluating the carrying value of our trade names using the relief from royalty method, we determined that the Bradington-Young trade name was further impaired compared to the adjusted carrying value we recorded for that trade name as of February 1, 2009. As a result we recorded an additional intangible asset impairment charge of $673,000 ($419,000 or $0.04 per share, after tax) during the 2010 first quarter.

Excluding the effect of the intangible asset impairment charge, operating profitability for the fiscal 2010 first quarter still declined year over year compared to the fiscal 2009 first quarter, primarily as a result of lower gross profit margins and higher fixed costs as a percent of sales due to lower sales volumes. The following table reconciles operating income as a percentage of net sales ("operating margin") to operating margin excluding this charge as a percentage of net sales for each period:

	Thirteen Weeks Ended	
	May 3, 2009	May 4, 2008
Operating margin, including asset impairment charge	**(1.2)%**	5.6%
Intangible asset impairment charge	**1.3**	
Operating margin, excluding asset impairment charge	**0.1%**	5.6%

The operating margin excluding the impact of the asset impairment charge is a “non-GAAP” financial measure. We provide this information because we believe it is useful to investors in evaluating our ongoing operations. Non-GAAP financial measures are intended to provide insight into selected financial information and should be evaluated in the context in which they are presented. These measures are of limited usefulness in evaluating our overall financial results presented in accordance with GAAP and should be considered in conjunction with the consolidated condensed financial statements, including the related notes included elsewhere in this report.

As a result of the above, we realized an operating loss for the fiscal year 2010 first quarter of $627,000, or 1.2% of net sales, compared to operating income of $4.0 million, or 5.6% of net sales in the fiscal year 2009 first quarter.

Other (expense) income, net amounted to a $3,000 loss for the fiscal year 2010 first quarter compared to income of $187,000 for the fiscal year 2009 first quarter. This decline was the result of a decrease in interest income, due to lower cash and cash equivalent balances and lower rates of return earned on those balances in the fiscal year 2010 first quarter.

We recorded an income tax benefit of $174,000 for the fiscal year 2010 first quarter and $1.5 million expense for the fiscal year 2009 first quarter. Our effective tax rate decreased to 27.6% for the fiscal year 2010 first quarter from 37.0% during the fiscal year 2009 first quarter. The effective rate decreased in the fiscal year 2010 first quarter principally due to an increase in the non-taxable cash surrender value growth of our life insurance policies and non-cash charitable contributions of appreciated finished goods inventory as a percentage of pretax income, although the dollar amount of these items remained relatively stable year-over-year.

Fiscal year 2010 first quarter net loss was $456,000, or $0.04 per share, compared to net income of $2.6 million, or $0.23 per share, in the fiscal year 2009 first quarter.

Outlook

The year over year declines in quarterly incoming orders, which began in the Fall of 2006, continued during the fiscal year 2010 first quarter. We expect that retail conditions will continue to be sluggish for the second quarter of the fiscal year but we expect to see the typical improvement in business during the second half of 2010. However, general economic conditions will continue to have an impact on our performance. We are taking the following actions to address near term challenges to our profitability:

- deferring, reducing or eliminating certain spending plans;
- continuing to refine the management of our supply chain, warehousing and distribution operations; and
- also continuing to reduce our inventory levels to reflect current business conditions and lower sales volumes.

Our domestic upholstery manufacturing operations have been particularly impacted by the prolonged sales downturn due to higher fixed overhead costs as a percentage of our reduced net sales. To mitigate the impact of these sales declines we are:

- pursuing additional distribution channels and offering an array of new products and designs that we believe will generate additional sales growth;
- taking actions to streamline our domestic upholstery operating organization and reduce operating expenses at our Sam Moore Furniture operations; and,
- continuing to evaluate our manufacturing capacity utilization, work schedules and operating costs to better match costs to current sales volume levels.

Financial Condition, Liquidity and Capital Resources

Balance Sheet and Working Capital

As of May 3, 2009, assets totaled $149.4 million, decreasing from $153.5 million at February 1, 2009, principally due to decreases in inventories, accounts receivable, prepaid expenses and other current assets, and intangible assets, partially offset by increases in cash and cash equivalents and cash surrender value of life insurance policies. Shareholders' equity at May 3, 2009 decreased slightly to $127.1 million, compared to $129.7 million at February 1, 2009, due to the net loss for the quarter and dividends paid or accrued. Long-term debt, including current maturities, decreased to $4.5 million at May 3, 2009 from $5.2 million at February 1, 2009, as a result of a scheduled debt repayment.

