

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to Rule 14a-12

**Bassett Furniture Industries, Incorporated**

(Name of Registrant as Specified In Its Charter)

**N/A**

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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2) Form, Schedule or Registration Statement No.:

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**BASSETT FURNITURE INDUSTRIES, INCORPORATED**

**Bassett, Virginia**

**Presentation to Certain Investors**

Beginning March 17, 2008, Robert H Spilman, Jr., President and Chief Executive Officer, Barry C. Safrit, Senior Vice President and Chief Financial Officer, and Jason W. Camp, Senior Vice President, Retail, will be making presentations to certain Institutional Investors of Bassett Furniture Industries, Inc. regarding Bassett's current retail growth strategy. A copy of the presentation is presented below.

Certain of the statements in the presentation that follows, particularly those preceded by, followed by or including the words "believes," "expects," "anticipates," "intends," "should," "estimates," or similar expressions, or those relating to or anticipating financial results for periods beyond the fiscal year 2007, constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended. For those statements, Bassett claims the protection of the safe harbor for forward looking statements contained in the Private Securities Litigation Reform Act of 1995. In many cases, Bassett cannot predict what factors would cause actual results or future actions to differ materially from those indicated in the forward looking statements. Expectations included in the forward-looking statements are based on preliminary information as well as certain assumptions which management believes to be reasonable at this time. The following important factors affect Bassett and could cause actual results or future actions to differ materially from those indicated in the forward looking statements: delays or difficulties in converting some of its non-operating assets to cash, tax planning considerations, negotiations with third parties who have an interest in some of the non-operating assets in which the Company has an interest, economic, competitive, governmental and other factors identified in Bassett's filings with the Securities and Exchange Commission, and the effects of national and global economic or other conditions and future events on the retail demand for home furnishings.

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# Bassett Investor Presentation

March 2008

NASDAQ: BSET

# Agenda

- Business Overview & Industry Update
- Retail Growth Strategy
- Rollout & Repositioning Plan
- Balance Sheet
  - Robert Spilman/President & CEO
  - Jason Camp/SVP, Retail
  - Barry Safrit/SVP & CFO

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# Business Overview

- 130 stores – 32 corporate & 98 licensed
- 75% of sales through store network
- 3 regional distribution centers
- Wholesale sales nearly 60% import, 40% domestic
  - 2 domestic manufacturing facilities focused on executing our unique merchandising strategy
- 1,420 employees – 570 in corporate retail stores
- Becoming a hybrid between specialty & furniture store
- Offering alternative to more expensive competition
  - Local design center
  - Ethan Allen
  - Thomasville

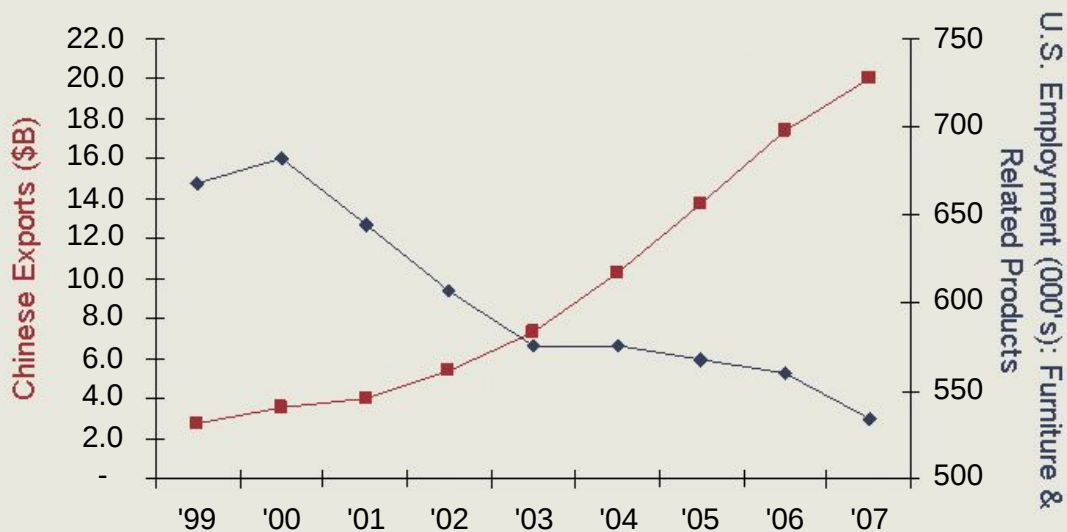
# Furniture Industry Update

- From 1999 – 2007, China's furniture exports have grown 640% from approximately \$3bn to over \$20bn
- Mass merchandisers (e.g., Wal-Mart, Target, Costco) have taken share and pressured margins of pure Home Furnishings retailers
- Slowdown within the housing industry has put added pressure on the home furnishings industry

