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(Bassett, Va.) - August 3, 2004 - Bassett Furniture Industries Inc. (NASDAQ: BSET) announced today that it will be moving certain production from its Macon, Ga., wood home entertainment/home office furniture facility to its other wood manufacturing facilities. In addition, certain current and new groups from its home entertainment category will be imported. The increasing popularity of new flatter screen televisions has led to a change in the design of furniture for this category. The closing of the Macon facility will occur in the next two months and affect approximately 180 employees (approximately 8% of the Company's workforce).

"This decision was made in order to continue to strengthen our remaining facilities, grow our home entertainment business, and provide new products to our customers at a good value. This decision will also result in a better return for our shareholders," said Robert H. Spilman Jr., Bassett's president and chief executive officer. "We regret the impact this decision will have on our employees in Macon, who have been dedicated and loyal for many years. We will provide these employees with outplacement and other assistance to make the transition as smooth as possible under the circumstances."

Spilman added, "We will continue to pursue a blended strategy for our wood products - domestically manufacturing in our three remaining wood facilities and sourcing compelling product from overseas.

The Company plans to realize the benefits of greater efficiencies and cost savings with increased volume at other facilities. Those savings during the next 12 to 18 months should exceed the third quarter 2004 restructuring charge the Company expects to record in connection with the consolidation, estimated in the range of \$1.0 to \$1.4 million (approximately 6 to 9 cents per share net of taxes). The charge will be for severance and related employee costs, and the write-down of certain fixed assets at the Macon facility.

Bassett Furniture Industries, Inc. is a leading manufacturer and marketer of high quality, mid-priced home furnishings. With 105 Bassett Furniture Direct stores, Bassett has leveraged its strong brand name in furniture into a growing network of licensed stores that focus on providing consumers with a friendly environment for buying furniture and accessories. The most significant growth vehicle for Bassett continues to be the Company's dedicated retail store program. Bassett's strategy includes affordable custom-built upholstered furniture that is ready for delivery in the home within 30 days. The stores also feature the latest furniture styles, more than 1,000 upholstery fabrics, free in-home design visits, and coordinated decorating accessories. For more information, visit the Company's website at www.bassettfurniture.com.

Certain of the statements in the immediately preceding paragraphs, particularly those preceded by, followed by or including the words "believes," "expects," "anticipates," "intends," "should," "estimates," "plans," or similar expressions, or those relating to or anticipating financial results for periods beyond the second quarter of fiscal year 2004, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended. For those statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. In many cases, the Company cannot predict what factors would cause actual results 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 the Company and could cause those results to differ materially from those expressed in the forward-looking statements: consumer sentiments, geopolitical uncertainties, and the economic, competitive, governmental, technological and other factors identified in the Company filings with the Securities and Exchange Commission.