HOOKER FURNITURE CORP
Form DEF 14A
May 04, 2012

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
(Amendment No.)

Filed by the Registrant x Filed by a party other than the Registrant o

Check the appropriate box:

o	Preliminary Proxy Statement
o	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to (S)240.14a-12

HOOKER FURNITURE CORPORATION
(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x	No fee required.		
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(l) and 0-11.		
		(1)	Title of each class of securities to which transaction applies:
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Hooker Furniture Corporation
440 East Commonwealth Boulevard
Martinsville, Virginia 24112

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held June 5, 2012

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Hooker Furniture Corporation (the "Company") will be held at the Virginia Museum of Natural History at 21 Starling Avenue, Martinsville, Virginia, on Tuesday, June 5, 2012, at 2:00 p.m., for the following purposes:

§ To elect as directors the seven nominees named in the attached proxy statement to serve a one-year term on the Company's Board of Directors;

§ To ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending February 3, 2013;

§ To cast an advisory vote to approve the Company's executive compensation as disclosed in the attached proxy statement; and

§ To transact such other business as may properly be brought before the meeting or any adjournment of the meeting.

The shareholders of record of the Company's Common Stock at the close of business on April 16, 2012 are entitled to notice of and to vote at this Annual Meeting or any adjournment of the meeting.

Even if you plan to attend the meeting in person, we request that you mark, date, sign and return your proxy in the enclosed self-addressed envelope as soon as possible so that you may be certain that your shares are represented and voted at the meeting. Any proxy given by a shareholder may be revoked by that shareholder at any time before the voting of the proxy.

By Order of the Board of Directors,
Robert W. Sherwood
Secretary

May 4, 2012

Hooker Furniture Corporation
440 East Commonwealth Boulevard
Martinsville, Virginia 24112

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

June 5, 2012

The enclosed proxy is solicited by and on behalf of the Board of Directors of Hooker Furniture Corporation (the "Company") for use at the Annual Meeting of Shareholders to be held on Tuesday, June 5, 2012, at 2:00 p.m., at the Virginia Museum of Natural History at 21 Starling Avenue, Martinsville, Virginia, and any adjournment of the meeting. The matters to be considered and acted upon at the meeting are described in the notice of the meeting and this proxy statement. This proxy statement and the related form of proxy are being mailed on or about May 4, 2012 to all holders of record on April 16, 2012 of the Company's common stock, no par value (the "Common Stock"). Shares of the Common Stock represented in person or by proxy will be voted as described in this proxy statement or as otherwise specified by the shareholder. Any proxy given by a shareholder may be revoked by that shareholder at any time before the voting of the proxy by:

§ delivering a written notice to the Secretary of the Company;

§ executing and delivering a later-dated proxy; or

§ attending the meeting and voting in person.

The cost of preparing, assembling and mailing the proxy, this proxy statement, and any other material enclosed, and all clerical and other expenses of solicitations will be borne by the Company. In addition to the solicitation of proxies by use of the mails, directors, officers, and employees of the Company may solicit proxies by telephone or personal interview. The Company also will request brokerage houses and other custodians, nominees, and fiduciaries to forward soliciting material to the beneficial owners of Common Stock held of record by those parties and will reimburse those parties for their expenses in forwarding soliciting material.

Important Notice Regarding the Availability of Proxy Materials for the

Annual Meeting of Shareholders to be Held on June 5, 2012:

The proxy statement and annual report to shareholders are available at:

http://tinyurl.com/hoftproxy2012 or http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=25490

Voting Rights

On April 16, 2012, the record date for the Annual Meeting, there were 10,793,233 shares of Common Stock outstanding and entitled to vote. Each share of Common Stock entitles the holder of that share to one vote.

Voting Procedures

Votes will be tabulated by one or more Inspectors of Elections. A majority of the total votes entitled to be cast on matters to be considered at the Annual Meeting constitutes a quorum. Once a share is represented for any purpose at the Annual Meeting, it is deemed to be present for quorum purposes for the remainder of the meeting. Abstentions and shares held of record by a broker or its nominee ("broker shares") that are voted on any matter are included in determining the number of votes present or represented at the Annual Meeting. However, broker shares that are not voted on any matter at the Annual Meeting will not be included in determining whether a quorum is present at the meeting.

In the election of directors, the seven nominees receiving the greatest number of votes cast in the election of directors will be elected. Votes that are withheld and broker shares that are not voted in the election of directors are not considered votes cast on the election of directors and, therefore, will have no effect on the election of directors.

Actions on all other matters to come before the meeting, including ratification of the selection of the Company's independent registered public accounting firm and the advisory vote on executive compensation, will be approved if the votes cast in favor of the action exceed the votes cast against it. Abstentions and broker shares that are not voted on a matter are not considered cast either for or against that matter and, therefore, will have no effect on the outcome of that matter.

The shares represented by proxies will be voted as specified by the shareholder. If the shareholder does not specify his or her choice, the shares will be voted

§ "FOR" the election of the director nominees listed on the proxy card;

§ "FOR" the ratification of the selection of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending February 3, 2013;

§ "FOR" the approval of the compensation of the Company's named executive officers as disclosed in this proxy statement; and

§ In the discretion of the persons named in the proxies upon any other matter(s) that may come before the meeting or any adjournment of the meeting.

PROPOSAL ONE
ELECTION OF DIRECTORS

The Company proposes the election of Paul B. Toms, Jr., W. Christopher Beeler, Jr., John L. Gregory, III, E. Larry Ryder, Mark F. Schreiber, David G. Sweet and Henry G. Williamson, Jr. to hold office until the next Annual Meeting of Shareholders is held and their successors are elected. Each director nominee has consented to being named as a nominee for election at the Annual Meeting. The Board of Directors of the Company presently consists of seven directors whose terms expire at the time of the 2012 Annual Meeting upon election of their successors.

The shares represented by proxies will be voted as specified by the shareholder. If the shareholder does not specify his or her choice, the shares will be voted in favor of the election of the nominees listed on the proxy card, except that if any nominee should not continue to be available for election, the shares represented by those proxies will be voted for the election of such other person as the Board of Directors may recommend. As of the date of this proxy statement, the Board of Directors has no reason to believe that any of the nominees named below will be unable or unwilling to serve. Information regarding each nominee follows.

Paul B. Toms, Jr., 57, has been a director since 1993. Mr. Toms has been Chairman and Chief Executive Officer since December 2000 and also has served as President during most of that period until August 2011. Mr. Toms was President and Chief Operating Officer from December 1999 to December 2000, Executive Vice President-Marketing from 1994 to December 1999, Senior Vice President-Sales & Marketing from 1993 to 1994, and Vice President-Sales from 1987 to 1993. Mr. Toms joined the Company in 1983. His long tenure with the Company in senior and executive management roles and his position as the Company's Chief Executive Officer make him uniquely qualified to serve as a director of the Company.

W. Christopher Beeler, Jr., 60, has been a director since 1993 and has served as lead director since April 2011. He is the Chairman and Director of Virginia Mirror Company, Inc. and Virginia Glass Products Corporation, both of which manufacture and fabricate architectural glass products, and served as Chairman, President and CEO of those companies from July 2000 until August 2011. He served on the board of directors and as a member of the audit committee of BB&T of Virginia (a wholly owned subsidiary of BB&T Corporation) from 1999-2006 and is a certified public accountant licensed in the Commonwealth of Virginia. Mr. Beeler is a member of the Audit committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Mr. Beeler's executive experience, which encompasses traditional corporate management functions such as treasury and cash management, sales, information technology, manufacturing, distribution, human relations, as well as short-range and long-range planning, complements Mr. Toms' experience and well qualifies him to serve as a director and as lead director of the Company.

