IDT CORP
Form 8-K
July 16, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 11, 2008

IDT CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**1-16371**	**22-3415036**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

520 Broad Street

Newark, New Jersey **07102**
(Address of principal executive offices) **(Zip Code)**
Registrant s telephone number, including area code: (973)438-1000

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events

On April 18, 2008, a federal jury awarded Alfred West $10.5 million for breach of contract and a related claim. Mr. West made a motion for an additional $4.4 million in prejudgment interest, which IDT Corporation (the Registrant) opposed. In previous SEC filings, the Registrant disclosed that it would take legal steps to reverse the $10.5 million award. On July 11, 2008, the Registrant and Mr. West entered into a Settlement Agreement, pursuant to which Mr. West would be paid an amount less than the $10.5 million award.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IDT CORPORATION

By: /s/ James A. Courter
Name: James A. Courter
Title: Chief Executive Officer

Dated: July 16, 2008

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Blackrock, Inc.(3)

55 East 52nd

New York, NY 10055

655,829

6.0%

Renaissance Technologies LLC, et. al.(4)

800 Third Avenue

New York, NY 10022

553,000

5.1%

(1) As reported in a Schedule 13D/A dated April 28, 2014, Gabelli Funds, LLC has sole voting and dispositive power with respect to 210,050 of these shares; GAMCO Asset Management Inc. has sole voting power with respect to 611,957 of these shares and sole dispositive power with respect to 648,557 of these shares; Teton Advisors, Inc. has sole voting and dispositive power with respect to 140,070 of these shares; Gabelli Securities, Inc. has sole voting and dispositive power with respect to 3,300 of these share; and Mario Gabelli is deemed to have beneficial ownership of the shares held by each of the foregoing persons. See the Schedule 13D/A for certain disclaimers of beneficial ownership and interests of related entities in these shares

(2) Dimensional Fund Advisors LP (“Dimensional”), a registered investment adviser, may be deemed to have beneficial ownership of these shares which are held by certain investment companies, trusts and accounts for which Dimensional serves as investment adviser or manager. Dimensional has sole dispositive power with respect to all of these shares and sole voting power with respect to 920,356 of these shares. Dimensional disclaims beneficial ownership of all such shares. The information provided is based upon a Schedule 13G/A dated February 5, 2015 by Dimensional.

(3) Blackrock, Inc. (“Blackrock”) has sole voting power with respect to 645,400 of these shares, or 5.9% of the common stock outstanding, and sole investment power with respect to all of these shares. The information provided is based upon a Schedule 13G dated January 22, 2016 by Blackrock.

(4) Renaissance Technologies LLC (“RT”) and Renaissance Technologies Holding Corporation, majority owner of RT (“RTHolding”), have sole voting power with respect to 498,300 of these shares, sole dispositive power with respect to 552,802 of these shares and shared dispositive power with respect to 198 of these shares. The information provided is based upon a Schedule 13G dated February 15, 2015 by RT and RT Holding.

The following information with respect to beneficial ownership, as of January 22, 2016, of shares of common stock is furnished with respect to (i) each nominee for Director of the Company, (ii) each executive officer named in the Summary Compensation Table appearing later in this Proxy Statement and (iii) all current Directors and executive officers as a group:

Name of beneficial owner	**Amount and nature of beneficial ownership**	**Percent of common stock outstanding**
Peter W. Brown, M.D.	19,406	*
Kristina Cashman	11,284	*
Paul Fulton	59,885	*
Howard H. Haworth	14,158	*
George W. Henderson, III	20,406	*
J. Walter McDowell	5,730	*
Dale C. Pond	22,128	*
Robert H. Spilman, Jr.	212,652 [2]	1.9%
William C. Wampler, Jr.	13,828	*
William C. Warden, Jr.	20,406	*
Bruce R. Cohenour	32,274	*
John E. Bassett III	52,105 [1, 3]	*
J. Michael Daniel	49,752 [1]	*
Mark S. Jordan	35,670 [1]	*
Directors and executive officers as a group (17 persons)	771,826 [2,3,4]	7.0%

*Less than 1% of the outstanding common stock.

(1) Includes shares subject to options that are currently exercisable or exercisable within 60 days as follows: Mr. Bassett: 6,000; Mr. Daniel: 7,500; and Mr. Jordan: 8,000.

(2) Includes 17,217 shares held by Mr. Spilman's wife, and 13,947 shares held in trust of which Mr. Spilman is beneficiary.

(3) Includes 500 shares held by Mr. Bassett's wife.

(4) Includes 41,750 shares subject to options held by executive officers that are currently exercisable or that are exercisable within 60 days.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

At the meeting, ten Directors will be elected to serve, subject to the provisions of the Bylaws, until the 2017 Annual Meeting of Stockholders and until their successors are duly elected and qualified. It is the intention of the persons named in the accompanying proxy to vote all proxies solicited by the Board of Directors FOR the ten nominees listed below unless authority to vote for the nominees or any individual nominee is withheld by a stockholder in such stockholder's proxy. If for any reason any nominee shall not become a candidate for election as a Director at the meeting, an event not now anticipated, the proxies will be voted for the ten nominees including such substitutes as shall be designated by the Board of Directors.

