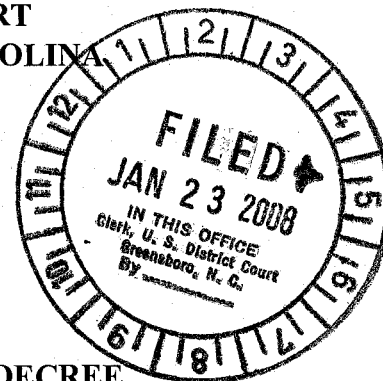


**IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA  
CIVIL ACTION NO. 1:06-CV-00744**



**EQUAL EMPLOYMENT** )  
**OPPORTUNITY COMMISSION,** )  
) )  
**Plaintiff,** )  
) )  
**v.** )  
) )  
**HENREDON FURNITURE** )  
**INDUSTRIES, INC.,** )  
) )  
**Defendant.** )  
\_\_\_\_\_ )

**CONSENT DECREE**

The Equal Employment Opportunity Commission (the "Commission") instituted this action, pursuant to Section 706(f)(1) and (3) of Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000e-5(f)(1) and (3) ("Title VII") and Section 102 of the Civil Rights Act of 1991, 42 U.S.C. § 1981a, alleging Defendant discriminated against a class of African American employees by subjecting them to racial harassment and a racially hostile work environment because of their race.

The Commission and the Defendant, Henredon Furniture Industries, Inc. (the "Defendant"), hereby stipulate to jurisdiction of the Court over the parties and agree that the subject matter of this action is properly before the Court.

The parties have advised this Court that they desire to resolve the allegations in the Complaint without the burden, expense, and delay of further litigation. By entering into this Decree, Defendant does not admit to any liability.

It is therefore the finding of this Court, made on the pleadings and the record as a whole, that:

(1) the Court has jurisdiction over the parties and the subject matter of this action; (2) the purpose and provisions of Title VII will be promoted and effectuated by the entry of the Consent Decree; and (3) this Decree resolves all matters in controversy between the parties as provided in paragraphs 1 through 16 below.

It is therefore ORDERED, ADJUDGED AND DECREED as follows:

1. Defendant shall not discriminate against any person on the basis of race or any other protected category within the meaning of Title VII.
2. Defendant shall not discriminate or retaliate against any person because of opposition to any practice made unlawful under Title VII of the Civil Rights Act of 1964 or because of the filing of a charge, the giving of testimony or assistance, or the participation in any investigation, proceeding or hearing under that statute.
3. Defendant shall pay the total amount of four hundred sixty-five thousand dollars (\$465,000.00) in resolution of the claims alleged in this matter. Payment shall be made to the following individuals in amounts determined by the Commission: Lonnell Alford, Floyd Goree, David Howell, Lester Little, Preston McDuffie, Freddie Ragin and Rickie Wilson ("the Individual Claimants"). Within three (3) days of the entry of this decree, the Commission will provide Defendant with a payment schedule showing the amount to be paid to each Individual Claimant as well as the address to which payment shall be mailed. Defendant shall make payment pursuant to the schedule provided by the Commission within fifteen (15) days after the Commission provides Defendant with payment schedule or within fifteen (15) days after the Court approves this Consent Decree, whichever is later. Within ten (10) days after payment has been mailed, Defendant shall mail to Lynette A. Barnes, Regional Attorney,

at the Equal Employment Opportunity Commission, 129 W. Trade Street, Suite 400, Charlotte N.C., 28202, a copy of the each check and proof of each check's delivery to each Individual Claimant.

4. Within ten (10) days of the entry of this decree by the Court, Defendant shall eliminate from the employment records of the Individual Claimants any and all documents, entries, or references of any kind relating to the facts and circumstances which led to the filing of EEOC Charge Numbers 145-2005-00231, 145-2005-01037, and 145-2005-01038 and the related events that occurred thereafter.

Within fifteen (15) days of the entry of this decree by the Court, Defendant shall report compliance with this provision to the EEOC.

5. Defendant agrees to provide the Individual Claimants with positive letters of reference in the form attached as Exhibit A. The reference letters will be mailed to the Individual Claimants within fifteen (15) days after the entry of this decree by the Court.

6. Within thirty (30) days of the entry of this decree by the Court, Defendant shall revise its formal, written harassment policy to state that the policy specifically prohibits racial harassment. Within forty-five (45) days of the entry of this decree by the Court, Defendant shall distribute to each current employee at Defendant's High Point and Mount Airy, N.C. plants a copy of the revised policy. Within sixty (60) days of the entry of this decree, Defendant shall report compliance to the Commission. During the term of this Decree, Defendant shall distribute the policy to all new employees and review it with them at the time of hire.

7. During the term of this decree, Defendant shall to post a copy of the revised policy described in paragraph 6, *supra*, in all its plants in High Point and Mount Airy, N.C. in a place where it is visible to employees. If the policy becomes defaced or unreadable, Defendant will replace it by

posting another copy of the policy. Within forty-five (45) days after the Consent Decree is entered, Defendant will post the revised policy and notify the EEOC that it has been posted.

8. During the term of this Decree, Defendant shall provide an annual training program to all of its managers, supervisors and employees at its High Point and Mount Airy, N.C. facilities. Each training program shall include an explanation of the requirements of Title VII of the Civil Rights Act of 1964 and its prohibition against racial harassment and retaliation in the workplace. Each training program shall also include an explanation of Defendant's policy referenced in paragraph 6 above, and an explanation of the rights and responsibilities of employees and managers under the policy.