Working capital decreased by $3.1 million, or 3.4%, to $88.2 million as of May 3, 2009, from $91.3 million at the end of fiscal 2009, as a result of a $4.0 million decrease in current assets, partially offset by a $1.0 million decline in current liabilities. Our working capital ratio (the relationship between our current assets and current liabilities) was 7:1 at May 3, 2009.

The decrease in current assets is principally due to decreases of $13.1 million in inventories, $4.7 million in accounts receivable and $832,000 in prepaid expenses and other current assets, partially offset by an increase of $14.4 million in cash and cash equivalents. Accounts receivable decreased primarily due to lower sales.

Inventories decreased 21.8%, to $47.1 million as of May 3, 2009, from $60.2 million at February 1, 2009, mainly due to lower imported wood inventories, resulting from reduced purchases of finished goods inventory in response to lower incoming order rates.

The decrease in current liabilities is attributed to decreases of $1.8 million in accounts payable partially offset by an increase of $695,000 in other accrued expenses.

Cash Flows – Operating, Investing and Financing Activities

During the three months ended May 3, 2009, cash generated from operations ($16.7 million) and proceeds received on certain life insurance policies ($374,000) funded an increase in cash and cash equivalents ($14.4 million), payment of cash dividends ($1.1 million), a scheduled principal payment on long-term debt ($705,000), capital expenditures to maintain and enhance our business operating systems and facilities ($602,000) and premiums paid on life insurance policies ($280,000).

During the three months ended May 4, 2008, cash generated from operations ($8.6 million) and proceeds received on certain life insurance policies ($357,000) funded an increase in cash and cash equivalents ($5.6 million), payment of cash dividends ($1.2 million), the purchase and retirement of common stock ($856,000), a scheduled principal payment on long-term debt ($655,000), capital expenditures to maintain and enhance the Company's business operating systems and facilities ($473,000) and premiums paid on life insurance policies ($283,000).

We used $499,000 of cash for investing activities during the first three months of fiscal year 2009 compared to $399,000 during the three-month period ended May 4, 2008. During the fiscal year 2010 three-month period, we used $602,000 to purchase property, plant and equipment and paid premiums of $280,000 and received proceeds of $374,000 from company-owned life insurance. In the fiscal year 2009 three-month period, we used $473,000 to purchase property, plant and equipment and paid premiums of $283,000 and received proceeds of $357,000 from company-owned life insurance.

We used $1.8 million of cash for financing activities during the first three months of fiscal year 2010 compared to $2.7 million in the three-month period ended May 4, 2008. During the first three months of fiscal year 2010, we paid cash dividends of $1.1 million, and made payments of $705,000 on our term loan. During the first quarter of fiscal year 2009 we paid cash dividends of $1.2 million, used $856,000 to purchase and retire common stock and made a scheduled principal repayment of $655,000 on our term loan.

Swap Agreements

We may enter into swap agreements to hedge against the potential impact of increases in interest rates on our debt instruments. By using swap agreements to hedge exposures to changes in interest rates, we expose ourselves to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the swap agreement. We attempt to minimize this credit risk by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of the swap agreement that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

We are party to an interest rate swap agreement that in effect provides for a fixed interest rate of 4.1% through 2010 on our term loan. In addition in 2003, we terminated a similar swap agreement, which in effect provided a fixed interest rate of approximately 7.4% on that term loan. We made a $3.0 million payment to terminate that former swap agreement, which is being amortized over the remaining repayment period of the loan, resulting in an effective fixed interest rate of approximately 7.4% on the term loan. We account for our interest rate swap agreements as a cash flow hedges and recognize the fair value of our existing agreement and the unamortized portion of the termination payment on the balance sheet in shareholders' equity under the caption "accumulated other comprehensive income". The related gains or losses on these instruments are recorded through comprehensive income and accordingly are included in accumulated other comprehensive income on the balance sheet until recognized in net income. The gains or losses on these transactions are recognized in net income in the periods in which interest expense on our term note (the related hedged item) is recognized in net income.