John L. Gregory, III, 64, has been a director since 1988. He is a shareholder, officer and director of the law firm of Young, Haskins, Mann, Gregory, McGarry & Wall, P.C. Mr. Gregory is Chairman of the Compensation Committee and a member of the Nominating and Corporate Governance Committee and Audit Committee. The knowledge and experience Mr. Gregory has gained from his 24 years of experience as a director with the Company and his 39 years of experience as an attorney well qualify him to serve as a director of the Company.

E. Larry Ryder, 64, has been a director since February 1, 2011. Mr. Ryder retired as Executive Vice President – Finance and Administration and Chief Financial Officer of the Company in January 2011, with 34 years of experience in that and other senior management roles with the Company. His familiarity with the Company's strategy, operations, personnel and prior board deliberations, along with his extensive knowledge of the home furnishings industry and the investment community, well qualify him to serve as a director of the Company.

Mark F. Schreiber, 70, has been a director since 2004. He is the retired President and Chief Operating Officer of Houston-based furniture retailer Star Furniture, a subsidiary of Berkshire Hathaway. He held that position from 1995 until his retirement in 2003. Mr. Schreiber is a member of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee. His executive experience with one of the nation's largest furniture retailers provides valuable insight into an important segment of the Company's customer base and well qualifies him to serve as a director of the Company.

David G. Sweet, 65, has been a director since 2006. He is the retired Vice President of The North Face, a designer and marketer of outdoor apparel and a division of VF Corporation. He held that position from 2002 until his retirement in December 2004. He served as Vice President of VF Outdoor – Europe from 2000 to 2002. Before 2000, Mr. Sweet held various management positions, including that of Assistant Corporate Treasurer, during his career with VF Corporation. Mr. Sweet is a member of the Audit Committee, the Compensation Committee and serves as Chairman of the Nominating and Corporate Governance Committee. His 26 years of senior management experience at VF Corporation, including his operations experience in supply chain management, product sourcing and distribution, well qualifies him to serve as a director of the Company.

Henry G. Williamson, Jr., 64, has been a director since 2004. He is the retired Chief Operating Officer of BB&T Corporation and Branch Banking and Trust Company of North Carolina, South Carolina and Virginia. He held that position from 1989 until his retirement in June 2004. Mr. Williamson is also the Chairman of the Board of Williamson Media Corporation, which is involved in web-based commerce. Mr. Williamson is Chairman of the Audit Committee and a member of the Compensation Committee and the Nominating and Corporate Governance Committee. His executive management experience at a large publicly traded company, including his financial oversight responsibilities, and his extensive knowledge of finance and banking well qualify him to serve as a director of the Company.

CORPORATE GOVERNANCE

The Board of Directors is comprised of:

- the Chairman of the Board of Directors, who also serves as the Company’s Chief Executive Officer,
- the Company’s former Executive Vice President – Finance and Administration and Chief Financial Officer and
- five independent directors.

The Nominating and Corporate Governance Committee regularly reviews the appropriateness of the combined position of Chairman of the Board and principal executive officer. The Committee believes that it is in the best interests of the Company and its shareholders for the Board to continue to combine the roles of Chairman and Chief Executive Officer due to the depth of knowledge, experience and expertise of the Company’s current Chairman and Chief Executive Officer. The Committee believes that combining these two roles creates a single focal point for Company leadership and projects a clear sense of direction to shareholders and employees within an industry that is in the midst of rapid change. The Committee will continue to regularly review the appropriateness of this combined role.

In early 2011, the Board, upon the recommendation of the Nominating and Corporate Governance Committee, determined that it was in the best interests of the Company and its shareholders to designate a lead director. The Board’s independent directors designated W. Christopher Beeler as lead director for the 2011-2012 term of service, ratified by his election at the 2011 Annual Meeting. The Board believes that having a lead director will, among other things, allow Mr. Toms to more freely focus on the Company’s strategy, business and operations, while preserving the benefits of having a single focal point for Company leadership in his current combined role of Chairman and Chief Executive Officer. Mr. Beeler’s duties will include presiding over executive sessions of the Company’s independent directors, facilitating information flow and communication among the directors and performing other duties as requested by the Board. Also upon the recommendation of the Nominating and Corporate Governance Committee, on June 7, 2011, the Board determined that it was in the best interests of the Company and its shareholders that all independent directors serve on all committees of the Board. The Board believes that, based on the small size of the Board and the members’ history of working well together, this “Committees of the Whole” approach will be more efficient, since all independent directors will have input into committee actions and that the need for committee reporting at Board meetings will be greatly reduced.

The Board of Directors held seven meetings during the fiscal year ended January 29, 2012 (“fiscal 2012”). The Board has established a Nominating and Corporate Governance Committee, a Compensation Committee and an Audit Committee. The Compensation Committee met five times, the Audit Committee met six times and the Nominating and Corporate Governance Committee met two times in fiscal 2012. Each incumbent director attended at least 75% of the total fiscal 2012 Board meetings and Committee meetings held during the period that he was a member of the Board or those Committees. Each of the following directors and director nominees is independent as defined by applicable NASDAQ listing standards: W. Christopher Beeler, Jr., John L. Gregory, III, Mark F. Schreiber, David G. Sweet and Henry G. Williamson, Jr. The independent directors meet in executive session at each Board meeting at which only independent directors are present. It is the Company’s policy that each of the directors is expected to attend the Company’s Annual Meetings. All of the Company’s directors attended the 2011 Annual Meeting.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee, which consists of all of the Board’s independent directors; specifically, Messrs. Beeler, Gregory, Schreiber, Sweet (Chairman) and Williamson:

§ identifies individuals qualified to become Board members;

§ selects, or recommends that the Board select, nominees to the Board and each Committee;

- assists the Board with respect to corporate governance matters applicable to the Company; and
- assists the Board in senior management succession planning.

The Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee, a current copy of which is available on the Company's Web site at www.hookerfurniture.com. Each member of the Committee is independent as defined by applicable NASDAQ listing standards.

The Nominating and Corporate Governance Committee is responsible for:

- evaluating and making recommendations to the Board regarding the size and composition of the Board;
- developing and recommending criteria for the selection of individuals to be considered as candidates for election to the Board; and
- identifying, investigating and recommending prospective director candidates.

Candidates for director nominees will be assessed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of shareholders. The Committee has not established a set of specific, minimum qualifications for director candidates, but in conducting its assessment, the Committee will consider such factors as it deems appropriate given the current needs of the Board and the Company. In general, the Committee seeks candidates who:

- possess a reputation for adhering to the highest ethical standards and have demonstrated competence, integrity, and respect for others;
- have demonstrated excellence in leadership, judgment and character;
- have diverse business backgrounds, with a wide range of relevant education, skills and professional experience that will complement and enhance the Company's business and strategy; and
- have the time to devote to Board and Committee service and are free of potential conflicts of interest.

While the Board has no formal policy regarding diversity, the Committee considers the diversity of the Board when identifying nominees for director. Such diversity may include a variety of different personal, business and professional experiences, as well as a variety of opinions, perspectives, backgrounds and other characteristics.

In the case of incumbent directors, the Committee will review each director's overall service to the Company during his or her term in deciding whether to re-nominate the director.

The Committee also facilitates the Board's annual self-assessment and is responsible for recommending director compensation to the Board of Directors.

Procedures for Shareholder Recommendations of Director Nominees

The Committee will consider a director candidate recommended by a shareholder for the 2013 Annual Meeting if the recommendation is submitted in writing to the Secretary of the Company in accordance with the procedures for the nomination of directors in the Company's bylaws (including Article III, Section 3 of the bylaws) and is received at the Company's principal executive offices on or before January 4, 2013. The recommendation must include the candidate's name and address, a description of the candidate's qualifications for serving as a director and the following information:

§ the name and address of the shareholder making the recommendation;

§ a representation that the shareholder is a record holder of the Company's Common Stock entitled to vote at the meeting and, if necessary, would appear in person or by proxy at the meeting to nominate the person or persons recommended;

§ a description of all arrangements or understandings between the shareholder and the nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder;

§ information regarding the director candidate that would be required to be included in a proxy statement filed under the proxy rules of the United States Securities and Exchange Commission ("SEC"), if the candidate were to be nominated by the Board of Directors;

§ information concerning the director candidate's independence as defined by applicable SEC rules and NASDAQ listing standards; and

§ the consent of the director candidate to serve as a director of the Company if nominated and elected.