The first training program shall be completed within ninety (90) days after entry of the decree by the Court. Each subsequent training program shall be conducted at approximately one-year intervals. At least fifteen (15) days prior to each program, Defendant shall provide the Commission with an agenda for the training program. Within ten (10) days after completion of each training program, Defendant shall certify to the Commission the specific training which was undertaken and shall provide the Commission with a roster of all employees in attendance.

9. Beginning within thirty (30) days after the entry of this Decree by the Court, and continuing throughout the term of this Decree, Defendant shall conspicuously post the attached Employee Notice, marked Exhibit B, hereby made a part of this Decree, in a place where it is visible to employees at all its High Point and Mount Airy, N.C. facilities. If the Notice becomes defaced or unreadable, Defendant shall replace it by posting another copy of the Notice. Within forty-five (45) days after the Consent Decree is entered, Defendant will notify the EEOC that the Employee Notice has been posted.

10. During the term of this Consent Decree, Defendant shall provide the Commission with reports at six (6) month intervals, with the first being due four (4) months after approval by the Court of this Decree. The reports will include the following information: (a) the identities of all individuals who have complained of any race-based conduct, to include comments, jokes, graffiti or harassment, including by way of identification each person's name, address, telephone number, race, position, and social security number; (b) a detailed statement of the individual's complaint; (c) the identity of the individual who engaged in the race-based conduct, including by way of identification each person's name, address, telephone number, race, position, and social security number; and (d) what action was taken by Defendant in response to the individual's complaint. Defendant shall submit the reports to the Commission four (4) months after the date of entry of this Consent Decree and every six months thereafter during the term of this Decree. If Defendant has no activity to report, Defendant should submit a negative report.

11. The Commission may review compliance with the terms of this Decree. As part of a review for compliance with the policy posting and notice posting provisions in paragraphs 7 and 9, the Commission may inspect Defendant's facilities without notice. In reviewing compliance with any provision of this Decree, the Commission may interview employees, and examine and copy documents with 24 hours prior notice.

12. If anytime during the term of this Decree, the Commission believes that Defendant is in violation of the Decree, the Commission shall give notice of the alleged violation to Defendant. Defendant shall have ten (10) days in which to investigate and respond to the allegations. Thereafter, the parties shall then have a period of ten (10) days or such additional period as may be agreed upon by

them, in which to engage in negotiation and conciliation regarding such allegations before the Commission exercises any remedy provided by law.

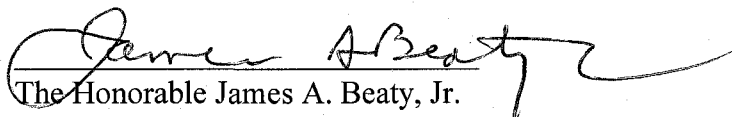
13. The term of this Decree shall be for three (3) years from its entry by the Court.

14. All reports or other documents sent to the Commission by Defendant pursuant to this Decree shall be sent to: Lynette A. Barnes, Regional Attorney, at the Equal Employment Opportunity Commission, 129 W. Trade Street, Suite 400, Charlotte N.C., 28202.

15. Each party shall bear its own costs and attorney's fees.

16. This Court shall retain jurisdiction of this cause for purposes of monitoring compliance with this Decree and entry of such further orders as may be necessary or appropriate.

January 22, 2008  
Date

  
The Honorable James A. Beaty, Jr.  
Judge, U.S. District Court  
Middle District of North Carolina

The parties jointly request that the Court approve and enter the Consent Decree:

EQUAL EMPLOYMENT OPPORTUNITY  
COMMISSION, Plaintiff

RONALD COOPER  
General Counsel

JAMES L. LEE  
Deputy General Counsel

GWENDOLYN YOUNG REAMS  
Associate General Counsel

/s/ Lynette A. Barnes

Lynette A. Barnes  
Regional Attorney  
129 West Trade Street, Suite 400  
Charlotte, N.C. 28202  
Tel: (704) 344-6878

/s/ Tina Burnside

Tina Burnside  
Supervisory Trial Attorney  
129 West Trade Street, Suite 400  
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/s/ Zoë G. Mahood

Zoë G. Mahood  
Senior Trial Attorney  
1309 Annapolis Drive  
Raleigh, N.C. 27608  
Tel: (919) 856-4080

HENREDON FURNITURE INDUSTRIES, INC., Defendant

/s/ Gregory P. McGuire

Gregory P. McGuire, Esq.  
OGLETREE DEAKINS NASH SMOAK  
& STEWART, P.C.  
2301 Sugar Bush Road, Suite 600  
Raleigh, N.C. 27612  
Tel: (919) 787-9700

**EXHIBIT A**

[Defendant's letterhead]

[Date]

TO WHOM IT MAY CONCERN:

We are pleased to provide the following reference on behalf of our [former or current] employee,  
\_\_\_\_\_.

\_\_\_\_\_ was employed by Henredon Furniture Industries, Inc. as a  
\_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_. His ending salary was \$ \_\_\_\_\_ per hour. During his  
employment with Henredon, he was a skilled and reliable employee. \_\_\_\_\_ was laid off as  
a result of a plant closing in early, 2006.

We hope that this information about \_\_\_\_\_ is helpful to you in considering him for  
employment.

Sincerely,

[Typed name of company president]  
President, Henredon Furniture Industries, Inc.