Source – U.S. Dept. of Labor

# China Furniture Exports & U.S. Furniture Employment 1999 - 2007

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*Chinese exports data per the China National Furniture Association.  
U.S. employment data per the U.S. Bureau of Labor Statistics.*



# Home Furnishing Consolidation

- Difficult industry conditions have led to consolidation
  - 209 bankruptcies since 1999; 171 in the last five years (\*)
  - Numerous M&A transactions
- November 8, 2007 - Levitz Furniture Inc. declared its third bankruptcy in ten years
  - The furniture chain is undergoing outright liquidation of its assets
- February 4, 2008 – Wickes Furniture, retail furniture chain with 40 stores across the country, filed for Chapter 11 bankruptcy

(\*) Source - CapitalIQ

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# Industry Undergoing Change

- Numerous domestic manufacturing closures; companies shift to outsourced production
- Renewed retail focus with dedication to improving/attaining profitability, store presentation and improved customer service
- New financial strategies
  - Capital raise (e.g., STLY's \$25m private placements)
  - Credit facilities refinanced (e.g., FNB and LZB)
  - Dividend decreases (e.g., FBN 75% decrease and LZB 67% decrease)
  - Share repurchase authorization and purchase (e.g., ETH, HOFT, LEG and STLY)

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# Retail Growth Strategy

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## *Building a Specialty Furniture Retail Brand*

- Strengthen retail talent
- Execute new product strategy
- A new store prototype
- Modernize marketing effort
- Strengthen our Design Services
- Build national consistency in our network

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# Strengthen Retail Talent

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## Retail Leadership

- Hired Jason Camp as SVP Retail
  - Restoration Hardware
- Hired Barbara Kurgan as Creative Advisor
  - Martha Stewart, Elle Decor
- Upgraded talent in key retail leadership roles.

## Retail Store Talent

- Investing heavily in recruitment and development of high quality retail talent
- Leveraging monthly sessions of Bassett University for both retail managers and design consultants

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# Updated Styling / Value Positioning



# New Product Strategy

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- Become a style leader within 4 lifestyles
- Strengthen offering in custom furniture
- Create a clear price / value point of differentiation from EA, Thomasville and Pottery Barn
- Strengthen design capabilities with a fully coordinated assortment
- Grow accessory / drapery business

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# A New Store Prototype

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- Create 3 custom workshops
  - Upholstery, Dining and Storage
- Showcase our 4 lifestyles
  - More residential scale and design
- Create authority in Design Services
- Create a Home Entertainment destination
  - Sectionals, Motion and Wall Units
- Build authority in Accessories
  - Drapery, Rugs, Lighting and Mirrors

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# A New Store Prototype

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Early results are very encouraging

- 5 new stores are now open
- Higher average volume
- Higher average transaction
- Higher conversion rate

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# Modernize Marketing Effort

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## Website

- A critical research tool for furniture shoppers
- Piloting web commerce this summer

## Catalog

- Will mail 9m across 8 drops this year

## Design Resource Guide

- Launch first bi-annual book this fall

## Television

- Gain national strength and consistency through TV

# Strengthen our Design Services

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- Thoughtful accents and accessories
  - Wall art and mirrors
  - Lighting & decorative accessories
- Fully coordinated textiles assortment
  - Upholstery Fabrics
  - Leather Assortment
  - Rugs / Rug Squares
  - Custom Drapery in 30 days
  - Stocked top of bed
  - Stocked pillows

# Strengthen our Design Services

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- Talented Design Consultants
  - Aggressively recruiting and developing high quality Design Consultants
  - Launching Bassett University
- Tools, Technology and Resources
  - Presentation Rooms in new stores
  - Prevue & Room Planner in stores/web
  - Design Resource Guide
- Marketing the Capability
  - Web, catalog, DRG, TV and Stores

# Retail Strategy Summary

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## *Early results are encouraging*

- New products are selling briskly
- New stores are delivering better performance
- Design Services are increasing
- Our national network is gaining consistency

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# Growth Strategy – Rollout Plan (2008 – 2010)