The Nominating and Corporate Governance Committee may refuse to consider the recommendation of any person not made in compliance with this procedure.

Compensation Committee

The Compensation Committee consists of all of the Board's independent directors, and Mr. Gregory serves as its Chairman. The Committee reviews and makes determinations with regard to the compensation for the Company's executives, including the Chief Executive Officer, the Chief Financial Officer and each of the Company's other executive officers. Each member of the Compensation Committee is independent as defined by applicable NASDAQ listing standards.

The Board of Directors has adopted a written charter for the Compensation Committee, a current copy of which is available on the Company's Web site at www.hookerfurniture.com. The charter delegates to the Committee a number of specific responsibilities for establishing, reviewing, approving, monitoring and administering executive compensation. In addition, the charter requires that each member of the Compensation Committee be an "outside director" for purposes of Section 162(m) of the Internal Revenue Code and a "non-employee director" under Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that each Committee member meet NASDAQ's director independence requirements. The Report of the Compensation Committee can be found on page 10.

The Committee has the authority, without any further approval from the Board, to retain advisers, as it deems appropriate, including compensation consultants. In retaining an adviser, the Committee has sole authority to approve the adviser's fees and other retention terms, and has the sole authority to terminate the adviser.

During fiscal 2012, the Committee engaged Mercer (US) Inc. ("Mercer"), an independent compensation consulting firm, to advise the Committee on compensation trends and to help the Committee develop a new compensation peer group and evaluate executive compensation. Mercer reported directly to the Chairman of the Committee, and the Committee approved the scope of Mercer's work and fees. Mercer participated in meetings with the Committee at its request, including executive sessions during which Company management was not present. In addition to compensation consulting, a division of Mercer, separate from its compensation consulting division, performed actuarial valuation services in connection with the Company's Supplemental Retirement Income Plan (discussed below) during fiscal 2012. However, based on the Committee's pre-engagement due-diligence procedures and the limited, administrative nature of the actuarial valuation services performed, the Committee determined that there was sufficient independence between the Mercer divisions to reasonably assure the objectivity of each.

The Committee typically meets four to five times each year. During the 2012 fiscal year, it met five times. The Committee invites the Chief Executive Officer and the Chief Financial Officer to attend meetings when the Committee considers their input relevant or necessary when evaluating compensation proposals. A portion of each meeting is generally held in executive session, as the Committee deems appropriate. The Chief Executive Officer and the Chief Financial Officer do not attend these executive sessions. The Chairman reports the Committee's decisions on executive compensation to the full Board and annually reviews the Chief Executive Officer's compensation with the Board in executive session of independent directors only.

The Chief Executive Officer makes recommendations to the Committee concerning compensation for the other executive officers of the Company. Decisions regarding compensation for employees other than the executive officers are made by the Chief Executive Officer in consultation with other members of senior management. Management assists the Committee in administering various elements of the Company's executive compensation program. The Compensation Committee has unrestricted access to management and may request the participation of management in any discussion of a particular subject at any meeting.

Audit Committee

The Audit Committee consists of all of the Board's independent directors, and Mr. Williamson serves as its Chairman. The Committee:

§ approves the appointment of an independent registered public accounting firm to audit the Company's financial statements and internal control over financial reporting;

§ reviews and approves the scope, purpose and type of audit and non-audit services to be performed by the independent registered public accounting firm;

§ approves the appointment of the Company's internal audit service provider, McGladrey; and

§ oversees the accounting and financial reporting processes of the Company and the integrated audit of the Company's annual financial statements and internal control over financial reporting.

The Board of Directors has adopted a written charter for the Audit Committee, a current copy of which is available on the Company's Web site at www.hookerfurniture.com. Each member of the Audit Committee is independent as defined by applicable SEC rules and NASDAQ listing standards. The Company's Board of Directors has determined that each of Messrs. Williamson and Beeler is an "audit committee financial expert" for purposes of the SEC's rules. The Report of the Audit Committee can be found on page 9.

The Company's Audit Committee is responsible under its charter for reviewing and approving any related party transactions. For this purpose a "related party transaction" includes any transaction, arrangement or relationship involving the Company in which an executive officer, director, director nominee or 5% shareholder of the Company, or their immediate family members, has a direct or indirect material interest that would be required to be disclosed in the Company's proxy statement under applicable rules of the SEC.

Code of Business Conduct and Ethics

The Board of Directors has adopted a Code of Business Conduct and Ethics, which applies to all of the Company's employees and directors, including the principal executive officer, principal financial officer and principal accounting officer. A copy of the Code of Business Conduct and Ethics is available on the Company's website at www.hookerfurniture.com. Amendments of and waivers from the Company's Code of Business Conduct and Ethics will be posted to the website when permitted by applicable SEC and NASDAQ rules and regulations.

The Role of the Board of Directors in Risk Oversight

The Board of Directors or an appropriate Committee of the Board of Directors provides oversight for Company-wide risk management and performs its oversight role in many different ways, including by:

§ reviewing and approving the Company's annual operating and capital budgets;

- § reviewing the Company's quarterly and year-to-date operating results and discussing those results with senior management;
- § reviewing management's quarterly risk assessment reports;
- § reviewing internal reports regarding the Company's internal control over financial reporting; and

§ reviewing reports regarding the Company's internal control over financial reporting from its independent registered public accounting firm.

The Audit Committee meets in executive session with the Company's independent auditors to discuss topics related to the Company's financial reporting and internal control. Additionally, the Nominating and Corporate Governance Committee and the Compensation Committee meet periodically to address governance and compensation issues, including compensation-related risks. The Committees have the authority to utilize outside advisors and experts when needed.

The Chairman and Chief Executive Officer's membership on the Board gives the Board valuable insight into the Company's operations and risks. Mr. Toms' unique depth of knowledge, experience and expertise give the Board a more complete and holistic view of the risks the Company faces. The independent members of the Board also engage in discussions regarding risk management in executive session without the participation of the Chairman and Chief Executive Officer.

Director Compensation

The Nominating and Corporate Governance Committee is responsible for recommending director compensation to the Board of Directors. The non-employee director compensation arrangements discussed below were recommended by the Nominating and Corporate Governance Committee and approved by the Board of Directors. The following table sets forth non-employee director compensation paid for fiscal year 2012.

Non-Employee Director Compensation

Name	Cash Fees (1)	Stock Awards(2)	All Other Compensation(3)	Total
W. Christopher Beeler, Jr.	$41,500	$20,750	$ 1,961	$64,211
John L. Gregory, III	40,500	20,250	1,804	62,554
E. Larry Ryder	20,000	10,000	237	30,237
Mark F. Schreiber	36,500	18,250	1,777	56,527
David G. Sweet	39,500	19,750	1,813	61,063
Henry G. Williamson, Jr.	41,500	20,750	2,044	64,294

(1) Includes annual retainer fee, Committee membership fee, Committee chair fee and lead director fee paid to each director in June 2011, as described in greater detail below.
(2) These amounts are the aggregate grant date fair value of shares of restricted stock awarded to each non-employee director on June 10, 2011 under the Company's Stock Incentive Plan (as amended and restated in 2010). Fair value is determined in accordance with stock-based compensation accounting standards (Topic 718 of the Accounting Standards Codification). The amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For a discussion of assumptions used in calculating award values, refer to note 11 of the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended January 29, 2012, as filed with the SEC.
(3) This column shows the aggregate dividends paid to each non-employee director during the fiscal year ended January 29, 2012 with respect to his unvested shares of restricted stock. The non-employee directors held the

following number of shares of unvested restricted stock as of January 29, 2012: W. Christopher Beeler, Jr., 4,232; John L. Gregory, III, 3,972; E. Larry Ryder, 1,017; Mark F. Schreiber, 3,798; David G. Sweet, 3,950; Henry G. Williamson, Jr., 4,352.

