

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

Form 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended March 29, 2008

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission file number: 0-14938

STANLEY FURNITURE COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

54-1272589

(I.R.S. Employer Identification No.)

1641 Fairystone Park Highway, Stanleytown, Virginia 24168

(Address of principal executive offices, Zip Code)

(276) 627- 2000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes (x) No ()

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer ()

Accelerated filer (x)

Non-accelerated filer () (Do not check if a smaller reporting company) Smaller reporting company ()

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes () No (x)

As of April 11, 2008, 10,332,179 shares of common stock of Stanley Furniture Company, Inc., par value \$.02 per share were outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

STANLEY FURNITURE COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	<u>March 29,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
ASSETS		
Current assets:		
Cash.....	\$ 32,169	\$ 31,648
Accounts receivable, less allowances of \$1,721 and \$1,482..	28,545	25,393
Inventories:		
Finished goods	41,718	46,250
Work-in-process.....	4,204	4,432
Raw materials	<u>7,364</u>	<u>7,404</u>
Total inventories.....	53,286	58,086
Prepaid expenses and other current assets.....	1,561	1,767
Deferred income taxes	<u>3,376</u>	<u>3,381</u>
Total current assets	118,937	120,275
Property, plant and equipment, net	42,614	43,898
Goodwill	9,072	9,072
Other assets	<u>101</u>	<u>486</u>
Total assets.....	<u>\$170,724</u>	<u>\$173,731</u>
LIABILITIES		
Current liabilities:		
Current maturities of long-term debt.....	\$ 1,428	\$ 1,428
Accounts payable	13,571	16,106
Accrued salaries, wages and benefits	8,038	7,108
Other accrued expenses.....	<u>2,441</u>	<u>3,781</u>
Total current liabilities.....	25,478	28,423
Long-term debt, exclusive of current maturities	29,286	29,286
Deferred income taxes	4,597	4,824
Other long-term liabilities.....	<u>8,334</u>	<u>8,347</u>
Total liabilities.....	<u>67,695</u>	<u>70,880</u>
STOCKHOLDERS' EQUITY		
Common stock, \$.02 par value, 25,000,000 shares authorized and 10,332,179 shares issued and outstanding.....	207	207
Capital in excess of par value.....	715	591
Retained earnings.....	103,015	102,999
Accumulated other comprehensive loss.....	<u>(908)</u>	<u>(946)</u>
Total stockholders' equity	<u>103,029</u>	<u>102,851</u>
Total liabilities and stockholders' equity	<u>\$170,724</u>	<u>\$173,731</u>

The accompanying notes are an integral part of the consolidated financial statements.

STANLEY FURNITURE COMPANY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Three Months Ended	
	March 29, 2008	March 31, 2007
Net sales.....	\$62,534	\$75,108
Cost of sales.....	<u>51,714</u>	<u>61,614</u>
Gross profit.....	10,820	13,494
Selling, general and administrative expenses.....	<u>8,770</u>	<u>10,415</u>
Operating income.....	2,050	3,079
Other income (expense), net.....	72	(68)
Interest income.....	205	27
Interest expense.....	<u>919</u>	<u>517</u>
Income before income taxes.....	1,408	2,521
Income taxes.....	<u>359</u>	<u>845</u>
Net income.....	<u>\$ 1,049</u>	<u>\$ 1,676</u>
Earnings per share:		
Basic.....	<u>\$.10</u>	<u>\$.16</u>
Diluted.....	<u>\$.10</u>	<u>\$.15</u>
Weighted average shares outstanding:		
Basic.....	<u>10,332</u>	<u>10,761</u>
Diluted.....	<u>10,354</u>	<u>10,994</u>
Cash dividend declared and paid per common share.....	<u>\$.10</u>	<u>\$.10</u>

The accompanying notes are an integral part of the consolidated financial statements.