The ten nominees for election as Directors are listed below. All of the nominees are currently members of the Board of Directors. All were elected to their current terms, which expire in 2016, at the Annual Meeting of Stockholders held on March 11, 2015. The information set forth below includes, with respect to each nominee for election as Director, his or her age, principal occupation and employment during the past five years, the year in which he or she first became a Director of the Company, directorships held by each at other public companies during the past five years and the specific experience, qualifications, attributes and skills that led the Board to conclude that he or she should serve as a Director. In addition, our Board believes that each individual below has demonstrated outstanding achievement in his or her professional career; broad experience; wisdom, personal and professional integrity; ability to make independent, analytical inquiries; experience with and understanding of the business environment; and willingness and ability to devote adequate time to Board duties.

Name and director since	**Age**	**Occupation during past five years, directorships and qualifications**
Peter W. Brown, M.D. 1993	73	Retired Partner, Virginia Surgical Associates (general surgery), 1978 to 2014. Former Director, Dominion Resources, Inc. (2002 – 2015) As an owner of a successful medical practice for many years, Dr. Brown has developed sound business acumen and provides the Board with additional perspectives on a broad range of business matters.
Kristina Cashman 2007	49	President of Guy and Larry Restaurants, Inc. since 2012; Chief Financial Officer of Eddie V's Restaurants, Inc. from 2006 through 2011; Chief Financial Officer and Secretary of P.F. Chang's China Bistro, Inc. from 2001 to 2006; Controller of P.F. Chang's China Bistro, Inc. from 1996 to 2001.

			As president of one restaurant chain and chief financial officer of two restaurant chains over the last 15 years, one of which being a public company, and as an audit manager with Ernst & Young LLP prior to her employment at P.F. Chang’s, Ms. Cashman brings development, management, financial and accounting experience to the Board and its Audit Committee.
Paul Fulton	81	1993	Chairman of the Board of the Company since 1997; Chief Executive Officer of the Company from 1997 to 2000; Dean of the Kenan-Flagler Business School of the University of North Carolina at Chapel Hill from 1994 to 1997; President of Sara Lee Corporation from 1988 to 1993. Director, Carter’s, Inc. Mr. Fulton is well qualified to serve as a member of the Board of Directors due to his leadership experience with the Company and other public companies and his extensive knowledge of the home furnishings and other industries.
Howard H. Haworth	81	1997	Retired. Chief Executive Officer from 1973 to 1985 and Chairman and Chief Executive Officer from 1983 to 1985 of Drexel Heritage Home Furnishings; Chairman Emeritus, North Carolina State Board of Education since 1995; Secretary of Commerce of the State of North Carolina from 1985 to 1987. Mr. Haworth has many years of experience in furniture manufacturing and retail, including leadership experience as a chief executive officer.

George W. Henderson, III 2004	67	Private Investor, Chairman and Chief Executive Officer, Burlington Industries, Inc. (manufacturer of textile products) 1995 to 2003. Director, Lincoln National Corporation. Mr. Henderson's experience as the chief executive officer of a major textile manufacturer provides the Board with both leadership skills and an in depth understanding of an industry that has experienced similar challenges as the furniture industry due to increasing foreign competition and outsourcing of manufacturing operations.
J. Walter McDowell 2011	65	Private Investor; Business Consultant. Chief Executive Officer, Carolinas/Virginia Banking – Wachovia Corporation from 2005 to 2007. Mr. McDowell's more than 35 years of experience at Wachovia and later in financial and business consulting provides valuable perspectives into the protection and deployment of the Company's balance sheet and into its banking relationships.
Dale C. Pond 2002	69	Private Investor. Senior Executive Vice President, Merchandising/Marketing, Lowe's Companies, Inc. (home improvement retailer) from 1998 to 2005. Former director of Family Dollar Stores, Inc. from 2006 to 2015 (Lead Director from 2013 to 2015), and former director of Scripps Networks Interactive, Inc. from 2008 to 2012. Mr. Pond's experience in retail merchandising and marketing provides valuable insights into the Company's growing retail operations. In addition, he has years of experience serving on the boards of other public companies, including service on the compensation committee and as lead director.
Robert H. Spilman, Jr. 1997	59	President and Chief Executive Officer of the Company since 2000; President and Chief Operating Officer of the Company from 1997 to 2000. Director, Harris Teeter Supermarkets, Inc. (2002 – 2014) and Dominion Resources, Inc. Mr. Spilman's 31 year career at the Company, including 15 years as Chief Executive Officer, gives him an in-depth knowledge of the Company and the furniture industry.
William C. Wampler, Jr. 2004	56	Former Executive Director, New College Institute from 2012 to 2015; Former Member of the Senate of the Commonwealth of Virginia from 1988 to 2012; Retired Colonel, U.S. Army Reserve; Managing Member of Wampler Consulting Group, LLC since 1995. As a former member of the Senate of Virginia and being the former ranking member of the Finance Committee for his party, Mr. Wampler brings to the Board over 24 years of experience in leadership, developing consensus and balancing budgets.