Non-employee directors are compensated based on their term of service, which typically begins with the election of directors at the Company's Annual Meeting and which is referred to as a "service year."

For the 2011-2012 service year, non-employee directors received the following cash fees, paid in June 2011:

- an annual retainer of $20,000; plus

- $8,500 for serving on the Audit Committee and $4,000 for serving on each of the Compensation Committee and Nominating and Corporate Governance Committee; and
- an additional $5,000, $4,000 and $3,000, for the Chairs of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, respectively.

Mr. Beeler received an additional $5,000 for his service as lead director.

Non-employee directors also receive annual grants of restricted stock under the Company's Stock Incentive Plan (as amended and restated in 2010, the "Stock Incentive Plan"). The number of shares of restricted stock awarded to each non-employee director is determined by dividing fifty percent of the total cash fees payable to that director for a service year by the fair market value of the Company's Common Stock on the award date (the average of the high and low market price of the stock on the day prior to the grant date) and rounding to the nearest whole share. The restricted stock becomes fully vested, and the restrictions applicable to the restricted stock lapse, on:

- the third anniversary of the grant date if the non-employee director remains on the Board to that date; or
- if earlier, when the director dies or is disabled, the Annual Shareholders Meeting following the director's attainment of age 75, or a change in control of the Company.

Directors are reimbursed for reasonable expenses incurred in connection with attending Board and Committee meetings or performing their duties as directors. Mr. Toms receives no compensation for serving on the Board of Directors or for attending Board or Committee meetings other than reimbursement for expenses.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the Company's financial statements and the reporting process, including internal control over financial reporting. In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited financial statements for the fiscal year ended January 29, 2012 with management, including a discussion of the quality and acceptability of accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Committee discussed with the Company's independent registered public accounting firm, who is responsible for expressing an opinion on conformity of those audited financial statements with U.S. generally accepted accounting principles, the firm's judgment as to the quality and acceptability of the Company's accounting principles and such other matters as are required to be discussed with the independent registered public accounting firm under the standards of the Public Company Accounting Oversight Board. In addition, the Committee has discussed with the independent registered public accounting firm the firm's independence from management and the Company, including the matters in the written disclosures and letter from the independent registered public accounting firm to the Committee required by Public Company Accounting Oversight Board Rule 3526. The Committee has also considered whether the provision of non-audit related services by the independent registered public accounting firm is compatible with maintaining the firm's independence and found it to be acceptable.

The Committee met with the Company's independent registered public accounting firm, with and without management present, and discussed the overall scope and results of their audits, their evaluation of the Company's internal control over financial reporting and the overall quality of the Company's financial reporting.

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In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2012 for filing with the SEC.

Henry G. Williamson, Jr., Chairman
W. Christopher Beeler, Jr.
John L. Gregory III
Mark F. Schreiber
David G. Sweet

REPORT OF THE COMPENSATION COMMITTEE

The Committee has reviewed, and discussed with management, the Compensation Discussion and Analysis that appears below. Based on that review, and the Committee's discussions with management, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

John L. Gregory, III, Chairman
W. Christopher Beeler, Jr.
Mark F. Schreiber
David G. Sweet
Henry G. Williamson, Jr.

Compensation Risk Assessment

As part of its oversight responsibilities, the Compensation Committee, with assistance from management, annually reviews the Company's compensation policies and practices for all employees to determine whether they are reasonably likely to present a material adverse risk to the Company. Their review includes, among other things, a consideration of the incentives that the Company's compensation policies and practices create and factors that may affect the likelihood of excessive risk taking. Based on its most recent review, the Committee concluded that the Company's employee compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation Committee of the Board oversees the Company's executive compensation program. The Committee makes decisions regarding the compensation of the Company's "named executive officers," which typically consist of the Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated executive officers of the Company. The named executive officers for fiscal 2012 are listed in the Summary Compensation Table on page 20. The Committee also determines the compensation of the other executive officers of the Company. More information concerning the composition of the Committee and its authority and responsibilities can be found under Compensation Committee on page 6.

Our Compensation Philosophy

A key objective of the Company's executive compensation program is to attract and retain highly qualified executives who will contribute significantly to the success and financial growth of the Company and enhance value for shareholders. Another objective of the program is to motivate and appropriately reward executives when they achieve the Company's financial and business goals and meet their individual performance objectives. The Committee also believes that having a stable executive management team is necessary to achieve the Company's profitability objectives, particularly in light of the continued operating challenges that the current economic environment poses for the furniture industry.

Our Compensation Program

The Company's executive compensation program employs several elements of compensation to achieve the objectives of its compensation philosophy. The primary elements of the program are base salary, an annual cash incentive, long-term incentives, and supplemental retirement and life insurance benefits. The Company has also entered into employment agreements with certain executive officers under specific circumstances (as discussed further below). These elements are structured to compensate executives over three separate timeframes:

§ Annual compensation. Base salaries are set for each calendar year based on Company performance and the individual executive's performance during preceding calendar years. The annual cash incentive is determined based on the Company's financial performance during the current fiscal year.

§ Longer-term compensation. Long-term incentives are designed to reward executives if the Company achieves specific performance goals or growth in shareholder value over multi-year periods. The amounts payable to executives under performance incentives vary based on the extent to which the specified goals are achieved or surpassed or the extent to which the value of the Company's stock has increased over time. Examples of long-term incentives include performance awards and restricted stock units.

§ Full career and time-specific compensation. Supplemental retirement and life insurance benefits are linked to an executive's continued employment with the Company to a specified age. Employment agreements and time-based restricted stock units are designed primarily to retain the covered executives for a minimum defined period of time.

The Committee believes that the objectives of the Company's executive compensation program can be best attained by structuring the program to provide compensation over these separate timeframes. For example, the Committee views annual and longer-term performance-based compensation as essential to encouraging executives to appropriately balance both the short-term and long-term interests of the Company and its shareholders. In addition, the Committee believes that compensation tied to service over a full career or a specific period helps to promote executive retention and thereby maintain a stable management team.

Fiscal Year 2012 Financial Highlights

The following are selected highlights of the Company's results for fiscal 2012 compared to fiscal 2011:

§ Net sales increased by $7.1 million, or 3.3%, to $222.5 million:

o Casegoods net sales increased $4.8 million, or 3.3%, to $147.9 million; and

o Upholstery net sales increased $2.3 million, or 3.2%, to $74.6 million.

§ Gross profit increased by $2.0 million, or 4.2%, to $48.9 million, but remained essentially flat as a percentage of net sales, due primarily to:

o Improved margins at the Company's upholstery segment, primarily as a result of cost reduction efforts and higher fabric upholstery selling prices, partially offset by increased raw material costs and a casualty loss expense of $181,000 related to a sprinkler malfunction at one of the Company's warehouses during fiscal 2012; and

o Increased casegoods segment product discounting to reduce excess inventory, partially offset by lower freight costs on imported products.

§ Selling and administrative expenses decreased by $647,000, or (1.6)%, to $40.4 million, primarily as a result of:

o lower salary costs, lower advertising and sample expense, lower depreciation expense and lower bad debt expense;

o partially offset by increased sales and design commissions, due to higher sales, a charge to write-off a note receivable and a charge to write down leasehold improvements related to the relocation, consolidation and renovation of our showroom space at the International Home Furnishings Center.

§ Operating income increased by $2.6 million, or 64.3%, to $6.7 million, or 3.0% of net sales, due to the improvements mentioned above, and despite a $1.8 million pretax ($1.1 million after tax, or $0.10 per share) write-down of the Company's Bradington-Young trade name.