STANLEY FURNITURE COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
(in thousands)

	Three Months Ended	
	March 29, 2008	March 31, 2007
Cash flows from operating activities:		
Cash received from customers.....	\$ 59,335	\$ 72,016
Cash paid to suppliers and employees	(55,300)	(66,003)
Interest received, net	196	16
Income taxes paid, net	(2,595)	(511)
Net cash provided by operating activities	<u>1,636</u>	<u>5,518</u>
Cash flows from investing activities:		
Capital expenditures	(82)	(1,126)
Net cash used by investing activities.....	<u>(82)</u>	<u>(1,126)</u>
Cash flows from financing activities:		
Purchase and retirement of common stock.....		(7,252)
Dividends paid	(1,033)	(1,077)
Net cash used by financing activities.....	<u>(1,033)</u>	<u>(8,329)</u>
Net increase (decrease) in cash.....	521	(3,937)
Cash at beginning of period.....	31,648	6,269
Cash at end of period	<u>\$ 32,169</u>	<u>\$ 2,332</u>
Reconciliation of net income to net cash provided by operating activities:		
Net income.....	\$ 1,049	\$ 1,676
Depreciation and Amortization	1,379	1,532
Deferred income taxes.....	(222)	(55)
Stock-based compensation	124	114
Other, net.....		194
Changes in assets and liabilities:		
Accounts receivable.....	(3,152)	(3,054)
Inventories	4,800	3,097
Prepaid expenses and other current assets	188	1,116
Accounts payable	(2,535)	(736)
Accrued salaries, wages and benefits	993	531
Other accrued expenses.....	(1,351)	801
Other assets.....	390	351
Other long-term liabilities	(27)	(49)
Net cash provided by operating activities.....	<u>\$ 1,636</u>	<u>\$ 5,518</u>

The accompanying notes are an integral part of the consolidated financial statements.

STANLEY FURNITURE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share data)

1. Preparation of Interim Unaudited Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). In our opinion, these statements include all adjustments necessary for a fair presentation of the results of all interim periods reported herein. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures prepared in accordance with generally accepted accounting principles have been either condensed or omitted pursuant to SEC rules and regulations. However, we believe that the disclosures made are adequate for a fair presentation of results of operations and financial position. Operating results for the interim periods reported herein may not be indicative of the results expected for the year. We suggest that these consolidated financial statements be read in conjunction with the consolidated financial statements and accompanying notes included in our latest Annual Report on Form 10-K.

2. Property, Plant and Equipment

	March 29, 2008	December 31, 2007
Land and buildings	\$ 41,874	\$ 41,874
Machinery and equipment	80,624	80,589
Office furniture and equipment	1,377	1,377
Construction in process	108	61
Property, plant and equipment, at cost.....	123,983	123,901
Less accumulated depreciation	81,369	80,003
Property, plant and equipment, net	<u>\$ 42,614</u>	<u>\$ 43,898</u>

3. Debt

	March 29, 2008	December 31, 2007
6.73% senior notes due through May 3, 2017.....	\$ 25,000	\$ 25,000
6.94% senior notes due through May 3, 2011.....	5,714	5,714
Total.....	30,714	30,714
Less current maturities	1,428	1,428
Long-term debt, exclusive of current maturities	<u>\$ 29,286</u>	<u>\$ 29,286</u>

4. Employee Benefits Plans

Components of other postretirement benefit cost:

	Three Months Ended	
	March 29, 2008	March 31, 2007
Service cost	\$ 22	\$ 21
Interest cost	71	39
Amortization of transition obligation	33	32
Amortization of prior service cost	(2)	(2)
Amortization of accumulated loss.....	7	6
Net periodic postretirement benefit cost.....	<u>\$ 131</u>	<u>\$ 96</u>

5. Stockholders' Equity

Basic earnings per common share are based upon the weighted average shares outstanding. Outstanding stock options are treated as potential common stock for purposes of computing diluted earnings per share. Basic and diluted earnings per share are calculated using the following share data:

	Three Months Ended	
	March 29 2008	March 31, 2007
Weighted average shares outstanding for basic calculation	10,332	10,761
Add: Effect of dilutive stock options.....	<u>22</u>	<u>233</u>
Weighted average shares outstanding, adjusted for diluted calculation	<u>10,354</u>	<u>10,994</u>

