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

Form 10-Q

(Mark One)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended October 2, 2010
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	**54-1272589**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1641 Fairystone Park Highway, Stanleytown, Virginia 24168
(Address of principal executive offices, Zip Code)

(276) 627- 2010
(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 has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ( ) No ( )

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act, (check one):
Large accelerated filer ( ) Accelerated filer (x) Non-accelerated filer ( ) Smaller reporting company ( )
(Do not check if a 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 November 6, 2010, 10,344,679 shares of common stock of Stanley Furniture Company, Inc., par value $.02 per share, were outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	October 2, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash	**$ 16,889**	$ 41,827
Accounts receivable, less allowances of $1,794 and $1,747	**16,076**	15,297
Inventories:		
Finished goods	**22,812**	22,376
Work-in-process	**4,571**	8,184
Raw materials	**3,290**	6,665
Total inventories	**30,673**	37,225
Prepaid expenses and other current assets	**3,895**	4,898
Income tax receivable	**4,951**	6,882
Deferred income taxes	**3,763**	3,433
Total current assets	**76,247**	109,562
Property, plant and equipment, net	**25,641**	31,375
Goodwill		9,072
Other assets	**1,027**	453
Total assets	**$102,915**	$150,462
LIABILITIES		
Current liabilities:		
Current maturities of long-term debt	**$ 15,000**	$ 1,429
Accounts payable	**9,387**	11,633
Accrued salaries, wages and benefits	**6,269**	6,597
Other accrued expenses	**3,439**	2,626
Total current liabilities	**34,095**	22,285
Long-term debt, exclusive of current maturities		26,428
Deferred income taxes	**3,868**	2,128
Other long-term liabilities	**6,942**	6,774
Total liabilities	**44,905**	57,615
STOCKHOLDERS' EQUITY		
Common stock, $.02 par value, 25,000,000 shares authorized, 10,344,679 and 10,332,179 shares issued and outstanding, respectively	**207**	207
Capital in excess of par value	**2,565**	1,897
Retained earnings	**55,386**	90,852
Accumulated other comprehensive loss	**(148)**	(109)
Total stockholders' equity	**58,010**	92,847
Total liabilities and stockholders' equity	**$102,915**	$150,462

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)
(unaudited)

	Three Months Ended		Nine Months Ended	
	October 2, 2010	September 26, 2009	**October 2, 2010**	September 26, 2009
Net sales	**$34,897**	$38,455	**$109,323**	$120,545
Cost of sales	**35,586**	39,056	**117,494**	112,829
Gross profit (loss)	**(689)**	(601)	**(8,171)**	7,716
Selling, general and administrative expenses	**5,756**	6,875	**18,172**	22,345
Goodwill impairment charge			**9,072**	
Operating loss	**(6,445)**	(7,476)	**(35,415)**	(14,629)
Other income (expense), net	**(17)**	45	**19**	133
Interest income		3	**3**	44
Interest expense	**857**	953	**2,830**	2,809
Loss before income taxes	**(7,319)**	(8,381)	**(38,223)**	(17,261)
Income tax benefit	**(2,385)**	(3,308)	**(2,757)**	(6,789)
Net loss	**$ (4,934)**	$ (5,073)	**$(35,466)**	$ (10,472)
Loss per share:				
Basic	**$ (.48)**	$ (0.49)	**$ (3.43)**	$ (1.01)
Diluted	**$ (.48)**	$ (0.49)	**$ (3.43)**	$ (1.01)
Weighted average shares outstanding:				
Basic	**10,345**	10,332	**10,341**	10,332
Diluted	**10,345**	10,332	**10,341**	10,332

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

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

	Nine Months Ended	
	October 2, 2010	September 26, 2009
Cash flows from operating activities:		
Cash received from customers	**$ 108,151**	$ 124,071
Cash paid to suppliers and employees	**(125,495)**	(120,262)
Interest paid	**(3,046)**	(2,725)
Income taxes received (paid)	**6,429**	(2,531)
Net cash used by operating activities	**(13,961)**	(1,447)
Cash flows from investing activities:		
Capital expenditures	**(1,203)**	(1,702)
Purchase of other assets	**(28)**	(55)
Proceeds from sale of assets	**1,147**	1,303
Net cash used by investing activities	**(84)**	(454)
Cash flows from financing activities:		
Repayment of senior notes	**(12,857)**	(1,429)
Proceeds from insurance policy loans	**1,845**	1,651
Proceeds from exercise of stock options	**119**	
Other		96
Net cash (used) provided by financing activities	**(10,893)**	318
Net decrease in cash	**(24,938)**	(1,583)
Cash at beginning of period	**41,827**	44,013
Cash at end of period	**$ 16,889**	$ 42,430

Reconciliation of net loss to net cash used by operating activities:

	October 2, 2010	September 26, 2009
Net loss	**$ (35,466)**	$ (10,472)
Goodwill impairment charge	**9,072**	
Depreciation and amortization	**6,815**	4,291
Deferred income taxes	**1,410**	(192)
Stock-based compensation	**549**	692
Other	**30**	
Changes in assets and liabilities:		
Accounts receivable	**(779)**	3,821
Inventories	**6,552**	11,970
Income tax receivable	**1,931**	
Prepaid expenses and other current assets	**(2,019)**	(8,809)
Accounts payable	**(2,246)**	(1,079)
Accrued salaries, wages and benefits	**(697)**	997
Other accrued expenses	**1,143**	(2,161)
Other assets	**(424)**	(404)
Other long-term liabilities	**168**	(101)
Net cash used by operating activities	**$ (13,961)**	$ (1,447)

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)
(unaudited)

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 statement of the results of all interim periods reported herein. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures required under 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 statement 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 2009 Annual Report on Form 10-K.

2. **Property, Plant and Equipment**

	October 2, 2010	December 31, 2009
Land and buildings	**$ 33,665**	$ 33,900
Machinery and equipment	**63,403**	63,403
Office furniture and equipment	**1,284**	1,284
Construction in process	**1,873**	670
Property, plant and equipment, at cost	**100,225**	99,257
Less accumulated depreciation	**74,584**	67,882
Property, plant and equipment, net	**$ 25,641**	$ 31,375

3. **Debt**

	October 2, 2010	December 31, 2009
8.23% senior notes due through May 3, 2015	**$15,000**	$25,000
8.44% senior notes due through May 3, 2011		2,857
Total	**15,000**	27,857
Less current maturities	**15,000**	1,429
Long-term debt, exclusive of current maturities	**$**	$26,428

On May 3, 2010, we made a scheduled principal payment of $1.4 million and on May 11, 2010 we renegotiated the terms of our debt agreement to include a no penalty pre-payment of $11.5 million. Remaining debt service requirements are $3.8 million in 2011; $3.6 million in 2012, 2013 and 2014; and $458,000 in 2015. The interest rate on the debt remained the same for the term of the debt, and the lender became secured by most of the Company's assets.

The debt agreement has been amended to eliminate the earnings based financial covenants for the first and second quarters of 2010 and to relax the financial covenants through the second quarter of 2011. The amended agreement requires that our loss before interest, tax expense, depreciation and amortization not exceed $5 million for the third quarter of 2010; not exceed $10 million for the cumulative two quarter period ending with the fourth quarter of 2010; not exceed $10 million for the cumulative three quarter period ending with the first quarter of 2011; and not exceed $10 million for the cumulative four quarter period ending with the second quarter of 2011. We are also required to maintain unrestricted cash on hand of $5 million at all times through the second quarter of 2011. In addition, we must maintain asset coverage of at least $15 million based on the sum of 70% of accounts receivable and 35% of finished goods inventory.

We may not be able to negotiate revisions to the earnings based financial covenants that become effective under our debt agreement for the third quarter of 2011. Because it is unlikely that we will be in compliance with

these covenants for the third quarter of 2011, we have reclassified our remaining debt service requirements as current maturities.

We may need to obtain replacement financing for our existing debt or other sources of financing in 2011 depending on the amount of proceeds, if any, from our proposed rights offering, general economic conditions, the execution of our restructuring plan and the level of additional funds we receive during 2010 under the Continued Dumping and Subsidy Offset Act.

4. Income taxes

During the nine months of 2010, we recorded a non-cash charge to establish a valuation allowance of $8.7 million against our October 2, 2010 deferred tax assets. The primary assets which are covered by this valuation allowance are the 2010 losses in excess of the amounts which can be carried back. The valuation allowance was calculated in accordance with the provisions of ASC 740, Income Taxes, which requires an assessment of both positive and negative evidence when measuring the need for a valuation allowance. Our results over the most recent three-year period were heavily affected by our business restructuring activities. Our cumulative loss in the most recent three-year period, inclusive of the loss for the nine months of 2010, in our view, represented sufficient negative evidence to require a valuation allowance under the provisions of ASC 740, Income Taxes. We intend to maintain a valuation allowance until sufficient positive evidence exists to support its reversal. Although realization is not assured, we have concluded that the remaining gross deferred tax asset in the amount of $3.8 million will be realized based on the reversal of existing deferred tax liabilities. The amount of the deferred tax assets actually realized, however, could vary if there are differences in the timing or amount of future reversals of existing deferred tax liabilities. Should we determine that we will not be able to realize all or part of our deferred tax asset in the future, an adjustment to the deferred tax asset will be charged to income in the period such determination is made.