The aggregate fair market value of our interest rate swap agreements decreases when interest rates decline and increases when interest rates rise. Overall, interest rates have declined since the inception of our swap agreements. The aggregate decrease in the fair market value of the effective portion of the existing agreement and the unamortized balance of the termination payment of $116,000 ($187,000 pretax) as of May 3, 2009 and $142,000 ($229,000 pretax) as of February 1, 2009 is reflected under the caption "accumulated other comprehensive income" in the condensed consolidated balance sheets. The aggregate fair value of the active swap is $98,000 as of May 3, 2009. The current portion of the swap is reported as Other Accrued Expenses on our balance sheet ($80,000) and the non-current portion is reported as Other Long-Term Liabilities ($18,000). See "Note 5 – Other Comprehensive Income" to the condensed consolidated financial statements included in this report. Substantially all of the aggregate pre-tax decrease in fair market value of the agreement is expected to be reclassified into interest expense during the next twelve months.

Debt Covenant Compliance

The credit agreement for our revolving credit facility and outstanding term loan includes, among other requirements, 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. We were in compliance with these covenants as of May 3, 2009.

Liquidity, Financial Resources and Capital Expenditures

As of May 3, 2009, we had an aggregate $12.6 million available under our revolving credit facility to fund working capital needs. Standby letters of credit in the aggregate amount of $2.4 million, used to collateralize certain insurance arrangements and for imported product purchases, were outstanding under our revolving credit facility as of May 3, 2009. There were no additional borrowings outstanding under the revolving credit line on May 3, 2009. Any principal outstanding under the credit line is due March 1, 2011.

We believe that we have the financial resources (including available cash and cash equivalents, expected cash flow from operations, and lines of credit) needed to meet business requirements for the foreseeable future, including capital expenditures, working capital and repayments of outstanding debt. Cash flow from operations is highly dependent on incoming order rates and our operating performance. We expect to spend an additional $2.4 to $3.4 million in capital expenditures during the remainder of fiscal year 2010 to maintain and enhance our operating systems and facilities.

During the three months that ended May 3, 2009, we reduced outstanding long-term debt, including current maturities by $705,000, through scheduled debt payments.

Dividends

At its June 9, 2009 meeting, our board of directors declared a quarterly cash dividend of $0.10 per share, payable on August 28, 2009 to shareholders of record August 14, 2009.

Accounting Pronouncements

During the fiscal year 2010 first quarter, the Company adopted two new accounting pronouncements, neither of which had a material impact on the Company's financial position or results of operations. See "Note 6 – Accounting Pronouncements" to the condensed consolidated financial statements.

Forward-Looking Statements

Certain statements made in this report, including under "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations," are not based on historical facts, but are forward-looking statements. These statements reflect our reasonable judgment with respect to future events and typically can be identified by the use of forward-looking terminology such as "believes," "expects," "projects," "intends," "plans," "may," "will," "should," "would," "could" or "anticipates," or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy. Forward-looking statements 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:

- current economic conditions and instability in the financial and credit markets including their potential impact on our (i) sales and operating costs and access to financing, (ii) customers and suppliers and their ability to obtain financing or generate the cash necessary to conduct their business;
- general economic or business conditions, both domestically and internationally;
- price competition in the furniture industry;
- changes in domestic and international monetary policies and fluctuations in foreign currency exchange rates affecting the price of our imported products and raw materials;
- the cyclical nature of the furniture industry, which is particularly sensitive to changes in consumer confidence, the amount of consumers' income available for discretionary purchases, and the availability and terms of consumer credit;
- risks associated with the cost of imported goods, including fluctuations in the prices of purchased finished goods and transportation and warehousing costs;

- supply, transportation and distribution disruptions, particularly those affecting imported products;
- adverse political acts or developments in, or affecting, the international markets from which we import products, including duties or tariffs imposed on those products;
- risks associated with domestic manufacturing operations, including fluctuations in capacity utilization and the prices of key raw materials, transportation and warehousing costs, domestic labor costs and environmental compliance and remediation costs;
- our ability to successfully implement our business plan to increase sales and improve financial performance;
- achieving and managing growth and change, and the risks associated with acquisitions, restructurings, strategic alliances and international operations;
- risks associated with distribution through retailers, such as non-binding dealership arrangements;
- capital requirements and costs;
- competition from non-traditional outlets, such as catalog and internet retailers and home improvement centers;
- changes in consumer preferences, including increased demand for lower quality, lower priced furniture due to declines in consumer confidence and/or discretionary income available for furniture purchases and the availability of consumer credit; and
- higher than expected costs associated with product quality and safety, including regulatory compliance costs related to the sale of consumer products and costs related to defective products.