A reconciliation of the activity in Stockholders' Equity accounts for the quarter ended March 29, 2008 is as follows:

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss
Balance, December 31, 2007	\$ 207	\$ 591	\$102,999	\$ (946)
Net income			1,049	
Stock-based compensation		124		
Cash dividends paid, \$.10 per share			(1,033)	
Adjustment to net periodic benefit cost...				38
Balance, March 29, 2008	<u>\$ 207</u>	<u>\$ 715</u>	<u>\$103,015</u>	<u>\$ (908)</u>

6. Recently Issued Accounting Pronouncements

We adopted FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115*, which permits entities to choose to measure many financial instruments and certain other items at fair value, and FASB Statement No. 157, *Fair Value Measurements*. Neither of these statements had an impact on results for the first quarter of 2008. In February 2008, the FASB issued FASB Staff Position FAS 157-2, *Effective Date of FASB Statement No. 157* which delayed the effective date of SFAS No. 157 for all non-financial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, until January 1, 2009. We have not yet determined the impact that the implementation of SFAS No. 157 will have on our non-financial assets and liabilities which are not recognized on a recurring basis; however we do not anticipate it to significantly impact our consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The following table sets forth the percentage relationship to net sales of certain items included in the Consolidated Statements of Income:

	Three Months Ended	
	March 29, 2008	March 31, 2007
Net sales.....	100.0%	100.0%
Cost of sales.....	82.7	82.0
Gross profit.....	17.3	18.0
Selling, general and administrative expenses.....	14.0	13.9
Operating income.....	3.3	4.1
Other (expense) income, net.....	.1	(.1)
Interest income.....	.3	
Interest expense.....	1.4	.6
Income before income taxes.....	2.3	3.4
Income taxes.....	.6	1.1
Net income.....	1.7%	2.2%

Net sales decreased \$12.6 million, or 16.7%, for the three month period ended March 29, 2008, from the comparable 2007 period. This was primarily due to lower unit volume, resulting from continued weakness in demand, which we believe is due to current industry conditions. Partially offsetting this lower unit volume was an increase in average selling prices.

Gross profit margin for the three month period of 2008 was 17.3% compared to 18.0% for the 2007 period. Lower margin resulted from lower sales and production levels, operating inefficiencies and inflation in raw material and other costs. These factors were partially mitigated by higher average selling prices and cost savings from the consolidation of manufacturing operations. The lower sales and production levels led to lower margins due to the under absorption of factory overhead costs. Operating inefficiencies primarily resulted from cost associated with the transition of production from our Martinsville facility to our Stanleytown facility as we converted our Martinsville facility to a warehouse operation. We also incurred approximately \$220,000 in cost to relocate machinery and equipment from our Martinsville facility to other facilities. We expect to record an additional \$800,000 during the remainder of 2008 for additional machinery and equipment relocation cost and final phases of converting the Martinsville facility to a warehouse operation.

Selling, general and administrative expenses as a percentage of net sales were 14.0% for the three month period of 2008 compared to 13.9% for the 2007 period. These expenses as a percentage of net sales were approximately the same for both periods primarily due to cost control initiatives and lower selling expenses resulting from decreased sales.

As a result of the above, operating income as a percentage of net sales was 3.3% for the three month period of 2008 compared to 4.1% for the comparable 2007 period.

Interest expense and interest income for the three month period of 2008 increased primarily due to a \$25 million private note placement funded in the second quarter of 2007.

The effective tax rate for 2008 is expected to be 25.5%, compared to 32.5% for total year 2007. The lower rate for 2008 is due primarily to lower taxable income and higher tax-exempt interest income.

Financial Condition, Liquidity and Capital Resources

Our sources of liquidity include cash on hand, cash from operations and amounts available under a \$25.0 million credit facility. These sources have been adequate for day-to-day expenditures, debt payments, purchases of our stock, capital expenditures and payment of cash dividends to stockholders. We expect these sources of liquidity to continue to be adequate for the future.