William C. Warden, Jr.	63	Private Investor. Executive Vice President, Lowe's Companies, Inc. from 1996 to 2003. Director, Harris Teeter Supermarkets, Inc. (2008 – 2014)
2004		Through his senior management experience at a national retail chain, Mr. Warden brings to the Board expertise in real estate, legal and administrative matters that are particularly relevant to the Company's growing retail operations.

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CORPORATE GOVERNANCE

Board and Board Committee Information

Our Board of Directors currently consists of ten directors. The Board of Directors has determined that each of Dr. Brown, Ms. Cashman, the Hon. Sen. Wampler and Messrs. Haworth, Henderson, McDowell, Pond and Warden are independent, as defined by The NASDAQ Stock Market ("NASDAQ").

The Board of Directors met six times during the 2015 fiscal year. Each Director attended at least 80% of the meetings of the Board of Directors and committees on which such Director served. It is the policy of the Company that Directors should attend annual meetings of stockholders. A regular meeting of the Board of Directors is scheduled in conjunction with the annual meeting, and all Directors attended last year's annual meeting.

The Board of Directors currently has two standing committees: an Audit Committee and an Organization, Compensation and Nominating Committee. The charters for each of these committees are available on the Company's website at *www.bassettfurniture.com.*

Audit Committee: The Audit Committee is composed of Messrs. Warden, Haworth, Henderson and Ms. Cashman. Among other things, the Audit Committee engages or dismisses independent auditors; approves all audit, audit-related and other auditor fees and services; reviews, evaluates and monitors the performance of audit activities; reviews periodic financial filings; and reviews internal audit activities. The Board of Directors has determined that each member of the Audit Committee meets the current independence and experience requirements contained in the listing standards of NASDAQ. The Board of Directors has also determined that Mr. Henderson is an "audit committee financial expert" as defined in the regulations promulgated by the Securities and Exchange Commission (the "SEC") under the Sarbanes-Oxley Act of 2002. The Audit Committee met seven times during the 2015 fiscal year.

Organization, Compensation and Nominating Committee: The Organization, Compensation and Nominating Committee is composed of Dr. Brown, Messrs. Pond and McDowell and the Hon. Sen. Wampler. The Committee reviews and makes recommendations to the Board of Directors with respect to executive compensation; establishes, reviews and recommends changes to the organizational structure of the Company so as to utilize the management resources to best respond to the changing demands of the marketplace; reviews the individual performance of each Director in terms of overall contribution to the betterment of the Company, including meeting attendance and participation; reviews the composition of the Board; and recommends a slate of Directors for nomination to the Board. The Organization, Compensation and Nominating Committee met four times during the 2015 fiscal year.

Board Leadership Structure and Board's Role in Risk Oversight. Our Chairman of the Board, Paul Fulton, retired as our Chief Executive Officer in 2000. As a former CEO of the Company, Mr. Fulton brings to the chairmanship extensive experience in the industry generally and the Company's business in particular. We believe this background enhances the role of the Chairman of the Board in the development of long-term strategic plans and oversight of senior management in the implementation of such plans. For the above reasons, we believe the current leadership structure of the Board is appropriate for our Company.

Our Board of Directors believes that full and open communication between management and the Board of Directors is essential for effective risk management and oversight. Our Board meets with our Chief Executive Officer and other senior management at regular Board meetings to discuss strategy and risks facing the Company. Periodically, senior management delivers presentations to our Board or a Board committee regarding strategic matters and matters involving material risk.

While our Board of Directors is ultimately responsible for risk oversight, our Board committees assist the Board in fulfilling its oversight responsibilities in certain areas of risk. The Audit Committee assists our Board in fulfilling its oversight responsibilities with respect to risk management in the areas of internal control over financial reporting, disclosure controls and procedures and legal and regulatory compliance. The Audit Committee discusses with management and the independent auditor significant business, financial and legal risk exposures and the steps management has taken to monitor and control such exposure. The Organization, Compensation and Nominating Committee assists our Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs, board organization, membership and structure, corporate governance and succession planning for our Directors and senior management. While Board committees are responsible for assisting the Board in evaluating certain risks and overseeing the management of such risks, our entire Board of Directors is regularly informed through management and committee reports about such risks and steps taken to manage and mitigate them.

Director Compensation

The Organization, Compensation and Nominating Committee is responsible for recommending director compensation to the Board of Directors. The following compensation arrangements have been recommended by the Organization, Compensation and Nominating Committee and approved by the Board of Directors.

Directors who are not employees of the Company receive an annual retainer fee of $20,000 and a fee of $1,000 per committee and $2,000 per board meeting attended. Chairpersons of the Board of Directors' standing committees receive an additional fee of $1,000 per regular Board meeting. The chairperson of the Audit Committee receives an additional annual retainer fee of $10,000 and the chairperson of the Organization, Compensation and Nominating Committee receives an additional annual retainer fee of $5,000. Under the 2010 Stock Incentive Plan, each non-employee director receives an annual grant of restricted stock on the first business day of the month following the Annual Meeting of Stockholders equal to $20,000 divided by the fair market value of the common stock. Mr. Paul Fulton typically receives a restricted stock grant in the same amount as the award to non-employee Directors as part of his compensation for serving as non-executive Chairman. Directors who are also employees of the Company receive no additional compensation for serving as Directors.