Any forward looking statement that we make speaks only as of the date of that statement, and we undertake no obligation to update any forward-looking statements whether as a result of new information, future events, or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in interest rates and foreign currency exchange rates, which could impact our results of operations and financial condition. We manage our exposure to these risks through our normal operating and financing activities and, in some cases, through the use of interest rate swap agreements with respect to interest rates.

Our obligations under our revolving line of credit and term loan bear interest at variable rates. The outstanding balance under our term loan, including current maturities, amounted to $4.5 million as of May 3, 2009. We have entered into an interest rate swap agreement that, in effect, fixes the rate of interest on our term loan at 4.1% through 2010 (7.4% when the effect of a previously terminated swap agreement is taken into account when determining interest expense). The notional principal value of the swap agreement is equal to the outstanding principal balance of the term loan. A fluctuation in market interest rates of one percentage point (or 100 basis points) would not have a material impact on our results of operations or financial condition. For additional discussion of our swap agreement see “Swap Agreements” in Management’s Discussion and Analysis in our annual report on Form 10-K for the year ended February 1, 2009 and in this quarterly report.

For imported products, we generally negotiate firm pricing denominated in U.S. Dollars with our foreign suppliers, for periods typically of six months to one year. We accept the exposure to exchange rate movements beyond these negotiated periods without using derivative financial instruments to manage this risk. The majority of our imports are purchased from China. The Chinese currency, formerly pegged to the U.S. Dollar, now floats within a limited range in relation to the U.S. Dollar, resulting in additional exposure to foreign currency exchange rate fluctuations.

Since we transact our imported product purchases in U.S. Dollars, a relative decline in the value of the U.S. Dollar could increase the price we pay for imported products beyond the negotiated periods. We generally expect to reflect substantially all of the impact of any price increases from suppliers in the prices we charge for imported products. However, these changes could adversely impact sales volume and profit margin during affected periods.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter ended May 3, 2009. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit 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 Securities and Exchange Commission rules and forms.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting during the quarter ended May 3, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 5. Other Information

On June 10, 2009, we entered into a deferred bonus agreement with Sekar Sundararajan, our Executive Vice President – Operations. The agreement amends and restates a deferred bonus arrangement we previously entered with Mr. Sundararajan on or about February 8, 2008 under an employment offer and an appendix to that document. The original arrangement was amended to include certain claims procedures required under the Employee Retirement Income Security Act of 1974 and to consolidate the arrangement into one document for purposes of clarity and convenience.

Under the agreement, Mr. Sundararajan is credited with a $50,000 bonus for each of fiscal years 2009, 2010 and 2011. If Mr. Sundararajan is continuously employed by us until the end of the next fiscal year, he is entitled to payment of the entire $50,000. If his employment is terminated for any reason before the end of the fiscal year in which a bonus is credited, he is entitled to receive one-third of that $50,000 bonus. If his employment is terminated for any reason during the next fiscal year, he is entitled to receive two-thirds of that $50,000 bonus. The portion of each $50,000 bonus earned by Mr. Sundararajan is payable to him in a single lump sum cash payment as of the last day of the next fiscal year.

For a complete description of the terms of Mr. Sundararajan's deferred bonus arrangement you may refer to his deferred bonus agreement, which has been filed as an exhibit to this report.

Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation of the Company, as amended March 28, 2003 (incorporated by reference to Exhibit 3.1 of the Company’s Form 10-Q (SEC File No. 000-25349) for the quarter ended February 28, 2003)
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company’s Form 10-Q (SEC File No. 000-25349) for the quarter ended August 31, 2006)
4.1	Amended and Restated Articles of Incorporation of the Company (See Exhibit 3.1)
4.2	Amended and Restated Bylaws of the Company (See Exhibit 3.2)
10.1*	Deferred Bonus Agreement for Sekar Sundararajan, dated June 10, 2009
10.2*	Employment Package for Sekar Sundararajan
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 and principal financial officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*Filed herewith

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: June 12, 2009

By: /s/ E. Larry Ryder
E. Larry Ryder
Executive Vice President – Finance and
Administration and Chief Financial Officer

Exhibit Index

Exhibit No.	Description
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*Filed herewith

DEFERRED BONUS AGREEMENT

FOR

SEKAR SUNDARARAJAN

WHEREAS, Hooker Furniture Corporation (the "Company") and Sekar Sundararajan (the "Executive") (collectively, the "Parties") entered into an Employment Package Offer Letter on or about February 8, 2008 (the "Offer Letter") and agreed upon a "Deferred Compensation Vesting Schedule" as described in Appendix 1 to the Offer Letter (the "Appendix");

WHEREAS, the Offer Letter and Appendix constitute a nonqualified deferred compensation plan within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") that is intended to comply with the requirements of Section 409A; and

WHEREAS, the Parties now wish to amend and restate the nonqualified deferred compensation plan described in the Offer Letter and Appendix to consolidate the plan into a single plan document and to add a claims procedure, as required by the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

NOW, THEREFORE, BE IT RESOLVED, that the Parties do hereby agree that this Deferred Bonus Agreement (the "Agreement"), as set forth below, shall amend, restate, supersede and replace the Appendix and that portion of the Offer Letter that concerns the deferred bonus.

1. **<u>Deferred Bonus Amounts</u>**. The Executive shall be awarded a designated deferred bonus (each, a "Deferred Bonus Amount") in the amount and at the date specified in the table below. The vested portion of each Deferred Bonus Amount shall be paid to the Executive (or the Executive's Beneficiary in the event of his death) on the Payment Date designated in the table below.

Fiscal Year	Deferred Bonus Amount	Award Date	Payment Date
2009	$ 50,000	February 8, 2008	January 31, 2010
2010	$ 50,000	February 1, 2009	January 30, 2011
2011	$ 50,000	January 31, 2010	January 29, 2012

2. **<u>Vesting of Deferred Bonus Amounts</u>**. The Executive shall be vested in 33.33% of each Deferred Bonus Amount on the date on which such amount is awarded. The Executive shall be vested in 66.66% of each Deferred Bonus Amount if he remains continuously employed by the Company until the end of the first fiscal year in which the Deferred Bonus Amount was awarded. The Executive shall vest in 100% of each Deferred Bonus Amount if he remains continuously employed by the Company from each respective Award Date through the corresponding Payment Date, as set forth in Section 1 above.

3. **Payment of Deferred Bonus Amounts**. The Company shall pay the Executive the vested portion the Executive's Deferred Bonus Amounts within fifteen (15) business days following the designated Payment Date for that Deferred Bonus Amount, as specified in Section 1 above.

4. **Designation of Beneficiary**. The Executive may designate a Beneficiary to receive any benefits due under this Agreement upon the Executive's death. Such designation must be made by executing a Beneficiary designation form provided by the Company. The Executive may change a Beneficiary designation by executing a subsequent Beneficiary designation form. A Beneficiary designation is not binding on the Company until the Beneficiary designation form is actually delivered to the Company.

5. **Other Benefits and Employment**. Nothing contained herein shall in any way limit the Executive's right to participate in or benefit from any pension, retirement, severance, disability, or other employee benefit plan or arrangement under which he is or may become eligible for by reason of his employment with the Company. No provision of this Agreement shall be construed as conferring upon the Executive the right to continue in the employ of the Company.

6. **Withholding**. Notwithstanding any of the foregoing provisions hereof, the Company may withhold from payments to be made hereunder all applicable federal and state withholding taxes.

7. **Unfunded Arrangement**. There is no fund associated with this Agreement. The Company shall be required to make payments only as benefits become due and payable. The Executive and his Beneficiary shall have no right, other than the right of an unsecured general creditor, against the Company in respect to the benefits payable, or which may be payable, to the Executive and his Beneficiary hereunder. If the Company, acting in its sole discretion, establishes a reserve or other fund associated with this Agreement, the Executive and his Beneficiary shall have no right to or interest in any specific amount or asset of such reserve or fund by reason of amounts which may be payable under this Agreement, and neither the Executive nor his Beneficiary shall have any right to receive any payment under this Agreement except as and to the extent expressly provided in this Agreement.