§ Net income increased by $1.8 million, or 56.1%, to $5.1 million, and earnings per share increased by $0.17 to $0.47 per share.

Fiscal Year 2012 Compensation Highlights

§ Base salary – Mr. Toms received a base salary increase based on recommendations from the Company's compensation consultant. Messrs. Cole and Delgatti each received base salary increases during fiscal 2012 due to his respective promotion and increased responsibilities.

§ Annual cash incentive – The Company's casegoods division exceeded 85% of the fiscal 2012 operating income target set by the Compensation Committee. Consequently, Mr. Harm received an annual cash incentive of $59,942. No other named executive officer received an annual cash incentive for fiscal 2012, because the Company did not achieve at least 70% of the consolidated operating income target set by the Committee for fiscal 2012.

§ Life Insurance Benefits – The Compensation Committee approved an increase in life insurance benefits for Mr. Toms.

§ Employment agreements – The Compensation Committee approved an employment agreement for Mr. Delgatti upon his promotion to President-Hooker Upholstery, with an initial annual base salary of $250,000, a lump sum cash payment of $75,000 after signing, the right to receive an additional $75,000 lump sum cash payment if Mr. Delgatti remains continuously employed by the Company until March 2013 and a $100,000 three-year service-based restricted stock unit grant.

Process for Determining Executive Compensation

The Committee sets base salaries, determines the amount and terms of annual cash incentive opportunities and determines long-term incentive compensation and other benefits for the Company's executive officers. The Committee follows the processes and considers the information discussed below in setting executive compensation.

Competitive Pay Data

As further discussed under Compensation Committee on page 6, the Committee has, from time to time, retained a compensation consulting firm to provide data concerning compensation levels and practices of companies (the "peer group") with similar characteristics to those of the Company, both within and outside of the home furnishings industry. The Committee does not tie compensation for its executive officers to any particular level or target based on this comparable compensation data. Instead, the Committee considers this pay comparability data as one of many factors when determining the appropriateness of individual elements of compensation, as well as the total compensation, payable to the Company's executive officers.

The peer group compensation data provided by the compensation consultant is drawn from proxy statement data and published compensation surveys for companies in the casegoods and upholstered household furniture industry, as well as companies that are substantially similar to the Company in size and type of business, annual revenue levels and market capitalization. The Committee periodically monitors the composition of the peer group to confirm that it is comprised of companies that are close to the Company's size and market capitalization.

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In 2012, the Compensation Committee retained Mercer, an executive compensation consulting firm, to review the Company's executive compensation programs and to evaluate the peer group that the Compensation Committee had used in prior fiscal years. Mercer recommended that the Committee adopt a slightly larger peer group consisting of companies similar to Hooker Furniture in terms of industry (companies in the furniture/household durables/consumer discretionary markets) and size (companies with annual revenue and market capitalization of approximately 50% to 200% of the Company's annual revenue and market capitalization). The recommended peer group, which the Committee used for fiscal 2012, consisted of the following companies:

§ American Biltrite, Inc.

§ American Woodmark Corporation

§ Bassett Furniture Industries, Inc.

§ Chromcraft Revington, Inc.

§ Culp, Inc.

§ Dixie Group, Inc.

§ Flexsteel Industries, Inc.

§ Kid Brands, Inc.

§ Nautilus, Inc.

§ Stanley Furniture, Inc.

§ Steinway Musical Instruments, Inc.

§ Summer Infant, Inc.

§ Trex Company, Inc.

§ Virco Manufacturing Corporation

Company Performance

Each year the Committee considers which financial performance measures to use in setting annual and longer-term incentive compensation for the executive officers. The Committee has, at various times, linked annual cash incentives to the Company's attainment of specific levels of operating income, pretax income and net income. Longer term incentives typically have been linked to achievement of a different set of performance measures, such as earnings per share and average annual return on equity for performance grants made during fiscal 2011. In early fiscal 2013, the Committee approved performance grants tied to growth in the Company's earnings per share (EPS), both in absolute terms and relative to EPS growth for the peer group companies.

The Committee generally selects performance measures for incentive compensation that correspond to financial measures used by management in making day-to-day operating decisions and in setting strategic goals. In addition, these types of measures are used by the Board in evaluating Company performance. The Committee generally consults with the Chief Executive Officer and other senior executives, as well as the Committee's independent compensation consultant, before setting performance levels for annual and longer-term incentive compensation.

Individual Performance

The Committee annually assesses the individual performance of each executive officer. Individual performance is considered by the Committee when setting an executive officer's base salary and when determining the potential annual cash incentive payable to each executive officer. Each executive's performance is measured against specific personal objectives that were established early in the prior year. The Chief Executive Officer's annual personal objectives are established in consultation with the Committee. Other executive officers establish their individual objectives in consultation with the Chief Executive Officer. These objectives may include both subjective and quantifiable individual and departmental performance and developmental initiatives that are within each officer's area of operation and are consistent with the Company's strategic plans.

The Committee's assessment of each executive officer's performance with respect to these objectives is conducted primarily through conversations with the Chief Executive Officer and a review of Company performance. The Committee believes that consideration of individual performance objectives is important because it creates incentives for executive officers to make specific contributions to the Company's financial growth based on their individual spheres of responsibility, and because it allows the Company to reward those specific contributions.

Allocating Between Compensation Elements

The Committee does not have a fixed standard for determining how an executive officer's total compensation is allocated among the various elements of the Company's compensation program. Instead, the Committee uses a flexible approach so that it can structure the compensation elements in a manner that will, in its judgment, best achieve the specific objectives of the Company's compensation program.

Shareholder Say-on-Pay Vote

At the 2011 Annual Meeting, shareholders had the opportunity to approve, in a non-binding advisory vote, the compensation of the Company's named executive officers. This is referred to as a "say-on-pay" proposal. Approximately 98% of the votes cast on the say-on-pay proposal were voted in favor of the proposal. The Committee believes this vote result reflects general approval of the Company's approach to executive compensation. Therefore, the Committee did not make any significant changes in the structure of the Company's executive compensation program in response to the 2011 say-on-pay vote. The Compensation Committee will continue to consider the vote results for say-on-pay proposals in future years when making compensation decisions for our named executive officers.

The Board of Directors has determined that the Company's shareholders should vote on a say-on-pay proposal each year, consistent with the preference expressed by the Company's shareholders at the 2011 Annual Meeting. Accordingly, at the 2012 Annual Meeting, shareholders will again have the opportunity to indicate their views on the compensation of the Company's named executive officers by an advisory "say-on-pay" vote. The Board recommends that you vote FOR Proposal Three at the 2012 Annual Meeting. For more information, see "PROPOSAL THREE — ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION" on page 32 in this proxy statement.

Executive Compensation Decisions for Fiscal 2012

For the 2012 fiscal year, the primary elements of compensation for the named executive officers were:

§ base salary (set on a calendar year basis),

§ an annual cash incentive opportunity (based on the Company's fiscal year financial performance),

§ supplemental retirement benefits for three of the named executive officers,

§ life insurance benefits for two of the named executive officers, and

§ an employment agreement and a restricted stock unit grant for a new named executive officer.