DIRECTOR COMPENSATION

Name	Fees earned or paid in cash (1) ($)	Stock awards (2) ($)	Total ($)
Peter W. Brown, M.D.	36,000	20,000	56,000
Paul Fulton	—	20,000	20,000
Howard H. Haworth	39,000	20,000	59,000
George W. Henderson, III	36,000	20,000	56,000
Kristina Cashman	36,000	20,000	56,000
J. Walter McDowell	36,000	20,000	56,000
Dale C. Pond	33,000	20,000	53,000
William C. Wampler, Jr.	45,000	20,000	65,000
William C. Warden, Jr.	53,000	20,000	73,000

(1) Includes annual retainer fee, committee chairperson fees and Board/committee meeting fees.

(2) Under the 2010 Stock Incentive Plan, each of the Company's outside Directors received an award of 706 shares of restricted stock on April 1, 2015. These shares had a grant date fair value of $28.30 per share and will vest on April 1, 2016.

Stock Ownership Guidelines

In fiscal 2015, the Board established stock ownership guidelines for non-employee Directors receiving restricted stock. Recipients should not sell common stock of the Company until the following stock ownership guidelines are met:

Each non-employee Director should accumulate and hold common stock of the Company with a minimum value equivalent to 5 times the Director's annual retainer and meeting fees for the previous year.

Policies and Procedures Governing Director Nominations

The Organization, Compensation and Nominating Committee evaluates candidates taking into account their individual skills and characteristics relative to the skills and characteristics of the current Board as a whole. Factors considered include diversity, age and such skills (e.g., an understanding of appropriate technologies, work experience relevant to the Company's businesses, and decision-making ability) as are suited to the Company's and the Board's needs at the time. Although the Company has no diversity policy, the Board believes that diversity with respect to factors such as background, experience, skills, race, gender and national origin is an important consideration in board composition.

Two members of the Organization, Compensation and Nominating Committee are selected each year to identify, screen, interview and submit Director candidates to the Organization, Compensation and Nominating Committee. Prospective candidates are typically identified by current non-management or former members of the Board. This process begins after an annual assessment and report by the Organization, Compensation and Nominating Committee to the full Board.

The Organization, Compensation and Nominating Committee will consider Director candidates recommended by stockholders. A stockholder requesting that a recommendation be reviewed by the Organization, Compensation and Nominating Committee should submit such information as the stockholder deems pertinent for service on the Board, such as age, experience and skills, and any other information required to be disclosed in a proxy statement regarding the prospect. This information must be accompanied by the prospective candidate's written consent to serve on the Board of Directors if nominated and elected. This information should be received by the Secretary of the Company at P.O. Box 626, Bassett, Virginia 24055, by December 2, 2016 for nominations to be made at the 2017 Annual Meeting of Stockholders.

Interested Party Communications with the Board of Directors

Interested parties, including security holders, may send communications to the Board of Directors by mailing the same addressed to the Board of Directors (or addressed to a specific individual Director), Bassett Furniture Industries, Incorporated, P.O. Box 626, Bassett, Virginia 24055. The Board of Directors, including a majority of the independent directors, has adopted a procedure for receiving and addressing such communications.

Code of Business Conduct

Bassett maintains a Code of Business Conduct (the "Code"), which is administered by the Audit Committee and is applicable to all of the Company's employees, officers and Directors. The purpose of the Code is to convey the Company's policies and practices for conducting business in accordance with its commitment to applying high ethical standards to its business practice. Any waiver of the Code for executive officers or Directors will be made only by the Board of Directors or its Audit Committee and will be promptly disclosed. In support of the Code, the Company has provided employees with a number of avenues for the reporting of ethics violations or similar concerns, including a process for making such reports anonymously.

The Code was adopted by the Board of Directors and is reviewed periodically by the Board of Directors. The Code is available for review on the Company's website, *www.bassettfurniture.com*, and the Company will post any amendments to, or waivers for executive officers from, the Code on that website. A copy of the Code may be obtained, without charge, upon written request to Jay R. Hervey, Secretary, Bassett Furniture Industries, Incorporated, P.O. Box 626, Bassett, Virginia 24055.

Other Transactions

The Company recognizes that transactions between Bassett and related persons present a potential for actual or perceived conflicts of interest. The Company's general policies with respect to such transactions are included in its Code. As a supplement to the Code, the Audit Committee has adopted a written policy setting out the procedures and standards to be followed for the identification and evaluation of "related party transactions." For purposes of the policy, a related party transaction is any transaction or series of related transactions in excess of $120,000 in which the Company is a party and in which a "related person" has a material interest. Related persons include Directors, Director nominees, executive officers, 5% beneficial owners and members of their immediate families. The Audit Committee has determined that certain transactions are deemed to be pre-approved under this policy. These include (i) transactions with another company in which the related person's only interest is as a director or a beneficial owner of less than 10% of that company's outstanding stock or limited partnership interests and (ii) certain compensation arrangements that have either been disclosed in our proxy statement or approved by our Organization, Compensation and Nominating Committee.