5. Goodwill

We conduct an annual impairment analysis of goodwill at December 31 of each year, unless events occur or circumstances change that indicate a reduction of the fair value of the goodwill below its carrying value at which time, we perform an impairment test. The impairment test requires us to compare the fair value of our business reporting units to their carrying value, including goodwill. The fair value of our single reporting unit is determined based on a discounted cash flow analysis which employs present value techniques and considers market factors. Based on our first quarter operating loss and recently announced restructuring actions, we determined that impairment indicators existed in the first quarter of 2010. Upon completing our impairment analysis, a goodwill impairment charge of $9.1 million, the entire amount of goodwill associated with the business, was recognized in the first quarter of 2010.

6. Employee Benefit Plans

Components of other postretirement benefit cost:

	Three Months Ended		Nine Months Ended	
	October 2, 2010	September 26, 2009	**October 2, 2010**	September 26, 2009
Service cost		$ 19		$ 58
Interest cost	**$ 47**	71	**$ 140**	213
Amortization of transition obligation		33		98
Amortization of prior service cost	**(39)**	(2)	**(115)**	(6)
Amortization of accumulated loss	**18**	5	**54**	14
Net periodic postretirement benefit cost	**$ 26**	$126	**$ 79**	$377

7. **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		Nine Months Ended	
	October 2, 2010	September 26, 2009	**October 2, 2010**	September 26, 2009
Weighted average shares outstanding for basic calculation	**10,345**	10,332	**10,341**	10,332
Add: Effect of dilutive stock options				
Weighted average shares outstanding Adjusted for diluted calculation	**10,345**	10,332	**10,341**	10,332

In the 2010 and 2009 third quarter and nine month periods, the dilutive effect of outstanding stock options is not recognized since we have a net operating loss for all periods. Approximately 1.5 million shares in 2010 and 1.9 million shares in 2009 are issuable upon the exercise of stock options, which were not included in the diluted per share calculation because they were anti-dilutive.

A reconciliation of the activity in Stockholders' Equity accounts for the nine months of 2010 ended October 2, 2010 is as follows:

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss
Balance, December 31, 2009	$ 207	$ 1,897	$ 90,852	$ (109)
Net loss			**(35,466)**	
Exercise of stock options		**119**		
Stock-based compensation		**549**		
Adjustment to net periodic benefit cost				**(39)**
Balance, October 2, 2010	**$ 207**	**$ 2,565**	**$ 55,386**	**$ (148)**

The components of other comprehensive loss are as follows:

	Three Months Ended		Nine Months Ended	
	October 2, 2010	September 26, 2009	**October 2, 2010**	September 26, 2009
Net loss	**$(4,934)**	$(5,073)	**$(35,466)**	$(10,472)
Adjustment to net periodic benefit cost	**(13)**	22	**(39)**	66
Comprehensive loss	**$(4,947)**	$(5,051)	**$(35,505)**	$(10,406)

8. **Restructuring and Related Charges**

We periodically enter into restructuring activities to reduce costs and improve the results of our business. In 2008, we took steps to improve our cost structure by consolidating our North Carolina manufacturing operations from two facilities to one and offering a voluntary early retirement incentive for qualified salaried associates.

In 2009, we consolidated certain warehousing operations and ceased operating a free standing warehouse facility, eliminated certain positions through early retirement incentives and layoffs, and discontinued a significant number of slow moving items that led to a write-down of inventories.

In the second quarter of 2010 we announced a major restructuring plan that will result in the conversion of a portion of our Stanleytown manufacturing facility to a warehousing and distribution center. During the first nine months of 2010 we recorded accelerated depreciation of $3.8 million, restructuring costs of $1.2 million and other related charges of $600,000

.

Restructuring accrual activity for the nine months ended October 2, 2010 was as follows:

	Severance and other termination costs	Other Cost	Total
Accrual at January 1, 2010	$ 1,070		$ 1,070
Charges to expense	**776**	**$ 404**	**1,180**
Cash payments	**(875)**	**(109)**	**(984)**
Accrual at October 2, 2010	**$ 971**	**$ 295**	**$ 1,266**

Restructuring accrual activity for the nine months ended September 26, 2009 was as follows:

	Severance and other termination costs	Other Cost	Total
Accrual at January 1, 2009	$ 1,446		$ 1,446
Charges to expense	109	$ 82	191
Cash payments	(1,385)	(82)	(1,467)
Accrual at September 26, 2009	$ 170	$	$ 170

The restructuring accrual for severance and other employee termination cost as well as other costs is classified as "Other accrued expenses".