Base Salary

The Committee reviewed and approved base salaries for each named executive officer during the first quarter of fiscal 2012. Management recommended to the Committee that the 2011 calendar year base salaries for each named executive officer be maintained at the same levels as in effect for 2010. The Committee reviewed the proposal and discussed with Mercer the general reasonableness of the proposed salary levels. Mercer evaluated the reasonableness of the proposed base salary levels based on how they compared to the overall range of salaries for executives in similar positions with companies in the peer group. Mercer advised the Committee that average executive pay levels were lower than the 50th percentile for the peer group, despite having better performance compared to the peer group. Messrs. Toms' and Huckfeldt's compensation was below the 25th percentile for all targeted compensation components, while total compensation for the other named executive officers approximated the 50th percentile for total compensation. The Committee noted that Mr. Huckfeldt was recently promoted to Chief Financial Officer and while his salary was low compared to the Company's peer group, it was expected to increase with time and experience. The Committee determined that it would be appropriate to maintain the named executive officers' base salaries at 2010 levels, except for Mr. Toms. Given the Company's performance relative to its peers during fiscal 2008 through fiscal 2010 and the fact that Mr. Toms has held the role of Chairman and CEO for over a decade, the Committee felt that Mr. Toms' base salary was inappropriately low. Consequently, the Committee determined that it would be appropriate to increase his annual base salary by $51,000 to $360,000.

Annual Cash Incentive

In the first quarter of fiscal 2012, the Committee approved an annual cash incentive under which the named executive officers were entitled to receive a payment, expressed as a percentage of their calendar year 2011 base salary, if the Company obtained 80% or more of its fiscal 2012 consolidated net income target. No cash bonus was payable unless the Company reached at least 80% of the consolidated net income target and a maximum cash bonus was to be paid if the Company reached 120% or more of target consolidated net income.

In September 2011, the Compensation Committee adopted new performance metrics and revised the performance thresholds and participation rates for its annual cash incentive for fiscal 2012 based on a comprehensive review of the Company's compensation policies and practices with Mercer, the Committee's independent compensation consultant. The Committee selected operating income as the new performance metric for the annual cash incentive for fiscal 2012, primarily to align the Company's executive and non-executive bonus plans, by using the same performance metric for both plans, and for administrative simplicity.

Under the revised plan for the executive officers listed in the table below:

- the performance metric was changed to the Company's target consolidated operating income;
- the performance threshold range was expanded to 70% to 150% of target consolidated operating income; and
- the annual cash incentive potential rates for the individual executive officers were revised.

The annual cash incentive potential, expressed as a percentage of 2011 calendar year annual base salary, for each of the following executive officers was as follows:

	If the Company Attained:				
	70% of Target Operating Income	85% of Target Operating Income	100% of Target Operating Income	125% of Target Operating Income	150% of Target Operating Income
Paul B. Toms, Jr.	25 %	37.5 %	50 %	66.5 %	83.5 %
Paul A. Huckfeldt	20 %	30 %	40 %	53.2 %	66.8 %
Alan D. Cole	25 %	37.5 %	50 %	66.5 %	83.5 %
Michael W. Delgatti, Jr.	17.5 %	26.3 %	35 %	46.6 %	58.5 %
Arthur G. Raymond, Jr.	17.5 %	26.3 %	35 %	46.6 %	58.5 %

Since Mr. Harm works exclusively with the Company's casegoods division, his annual incentive was based on the Company's casegoods division attaining 70% or more of its fiscal 2012 operating income target. Mr. Harm's annual cash incentive potential, expressed as a percentage of his 2011 calendar year annual base salary, was as follows:

If the Company's Casegoods Division Attained:		
70% of Target Operating Income	85% of Target Operating Income	100% of Target Operating Income

Series 1 Shares **Series 2 Shares** **Series 3 Shares** **Series 4 Shares**

Share Price Trading Range **Share Price Trading Range** **Share Price Trading Range** **Share Price Trading Range**

	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close	Volume
	($ per share)				($ per share)				($ per share)				($ per share)			
2015																
November	17.59	15.42	15.76	400,301	15.50	13.68	13.90	301,818	13.98	11.64	11.96	91,906	12.20	10.30	10.82	116,248
December	17.29	14.02	16.64	412,602	14.00	12.50	13.65	367,180	12.59	10.51	12.49	304,024	11.01	9.65	10.50	167,474
2016																
January	16.50	11.83	14.55	370,530	13.70	10.37	11.94	304,071	12.22	9.37	10.35	244,751	10.40	8.85	9.15	236,813
February	14.87	12.28	12.97	84,384	12.19	10.19	10.45	99,909	10.69	9.42	10.10	94,198	9.50	8.45	8.47	51,032
March	15.50	12.78	14.98	120,246	12.91	10.30	12.63	133,058	11.43	9.82	11.07	235,736	9.73	8.52	9.70	79,500
April	15.70	14.45	14.82	87,907	13.25	12.10	12.70	137,657	12.35	10.41	11.45	96,957	10.50	9.45	10.20	67,354
May	15.07	14.05	14.70	197,026	13.90	12.54	13.90	123,304	12.24	11.27	12.03	78,741	10.60	10.12	10.30	46,565
June	15.71	13.70	14.23	265,533	14.75	12.53	13.08	124,274	12.01	10.65	11.30	106,871	10.77	9.84	10.18	55,737
July	15.41	13.64	15.10	222,195	13.80	12.67	13.75	112,725	12.29	10.86	12.00	183,268	10.74	9.63	10.45	64,255
August	15.59	14.82	15.38	134,779	14.30	13.49	13.80	172,200	12.49	11.74	12.09	191,065	10.85	10.38	10.55	68,496
September	15.49	14.85	15.39	197,211	14.25	13.32	13.94	195,416	12.24	11.72	12.00	74,008	10.84	10.34	10.70	87,305
October	16.09	15.35	15.50	212,127	14.84	13.82	14.68	305,357	12.49	11.97	12.18	272,961	11.08	10.42	10.80	227,124
November	16.26	14.93	15.76	358,669	16.06	14.02	14.96	272,090	12.66	11.85	12.30	249,686	11.50	10.60	11.15	389,358
December 1-15	16.00	15.12	15.92	121,343	15.32	14.52	15.17	111,191	12.79	11.96	12.79	114,292	11.68	11.11	11.67	155,741

	Series 5 Shares Share Price Trading Range ($ per share)				Series 6 Shares(1) Share Price Trading Range ($ per share)				Series 7 Shares Share Price Trading Range ($ per share)				Series 9 Shares Share Price Trading Range ($ per share)			
	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close	Volume
2015																
November	14.99	12.53	12.69	371,781					20.84	18.04	18.58	603,568	21.68	18.80	19.35	467,963
December	12.75	11.10	12.75	493,574					19.23	16.76	19.17	1,080,469	20.10	17.60	19.76	554,566
2016																
January	12.55	9.50	11.29	496,866					18.78	14.05	16.70	289,007	19.66	14.65	17.31	180,053
February	11.93	10.09	10.25	266,717	12.00	9.00	10.10	11,680	16.92	15.06	15.50	262,614	17.78	16.00	16.45	245,104
March	12.32	10.25	11.63	727,669	12.00	9.55	11.02	22,308	18.09	15.29	17.20	351,244	18.93	16.22	17.93	292,464
April	12.94	11.36	12.00	294,677	11.76	10.20	11.00	12,119	19.12	16.36	17.48	332,789	19.80	17.05	18.40	255,803
May	12.68	11.80	12.68	322,712	12.96	10.75	11.47	21,909	17.79	17.05	17.76	570,601	18.65	17.81	18.36	188,858
June	12.83	11.05	11.89	209,863	12.16	11.30	11.75	14,664	18.44	16.69	17.30	793,301	18.92	17.10	17.60	178,922
July	13.06	11.51	12.65	172,074	12.00	11.40	11.68	27,125	18.22	16.84	17.95	589,105	19.00	17.10	18.75	351,427
August	13.51	12.51	13.44	159,674	12.50	11.05	11.80	14,500	18.65	17.68	18.27	483,364	19.64	18.51	19.06	261,901
September	13.60	12.98	13.50	116,045	12.83	11.54	11.65	15,910	18.35	17.65	17.97	262,053	19.12	18.34	18.55	227,501
October	13.94	13.45	13.58	245,586	12.39	11.51	12.24	28,700	18.75	17.49	18.47	753,435	19.25	17.99	18.80	182,357
November	13.97	12.81	13.37	269,182	12.61	11.55	12.40	70,081	18.75	17.52	18.04	1,394,860	19.23	18.10	18.50	602,166
December 1-15	13.50	12.52	13.36	254,447	13.50	12.52	13.36	254,447	18.50	17.86	18.47	390,242	19.32	18.40	19.32	229,728