The Company collects information about potential related party transactions in its annual questionnaires completed by Directors and officers. Potential related party transactions are first reviewed and assessed by our General Counsel to consider the materiality of the transactions and then reported to the Audit Committee. The Audit Committee reviews and considers all relevant information available to it about each related party transaction. A related party transaction is approved or ratified only if the Audit Committee determines that it is in, or is not inconsistent with, the best interests of the Company and its stockholders and in compliance with the Code. No such transactions were approved or ratified during fiscal 2015.

During 2015, the Company consummated the purchase of the remaining 51% in Zenith Freight Lines, LLC from Zenith Transportation, Inc. (owned by Jack Hawn and his wife, Debbie Hawn), with the purchase price of $19,111,000 being paid with 89,485 shares of Company stock, $9 million cash at closing, and a $9 million note payable in three annual principal installments of $3 million each, together with interest thereon at an annual rate equal to the one-year LIBOR. All members of the Audit Committee and the full Board approved the transaction. Pursuant to the transaction, Jack Hawn, as President of Zenith Freight Lines, LLC, became an executive officer of the Company. Mr. Hawn was not a "related person" prior to the closing of the transaction.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Company's Directors and executive officers and persons who own more than 10% of the common stock to file with the SEC initial reports of ownership and reports of changes in ownership of the common stock and other equity securities. Executive officers, Directors and greater than 10% stockholders are required to furnish the Company with copies of all such reports they file. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations from the Company's Directors and executive officers that no other reports were required, during the fiscal year ended November 28, 2015, all Section 16(a) filing requirements applicable to its Directors, executive officers and greater than 10% beneficial stockholders were complied with.

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Audit Committee Report

The Audit Committee of the Board of Directors (the "Audit Committee") is composed of four Directors and operates under a written charter adopted by the Board of Directors and annually reassessed and updated, as needed, in accordance with applicable rules of the SEC and NASDAQ. Each of the members of the Audit Committee is independent, as defined by NASDAQ.

Management is responsible for the Company's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company's financial statements and internal control over financial reporting and issuing their report thereon. The Audit Committee's primary responsibility is to monitor and oversee these processes. The Audit Committee also selects the Company's independent registered public accounting firm.

In this context, the Audit Committee has reviewed and discussed the Company's financial statements with both management and the independent registered public accounting firm. The Audit Committee also discussed with the independent registered public accounting firm matters required of auditors to be discussed by auditing standards generally accepted in the United States, including the matters required to be discussed by Auditing Standards No. 61 (Codification of Statements on Auditing Standards, AU §380) as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Company's independent registered public accounting firm also provided to the Audit Committee the written disclosures and the letter required pursuant to Rule 3526 of the Public Company Accounting Oversight Board, *Communication with Audit Committees Concerning Independence*, and the Audit Committee discussed with the independent registered public accounting firm their independence.

Based on the foregoing, the Audit 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 November 28, 2015 filed with the Securities and Exchange Commission on or about January 21, 2016. The Audit Committee also recommends that the shareholders ratify the retention of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending November 26, 2016.

Audit Committee:
William C. Warden, Jr., Chairman

Howard H. Haworth

George W. Henderson, III

Kristina Cashman

Organization, Compensation and Nominating Committee Report

As detailed in its charter, the Organization, Compensation and Nominating Committee of the Board oversees the Company's executive compensation program on behalf of the Board. In the performance of this function, the Organization, Compensation and Nominating Committee, among other things, reviewed and discussed with management the Compensation Discussion and Analysis set forth below in this proxy statement. Based on this review and discussion, the Organization, Compensation and Nominating Committee recommended to the Company's Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the fiscal year ended November 28, 2015 and this proxy statement.

Organization, Compensation and

Nominating Committee:

William C. Wampler, Jr., Chairman

Peter W. Brown

J. Walter McDowell

Dale C. Pond

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis (CD&A) describes the material elements of compensation paid to our executive officers as well as the objectives and material factors underlying our compensation policies and decisions. The information in this CD&A provides context for the compensation disclosures in the tables and related discussions that follow in this proxy statement. The Organization, Compensation and Nominating Committee of the Board, which oversees our executive compensation program, is referred to as the *"Committee"* in this CD&A. The terms *"we"* and *"our"* refer to Bassett Furniture Industries, Incorporated. When we refer to the *"named executives"* we are referring to the six individuals listed in the Summary Compensation Table appearing later in this proxy statement.

The Committee has assisted the Company in developing and implementing compensation policies and programs which seek to improve the profitability of the Company and to maximize stockholder value over time. To accomplish this, the Directors who comprise the Committee have developed executive compensation policies that are consistent with, and directly linked to, the Company's business objectives. These business objectives represent a composite of factors that are considered important for the future success of the Company. These factors attempt to balance long and short-term performance, including the continued maintenance of a strong balance sheet, growth of pre-tax profitability and earnings per share, control of costs, market growth and diversification and other criteria which may be introduced over time as a result of changes in the home furnishings environment.

Compensation Philosophy and Objectives

The primary goal of our executive compensation program is the same as our goal for operating the company – to maximize corporate performance and thereby create value for our shareholders. To achieve this goal we have designed our executive compensation program to achieve the following objectives:

Attract and retain talented and experienced executives in our industry;

Motivate and reward executives whose knowledge, skills and performance are critical to our success;

Align the interests of our executives and stockholders, by encouraging executives to increase stockholder value and rewarding executives when stockholder value increases; and

- Motivate our executives to manage our business to meet our short-term and long-term corporate goals and business objectives, and reward them for meeting these objectives.

