



Hooker Furniture Reports Reduced Sales and Small Net Profit Before Impairment for First Quarter 2010

Martinsville, Va., June 9, 2009: Hooker Furniture (NASDAQ-GS: HOFT) today reported net sales of \$52.1 million and a net loss of \$456,000, or \$0.04 per share, for its fiscal 2010 first quarter that began February 2 and ended May 3, 2009.

Net sales for the first quarter of fiscal 2010 decreased \$19.0 million, or 26.7%, compared to \$71.0 million for the first quarter of fiscal 2009. Net income for the quarter decreased \$3.1 million, compared to net income of \$2.6 million, or \$0.23 per share, for the fiscal 2009 first quarter.

Operating margins decreased in the 2010 quarter to a loss of \$627,000 or (1.2%) of net sales, from income of \$4.0 million or 5.6% of net sales in the 2009 quarter principally due to lower net sales, higher overhead and operating expenses as a percent of net sales and a trademark-related impairment charge for Bradington-Young of \$673,000.

"We're not satisfied with our results on any level, but realize we are being impacted by the worst economic downturn in anyone's memory. We remain focused on addressing those aspects of our business we can control," said Paul B. Toms Jr., chairman, chief executive officer and president. "We continue to successfully manage our balance sheet, reducing inventories and increasing cash. We are also focused on controlling costs, improving product quality and maintaining service levels. We're thankful to have posted a small operating profit before impairment charges despite steepening sales declines across the Company and significant excess capacity and fixed costs in our upholstery divisions."

Gross profit declined \$5.5 million from \$16.7 million, or 23.6% of net sales, in the fiscal 2009 quarter to \$11.2 million, or 21.6% of net sales in the fiscal 2010 first quarter. The primary driver of lower gross profit margin was higher fixed overhead as a percentage of net sales for domestically produced upholstered furniture due to significantly lower sales volume. Initiatives at the upholstery divisions to reduce fixed costs have not kept pace with the steep sales declines experienced in the past year.

"Gross profit margins at Hooker's wood furniture division have remained steady because unit product costs are relatively fixed compared to volume with our importing business model," Toms said.

Selling and administrative expenses decreased by \$1.6 million to \$11.2 million, or 21.5% of net sales, in the 2010 first quarter. In comparison, selling and administrative expenses were \$12.8 million, or 18% of net sales, in the fiscal 2009 first quarter. The decrease in selling and administrative expenses was due primarily to:

- o lower selling expenses on lower sales,
- o lower compensation, benefits and other expenses as a result of workforce reductions implemented during fiscal 2009, the favorable impact, which is now being fully reflected in financial results, and
- o other actions to curtail spending in response to the expected lower sales volumes.

These cost decreases were partially offset by higher bad debt expense recorded in the 2010 quarter.

"Through the workforce reductions at Hooker and Bradington-Young last year and the recently announced management consolidation at Sam Moore, we are reducing the cost structure of the business, adjusting to the lower sales levels," Toms said.

Cash, Inventory and Debt Levels

Cash and cash equivalents increased by \$14.4 million to \$26.2 million as of May 3, 2009 from \$11.8 million on February 1, 2009 due principally to inventory reductions during the quarter in response to reduced incoming orders and shipments. "We're in an environment where conservation of cash is paramount, and we've been able to grow cash and reduce inventories, which positions us well to weather the balance of the downturn. We have very little debt, with our total long and short term debt of less than \$5 million," Toms said.

Inventories declined to \$47.1 million as of May 3, 2009 compared to \$60.2 million at the end of fiscal 2009. "We reduced our inventory levels by over 20% compared to last quarter," Toms said. "We expect to reduce them another 5% before we see a slight increase as we prepare for the usual uptick in business around Labor Day."

Business Outlook

The trend of declines in incoming orders compared to the prior year quarter, which began in late 2006, continued during the fiscal 2010 first quarter. "We expect the upcoming quarter will also be very challenging, but we continue to believe that business will improve marginally this fall," Toms said. "We are actually more confident in an uptick later this year than we were eight weeks ago due to improvements in consumer confidence, solid gains in the stock market and increased housing activity. While there is still the cloud of rising unemployment and continued declines in real estate values, the news is generally more positive than it has been since September 2008. We have received more favorable reports from several retail customers about business since early May. As we see a recovery in sales, the moves we made to reduce costs and better position the Company will lead to improved profitability."