	Series 11 Shares Share Price Trading Range ($ per share)				Series 13 Shares(2) Share Price Trading Range ($ per share)				Series 15 Shares(3) Share Price Trading Range ($ per share)			
	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close	Volume
2015												
November	22.48	20.00	20.38	230,890								
December	20.93	18.10	20.91	368,458								
2016												
January	20.55	15.60	18.64	163,077								
February	18.83	16.41	16.75	152,148								
March	19.98	16.85	18.48	218,057								
April	20.94	18.03	19.17	202,866	25.72	25.49	25.63	2,624,209				
May	20.00	18.95	19.43	79,607	25.94	25.63	25.73	1,907,966				
June	20.19	17.99	18.36	208,206	26.05	25.60	26.04	1,624,412				
July	20.49	17.81	20.38	266,702	26.74	26.04	26.64	1,284,668				
August	21.64	20.14	20.54	184,520	26.89	26.15	26.35	666,758				
September	20.85	20.04	20.58	151,268	26.83	26.17	26.67	758,738				
October	21.52	20.17	21.12	324,487	26.84	26.32	26.75	627,231				
November	21.88	19.75	20.39	514,149	26.98	25.81	26.05	813,487	24.99	24.74	24.91	4,524,844
December 1-15	21.44	20.22	21.35	101,592	26.30	25.91	26.28	345,528	25.01	24.88	24.97	1,973,313

(1) The Series 6 Shares began trading on February 1, 2016.

(2) The Series 13 Shares began trading on April 20, 2016.

(3) The Series 15 Shares began trading on November 21, 2016.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a corporation incorporated under and governed by the *Canada Business Corporations Act*. Some of our directors and officers, and some of the experts named in this prospectus, are residents of Canada or otherwise reside outside the U.S., and all or a substantial portion of their assets, and a substantial portion of the Corporation s assets which are held through subsidiaries, are located outside the U.S. We have appointed an agent for service of process in the U.S., but it may be difficult for holders of Securities who reside in the U.S. to effect service within the U.S. upon those directors, officers and experts who are not residents of the U.S. It may also be difficult for holders of Securities who reside in the U.S. to realize in the U.S. upon judgments of courts of the U.S. predicated upon the Corporation s civil liability and the civil liability of the directors and officers of the Corporation and experts under U.S. federal securities laws.

We have been advised by our Canadian counsel, Blake, Cassels & Graydon LLP, that a judgment of a U.S. court predicated solely upon civil liability under U.S. federal securities laws would probably be enforceable in Canada if the U.S. court in which the judgment was obtained has a basis for jurisdiction in the matter that would be recognized by a Canadian court for the same purposes. We have also been advised by Blake, Cassels & Graydon LLP, however, that there is real doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon U.S. federal securities laws.

We have filed with the SEC, concurrently with our registration statement on Form F-10, an appointment of agent for service of process on Form F-X. Under the Form F-X, we appointed TransCanada Pipeline USA Ltd. as our agent for service of process in the U.S. in connection with any investigation or administrative proceeding conducted by the SEC, and any civil suit or action brought against or involving us in a U.S. court arising out of or related to or concerning the offering of Securities under this prospectus.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement will describe certain material Canadian federal income tax consequences to an investor who is a resident of Canada or who is a non-resident of Canada of the acquisition, ownership and disposition of any Securities offered thereunder, including whether the payment of dividends will be subject to Canadian non-resident withholding tax.

The applicable Prospectus Supplement will also describe certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of any Securities offered thereunder by an initial investor who is a U.S. person (within the meaning of the United States Internal Revenue Code).

RISK FACTORS

Investment in the Securities is subject to various risks including those discussed below and those risks inherent in the pipeline, energy and gas storage industries. You should consider carefully the risk factors contained in and incorporated by reference in this prospectus (including subsequently filed documents incorporated by reference) and those described in a Prospectus Supplement relating to a specific offering of Securities.

Discussions of certain risks affecting us in connection with our business are provided in our annual and interim disclosure documents filed with the various securities regulatory authorities which are incorporated by reference in this prospectus.

There is no market through which the Securities (other than the Common Shares) may be sold.

There is currently no market through which any of the Securities, other than the Common Shares, may be sold and the purchasers of such Securities may not be able to resell such securities purchased under this prospectus and any Prospectus Supplement. There can be no assurance that a secondary market will develop for any of the Preferred Shares or Subscription Receipts that may be issued under this prospectus or that any secondary market which does develop will continue. This may affect the pricing of such Securities in the secondary market, if any, the transparency and availability of trading prices, the liquidity of the securities and the extent of regulation of such Securities.

The public offering prices of the Securities may be determined by negotiation between the Corporation and underwriters based on several factors and may bear no relationship to the prices at which Securities will trade in the public market subsequent to such offering. See Plan of Distribution .

Credit Ratings May Not Reflect All Risks of an Investment in the Securities and May Change

Credit ratings may not reflect all risks associated with an investment in the Preferred Shares. Any credit ratings applied to the Preferred Shares are an assessment of the Corporation s ability to pay its obligations. Consequently, real or anticipated changes in the credit ratings will generally affect the market value of the Preferred Shares. The credit ratings, however, may not reflect the potential impact of risks related to structure, market or other factors discussed herein on the value of the Preferred Shares. There is no assurance that any credit rating assigned to the Preferred Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency.

LEGAL MATTERS

Certain matters relating to the issue and sale of the Securities will be passed upon on behalf of the Corporation by Blake, Cassels & Graydon LLP, as to matters of Canadian law, and Mayer Brown LLP, as to matters of U.S. law. As to matters of Canadian law, Mayer Brown LLP will rely upon the opinion of Blake, Cassels & Graydon LLP.

EXPERTS

The consolidated financial statements of the Corporation as at December 31, 2015 and 2014 and for each of the years in the three-year period ended December 31, 2015, have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, Chartered Professional Accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated and combined financial statements of Columbia as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015, included in Schedule B to the Business Acquisition Report dated July 22, 2016 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated by reference herein (which report expresses an unqualified opinion and includes an explanatory paragraph relating to Columbia s initial public offering of limited partner interests of Columbia Pipeline Partners LP which was completed on February 11, 2015 and Columbia s spin-off from NiSource Inc. on July 1, 2015). Such consolidated and combined financial statements have been so incorporated by reference herein in reliance upon the report of such firm given upon their authority as experts in accounting and auditing

INTEREST OF EXPERTS

As at the date of this prospectus, the partners and associates of Blake, Cassels & Graydon LLP, as a group, beneficially own, directly or indirectly, less than 1% of any class of securities of the Corporation. In connection with the audit of the Corporation s annual financial statements for the year ended December 31, 2015, KPMG LLP confirmed that they are independent with respect to the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations and also that they are independent accountants with respect to the Corporation under all relevant U.S. professional and regulatory standards.

Deloitte & Touche LLP, an independent registered public accounting firm, is independent with respect to Columbia within the meaning of the United States Securities Act of 1933, as amended and the applicable rules and regulations thereunder adopted by the U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board (United States).

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents have been or will be filed with the SEC as part of the registration statement of which this prospectus forms a part: the documents referred to under Documents Incorporated by Reference ; consents of KPMG LLP; consent of Blake, Cassels & Graydon LLP; consent of Mayer Brown LLP; and powers of attorney from directors and officers of the Corporation.