We use a mix of short-term compensation in the form of base salaries and cash incentive bonuses and long-term compensation in the form of equity incentives to provide a total compensation structure that is designed to encourage our executives to achieve these objectives. All of our executive employees are employed at-will, other than Mr. Hawn.

Determining Executive Compensation

The Committee is responsible for developing, administering and interpreting the compensation program for executive officers and other key employees. The Committee was appointed by our Board of Directors, and consists entirely of Directors who are “outside directors” for purposes of Section 162(m) of the Internal Revenue Code, and “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934. The Committee may delegate some or all of its responsibilities to one or more subcommittees whenever necessary to comply with any statutory or regulatory requirements or otherwise deemed appropriate by the Committee. The Committee has the authority to retain consultants and other advisors to assist with its duties and has sole authority to approve the fees and other retention terms of such consultants and advisors.

Our chief executive officer makes recommendations to the Committee regarding the salaries, bonus arrangements and equity grants, if any, for key employees, including all executive officers, except him. In the case of discretionary bonuses for executive officers, which are based on individual performance, the chief executive officer’s evaluation of such performance is provided to and reviewed by the Committee. Based on the foregoing, the Committee uses its judgment in making compensation decisions that will best carry out our philosophy and objectives for executive compensation. The decisions are reviewed by the full Board, with the exception of decisions on stock or option awards which are made by the Committee to satisfy tax law requirements.

Within the context of the overall objectives of our compensation programs, we determined the specific amounts of compensation to be paid to each of our executives in 2015 based on a number of factors including:

- The roles and responsibilities of our executives;
- The individual experience and skills of our executives;
- The amounts of compensation being paid to our other executives;
- Our executives’ historical compensation at our company; and

Our understanding of the amount of compensation generally paid by similarly situated companies to their executives with similar roles and responsibilities.

In evaluating the compensation generally paid by similarly situated companies, we have historically taken into account available data relating to the compensation practices of other companies within and outside our industry. In January 2011, Hay Group conducted an analysis on the fiscal 2010 executive compensation relative to the peer group consisting of Chromcraft Revington, Ethan Allen Interiors, Flexsteel Industries, Furniture Brands International, Haverty Furniture, Hooker Furniture, La-Z-Boy and Stanley Furniture. The analysis found that, in general, our base salaries and cash compensation (i.e., salaries and annual bonus), as well as our total direct compensation (i.e., salaries and annual bonus and equity incentives combined), were below the 10^{th} percentile. In January 2013, Hay Group updated its analysis on the fiscal 2012 executive compensation relative to positions of similar responsibilities in its 2012 Retail Executive Total Remuneration Survey consisting of 128 companies. The analysis found that, in aggregate, our base salaries, cash compensation (i.e., salaries and annual bonus) and total direct compensation (i.e., salaries and annual bonus and equity incentives combined) approximated the 10^{th} percentile of the retail market, while base salary, cash compensation and total direct compensation for our President and CEO were below the 10^{th} percentile for the retail market. It was also noted that our total compensation remained well below the median of the peer group.

During 2015, Hay Group conducted analyses of our fiscal 2014 executive compensation relative to an updated peer group approved by the Committee and relative to the 2014 Retail Executive Total Remuneration Survey consisting of 143 companies. The update to the peer group removed companies that had either filed for bankruptcy or delisted and added four similarly-sized companies in retail and various housing related industries. The updated peer group consists of American Woodmark, Culp, The Dixie Group, Ethan Allen Interiors, Flexsteel Industries, Haverty Furniture, Hooker Furniture, Kirkland's, La-Z-Boy and Stanley Furniture. The analysis relative to the peer group found that total direct compensation (i.e., salary, annual bonus and equity incentives combined) was at the 45^{th} percentile for our CEO and between the 30^{th} and 50^{th} percentiles for our other executives. The analysis relative to the retail market found that total direct compensation (defined in the same manner) was at the 30^{th} percentile for our CEO and between the 25^{th} and 60^{th} percentiles for our other executives.

At the 2014 and 2015 Annual Meetings of Stockholders, we received substantial support for the compensation of our named executives, with approximately 93% and 97%, respectively, of the votes cast on the "say on pay" proposal approving such compensation. The outcome of the advisory votes on executive compensation at the 2014 and 2015 Annual Meetings did not affect the Company's executive compensation decisions and policies.

Elements of our Executive Compensation Program

Our executive compensation primarily consists of base salary, the potential for cash bonuses, equity-based incentives and benefit programs. We discuss each of the primary elements of our executive compensation in detail below. While we have identified particular compensation objectives that each element of executive compensation serves, our compensation programs are designed to complement each other and collectively serve all of our executive compensation objectives described above.

Base Salary

Base salaries are intended to provide a level of compensation sufficient to attract and retain an effective management team when considered in combination with other components of our compensation program. The base salary of each executive officer is reviewed annually to determine if it is equitably aligned with our other executive officers and at a sufficient level to attract and retain top talent. Base salaries were increased by 3% to 7% in fiscal 2013 (except for one named executive whose base salary was increased by 16% based on a promotion), were unchanged for fiscal 2014, and were increased by 4% to 5% for fiscal 2015. Following the Company's improved performance in fiscal 2015, the base salary for our CEO was increased by 3% for fiscal 2016, and the base salaries for the other named executives were increased by 2% to 5%.

