

6-29-99

RECO 07-01-1999



101082878

To the Honorable Commissioner of Patents and Trademarks:
Please record the attached original documents or copy thereof.

1. Name of conveying party:

Shelby Williams Industries, Inc.
150 Shelby Williams Drive
Morristown, TN 37813



2. Name and address of receiving party:

DLJ Capital Funding, Inc.,
as Administrative Agent
277 Park Avenue
New York, NY 10172

3. Nature of conveyance:

Grant of Patent Security Interest

Execution Date:

June 17, 1999

4. Application numbers and patent numbers:

A. Patent Application Nos.

B. Patent Registration Nos.

06/30/1999 NTHA11 00000187 4451084
01 FC:581 1560.00 OP

- | | |
|-----------|------------|
| 4,451,084 | D-366,793 |
| 4,702,664 | D-367,789 |
| 4,747,329 | D-367,984 |
| 5,039,163 | D-371,010 |
| 5,102,192 | D-372,817 |
| 5,118,162 | D-377,726 |
| 5,123,702 | D-380,909 |
| 5,248,186 | D-401,453 |
| 5,271,662 | 29/086,726 |
| 5,273,168 | 29/090819 |
| 5,277,476 | 29/090818 |
| 5,282,669 | 09/119,881 |
| 5,564,787 | 29/100,615 |
| 5,762,396 | 29/100,616 |
| 5,392,718 | 29/100,693 |
| 5,409,296 | 29/100,694 |
| 5,524,963 | 29/100,647 |
| 5,542,748 | |
| D-306,237 | |
| D-341,045 | |
| D-363,658 | |
| D-333,044 | |

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5. Name and address of party to whom correspondence concerning document should be mailed: Matthew B. Fojut, Esq.
O'Melveny & Myers LLP
400 S. Hope Street
Los Angeles, CA 90071-2899
6. Total Number of applications and registrations involved: 39
7. Total fee: \$1560 (Enclosed)
8. Deposit Account Number: N/A
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9. Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Melany Friedlander *Melany Friedlander* 6/28/99
Name of Person Signing Signature Date

TOTAL NUMBER OF PAGES COMPRISING COVER SHEET: 2

GRANT OF PATENT SECURITY INTEREST

WHEREAS, SHELBY WILLIAMS INDUSTRIES, INC., a Delaware corporation ("**Grantor**"), owns and uses in its business, and will in the future adopt and so use, various intangible assets, including the Patent Collateral (as defined below); and

WHEREAS, FALCON INDUSTRIES, INC., a Delaware corporation ("**Falcon**"), has entered into a Credit Agreement dated as of June 17, 1999 (said Credit Agreement, as so amended, restated, supplemented or otherwise modified, being the "**Credit Agreement**"; the terms defined therein and not otherwise defined herein being used herein as therein defined) with the financial institutions named therein (collectively, together with their respective successors and assigns party to the Credit Agreement from time to time, the "**Lenders**"), and DLJ Capital Funding, Inc., as Administrative Agent for Lenders (in such capacity, "**Secured Party**"); and

WHEREAS, under the Credit Agreement the Lenders have made certain commitments, subject to the terms and conditions set forth in the Credit Agreement, to extend certain credit facilities to Falcon; and

WHEREAS, Falcon may from time to time enter, or may from time to time have entered, into one or more Interest Rate Agreements (collectively, the "**Lender Interest Rate Agreements**") with one or more Lenders (in such capacity, collectively, "**Lender Counterparties**") and one or more Currency Agreements (collectively, the "**Currency Agreements**") with one or more Lenders (in such capacity, collectively, "**Currency Agreement Parties**"); and

WHEREAS, pursuant to the terms of a Security Agreement dated as of June 17, 1999 (as amended, supplemented or otherwise modified from time to time, the "**Security Agreement**"), among Grantor, Secured Party and the other grantors named therein, Grantor has agreed to create in favor of Secured Party a secured and protected interest in, and Secured Party has agreed to become a secured creditor with respect to, the Patent Collateral;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, subject to the terms and conditions of the Credit Agreement and the Security Agreement, Grantor hereby grants to Secured Party a security interest in all of Grantor's right, title and interest in and to the following, in each case whether now or hereafter existing or in which Grantor now has or hereafter acquires an interest and wherever the same may be located (the "**Patent Collateral**"):

- (i) all rights, title and interest (including rights acquired pursuant to a license or otherwise but only to the extent permitted by agreements governing such license or other use) in and to all patents and patent applications and rights and interests in patents and patent applications under any domestic or foreign law that are presently, or in the future may be, owned or held by such Grantor and all patents and patent applications and rights, title and interests in patents and patent applications under any domestic or foreign law that are presently, or in the future may be, owned by such Grantor in whole or in part (including, without limitation, the patents and patent applications listed in Schedule A),

all rights (but not obligations) corresponding thereto to sue for past, present and future infringements and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof (all of the foregoing being collectively referred to as the "**Patents**"); and

