

## **Stanley Furniture Company, Inc.**

### **Compensation and Benefits Committee Charter**

(As amended)

The primary purpose of the Compensation and Benefits Committee (the "Committee") is to (i) assist the Board of Directors (the "Board") in discharging the Board's oversight responsibilities with respect to compensation of the Company's executives; (ii) to review and discuss with management the Company's compensation discussion and analysis ("CD&A") to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC") and to prepare the Compensation Committee Report as required by the rules of the SEC; and (iii) administer designated executive compensation plans of the Company. The Committee reports to the full Board on all matters within the Committee's responsibilities. The Committee is authorized to obtain advice and assistance as it believes necessary from corporate personnel and from external legal and other advisors including independent compensation consultants and the Company shall provide funding, as determined by the Committee, for payment of compensation to any advisors employed by the Committee and for the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee shall have the sole authority to retain or terminate any independent compensation consultants.

The Committee shall be composed of at least three directors, each of whom shall have no relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In addition, the members of the Committee shall satisfy the applicable requirements for committee membership imposed by the Nasdaq Stock Market and any applicable eligibility requirements of the SEC. Subject to Board approval, the Committee shall adopt, and at least annually review and reassess, a committee charter meeting the requirements from time to time of the Nasdaq Stock Market. The Committee shall provide the Nasdaq Stock Market periodically with such appropriate written confirmation concerning these matters as the Nasdaq Stock Market may from time to time require. At every meeting of the Committee, the Committee shall have the opportunity to meet in executive session without members of management present.

The following functions shall be the common recurring activities of the Committee in carrying out its functions. These functions are set forth as a guide with the understanding that, except as otherwise provided by requirements of the Nasdaq Stock Market or the SEC, the Committee may diverge from this guide as appropriate given the circumstances. Subject to the foregoing, the Committee shall:

1. Review and approve any statement of general principles governing payment of compensation to, or ownership of the Company's stock by, the Company's executives.

2. Recommend to the Board the executive compensation and benefit plans to be adopted by the Company and any amendment, termination or discontinuance of such plans.
3. Administer and perform specified functions under the Company's equity-based, incentive compensation, deferral and other executive compensation plans, or in connection with other executive compensation, as designated from time to time by the Board or by the terms of such plans. In discharging this responsibility, the Committee will (a) grant, or delegate authority to grant, equity-based awards, (b) review management's recommendations regarding incentive compensation awards (other than for the chief executive officer) and grant, or delegate authority to grant, such awards as the Committee believes appropriate, (c) determine the incentive compensation award to be granted to the chief executive officer, and (d) perform such other functions as are specified by the terms of such plans or by the Board.
4. Review and approve (a) general performance goals established under the Company's incentive compensation plans, and (b) the specific goals under which compensation is to be paid to designated executives under the plans. In considering the long-term incentive compensation component of the chief executive officer's compensation, the Committee should take into account the Company's performance and relative shareholder return, the value of similar incentive awards at comparable companies awards previously given to the chief executive officer, and any other factors determined relevant by the Committee.
5. Annually review and approve the total compensation, including salaries, to be paid to the chief executive officer and the other executive officers of the Company. With respect to the chief executive officer, review and approve goals and objectives relevant to his or her compensation, evaluate his or her performance in light of these goals and objectives and set his or her compensation level based on this evaluation. The chief executive officer may not be present during voting or deliberating on his or her compensation.
6. Review on a periodic basis (soliciting necessary information from corporate personnel, independent consultants and others, as the Committee believes appropriate) (a) competitive market analyses of the Company's executive compensation program (including benefits and perquisites paid or available to executives) and (b) executive compensation alternatives and significant new trends and issues.
7. Review, with the assistance of appropriate corporate personnel or independent consultants, the impact of tax, accounting and regulatory requirements on executive compensation.

8. Review and approve the terms of any severance, change in control, or employment agreements with executive officers or other key executives of the Company, including the designation of individuals to enter into such agreements.
9. Review and approve any contract providing for consulting fees or other special compensation payable to an executive officer of the corporation after termination of his or her regular employment.
10. Review and discuss with management the Company's CD&A, and based on that review and discussion, to recommend to the Board that the CD&A be included in the Corporation's annual proxy statement or annual report on Form 10-K.
11. Prepare the Compensation Committee Report in accordance with the rules and regulations of the SEC for inclusion in the Corporation's annual proxy statement or annual report on Form 10-K and the Company's response to any comments of the Securities and Exchange Commission on the report.
12. Review the description of the Committee's processes and procedures for the consideration and determination of executive compensation to be included in the Corporation's annual proxy statement or annual report on Form 10-K filed with the SEC.
13. Establish such policies from time to time as the Committee deems appropriate regarding the delegation of authority to executive officers.