Discretionary Bonuses

Historically, cash bonuses for executives have been primarily earned through performance-based incentive bonus awards and, to a lesser extent, discretionary bonus awards. In fiscal 2015, our named executives received discretionary bonuses of 14% to 26% of base salary in recognition of the improvement in profitability achieved by the Company. No discretionary bonuses were paid to named executives for fiscal 2013 or fiscal 2014.

Performance-based Bonus Awards

The primary objectives of our performance-based bonus awards are to provide incentive for superior work, to motivate our executives toward higher achievement and business results, to tie our executives' goals and interests to ours and our stockholders' and to enable us to attract and retain highly qualified individuals. Annual incentives are established for each executive based on our attainment of performance goals set by the Committee at threshold, target and maximum levels. When applicable, the bonus earned is calculated ratably from the threshold to the target and from the target to the maximum. No bonus is earned unless and until performance exceeds the threshold performance level. Company operating income has been the single performance measure for the last three fiscal years. Having a single performance measure is intended to align our executives' focus on the Company's overall improved profitability and sales growth. The performance levels required to earn the target level of bonus are based on the internal financial goals set in connection with our Board of Directors' consideration and approval of our annual operating plan. Consistent with our emphasis on tying compensation to performance, maximum bonus opportunities for executives are set at a significant percentage of base salary, with the maximum performance goal set at a level that we believe will make it difficult for the executives to earn bonuses at the maximum levels.

For fiscal 2015, the threshold, target and maximum performance goals under the bonus program were set at $13.75 million, $17.45 million and $20.45 million, respectively, of operating income before bonus expense. The bonus opportunities for the named executives expressed as a percentage of salary are shown in the table below. The dollar equivalents of these bonus opportunities are shown in the Grants of Plan-Based Awards table on page 15 of this proxy statement.

Bonus Opportunity as a Percentage of Base Salary

(rounded to the nearest percent)

Name	Threshold	Target	Maximum
Robert H. Spilman, Jr.	25%	68%	114%
Bruce R. Cohenour	13%	36%	60%
John E. Bassett III	17%	47%	78%
Mark S. Jordan	17%	47%	78%
J. Michael Daniel	17%	47%	78%
Jason W. Camp	13%	36%	60%

The actual performance achieved in fiscal 2015 was $26.49 million of such operating income before bonus expense, which exceeded the maximum performance goal. As a result, the executives earned the maximum performance bonuses for fiscal 2015. For example, Mr. Spilman's base salary for fiscal 2015 was $388,750 and his maximum bonus opportunity as a percentage of salary was approximately 114%. Therefore, his actual bonus for fiscal 2015 was $442,623 (which was slightly less than 114% of his salary due to the rounding of the percentages in the table above).

Equity Incentive Compensation

We periodically grant equity incentive awards in the form of stock options and restricted stock to align the interests of our executives with our stockholders by providing our executives with strong incentives to increase stockholder value. In fiscal 2014 and in fiscal 2015, each of our named executives received an award of performance shares to be issued in one year subject to the Company achieving a performance goal based on cash flow from operations for fiscal 2014 and fiscal 2015, respectively. The cash flow from operations measure is intended to focus attention on the Company's goal to generate sufficient cash from operations to fund the growth of the business. Under the terms of the awards, if the performance goal was met, the executive would receive restricted shares that are subject to a two year vesting condition. If the performance goal was not met, no shares would be issued. Subsequent to the end of each of the fiscal years 2014 and 2015, the Committee determined that the performance goal for these awards was met and thus the restricted shares were issued in January 2015 and January 2016 and will vest two years from the respective issue or measurement dates. The performance goal for the fiscal 2015 awards was $17.25 million of cash flow from operations, whereas the actual result for fiscal 2015 was $32 million. The vesting schedule for our fiscal 2013 restricted stock awards is ratably over five years, with one-fifth vesting on each of the first five anniversaries of the date of grant. The vesting schedules for these awards provide added incentive for the executive to continue his or her employment with us.

The chief executive officer recommends to the Committee the recipients and sizes of equity awards. In evaluating these recommendations, the Committee considers a number of factors including the Committee's subjective evaluation of the executive officer's potential contribution to the Company's future success and the level of incentive already provided by the number and terms of the executive officer's existing stock incentive holdings. The grant date of any such equity award is the same date the Board of Directors or the Committee approves the award. The exercise price of the stock options is the fair market value of the common stock on the date the award is approved by the Board of Directors or the Committee. Fair market value is calculated according to the closing price of our common stock on NASDAQ on that date.

We do not have any program, plan or practice to time stock option grants in coordination with the release of material non-public information.

Retirement and Deferred Compensation Plans

Our chief executive officer participates in the Company's Supplemental Retirement Income Plan and Executive Officer Deferred Compensation Plan, which were established in 1984 for certain key executives employed at that time. The plans were intended to promote the long term service of, and to provide benefits upon the retirement, death or disability of, the participants, of whom our chief executive officer is the only remaining employee.