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

Overview

In May 2010, we announced a major restructuring plan that we believe will eventually return our company to profitability. This plan includes the following major components:

- We will transition the majority of the manufacturing of the Stanley Furniture adult product line from our Stanleytown, VA facility to several strategic off-shore vendors with whom we have existing working relationships. A substantial portion of the Stanleytown facility will become a warehousing and distribution center. In addition, we will retain a domestic assembly and finish process at our Martinsville facility to continue offering multiple finish options on certain items across various product lines. These actions will take place over the balance of 2010 and reflect our belief that current demand in our price segment results in a unit volume below that necessary to profitably operate a facility the size of our Stanleytown, VA facility.

- Our Young America nursery and youth product line will continue to be exclusively manufactured in our Robbinsville, NC facility, except for certain component SKUs of nominal revenue.

Expenses of approximately $12 million to $15 million are anticipated from this restructuring plan. Approximately $ 6 million to $8 million of this expense is expected to come from accelerating the depreciation of those fixed assets that will no longer be used once the plan is fully implemented to their expected fair value over the remainder of 2010. Future cash costs of $6 million to $7 million includes approximately $1 million for retention bonuses and $5 million to $6 million in facility conversion expense and other related expenses. Staffing levels at the Virginia locations are expected to be reduced by approximately 530 positions as the restructuring plan is implemented with most of the reduction anticipated in the fourth quarter of 2010. During the first nine months of 2010 we recorded $3.8 million in accelerated depreciation and $1.8 million of charges related to the restructuring plan. We expect to be substantially completed with the restructuring plan by the end of 2010. However, the final portion of the plan is expected to be completed by the end of 2011.

Our transition away from overseas sources for our Young America product line continues to challenge us. We believe we have dedicated the appropriate resources to improve our efficiencies in our Robbinsville, NC facility, and we have implemented a price increase for our Young America products.

During the first quarter of 2010, we performed a goodwill impairment evaluation as a result of our first quarter operating loss and restructuring actions announced in May 2010 and recorded a goodwill impairment charge of $9.1 million representing the entire amount of goodwill associated with the business. During the nine months of

2010, we recorded a non-cash charge to establish a valuation allowance of $8.7 million against our October 2, 2010 deferred tax assets. We intend to maintain a valuation allowance until sufficient positive evidence exists to support its reversal.

Results of Operations

Net sales decreased $3.6 million, or 9.3%, for the three month period ended October 2, 2010, from the comparable 2009 period. For the nine month period ended October 2, 2010, net sales decreased $11.2 million, or 9.3% from the comparable 2009 nine month period. The decrease was due primarily to lower unit volume, resulting from continued weakness in demand for our price segment of residential wood furniture, which we believe is consistent with current economic and industry trends. Partially offsetting this unit decline was higher average selling prices for our Young America products.

Gross profit for the three month period ended October 2, 2010 decreased to a loss of $689,000, or (2.0%) of net sales, from a loss of $601,000, or (1.6%) of net sales, for the comparable period of 2009. Gross profit for the nine months of 2010 decreased to a loss of $8.2 million, or (7.5%) of net sales, from a profit of $7.7 million, or 6.4% of net sales, for the comparable period of 2009. Included in the three and nine month periods of 2010 is $2.3 million and $5.5 million, respectively, in accelerated depreciation and charges related to the restructuring plan announced in May 2010. Included in the three and nine month periods of 2009 was accelerated depreciation of $1.0 million related to the closing of a warehouse facility. The remaining decline in gross profit for the nine month period ended October 2, 2010, resulted primarily from manufacturing inefficiencies and the increased cost of transitioning approximately one-third of our Young America product line revenues from overseas vendors into our domestic facilities, and lower sales and production levels. Partially offsetting these factors were lower expenses resulting from previous restructuring efforts, on-going cost reductions, and increased prices in the third quarter of 2010 on our Young America product line.

Selling, general and administrative expenses decreased to $5.8 million, or 16.5% of net sales, for the three month period ended October 2, 2010, from $6.9 million, or 17.9% of net sales, for the comparable three month period of 2009. For the nine months of 2010, selling, general and administrative expense decreased to $18.2 million, or 16.6% of net sales, from $22.3 million, or 18.5% of net sales, for the comparable nine months of 2009. These expenses declined primarily due to lower selling expenses resulting from decreased sales and cost reduction initiatives implemented in late 2009.

Interest expense for the nine month period of 2010 increased slightly over the comparable prior year period due to higher interest rates on outstanding debt which was mostly offset by lower average debt levels. Interest expense for the three month period ended October 2, 2010 decreased from the comparable three month period of 2009 due to lower average debt levels.

Our effective tax rate benefit for the nine months of 2010 is (7.2%), which differs from the U.S. federal statutory tax rate of 35% primarily due to the establishment of a deferred tax valuation allowance and to a lesser extent the first quarter 2010 goodwill impairment charge.