PART II

INFORMATION NOT REQUIRED TO BE

DELIVERED TO OFFEREES OR PURCHASERS

Indemnification of Certain Persons

Section 124 of the *Canada Business Corporations Act* (CBCA) and Section 6 of By-Law No. 1 of TransCanada Corporation (TransCanada or the Registrant) provide for the indemnification of directors and officers of TransCanada. Under these provisions, TransCanada shall indemnify a director or officer of TransCanada, a former director or officer, and may indemnify an individual who acts or acted at TransCanada s request as a director or officer or in a similar capacity of another entity (collectively, an Indemnified Person) against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the Indemnified Person in respect of any civil, criminal, administrative, investigative or other proceeding (other than in respect to an action by or on behalf of TransCanada to procure a judgment in its favor) in which the individual is involved because of that association with TransCanada or other entity, if the Indemnified Person fulfills the following two conditions: (a) he or she acted honestly and in good faith with a view to the best interests of TransCanada or in the best interests of such other entity as applicable and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful. In respect of an action by or on behalf of TransCanada or such other entity to procure a judgment in its favor, TransCanada, with the approval of a court, may indemnify an Indemnified Person against all costs, charges and expenses reasonably incurred by him or her in connection with such action if he or she fulfills the conditions set out in clauses (a) and (b) of the previous sentence. Notwithstanding the foregoing, an Indemnified Person is entitled to indemnification from TransCanada in respect of all costs, charges and expenses reasonably incurred by him or her in connection with the defense of any civil, criminal, administrative, investigative or other proceeding to which he or she is made a party by reason of his or her association with TransCanada or such other entity if he or she fulfills the conditions in clauses (a) and (b) of this paragraph and was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done.

Insofar as indemnification for liabilities arising under the United States Securities Act of 1933, as amended (the Securities Act) may be permitted to directors, officers or controlling persons of the Registrant pursuant to the provisions described above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

TransCanada maintains directors and officers liability insurance with policy limits of U.S. $200,000,000 in the aggregate, subject to a deductible in respect of corporate reimbursement of U.S.$5,000,000 for each loss and a separate policy with a limit of U.S.$50,000,000 for non-indemnifiable losses only. Generally, under this insurance TransCanada is reimbursed for payments in excess of the deductible made under corporate indemnity provisions on behalf of its directors and officers, and individual directors and officers (or their heirs and legal representatives) are covered for losses arising during the performance of their duties for which they are not indemnified by TransCanada. Noteworthy exclusions from coverage are: claims arising from illegal acts, those acts which result in illegal personal profit, violation of any fiduciary duty under the United States of America Employee Retirement Income Security Act of 1974, pollution damage (except for resultant shareholder actions), bodily injury, property damage or engineering professional services and claims brought by a director or officer against another director or officer or by TransCanada against a director or officer except for shareholder derivative actions not assisted in by a director or officer of TransCanada.

The foregoing is a description of the provisions of Section 124 of the CBCA and TransCanada s By-Law No. 1 regarding indemnification of directors and officers of TransCanada and TransCanada s directors and officers liability insurance in effect as of December 8, 2016.

Additionally, directors and officers of TransCanada are party to indemnity agreements with TransCanada pursuant to which TransCanada has agreed to indemnify such directors and officers from liability arising in connection with the performance of their duties. Such indemnity agreements conform with the provisions of the CBCA.

EXHIBITS

Exhibit Number	Description
4.1	Audited comparative consolidated financial statements of TransCanada as at December 31, 2015 and 2014 and for each of the years in the three-year period ended December 31, 2015, the notes thereto, and the auditors report thereon (included as part of the Form 40-F filed with the Securities and Exchange Commission on February 11, 2016 and incorporated by reference herein).
4.2	Management s Discussion and Analysis of Financial Condition and Results of Operations of TransCanada as at and for the year ended December 31, 2015 (included as part of the Form 40-F filed with the Securities and Exchange Commission on February 11, 2016 and incorporated by reference herein).
4.3	Annual Information Form of TransCanada for the year ended December 31, 2015, dated February 10, 2016 (included as part of the Form 40-F filed with the Securities and Exchange Commission on February 13, 2015 and incorporated by reference herein).
4.4	Management Information Circular dated March 2, 2015 (filed with the Securities and Exchange Commission as part of a Form 6-K report on March 23, 2015 and incorporated by reference herein).
4.5	Management Information Circular dated February 23, 2016 (filed with the Securities and Exchange Commission as part of a Form 6-K report on March 14, 2016 and incorporated herein by reference).
4.6	Consolidated comparative interim unaudited financial statements of TransCanada as at September 30, 2016 and for the nine-month periods ended September 30, 2016 and 2015, and the notes thereto (filed with the Securities and Exchange Commission as part of a Form 6-K report on November 1, 2016 and incorporated by reference herein).
4.7	Management s Discussion and Analysis of Financial Condition and Results of Operations of TransCanada as at and for the nine-month period ended September 30, 2016 (filed with the Securities and Exchange Commission as part of a Form 6-K report on November 1, 2016 and incorporated by reference herein).
4.8	Material Change report dated March 18, 2016 (filed with the Securities and Exchange Commission as part of a Form 6-K report on March 21, 2016 and incorporated herein by reference).
4.9	Business Acquisition report dated July 22, 2016 (filed with the Securities and Exchange Commission as part of a Form 6-K report on July 25, 2016 and incorporated herein by reference).
*5.1	Consent of KPMG LLP.
*5.2	Consent of Deloitte & Touche LLP
*5.3	Consent of Blake, Cassels & Graydon LLP.
*5.4	Consent of Mayer Brown LLP.
**6.1	Power of attorney (included in the signature page to this Registration Statement).

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* Filed herewith.

** Previously filed.

PART III

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

Item 1. Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities registered pursuant to Form F-10 or to transactions in said securities.

Item 2. Consent to Service of Process

(a) Concurrently with the filing of this Registration Statement, the Registrant is filing with the Commission a written irrevocable consent and power of attorney on Form F-X.

(b) Any change to the name or address of the agent for service of the Registrant shall be communicated promptly to the Commission by amendment to Form F-X referencing the file number of the relevant registration statement.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-10 and has duly caused this amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Calgary, Province of Alberta, Country of Canada, on the 16th day of December, 2016.

TRANSCANADA CORPORATION

By:	/s/ Russell K. Girling	
	Name:	Russell K. Girling
	Title:	President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this amendment to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
* Russell K. Girling	Director, President and Chief Executive Officer (Principal Executive Officer)	December 16, 2016
* Donald R. Marchand	Executive Vice-President, Corporate Development and Chief Financial Officer (Principal Financial Officer)	December 16, 2016
* G. Glenn Menuz	Vice-President and Controller (Principal Accounting Officer)	December 16, 2016
* S. Barry Jackson	Director, Chair	December 16, 2016
* Kevin E. Benson	Director	December 16, 2016
* Derek H. Burney	Director	December 16, 2016
* John E. Lowe	Director	December 16, 2016
* Paula Rosput Reynolds	Director	December 16, 2016
* John Richels	Director	December 16, 2016
* Mary Pat Salomone	Director	December 16, 2016
* Indira V. Samarasekera	Director	December 16, 2016

Signature	Title	Date
* D. Michael G. Stewart	Director	December 16, 2016
* Siim A. Vanaselja	Director	December 16, 2016
* Richard E. Waugh	Director	December 16, 2016

By:	/s/ Christine R. Johnston
Name:	Christine R. Johnston
Title:	Attorney-in-fact

AUTHORIZED REPRESENTATIVE

Pursuant to the requirements of Section 6(a) of the Securities Act of 1933, the undersigned has signed this amendment to the Registration Statement, solely in the capacity of the duly authorized representative of TransCanada Corporation in the United States, on December 16, 2016 in Calgary, Alberta, Canada.

TRANSCANADA PIPELINE USA LTD.

By:	/s/ Christine R. Johnston	
	Name:	Christine R. Johnston
	Title:	Vice-President and Assistant Secretary

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