8. **No Assignment of Benefits**. Any benefits to which the Executive or his Beneficiary may become entitled under this Agreement are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, and any attempt to cause any such benefits to be so subjected shall not be recognized. Benefits are not subject to attachment or legal process for the debts, contracts, liabilities, engagements or torts of the Executive or his Beneficiary. This Agreement does not give the Executive any interest, lien or claim against any specific asset of the Company.

9. **Administration**.

(a) This Agreement shall be administered by the Company, which shall have the express discretionary authority to interpret the terms of this Agreement and to adopt such rules and regulations as it deems necessary to carry out the Agreement. Subject to subsection (b) below, the Company's interpretation and construction of any provision of this Agreement shall be final and conclusive.

(b) Claims Procedures.

(i) Right to File a Claim. The Executive or his Beneficiary (as described in Section 4 of this Agreement) is entitled to file a claim with respect to contributions, benefits or other aspects of the operation of this Agreement. The claim is required to be in writing and must be made to the Company.

(ii) Denial of Claim. If the claim is denied by the Company, the claimant shall be notified in writing within ninety (90) days after 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 Company expects to make its determination. A written notice of denial of the claim shall contain the following information:

(A) Specific reason or reasons for the denial,

(B) Specific reference to the pertinent provisions of the Agreement 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 Agreement’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) ERISA following a denial upon review of the claim.

(iii) Claims Review Procedure.

(A) The Executive or his Beneficiary may request that the Company review the denial of the claim. Such request must be made within sixty (60) days following the date the claimant received written notice of the denial of the claim. The Company shall afford the claimant a full and fair review of the decision denying the claim and shall:

(1) provide, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim, and

(2) permit the claimant to submit written comments, documents, records and other information relating to the claim.

(B) The decision on review by the Company 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 120 days after such receipt if the Company 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 60-day period which explains the special circumstances requiring an extension of time and the date by which the Company expects to render its decision on review. The decision on review shall include:

(1) Specific reason or reasons for the adverse determination,

(2) references to the specific provisions in the Agreement on which the determination is based,

(3) 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

(4) a statement of the claimant's right to bring an action under Section 502(c) of ERISA.

(iv) Authorized Representative: Any action required or authorized to be taken by the claimant pursuant to this Section 1 may be taken by a representative authorized in writing by the claimant to represent the claimant.

10. **Amendment or Termination**. This Agreement may be amended or revoked at any time in whole or in part by the mutual written agreement of the Executive and the Company subject to the provisions of Section 15 presented below.

11. **Successors**. In the event of the dissolution, merger, consolidation or reorganization of the Company, the successor to all or a major portion of the Company's assets shall continue this Agreement, and the successor shall have all of the powers, duties and responsibilities of the Foundation under this Agreement.

12. **Governing Law**. This Agreement shall be construed and enforced in accordance with and governed by the laws of the state of the Commonwealth of Virginia, except to the extent preempted by applicable federal law, and without regard to the conflicts of laws or provisions of any jurisdiction.

13. **Construction**. For construction, the singular and plural include each other where the meaning would be appropriate. The headings in this Agreement have been inserted for convenience of reference only and are to be ignored in any construction of the provisions. If a provision of this Agreement is not valid, that invalidity shall not affect any other provisions of this Agreement.

14. **Counterparts**. 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.

15. **Code Section 409A**. It is intended that this Agreement comply with Section 409A and any regulations, guidance and transition rules issued thereunder, and the Agreement shall be interpreted and operated consistently with that intent. If the Company shall determine that any provisions of this Agreement do not comply with the requirements of Section 409A, the Company shall have the authority to amend the Agreement to the extent necessary (including retroactively) in order to preserve compliance with said Section 409A. The Company shall also have the express discretionary authority to take such other actions as may be permissible to correct any failures to comply with Section 409A.

16. **No Effect on Offer Letter**. This Agreement shall exclusively govern the terms of the deferred bonus and shall have no effect any other terms of the Executive's employment contained in the Offer Letter. Such other terms shall remain in full force and effect.