Financial Condition, Liquidity and Capital Resources

Sources of liquidity include cash on hand and cash generated from operations. We expect cash on hand to be adequate for ongoing expenditures, debt payments and capital expenditures for 2010 in the event we do not generate cash from operations. Working capital, excluding cash and current maturities of long-term debt, decreased during the nine months of 2010 to $40.3 million from $46.9 million at December 31, 2009. The decrease was primarily due to lower inventories.

Cash used by operations was $14.0 million in the first nine months of 2010 compared to cash used of $1.5 million in the 2009 period. The increase in cash used by operations was primarily due to lower receipts from customers due to lower sales and higher cash paid to suppliers and employees due to manufacturing inefficiencies and the incremental cost of transitioning approximately one-third of our Young America product line revenues from overseas into domestic facilities. Partially offsetting this increase was the receipt of a large portion of our 2009 tax refund and increased prices on our Young America product line. During October 2010, we received an additional 2009 tax refund of $1.8 million.

Net cash used by investing activities was $84,000 in the 2010 period compared to $454,000 in 2009.

Cash used by financing activities in the 2010 period was $10.9 million compared to cash provided of $318,000 in 2009 period. Cash was used in 2010 to pay down our senior notes.

During the second quarter of 2010 we made a scheduled principal payment of $1.4 million. We renegotiated the terms of our long term debt to include a no penalty pre-payment of $11.5 million on May 11, 2010. This leaves an outstanding balance of $15.0 million of debt as of October 2, 2010. Remaining debt service requirements are $3.8 million in 2011; $3.6 million in 2012, 2013 and 2014; and $458,000 in 2015. While the interest rate on the debt will remain the same for the term of the debt, the lender is now secured by most of the Company's assets.

The debt agreement has been amended to eliminate the earnings based financial covenants for the first and second quarters of 2010 and to relax the financial covenants through the second quarter of 2011. The amended agreement requires that our loss before interest, tax expense, depreciation and amortization not exceed $5 million for the third quarter of 2010; not exceed $10 million for the cumulative two quarter period ending with the fourth quarter of 2010; not exceed $10 million for the cumulative three quarter period ending with the first quarter of 2011; and not exceed $10 million for the cumulative four quarter period ending with the second quarter of 2011. We are also required to maintain unrestricted cash on hand of $5 million at all times through the second quarter of 2011. In addition, we must maintain asset coverage of at least $15 million based on the sum of 70% of accounts receivable and 35% of finished goods inventory. We are in compliance with these covenants, as amended, as of October 2, 2010. We may not be able to negotiate revisions to the earnings based financial covenants that become effective under our debt agreement for the third quarter of 2011. Because it is unlikely that we will be in compliance with these covenants for the third quarter of 2011, we have reclassified our remaining debt service requirements as current maturities.

In September, we filed a registration statement with the Securities and Exchange Commission for a rights offering to our stockholders, which has not become effective. If the rights' offering is fully subscribed, we expect the gross proceeds of the offering to be approximately $10 million. The rights offering will include an over-subscription privilege and, in the event the rights offering is over-subscribed, we may, in our sole discretion, elect to offer a number of additional shares to fulfill over-subscription requests such that the maximum gross proceeds in the offering would be approximately $12 million.

In connection with the rights offering, we approached the lenders under our debt agreement about revising the earnings based financial covenants that become effective in the third quarter of 2011. Based on these discussions, we believe we may not be able to negotiate revisions to these financial covenants. In this event, we will need to use cash on hand, or may seek other financing, to repay these lenders on or before July 1, 2011 and pay yield maintenance amounts required in connection with pre-payment. While we may use a portion of the proceeds of the rights offering as well as cash on hand to repay our existing lenders, we may also pursue alternatives for replacement financing. Based on preliminary discussions with potential asset-based lenders, we believe that we can obtain adequate financing on acceptable terms should we pursue this alternative; however, we have not obtained any binding commitment and we cannot predict the financing terms that will be ultimately available to us.

We may need to obtain replacement financing for our existing debt or other sources of financing in 2011 depending on the amount of proceeds, if any, from the rights offering, general economic conditions, the execution of our restructuring plan and the level of additional funds we receive during 2010 under the Continued Dumping and Subsidy Offset Act.

Continued Dumping and Subsidy Offset Act (CDSOA)

We recorded income of $9.3 million, $11.5 million and $10.4 million in 2009, 2008 and 2007, respectively, from CDSOA payments and other related payments, net of legal expenses. These payments came from the case involving Wooden Bedroom Furniture imported from China. The CDSOA provides for distribution of monies collected by U.S. Customs and Border Protection (CBP) for imports covered by antidumping duty orders entering the United States through September 30, 2007 to qualified domestic producers. Antidumping duties for merchandise entering the U.S. after September 30, 2007 remain with the U.S. Treasury.