Working capital, excluding cash and current maturities of long-term debt, increased \$1.1 million during the first three months of 2008 to \$62.7 million from \$61.6 million at year end. The increase was primarily due to higher accounts receivable partially offset by lower inventories.

Cash generated from operations was \$1.6 million in the first three months of 2008 compared to \$5.5 million in the 2007 period. The decrease was primarily due to lower receipts from customers due to lower sales.

Net cash used by investing activities was \$82,000 in the 2008 period compared to \$1.1 million in 2007 and consisted of normal capital expenditures. We originally budgeted approximately \$3.0 million in capital expenditures for 2008; however in light of current business conditions we are in the process of re-evaluating our capital expenditure plans for 2008.

Net cash used by financing activities was \$1.0 million in the 2008 period compared to \$8.3 million in the 2007 period. In the 2008 period, cash from operations provided funds for cash dividends. In the 2007 period, cash from operations and cash on hand provided funds for the purchase and retirement of our common stock and cash dividends. Approximately \$19.0 million is currently authorized by our Board of Directors to repurchase shares of our common stock.

At March 29, 2008, long-term debt including current maturities was \$30.7 million. Debt service requirements are \$1.4 million in 2008, 2009 and 2010, \$5.0 million in 2011 and \$3.6 million in 2012. As of March 29, 2008, approximately \$25 million of additional borrowings were available under the revolving credit facility and cash on hand was \$32.2 million.

Critical Accounting Policies

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in our 2007 annual report on form 10K.

Forward-Looking Statements

Certain statements made in this report are not based on historical facts, but are forward-looking statements. These statements can be identified by the use of forward-looking terminology such as "believes," "estimates," "expects," "may," "will," "should," or "anticipates," or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. These statements reflect our reasonable judgment with respect to future events and are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include the cyclical nature of the furniture industry, disruptions in offshore sourcing including those arising from supply or distribution disruptions or those arising from changes in political, economic and social conditions, as well as laws and regulations, in China or other countries from which we source products, international trade policies of the United States and countries from which we source products, business failures or loss of large customers, manufacturing realignment, competition in the furniture industry including competition from lower-cost foreign manufacturers, the inability to obtain sufficient quantities of quality raw materials in a timely manner, the inability to raise prices in response to inflation and increasing costs, failure to anticipate or respond to changes in consumer tastes and fashions in a timely manner, environmental compliance costs, and extended business interruption at manufacturing facilities. Any forward-looking statement speaks only as of the date of this filing, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Our revolving credit facility bears interest at a variable rate; therefore, changes in prevailing interest rates impact our borrowing costs. A one-percentage point fluctuation in market interest rates would not have a material impact on earnings during the first three months of 2008.

None of our foreign sales or purchases are denominated in foreign currency and we do not have any foreign currency hedging transactions. While our foreign purchases are denominated in U.S. dollars, a relative decline in the value of the U.S. dollar could result in an increase in the cost of our products obtained from offshore sourcing and reduce our earnings, unless we are able to increase our prices for these items to reflect any such increased cost.

ITEM 4. Controls and Procedures

- (a) Evaluation of disclosure controls and procedures. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.
- (b) Changes in internal controls over financial reporting. There were no changes in our internal control over financial reporting that occurred during the first quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. OTHER INFORMATION

Item 5. Other Information.

On April 17, 2008, the Registrant issued a press release announcing the declaration of a quarterly cash dividend and the election of Albert L. Prillaman as Chairman. The press release is filed as Exhibit 99.1 to this Form 10-Q and incorporated herein by reference.