Announcements

In late May, Hooker Furniture's Sam Moore upholstery division announced a consolidation of executive functions to reduce its cost and overhead structure and increase efficiencies and competitiveness. Steve Shelor assumed the new position of Vice President-Operations and General Manager of Sam Moore, responsible for the day to day operation of the Company. As part of the management consolidation, two executive positions were eliminated and one executive announced his retirement.

In mid-May, Hooker Furniture announced that Bruce Cohenour was promoted to the new position of executive vice president of marketing, responsible for charting the overall product and merchandising direction and for positioning the Company's Hooker, Opus Designs and Envision brands.

Conference Call Details

Hooker Furniture will present its fiscal 2010 first quarter results via teleconference and live internet web cast on Wednesday morning, June 10th, 2009 at 9:00 AM Eastern Time. The dial-in number for domestic callers is 877-795-3635, and 719-325-4804 is the number for international callers. The call will be simultaneously web cast and archived for replay on the Company's web site at www.hookerfurniture.com in the Investor Relations section.

Ranked among the nation's top 10 largest publicly traded furniture sources based on 2008 shipments to U.S. retailers, Hooker Furniture Corporation is an 85-year old residential wood, metal and upholstered furniture resource. Major wood furniture product categories include home entertainment, home office, accent, dining, bedroom and bath furniture under the Hooker Furniture brand and youth bedroom furniture sold under the Opus Designs brand. Hooker's residential upholstered seating companies include Cherryville, N.C.-based Bradington-Young LLC, a specialist in upscale motion and stationary leather furniture, and Bedford, Va.-based Sam Moore Furniture LLC, a specialist in upscale occasional chairs with an emphasis on cover-to-frame customization. Please visit our websites at www.hookerfurniture.com, www.bradington-young.com, www.sammoore.com and www.opusdesigns.com.

Statements made in this release, other than those concerning historical financial information, may be considered forward-looking statements. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, including but not limited to: current economic conditions and instability in the financial and credit markets including their potential impact on the Company's (i) sales and operating costs and access to financing and, (ii) customers and suppliers and their ability to obtain financing or generate the cash necessary to conduct their business; general economic or business conditions, both domestically and internationally; price competition in the furniture industry; changes in domestic and international monetary policies and fluctuations in foreign currency exchange rates affecting the price of the Company's imported products; the cyclical nature of the furniture industry which is particularly sensitive to changes in consumer confidence, the amount of consumers' income available for discretionary purchases and the availability and terms of consumer credit; risks associated with the cost of imported goods, including fluctuation in the prices of purchased finished goods and transportation and warehousing costs; supply, transportation and distribution disruptions, particularly those affecting imported products; adverse political acts or developments in, or affecting, the international markets from which the Company imports products, including duties or tariffs imposed on products imported by the Company; risks associated with domestic manufacturing operations, including fluctuations in capacity utilization and the prices of key raw materials, transportation and warehousing costs, domestic labor costs and environmental compliance and remediation costs; the Company's ability to successfully implement its business plans; achieving and managing growth and change, and the risks associated with acquisitions, restructurings, strategic alliances and international operations; risks associated with distribution through retailers, such as non-binding dealership arrangements; capital requirements and costs; competition from non-traditional outlets, such as catalogs, internet and home improvement centers; changes in consumer preferences, including increased demand for lower quality, lower priced furniture due to declines in consumer confidence and/or discretionary income available for furniture purchases and the availability of consumer credit; and higher than expected costs associated with product quality and safety, including regulatory compliance costs related to the sale of consumer products and costs related to defective products. Any forward looking statement that the Company makes speaks only as of the date of that statement, and the Company undertakes no obligation to update any forward-looking statements whether as a result of new information, future events, or otherwise.

Table I
HOOKER FURNITURE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Thirteen Weeks Ended	
	May 3, 2009	May 4, 2008
Net sales	\$ 52,063	\$ 71,027
Cost of sales (a)	<u>40,836</u>	<u>54,291</u>
Gross profit	11,227	16,736
Selling and administrative expenses (a)	11,181	12,786
Intangible asset impairment charge (b)	<u>673</u>	<u> </u>
Operating (loss) income	(627)	3,950
Other (expense) income, net	<u>(3)</u>	<u>187</u>
(Loss) income before income taxes	(630)	4,137
Income taxes	<u>\$ (174)</u>	<u>1,532</u>
Net (loss) income	<u>\$ (456)</u>	<u>\$ 2,605</u>
Earnings per share:		
Basic	<u>\$ (0.04)</u>	<u>\$ 0.23</u>
Diluted	<u>\$ (0.04)</u>	<u>\$ 0.23</u>
Weighted average shares outstanding:		
Basic	<u>10,752</u>	<u>11,533</u>
Diluted	<u>10,757</u>	<u>11,539</u>
Cash dividends declared per share	<u>\$ 0.10</u>	<u>\$ 0.10</u>

(a) Warehousing, distribution and certain supply chain and operations management expenses for the fiscal year 2009 period have been reclassified from selling and administrative expenses to cost of goods sold to conform to the method of presentation adopted in the fourth quarter of fiscal year 2009. For the fiscal year 2009 first quarter, \$4.6 million was reclassified.