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- Closing underperforming stores
  - 20 to 25 stores over next three years
- Investing in new stores – 13 to 19
- Store conversions and remodels

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# Retail Store Network

(includes both Corporate and Licensee owned stores)

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- Targeting improvement in average annual sales per store
  - \$3.1 million in 2007 to \$3.7 million in 2010
- New store top line target of \$4.0 to \$4.6 million per year

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# Rollout & Repositioning Plan

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	<u>Today</u>	<u>Targeted End of 2010</u>	
Corporate			
New prototype	3	15 to 20	
Old prototype	29	16 to 18	(100% remodeled)
	<u>32</u>	<u>31 to 38</u>	
Licensed			
New prototype	2	6 to 10	
Old prototype	96	78 to 88	(50% remodeled)
	<u>98</u>	<u>84 to 98</u>	
	<u><u>130</u></u>	<u><u>115 to 136</u></u>	

# Store Conversions & Remodels

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	<u>2008</u>	<u>Target 2009</u>	<u>Target 2010</u>
Corporate Conversions	2	2	2
Corporate Remodels	3	4	4
Licensee Remodels	10 to 12	10 to 15	10 to 15

- Conversion is a complete store redesign to incorporate all of the facets of the new store prototype. This represents a significant capital investment.
- Remodel is a redesign that is less in scope and incorporates only certain facets of the new store prototype. The capital investment is considerably less.

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# Planned Capital Spending for New Prototype Stores

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	2008	Target 2009	Target 2010
Conversions/Remodels	\$ 2.6	\$3 to \$4	\$3 to \$4
New Stores	1.5	*7 to 11	*7 to 11
	<u>\$ 4.1</u>	<u>\$10 to \$15</u>	<u>\$10 to \$15</u>

\*Based on certain percentage of leases versus owned real estate on new stores  
New store real estate could be financed with mortgages

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# Targeted Store Economics

- Assumes 16,000 square foot retail stores built for \$100 per square foot
- Approximately \$53 per square foot of tenant improvements and initial inventory costs of \$0.5 million
- Total new store investment of \$4.5 million
  - Buy \$4.5m, Lease \$1.4m
- Retail segment growth drives Wholesale revenue and enables the Company to capitalize on the Bassett brand
- Wholesale Contribution - \$400k on a \$4.4 million store
- Retail Contribution - \$200k to \$500k for store depending on real estate
- Targeted Pretax Returns
  - Buy 18 – 22%, Lease 35 to 40%
  - Conversion 18 – 22%

# Actual & Targeted Store Performance

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	Current Bassett Fleet	Targeted New Bassett Stores	Targeted Total Fleet - 2010
Avg. Sales per square foot	180	275	220
Average Size	17,200	16,000	16,800
Avg. Sales per store	\$3.1 million	\$4.4 million	\$3.7 million

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# Balance Sheet

- Our balance sheet is bolstered by two significant investments/assets

1. Investment Portfolio	11/24/2007
	<hr/>
▪ Marketable Securities	\$25.1
▪ Alternative Asset Fund	\$51.8
	<hr/>
	\$76.9
	<hr/> <hr/>

## 2. International Home Furnishings Center

- Listed on the balance sheet as a liability due to dividends received being in excess of earnings recorded

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# Balance Sheet

- This strong balance sheet HAS allowed us to:
  - Pay out more than \$48 million in dividends over the past five years
  - Invest in store real estate
  - Sign leases for store expansion
    - \$96 million commitment at 11/24/07
  - Guarantee leases for certain licensees
    - \$13 million at 11/24/07

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# Balance Sheet

- We anticipate our strong balance sheet WILL allow us to:
  - Continue paying an attractive dividend
  - Weather current difficult industry conditions
  - Execute our long-term retail growth strategies
    - New stores
    - Conversions and remodels

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## March 17, 2008 Release

- Reinforces our belief in long-term viability of the furniture business and continued expansion of the retail program
- Will liquidate significant portion of our investment portfolio over the next 2 to 3 years to:
  - Invest in store program – real estate
    - \$10 – 12 million per year
  - Return monies to shareholders
    - Increased dividend \$0.225 for 6/1/08
    - Increased share repurchase authorization and expected activity

# Summary

- Conditions are tough but we're not standing still
- Retail strategies properly executed should allow us to take market share
- Growth plan as outlined will allow us to gain consistency and needed scale
- Recent board action signals board commitment to enhancing shareholder return through this transition and in the long-term

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