* * * * *

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the 10th day of June 2009.

HOOKER FURNITURE CORPORATE

/s/ E. Larry Ryder

E. Larry Ryder,
Executive Vice President – Finance and Administration

EMPLOYEE

/s/ Sekar Sundararajan

Sekar Sundararajan

Exhibit 10.2

Employment Package for Sekar Sundararajan

Start date:	February 8, 2008
Title:	Executive Vice President – Operations
Salary:	$250,000 annually, payable $20,833.33 monthly. This position will be classified as a Named Executive for Securities and Exchange Commission reporting and compensation (including bonuses) will be subject to annual review by the Compensation Committee of the Board of Directors.
Bonus:	Annual bonus paid on or about April 15th each year for the fiscal year ended the previous January. Bonus computed at 0.50% of consolidated earnings before tax above $12.5M and subject to a 12.5% positive/negative adjustment based on individual performance and attainment of personal goals. For fiscal years 2009 and 2010 each Annual bonus will vest on the last day of the fiscal year. Bonus for FY 2009, payable April 15, 2009 is guaranteed at a $100,000 minimum subject to the 12.5% adjustment. Should the employee terminate his employment at any time following the beginning of the 2011 fiscal year the annual bonus for the year of termination will be prorated and vest under the following schedule: Terminate during the first fiscal quarter - 25%, terminate during the second fiscal quarter - 50%, terminate during the third fiscal quarter - 75% terminate during the forth fiscal quarter - 100%.
Long-term Incentive:	Eligible if and when approved by the Board of Directors.
Deferred Bonus:	Beginning in FY 2009 for a period of three years through FY 2011, $50,000 shall be deferred each year, payable at the end of the second fiscal year, vesting at 33.33% immediately, and 33.33% vesting at the end of the first year and at the end of year two. Future deferred bonus or other retirement funding options to be negotiated in 2011.

Exhibit 10.2

Group Benefits:	Participation in Company’s 401(k), Group Health, Dental, and Term Life programs. Family medical currently costs the employee approximately $234 monthly.
Vacation:	Four weeks each year.
Expense Reimbursement:	$1,750 monthly, to cover costs of personal travel, accommodations, etc. Should employee relocate within a 75 mile Radius of Martinsville, Virginia, such payments shall cease.
Relocation:	Reimbursement of up to $20,000 for costs of relocation to within a 75 mile radius of Martinsville, Virginia.
Offered:	/s/ Paul B. Toms, Jr. Paul B. Toms, Jr.
Accepted:	/s/ Sekar Sundararajan Sekar Sundararajan

Appendix 1

Exhibit 10.2

Sekar Sundararajan
Deferred Compensation Vesting Schedule

			Vesting Date				
Grant Date	Amount	Payable	2/8/2008	2/1/2009	1/31/2010	1/30/2011	1/29/2012
2/8/2008	50,000	1/31/2010	16,666	16,667	16,667		
2/1/2009	50,000	1/30/2011		16,667	16,666	16,667	
1/31/2010	50,000	1/29/2012			16,667	16,667	16,666
Vested @ Fiscal Year End			16,666	33,334	50,000	33,334	16,666
Cumulative Vested			16,666	50,000	100,000	133,334	150,000
Total	$ 150,000						

Exhibit 31.1

Form 10-Q for the Quarterly Period Ended May 3, 2009
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 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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 report based on such evaluation; and

(d) 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 the registrant's board of directors (or persons performing the equivalent functions):

(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 control over financial reporting.

Date: June 12, 2009

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

Exhibit 31.2

Form 10-Q for the Quarterly Period Ended May 3, 2009
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 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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 report based on such evaluation; and

(d) 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 the registrant’s board of directors (or persons performing the equivalent functions):

(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 control over financial reporting.

Date: June 12, 2009

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

Exhibit 32.1

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 May 3, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

a. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

b. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 12, 2009

By: /s/ Paul B. Toms, Jr.
Paul B. Toms, Jr.
Chairman and Chief Executive Officer

By: /s/ E. Larry Ryder
E. Larry Ryder
Executive Vice President - Finance and
Administration and Chief Financial Officer