(ii) all proceeds, products, rents and profits of or from any and all of the foregoing Patent Collateral and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Patent Collateral. For purposes of this Grant of Patent Security Interest, the term "**proceeds**" includes whatever is receivable or received when Patent Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

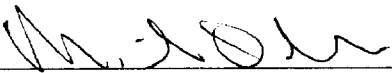
Notwithstanding anything herein to the contrary, in no event shall the Patent Collateral include, and Grantor shall be not deemed to have granted a security interest in, any of Grantor's rights or interests in any license, contract or agreement to which Grantor is a party or any of its rights or interests thereunder to the extent, but only to the extent, that such a grant would, under the terms of such license, contract or agreement or otherwise, result in a breach of the terms of, or constitute a default under any license, contract or agreement to which Grantor is a party; provided, that immediately upon the ineffectiveness, lapse or termination of any such provision, the Patent Collateral shall include, and Grantor shall be deemed to have granted a security interest in, all such rights and interests as if such provision had never been in effect.

Grantor does hereby further acknowledge and affirm that the rights and remedies of Secured Party with respect to the security interest in the Patent Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

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IN WITNESS WHEREOF, Grantor has caused this Grant of Patent Security Interest to be duly executed and delivered by its officer thereunto duly authorized as of the 17th this day of June, 1999.

SHELBY WILLIAMS INDUSTRIES, INC.,
as Grantor

By: 
Name:
Title:

SCHEDULE A
TO
GRANT OF PATENT SECURITY INTEREST

SHELBY WILLIAMS INDUSTRIES, INC.

Patents

<u>Country</u>	<u>Patent/Appl. #</u>	<u>Description</u>	<u>Filing/Issue Date</u>
U.S.	4,451,084	Backrest Hgt. Adjst. For Office Chair	May 29, 1984
U.S.	4,702,664	Air-Equipped Table	October 27, 1987
U.S.	4,747,329	Mobile Air Equipped Transfer Table and method of use	May 31, 1988
U.S.	5,039,163	Reinforced flexible backrest for chair	August 13, 1991
U.S.	5,102,192	Detachable anchoring device for seat	April 7, 1992
U.S.	5,118,162	Bumper edge guard for Uph. Seating	June 2, 1992
U.S.	5,123,702	Interaction High Density Stack chair (ATTIVA)	June 23, 1992
U.S.	5,248,186	Bumper Edge guard for Upholstered seating having a core member	September 28, 1993
U.S.	5,271,662	Bumper edge guard for Uph. Seating	December 21, 1993
U.S.	5,273,168	Folding Multi-Pot Holder	December 28, 1993
U.S.	5,277,476	Knockdown article of furniture	January 11, 1994
U.S.	5,282,669	Ganging Mech. & Stacking bar Ass'y for Stacking Chairs	February 1, 1994
U.S.	5,564,787	Chair Frame & Associated Chair frame Mtl.	October 15, 1996
U.S.	5,762,396	Stackable Chair & Assoc. Stacking Support Assembly	June 9, 1998

U.S.	5,392,718	Wheel Lifting Ass'y for Mobile Folding Stage Unit	December 28, 1993
U.S.	5,409,296	Adjust. Length Support Base for a Seat Assembly	April 25, 1995
U.S.	5,524,963	Stacking Interface Device for Chairs	June 11, 1996
U.S.	5,542,748	Quick Release Anchoring System for a Seat Assembly	August 6, 1996
U.S.	D-306,237	Tubular Arm Chair	February 27, 1998
U.S.	D-341,045	Backrest or Chair	November 9, 1993
U.S.	D-363,658	Ganging Mech. For Chair	October 31, 1995
U.S.	D-333,044	Chair (ATTIVA)	February 9, 1993
U.S.	D-366,793	Chair Back	February 5, 1996
U.S.	D-367,789	Swivel Mech. For Rotating Seat Chair/Stool	March 19, 1996
U.S.	D-367,984	Chair Back	June 25, 1996
U.S.	D-371,010	Chair Frame	June 25, 1996
U.S.	D-372,817	2-Tier Service Table	August 20, 1996
U.S.	D-377,726	Chair/Stool Back	February 4, 1997
U.S.	D-380,909	Chair Frame	July 15, 1997
U.S.	D-401,453	Chair Back	November 24, 1998
U.S.	29/086,726	Chair Trim	
U.S.	29/090819	Interspace 2000 Chair (ganging chair)	July 16, 1998
U.S.	29/090818	Interspace 2100 Chair (leg over leg ganging chair)	July 16, 1998
U.S.	09/119,881	Wedge Shaped Seat (stackable chair)	July 21, 1998
U.S.	29/100,615	Stacking bar Stool with X Back	February 16, 1999
U.S.	29/100,616	Stack Seat with Vertical Back	February 16, 1999

<u>Country</u>	<u>Patent/Appl. #</u>	<u>Description</u>	<u>Filing/Issue Date</u>
U.S.	29/100,693	Stacking Bar Stool with Horizontal Back	February 16, 1999
U.S.	29/100,694	Stacking Bar Stool with Vertical Back	February 16, 1999
U.S.	29/100,647	Stack Seat with X Back	February 16, 1999