Item 6. Exhibits

- 3.1 Restated Certificate of Incorporation of the Registrant as amended (incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-Q (Commission File No. 0-14938) for the quarter ended July 2, 2005).
- 3.2 By-laws of the Registrant as amended (incorporated by reference to Exhibit 3 to the Registrant's Form 8-K (Commission File No. 0-14938) filed December 7, 2007).
- 31.1 Certification by Jeffrey R. Scheffer, our Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(1)
- 31.2 Certification by Douglas I. Payne, our Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (1)
- 32.1 Certification of Jeffrey R. Scheffer, our Chief Executive Officer, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002. (1)
- 32.1 Certification of Douglas I. Payne, our Chief Financial Officer, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002. (1)
- 99.1 Press release by Stanley Furniture Company, Inc. on April 17, 2008.(1)

(1) Filed herewith

SIGNATURE

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

Date: April 17, 2008

STANLEY FURNITURE COMPANY, INC.
By: /s/ Douglas I. Payne
Douglas I. Payne
Executive V.P. – Finance & Administration
and Secretary
(Principal Financial and Accounting Officer)

I, Jeffrey R. Scheffer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stanley Furniture Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 17, 2008

/s/Jeffrey R. Scheffer
Jeffrey R. Scheffer
Chief Executive Officer

I, Douglas I. Payne, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stanley Furniture Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 17, 2008

/s/Douglas I. Payne
Douglas I. Payne
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Stanley Furniture Company, Inc. (the "Company") Quarterly Report on Form 10-Q for the period ended March 29, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey R. Scheffer, Chief Executive Officer of the Company certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1). The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2). The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 17, 2008

/s/Jeffrey R. Scheffer
Jeffrey R. Scheffer
Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Stanley Furniture Company, Inc. (the "Company") Quarterly Report on Form 10-Q for the period ended March 29, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas I. Payne, Chief Financial Officer of the Company certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1). The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2). The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 17, 2008

/s/Douglas I. Payne
Douglas I. Payne
Chief Financial Officer

NEWS RELEASE

FOR IMMEDIATE RELEASE:
April 17, 2008

Stanley Furniture Company, Inc.
Investor Contact: Douglas I. Payne
(276) 627-2157
Media Contact: Robin Campbell
(276) 627-2245

STANLEY FURNITURE BOARD DECLARES
QUARTERLY CASH DIVIDEND AND ELECTS CHAIRMAN

STANLEYTOWN, VA, April 17, 2008/Business Wire/ – Stanley Furniture Company, Inc. (Nasdaq-NGS:STLY) announced today that its Board of Directors has declared a regular quarterly cash dividend of \$.10 per share payable on June 2, 2008 to shareholders of record on May 9, 2008.

The company also announced that its Board of Directors has elected Albert L. Prillaman as Chairman to focus on strategic issues. “The Board and I asked Albert to return to his role as Chairman to take a more active role in strategic matters given the uncertainties facing the furniture industry in the current business environment,” said Jeffrey R. Scheffer, President and Chief Executive Officer. “We believe tapping Albert’s talent and experience in these turbulent times for the industry will strengthen the company and better position us for the eventual upturn in business,” concluded Mr. Scheffer.

Established in 1924, Stanley Furniture Company, Inc. is a leading manufacturer of wood furniture targeted at the upper-medium price range of the residential market. Its common stock is traded on the Nasdaq stock market under the symbol STLY.

Certain statements made in this report are not based on historical facts, but are forward-looking statements. These statements can be identified by the use of forward-looking terminology such as “believes,” “estimates,” “expects,” “may,” “will,” “should,” or “anticipates,” or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. These statements reflect our reasonable judgment with respect to future events and are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include the cyclical nature of the furniture industry, disruptions in offshore sourcing including those arising from supply or distribution disruptions or those arising from changes in political, economic and social conditions, as well as laws and regulations, in China or other countries from which we source products, international trade policies of the United States and countries from which we source products, business failures or loss of large customers, manufacturing realignment, competition in the furniture industry including competition from lower-cost foreign manufacturers, the inability to obtain sufficient quantities of quality raw materials in a timely manner, the inability to raise prices in response to inflation and increasing costs, failure to anticipate or respond to changes in consumer tastes and fashions in a timely manner, environmental compliance costs, and extended business interruption at manufacturing facilities. Any forward-looking statement speaks only as of the date of this press release, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

#####