

BASSETT FURNITURE INDUSTRIES, INCORPORATED
POLICY FOR THE RECOVERY OF INCENTIVE COMPENSATION

Effective as of February 1, 2016

In the event Bassett Furniture Industries, Incorporated (the “Company”) determines it must prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the U. S. federal securities laws, the Company will seek to recover the amount of erroneously awarded incentive-based compensation received by a covered officer during the three-year period preceding the date on which the Company is required to prepare the restatement.

Application of this policy will be at the direction of the Organization, Compensation and Nominating Committee (the “Committee”) of the Board of Directors in accordance with the final listing standards adopted by the Nasdaq Stock Market pursuant to Section 10D of the Securities Exchange Act of 1934, as amended (the “Act”). Prior to the effectiveness of such listing standards, the Committee shall apply this policy based on its good faith interpretation of Section 10D of the Act.

The Company may offset the recovery amount against current or future incentive-based and non-incentive-based compensation and through cancellation of unvested or vested equity awards, subject to compliance with Section 409A of the Internal Revenue Code and any other applicable laws. In addition, the Committee may, to the extent permitted by law, take other remedial and recovery action, as determined by the Committee. The recovery of erroneously awarded incentive-based compensation under this policy is in addition to any other right or remedy available to the Company.

For purposes of this policy (i) the term “covered officer” means any current or former executive officer of the Company as defined under the Securities Exchange Act of 1934, as amended, and such other senior executives as may be determined by the Committee, and (ii) the term “erroneously awarded incentive-based compensation” means the amount of incentive-based compensation (including any stock options awarded as compensation) received that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the accounting restatement. This policy extends to individuals who were executive officers on or after adoption of the policy but ceased being an executive officer before a restatement triggering recovery under this policy occurs.

The Committee shall have full and final authority to make all determinations under this policy. The Company shall take such action as it deems necessary or appropriate to implement this policy, including requiring all covered officers to acknowledge the rights and powers of the Company and the Committee hereunder.

This policy shall be effective as of the date adopted by the Board of Directors as set forth above and shall apply to incentive-based compensation that is approved, awarded or granted on or after that date.