Change in Control Arrangements

The 1997 Employee Stock Plan under which options were awarded to executives prior to fiscal 2010 provides that the vesting of all options granted under the plan will accelerate upon a “change in control,” as defined in the plan. The award agreements for options and restricted stock granted beginning in fiscal 2010 under the 2010 Stock Incentive Plan similarly provide for accelerated vesting of such equity awards upon a “change in control,” as defined in that plan. In addition, the Company has entered into employment continuity agreements with certain executive officers, including each of the named executives. The terms of the agreements, which are described in greater detail elsewhere in this proxy statement, generally provide for certain lump sum payments and continued benefits in the event that an executive is terminated without cause or resigns with good reason within specified periods following a change in control. The Committee believes that the foregoing arrangements will help the Company retain continuity of management during the uncertain period leading up to an actual or potential change in control by giving the executives certain assurances of financial security. Such assurances should result in the executives being less distracted by personal risks and better able to devote their full time and best efforts to the performance of their duties.

Severance Arrangements

In January 2009, the Committee recommended, and the Board of Directors adopted, the Severance Program for Officers and Management Employees. This program, which is described in greater detail elsewhere in this proxy statement, is designed to provide management with some assurances of financial security during difficult economic times. The Committee believes that these assurances will result in management being less distracted by the personal risks of being laid off and more focused on carrying out their duties to the best of their ability.

Clawback Policy

Effective February 1, 2016, the Board of Directors adopted a clawback policy that provides that we will seek to recover any erroneously awarded incentive-based compensation received by a “covered officer” (which term includes any current or former executive officer of the Company) during the three-year period preceding any date on which we are required to prepare an accounting restatement due to our material noncompliance with any financial reporting requirement under the federal securities laws. A copy of the clawback policy is available on our website, www.bassettfurniture.com.

Stock Ownership Guidelines

In fiscal 2013, the Committee established stock ownership guidelines for members of management who are recipients of long term incentive stock awards; i.e., restricted stock or options. Recipients should not sell common stock of the Company until the following stock ownership guidelines are met:

Management Level	Value as a Multiple of Base Annual Salary
CEO	4x
Senior Vice President	2x
Other	1x

Unvested stock options and/or restricted shares are not considered toward ownership levels. The Committee may approve exceptions or waivers from these guidelines for recipients for charitable gifts, estate planning transactions, educational expenses, purchase of a primary residence, court ordered transactions or other instances in which the required ownership would result in a severe hardship with respect to the officer.

Other Components of Executive Compensation

Most benefits offered to executive officers are similar to those offered to all employees. These programs are designed to provide protection against financial catastrophe that can result from illness, disability or death. In addition, the Company provides a limited number of perquisites to its executive officers. The Committee believes that its perquisites are reasonable and consistent with the overall executive compensation program. These perquisites may include such personal benefits as executive physicals and long-term disability insurance coverage.

Effect of Accounting and Tax Treatment on Compensation Decisions

In the review and establishment of our compensation programs, we consider the anticipated accounting and tax implications to us and our executives. However, these factors alone are not dispositive, and we also consider the cash and non-cash impact of the programs and whether a program is consistent with our overall compensation philosophy and objectives.

One of the tax implications that the Committee considers is the deductibility of executive compensation.
Section 162(m) of the Internal Revenue Code imposes a $1 million limit on the amount of annual compensation that can be deducted by the Company with respect to each of the chief executive officer and the four other most highly compensated executive officers. Performance-based compensation that meets certain requirements will not be subject to this deductibility limit. It is generally the Company’s policy to seek to qualify the performance-based components of its compensation program for this exclusion from the Section 162(m) limitation as necessary to maximize the deductibility of executive compensation so long as doing so is consistent with the Committee’s objectives for executive

compensation.

Compensation-Related Risk

The Company regularly assesses the risks related to our compensation programs, including our executive compensation programs and does not believe that the risks arising from our compensation policies and practices are reasonably likely to have a material adverse effect on the Company. Incentive award targets and bonus opportunities are reviewed annually allowing the Committee to maintain an appropriate balance between rewarding high performance without encouraging excessive risk.

EXECUTIVE COMPENSATION

The following table presents information with respect to total compensation of Bassett's Chief Executive Officer, its principal financial officer and its four other most highly compensated executive officers (the "named executives") for the fiscal years ended November 28, 2015, November 29, 2014 and November 30, 2013.

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary ($)	Bonus ($)	Stock awards ($)(2)	Option awards ($)(2)	Non-equity incentive plan compensation ($)	Change in pension value and non-qualified deferred compensation earnings ($)	All other compensation ($)(1)	Total ($)
Robert H. Spilman, Jr.,	2015	388,750	99,585	202,100	0	442,623	1,459,771	19,624	2,612,453
Chief Executive Officer and	2014	375,000	0	169,440	0	411,821	871,781	14,512	1,842,554
President	2013	372,917	0	232,960	0	225,927	258,348	9,960	1,100,112
Bruce R. Cohenour,	2015	336,917	45,643	121,260	0	202,869			
Senior Vice President, Sales	2014	325,000	0	84,720	0	188,751			
& Merchandising	2013	323,750	0	116,480	0	103,550			