Approximately $137 million of CDSOA funds that otherwise would have been available for distribution to qualifying domestic producers of wooden bedroom furniture were set aside by the government over the past four years in connection with two court cases involving challenges to the CDSOA on constitutional grounds, from which appellate proceedings are continuing. In 2009, the U.S. Court of Appeals for the Federal Circuit

determined in one of those cases that the CDSOA does not violate the Constitution's free speech and equal protection guarantees. In May 2010, the U.S. Supreme Court denied a petition for certiorari concerning that case. Numerous other CDSOA-related cases before the U.S. Court of International Trade and the Federal Circuit have been stayed in light of this litigation. The resolution of these cases will have a significant impact on the amount of CDSOA funds that may be distributed to qualifying domestic producers of wooden bedroom furniture. Based on our allocation of the CDSOA funds distributed in each of the past four years, however, we expect to receive approximately $36 million of the funds set aside by the government.

According to CBP, as of October 1, 2009, approximately $32 million in duties had been secured by cash deposits and bonds on unliquidated entries of wooden bedroom furniture that are subject to the CDSOA, and this amount is potentially available for distribution under the CDSOA to eligible domestic manufacturers in connection with the case involving wooden bedroom furniture imported from China. The amount ultimately distributed will be impacted by the annual administrative review process, which can retroactively increase or decrease the actual duties owed on entries secured by cash deposits and bonds, and by appeals concerning the results of the annual administrative reviews. Assuming our percentage allocation in future years is the same as it was for the 2009 distribution (approximately 27% of the funds distributed) and the $32 million collected by the government as of October 1, 2009 does not change as a result of the annual administrative review process or otherwise, we could receive approximately $3.5 million to $8.5 million in CDSOA funds in addition to the funds held back and set aside pending the final resolution of the court cases discussed above.

CBP also recently disclosed that as of April 30, 2010, $14.5 million in collected duties preliminarily was available for disbursement in 2010 to eligible domestic manufacturers of wooden bedroom furniture. CBP noted that the final amounts available for distribution in 2010 may be higher or lower than the preliminary amounts due to liquidations, reliquidations, protests, or other events affecting entries. Presumably, this amount, at least in part, came from the security held by CBP as of October 1, 2009, but CBP has not updated the amount of duties that remain secured by cash deposits and bonds on unliquidated entries of wooden bedroom furniture. CBP also has not announced what percentage of 2010 distributions might be set aside by the government as a result of litigation concerning the CDSOA. Assuming our percentage allocation in 2010 is the same as it was for the 2009 distribution and the 2010 preliminary CDSOA amount does not change, we expect to receive approximately $1.5 million in the fourth quarter of 2010.

Due to the uncertainty of the various legal and administrative processes, we cannot provide assurances as to the amount of additional CDSOA funds that ultimately will be received, if any, and we cannot predict when we may receive any additional CDSOA funds.

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 2009 Annual Report on Form 10-K.

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 our success in transitioning our adult product line to offshore vendors, costs relating to the transitioning of the Stanleytown facility to a warehouse and distribution center, our success in transitioning certain Young America products to our domestic manufacturing facilities, the cyclical nature of the furniture industry, lower sales due to worsening of current economic conditions, business failures or loss of large customers, competition in the furniture industry including competition from lower-cost foreign manufacturers, 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 countries from which we source products, international trade policies of the United States and countries from which we source products, prepayment of our debt in the event we are not able to renegotiate financial covenants that become effective in the third quarter of 2011, 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, health, and safety compliance costs, extended business interruption at manufacturing facilities and changes in credit market conditions. 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

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 or increase our losses, 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 third quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1A. Risk Factors

Our results of operations and financial condition can be adversely affected by numerous risks. You should carefully consider the risk factors detailed below in conjunction with the other information contained in this document. Should any of these risks actually materialize, our business, financial condition and future prospects could be negatively impacted.

Our restructuring plan announced in May 2010 may not be successful, and will increase our reliance on foreign sourcing.

As part of a major restructuring plan, we are transitioning the manufacturing of the Stanley Furniture adult product line from our Stanleytown, Virginia facility to strategic off-shore vendors in an effort to return the Company to profitability. Our Stanleytown facility will become a warehouse and distribution center. These restructuring efforts may not be successful, and we may not be able to realize the cost savings and other anticipated benefits. The transition could disrupt our operations and could affect our ability to meet product demand which may in turn negatively impact existing customer relationships and result in the loss of market share. Since our restructuring plan will increase our dependence on foreign off-shore vendors, it will exacerbate the risk factors described below regarding our reliance on foreign sourcing. Also, it is possible that the cost of our restructuring efforts will be higher than we anticipate. Additionally, we cannot guarantee that we will not have to undertake additional restructuring activities. Any of these occurrences may have a material and adverse impact on our liquidity, results of operations and our financial condition.

