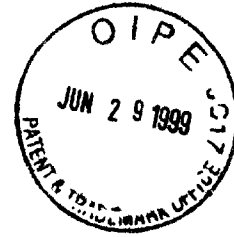


6-29-99

07-01-1999



101080478
TRADEMARKS



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 Trademark Security Interest

Execution Date:

June 17, 1999

4. Application numbers and trademark numbers:

A. Trademark Application Nos.

B. Trademark Registration Nos.

775/523,264	1,036,819
75/459,680	1,037,486
2,245,968	840,463
75/432,954	800,301
75/291,344	800,300
75/291,348	774,518
2,239,898	765,090
2,102,006	751,228
2,137,698	730,793
1,954,849	543,265
1,956,914	433,309
1,721,993	430,833
1,683,817	226,806
1,536,857	
1,469,080	
1,410,563	
1,385,745	
1,278,979	
1,282,484	
1,294,298	
1,269,932	
1,208,433	
1,198,773	
1,182,142	

06/30/1999 NTHAI1 00000185 75459680

01 FC:481
02 FC:482

40.00 DP
900.00 DP

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:
37

7. Total fee: \$940 (Enclosed)

8. Deposit Account Number: N/A

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
Name of Person Signing

M Friedlander
Signature

6/28/99
Date

TOTAL NUMBER OF PAGES COMPRISING COVER SHEET: 2

GRANT OF TRADEMARK 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 Trademark 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 Trademark 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 "**Trademark 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 trademarks, service marks, designs, logos, indicia, tradenames, trade dress, corporate names, company names, business names, fictitious business names, trade styles and/or other source and/or business identifiers and applications pertaining thereto, owned by such Grantor, or hereafter adopted and used, in its business (including, without limitation, the trademarks specifically identified in Schedule A) (collectively, the "**Trademarks**"), all registrations that have been or may hereafter be issued or applied for

thereon in the United States and any state thereof and in foreign countries (including, without limitation, the registrations and applications specifically identified in Schedule A) (the “**Trademark Registrations**”), all common law and other rights (but in no event any of the obligations) in and to the Trademarks in the United States and any state thereof and in foreign countries (the “**Trademark Rights**”), and all goodwill of such Grantor’s business symbolized by the Trademarks and associated therewith (the “**Associated Goodwill**”); and

(ii) all proceeds, products, rents and profits of or from any and all of the foregoing Trademark 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 Trademark Collateral. For purposes of this Grant of Trademark Security Interest, the term “**proceeds**” includes whatever is receivable or received when Trademark Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

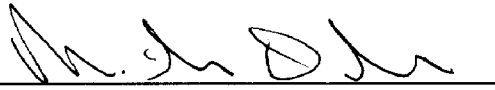
Notwithstanding anything herein to the contrary, in no event shall the Trademark Collateral include, and Grantor shall be not deemed to have granted a security interest in, any of Grantor’s rights or interests in any license, contract or agreement to which Grantor is a party or any of its rights or interests 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 Trademark 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 Trademark 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.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, Grantor has caused this Grant of Trademark 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 TRADEMARK SECURITY INTEREST

SHELBY WILLIAMS INDUSTRIES, INC.

Trademarks

<u>Country</u>	<u>Trademark Description</u>	<u>Registration/ Serial Number</u>	<u>Registration/ Filing Date</u>
U.S.	Wafer	75/523,264	July 15, 1998
U.S.	Interspace	75/459,680	March 31, 1998
U.S.	Phillocraft and Design	2,245,968	May 18, 1999
U.S.	Changing the Way the World Sits	75/432,954	February 12, 1998
U.S.	The Rattan & Wicker Collection and Design	75/291,344	May 13, 1997
U.S.	The Rattan & Wicker Collection and Design	75/291,348	May 13, 1997
U.S.	The Rattan & Wicker Collection and Design	2,239,898	April 13, 1999
U.S.	The Center Point Collection and Design	2,102,006	September 30, 1997
U.S.	The Lattice Collection and Design	2,137,698	February 17, 1998
U.S.	Renaissance Square	1,954,849	February 6, 1996
U.S.	Chair Back Design	1,956,914	February 13, 1996
U.S.	Phill O Craft (Stylized Letters)	1,721,993	October 6, 1992
U.S.	Air-Tex	1,683,817	April 21, 1992
U.S.	The Contract Design Center	1,536,857	April 25, 1989
U.S.	King Arthur	1,469,080	December 15, 1987
U.S.	The Chair Express	1,410,563	September 23, 1986

* Mark was abandoned, request for reinstatement filed April 29, 1999.

<u>Country</u>	<u>Trademark Description</u>	<u>Registration/ Serial Number</u>	<u>Registration/ Filing Date</u>
U.S.	Grip-Tex	1,385,745	March 11, 1986
U.S.	SW (Stylized Letters)	1,278,979	May 22, 1984
U.S.	Shelby Williams	1,282,484	June 19, 1984
U.S.	Pyrosafe and Design	1,294,298	September 11, 1984
U.S.	Neowool	1,269,932	March 13, 1984
U.S.	Pyroguard	1,208,433	September 14, 1982
U.S.	MGT and Design	1,198,773	June 22, 1982
U.S.	Reacta	1,182,142	December 15, 1981
U.S.	XPANDX	1,036,819	March 30, 1976
U.S.	Pow-R-Pax	1,037,486	April 6, 1976
U.S.	XTENDX	840,463	December 12, 1967
U.S.	Magnatrax and design	800,301	December 14, 1965
U.S.	Magnasteel and Design	800,300	December 14, 1965
U.S.	Atomica	774,518	August 4, 1964
U.S.	Atomite	765,090	February 18, 1964
U.S.	Engineered to Serve Your Future	751,228	June 18, 1963
U.S.	Shelby Williams	730,793	May 1, 1962
U.S.	Thonet (Stylized Letters)	543,265	June 5, 1951
U.S.	Thonet Bent Wood and Design	433,309	October 7, 1947
U.S.	Thonet Bent Ply and Design	430,833	July 1, 1947
U.S.	Thonet (Stylized Letters)	226,806	April 19, 1927