(b) During the fiscal year 2010 first quarter, the Company recorded a \$673,000 impairment charge to write down the value of its Bradington-Young trade name.

Table II
HOOKER FURNITURE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, including share data)
(Unaudited)

	May 3, <u>2009</u>	February 1, <u>2009</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 26,205	\$ 11,804
Trade accounts receivable, less allowance for doubtful accounts of \$1,917 and \$2,207 on each date	25,557	30,261
Inventories	47,139	60,248
Income tax recoverable	397	186
Prepaid expenses and other current assets	3,718	4,550
Total current assets	<u>103,016</u>	<u>107,049</u>
Property, plant and equipment, net	24,478	24,596
Intangible assets	4,123	4,805
Cash surrender value of life insurance policies	14,059	13,513
Other assets	3,703	3,504
Total assets	<u>\$ 149,379</u>	<u>\$ 153,467</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Trade accounts payable	\$ 6,612	\$ 8,392
Accrued salaries, wages and benefits	2,282	2,218
Other accrued expenses	2,974	2,279
Current maturities of long-term debt	2,953	2,899
Total current liabilities	<u>14,821</u>	<u>15,788</u>
Long-term debt, excluding current maturities	1,560	2,319
Deferred compensation	5,852	5,606
Other long-term liabilities	34	44
Total liabilities	<u>22,267</u>	<u>23,757</u>
Shareholders' equity		
Common stock, no par value, 20,000 shares authorized, 10,772 shares issued and outstanding on each date	17,015	16,995
Retained earnings	109,840	112,450
Accumulated other comprehensive loss	257	265
Total shareholders' equity	<u>127,112</u>	<u>129,710</u>
Total liabilities and shareholders' equity	<u>\$ 149,379</u>	<u>\$ 153,467</u>

Table III
HOOKER FURNITURE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Thirteen Weeks Ended	
	May 3, <u>2009</u>	May 4, <u>2008</u>
Cash flows from operating activities		
Cash received from customers	\$ 56,838	\$ 74,776
Cash paid to suppliers and employees	(39,872)	(64,232)
Income taxes paid, net	(156)	(2,061)
Interest (paid) received, net	<u>(128)</u>	<u>161</u>
Net cash provided by operating activities	<u>16,682</u>	<u>8,644</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(602)	(473)
Proceeds from the sale of property and equipment	9	
Premiums paid on life insurance policies	(280)	(283)
Proceeds received on life insurance policies	<u>374</u>	<u>357</u>
Net cash used in investing activities	<u>(499)</u>	<u>(399)</u>
Cash flows from financing activities		
Purchases and retirement of common stock		(856)
Cash dividends paid	(1,077)	(1,156)
Payments on long-term debt	<u>(705)</u>	<u>(655)</u>
Net cash used in financing activities	<u>(1,782)</u>	<u>(2,667)</u>
Net increase in cash and cash equivalents	14,401	5,578
Cash and cash equivalents at beginning of period	11,804	33,076
Cash and cash equivalents at end of period	<u>\$ 26,205</u>	<u>\$ 38,654</u>
Reconciliation of net income to net cash provided		
by operating activities		
Net (loss) income	\$ (456)	\$ 2,605
Depreciation and amortization	730	574
Non-cash restricted stock awards and performance grants	20	148
Provision for doubtful accounts	183	96
Deferred income tax (benefit) expense	(141)	187
Asset impairment charge	673	
Changes in assets and liabilities, net of effect from acquisition:		
Trade accounts receivable	4,521	3,584
Inventories	13,109	4,405
Prepaid expenses and other assets	(83)	(465)
Trade accounts payable	(1,780)	(532)
Accrued salaries, wages and benefits	64	(1,125)
Accrued income taxes		(716)
Other accrued expenses	(382)	(442)
Deferred compensation	192	325
Other long-term liabilities	32	
Net cash provided by operating activities	<u>\$ 16,682</u>	<u>\$ 8,644</u>

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