We may not be able to sustain sales and earnings levels due to economic downturns.

The furniture industry historically has been cyclical in nature and has fluctuated with economic cycles including the current economic recession. During economic downturns, the furniture industry tends to experience longer periods of recession and greater declines than the general economy. We believe that the industry is significantly influenced by economic conditions generally and particularly by housing activity, consumer confidence, the level of personal discretionary spending, demographics and credit availability. These factors not only affect the ultimate consumer, but also impact furniture retailers, which are our primary customers. As a result, a

worsening of current conditions could further lower our sales and earnings. In addition, the current economic recession may result in permanent changes in consumer preferences and behavior which could result in a contraction of our market segment resulting in lower sales and earnings levels for the long term.

Business failures, or the loss, of large customers could result in a decrease in our future sales and earnings.

Although we have no customers that individually represent 10% or more of our total annual sales, the possibility of business failures, or the loss, of large customers could result in a decrease of our future sales and earnings. Lost sales may be difficult to replace and any amounts owed to us may become uncollectible.

We may not be able to sustain current sales and earnings due to the actions and strength of our competitors.

The furniture industry is very competitive and fragmented. We compete with many domestic and foreign manufacturers. Competition from foreign producers has increased dramatically in recent years, with most residential wood furniture sold in the United States now coming from imports. These foreign producers typically have lower selling prices due to their lower operating costs. Some competitors have greater financial resources than we have and often offer extensively advertised, well-recognized, branded products. As a result, we are continually subject to the risk of losing market share, which may lower our sales and earnings.

Our strategy to transition Young America Products (infant and youth furniture) to our domestic manufacturing facilities has, and will in the near term, increase operating expenses. If we are not successful in the implementation of this strategy, we may continue to experience significant disruptions to our operations that may result in a decline in revenues in addition to a continued increase in operating expenses.

We believe our decision to bring all Young America production back to our domestic manufacturing facilities was necessary to regain control of the entire production process so that we can reposition Young America as the trusted childrens' furniture brand for safety, broad selection, quick delivery and environmental commitment. This transition has, and will in the near term, increase operating expenses due to the disruption caused by the transition of approximately one-third of our Young America product line from offshore sourcing to our Robbinsville, North Carolina facility. We expect the long-term effect to be beneficial as we distinguish our Young America product line from the competition in the marketplace. If we are unsuccessful in implementing this strategy, we may continue to experience significant disruptions in our operations that may result in a decline in revenues in addition to a continued increase in operating expenses.

As a result of our reliance on foreign sourcing:

- ***Our ability to service customers could be adversely affected and result in lower sales and earnings.***

  Our sourcing partners may not supply goods that meet our manufacturing, quality or safety specifications, in a timely manner and at an acceptable price. We may reject goods that do not meet our specifications and may need to find alternative sourcing arrangements at a higher cost, or may be forced to discontinue the product. Also, delivery of goods from our foreign sourcing partners may be delayed due to manufacturing interruptions at their facilities, as well as for reasons not typically encountered with domestic manufacturing or sourcing, such as shipment delays caused by customs or labor issues.

- ***Changes in political, economic and social conditions, as well as laws and regulations, in the countries from which we source products could adversely affect us.***

  Foreign sourcing is subject to political and social instability in countries where our sourcing partners are located. This could make it more difficult for us to service our customers. Also, significant fluctuations of foreign exchange rates against the value of the U.S. dollar could increase costs and decrease earnings. In addition, an outbreak of the avian flu or similar epidemic in Asia or elsewhere may lower our sales and earnings by disrupting our supply chain in the countries impacted.

- ***International trade policies of the United States and countries from which we source products could adversely affect us.***

  Imposition of trade sanctions relating to imports, taxes, import duties and other charges on imports could increase our costs and decrease our earnings.

We may experience a decrease in revenues, as well as asset impairment or other charges, if our strategy to transition Young America products to our domestic manufacturing is not successful.

If we do not achieve operating efficiencies sufficient to profitably manufacture our Young America product line domestically, or if our marketing strategy for this product line is unsuccessful, we would need to reposition our Young America product line, consider closing our Robbinsville facility and transitioning manufacture of Young America products to other sources. In this event, we could experience a decrease in revenues, as well as asset impairment or other restructuring charges. In addition, if any of these actions are necessary, they could affect our ability to meet product demand which may in turn negatively impact customer relations and result in loss of market share.

We may not be able to renegotiate financial covenants that become effective under our debt in the third quarter of 2011. In this event, we would need to use cash on hand or obtain other financing to repay this debt and pay yield maintenance amounts required in connection with pre-payment.

