

**Hooker Furniture Corporation  
Audit Committee Charter  
Amended and Restated  
As of January 12, 2005**

The Audit Committee (the "Committee") of the Board of Directors (the "Board" or the "Board of Directors") of Hooker Furniture Corporation (the "Company") shall be a standing committee and the purpose of the Committee is to represent and assist the Board of Directors in its general oversight of the Company's (a) accounting and financial reporting principles, (b) preparation, presentation and integrity of the financial statements, and (c) internal controls and practices. The Committee shall have the authority to engage independent legal, accounting and other advisers, as it determines necessary to carry out its duties. The Committee shall have sole authority to approve related fees and retention terms.

The Committee members are not professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of management and the independent auditor, nor can the Committee certify that the independent auditor is "independent" under applicable rules. The Committee serves a board level oversight role where it oversees the relationship with the independent auditor, as set forth in this charter, and provides advice, counsel and general direction, as it deems appropriate, to management and the auditors on the basis of the information it receives, discussions with the auditor, and the experience of the Committee's members in business, financial and accounting matters.

#### **MEMBERSHIP**

The Committee is comprised of at least three directors determined by the Board of Directors to meet the independence and financial literacy requirements of the NASDAQ Stock Market, Inc. and applicable federal law.

Appointment to the Committee, including the designation of the Chair of the Committee and the designation of any Committee members as "financial experts," shall be made on an annual basis by the full Board.

#### **RESPONSIBILITIES**

##### **The Committee:**

Meets at such times and places as the Committee shall determine. The Committee shall meet in executive session with the independent auditor, management and the internal auditor periodically. The Committee shall also meet regularly in a private executive session. The Chairman of the Committee shall report on Committee activities to the full Board.

When appropriate, designates one or more of its members to perform certain of its duties on its behalf, subject to such reporting to or ratification by the Committee as the Committee shall direct.

Reviews and has prior-approval authority regarding related-party transactions (as defined in the relevant NASDAQ requirements).

Establishes procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Approves the hiring of employees and former employees of the independent auditor.

Publishes the report of the Committee to be included in the Company's proxy statement for its annual meeting of shareholders.

Performs such other functions as assigned by law, the Company's bylaws or as the Board deems necessary and appropriate.

### **Annual Audit & Financial Reporting**

Is directly responsible for the appointment, replacement, compensation and oversight of the work of the independent auditor and any other registered public accounting firm providing services to the Company. The independent auditor and such other registered public accounting firms shall report directly to the Committee.

Reviews and discusses the written statement from the independent auditor concerning any relationship between the auditor and the Company or any other relationships that may adversely affect the independence of the auditor, and, based on such review, assesses the independence of the auditor.

Establishes policies and procedures for the review and pre-approval by the Committee of all auditing services and permissible non-audit services (including the fees and terms thereof) to be performed by the independent auditor or any other registered public accounting firm employed by the company with exceptions provided for de minimis amounts under certain circumstances as described by law.

Reviews and discusses with the independent auditor: (a) its audit plans, and audit procedures, including the scope, fees and timing of the audit and (b) the results of the annual audit examination and accompanying management letters.

Reviews and discusses reports from the independent auditors on: (a) all critical accounting policies and practices used by the Company, (b) alternative accounting treatments within GAAP related to material items that have been discussed with management, including the ramifications of the use of the alternative treatments and the treatment preferred by the independent auditor and (c) other material written communications between the independent auditor and management.

Discusses with the independent auditors the matters required to be discussed by SAS 61, as the same may be modified or supplemented.

Reviews and discusses with management and the independent auditors the quarterly earnings press release, including the interim financial information included therein, the results of the independent auditor's procedures with respect to interim periods and the Quarterly Report on Form 10-Q for each of the first three fiscal quarters of each fiscal year.

Ascertains whether significant matters identified as a result of interim review procedures have been brought to the attention of the Committee.

Reviews and discusses with management and the independent auditors the year-end audited financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and, if deemed appropriate, recommends to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the year.

Reviews with the independent auditor its judgments as to the quality, not just the acceptability, of the Company’s accounting principles and such matters as are required to be discussed with the Committee under generally accepted auditing standards.

### **Internal Control**

Reviews and discusses with management and the independent auditor: (a) the adequacy and effectiveness of the Company’s internal controls (including any significant deficiencies and significant changes in internal controls reported to the Committee by the independent auditor or management and (b) the adequacy and effectiveness of the Company’s disclosure controls and procedures, and management reports thereon.

Is directly responsible for the employment, replacement, compensation and oversight of the work of the internal auditor. The internal auditor shall report directly to the Committee.

### **Compliance & Risk Management**

Reviews and discusses significant accounting, reporting, regulatory or industry developments affecting the Company.

Reviews and discusses with management and the independent auditor the Company’s significant financial risk exposures and the steps management has taken to monitor and manage such exposures.

Reviews legal and regulatory matters that may have a material impact on the Company’s financial statements. As part of this review, the Committee shall receive regular reports from management and/or the Company’s counsel on significant litigation in which the Company is involved and the anticipated impact of such litigation.

### **Committee Self-Assessment and Charter Review**

The Committee shall engage in an annual self-assessment and will annually review and reassess the adequacy of its charter, and recommend any changes to the full Board.

The Committee’s charter shall be included with the Company’s proxy statement for the annual meeting of shareholders at least once every three years.