In connection with the rights offering, we approached the lenders under our debt about revising the financial covenants that become effective in the third quarter of 2011. Based on these discussions, we believe we may not be able to negotiate revisions to these financial covenants. In this event, we will need to use cash on hand or seek other financing to repay these lenders on or before July 1, 2011 and pay yield maintenance amounts required in connection with pre-payment. If we use cash on hand to repay our debt, it will reduce cash available for other purposes including to support our restructuring plan. We cannot assure you that cash on hand in July 2011 will be sufficient to repay our debt and support operations, or even to repay our debt. In this event, we would need to obtain other financing. We cannot assure you that other financing will be available on terms acceptable to us or at all.

We may not be able to obtain sufficient quantities of quality raw materials in a timely manner, which could result in a decrease in our sales and earnings.

Because we are dependent on outside suppliers for all of our raw material needs, we must obtain sufficient quantities of quality raw materials from our suppliers at acceptable prices and in a timely manner. We have no long-term supply contracts with our key suppliers. Unfavorable fluctuations in the price, quality and availability of these raw materials could negatively affect our ability to meet demands of our customers and could result in a decrease in our sales and earnings.

We may not be able to maintain or to raise prices in response to inflation and increasing costs.

Future market and competitive pressures may prohibit us from raising prices to offset increased raw material costs, freight costs and other inflationary items. This could lower our earnings.

Failure to anticipate or respond to changes in consumer tastes and fashions in a timely manner could result in a decrease in our sales and earnings.

Residential furniture is a highly styled product and is subject to rapidly changing consumer trends and tastes. If we are unable to predict or respond to changes in these trends and tastes in a timely manner, we may lose sales and have to sell excess inventory at reduced prices. This could lower our sales and earnings.

Future cost of compliance with environmental, safety and health regulations could reduce our earnings.

We are subject to federal, state and local laws and regulations in the areas of safety, health and environmental protection. The timing and ultimate magnitude of costs for compliance with environmental, health and safety regulations are difficult to predict and could reduce our earnings.

Extended business interruption at our manufacturing facilities could result in reduced sales.

Furniture manufacturing creates large amounts of highly flammable wood dust. Additionally, we utilize other highly flammable materials such as varnishes and solvents in our manufacturing processes and are therefore subject to the risk of losses arising from explosions and fires. Our inability to fill customer orders during an extended business interruption could negatively impact existing customer relationships resulting in the loss of market share.

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 October 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).

4.1 Second Amended and Restated Note Purchase and Private Shelf Agreement dated as of May 11, 2010, among the Registrant, The Prudential Insurance Company of America, the other purchasers named therein and the affiliated of Prudential who became purchasers as defined therein. (incorporated by reference to Exhibit 4.1 to the Registrant's Form 10-Q (Commission File No. 0-14938) for the quarter ended April 3, 2010).

4.2 Security Agreement dated as of May 11, 2010, by the Registrant, certain subsidiaries of the Registrant, and Additional Grantors as defined therein, in favor of The Bank of New York Mellon Trust Company, N.A., as collateral agent for the benefit of The Prudential Insurance Company of America and each holder of Notes. (incorporated by reference to Exhibit 4.2 to the Registrant's Form 10-Q (Commission File No. 0-14938) for the quarter ended April 3, 2010).

4.3 First Amendment to Second Amended and Restated Note Purchase and Private Shelf Agreement dated as of August 2, 2010, among the Registrant, The Prudential Insurance Company of America and other holders of Notes names therein, (incorporated by reference to Exhibit 4.01 to the Registrant's Form 8-K (Commission File No. 0-14938) filed August 6, 2010).

10.1 Change in Control Protection Agreement, dated August 11, 2010, by and between the Registrant and Micah Goldstein (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (Commission File No. 0-14938) filed August 16, 2009).

10.2 Amendment to the Change in Control Protection Agreement dated September 10, 2010, by and between the Registrant and Glenn Prillaman (incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K (Commission File No. 0-14938) filed September 16, 2010).

10.3 Amendment to Employment Agreement dated September 10, 2010, by and between the Registrant and Douglas I. Payne (incorporated by reference to Exhibit 10.2 to Registrant's Form 8-K (Commission File No. 0-14938) filed September 16, 2010).

31.1 Certification by Glenn Prillaman, 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 Glenn Prillaman, 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)

32.2 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)

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(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: November 4, 2010

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

Exhibit 31.1

I, Glenn Prillaman, 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: November 4, 2010

/s/ Glenn Prillaman
Glenn Prillaman
Chief Executive Officer

Exhibit 31.2

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: November 4, 2010

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

Exhibit 32.1

**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 October 2, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn Prillaman, 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: November 4, 2010

/s/ Glenn Prillaman
Glenn Prillaman
Chief Executive Officer

Exhibit 32.2

**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 October 2, 2010 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: November 4, 2010

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