

CERTIFICATE OF THE VOTING POWERS, DESIGNATIONS, PREFERENCES  
AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS,  
AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS THEREOF  
OF THE \$5.00 PREFERRED STOCK, SERIES PA AND SERIES PB

of

THE OUTLET COMPANY

Pursuant to Section 7-1.1-15 of the  
Rhode Island Business Corporation Act

We, the undersigned, Kenneth Logowitz and Gerald Scher,  
the President and Secretary, respectively, of THE OUTLET COM-  
PANY, a Rhode Island corporation (hereinafter called the "Cor-  
poration"), DO HEREBY CERTIFY that in order to implement the  
provisions of an agreement dated as of August 31, 1972 between  
the Corporation and the persons listed as Shareholders at the  
end thereof, the following resolutions were duly adopted by the  
Board of Directors of the Corporation at meetings thereof duly  
held on February 22, March 29, and July 26, 1973:

WHEREAS pursuant to the authority granted to and vested  
in the Board of Directors of The Outlet Company (the "Corporation")  
by the provisions of the Certificate of Incorporation of the Cor-  
poration, the Board of Directors by votes adopted July 29, 1971  
and December 30, 1971 created and fixed the voting powers, the  
designations, preferences and relative, participating, optional  
or other special rights and qualifications, limitations or res-  
trictions (the "Terms") of two series of the 1,000,000 shares of  
Preferred Stock, without par value, of the Corporation authorized  
by Article FIFTH of the Certificate of Incorporation -- namely  
31,000 shares of PA Preferred

Stock Series 5% (herein referred to as the "Series PA");  
and 17,121 shares of Preferred Stock, PB Series 5%  
Convertible (herein referred to as "Series PB");

WHEREAS a certificate dated September 28, 1972  
certifying to such action by the Board of Directors of  
the Corporation was filed with the Office of the Secretary  
of State of the State of Rhode Island on September 28, 1972,  
but none of the shares of the Series PA or of the  
Series PB have been issued since the date of such  
filing;

WHEREAS the Board of Directors wishes to rescind  
the above referred to votes creating and fixing the  
Terms of the Series PA and the Series PB and to adopt  
new votes creating and fixing the Terms of two new  
series of Preferred Stock, without par value.

NOW, THEREFORE, be it resolved that effective  
upon the date when the aforesaid agreement made as of  
August 31, 1972 becomes operative pursuant to  
paragraph 2 thereof, the following resolutions shall  
take effect:

RESOLVED that the votes adopted by this  
Board of Directors on July 29, 1971 and  
December 30, 1971 creating and fixing the Terms  
of the PA Preferred Stock Series 5% and PB Preferred  
Stock Series 5% be and the same hereby are  
rescinded;

RESOLVED that pursuant to the authority granted and vested in the Board of Directors by the provisions of the Certificate of Incorporation of the Corporation, the Board of Directors hereby creates and fixes the Terms of the following two series of Preferred Stock, without par value, of the Corporation:

(1) The \$5.00 Preferred Stock, Series PA, without par value (herein referred to as the "Series PA Stock") shall have the following voting powers, designations, preferences or other special rights:

1. Dividends.

The Series PA Stock shall rank, in respect of the order of payment of dividends, (i) junior to the 5-1/2% Convertible Preferred Stock, (ii) on a parity with the \$5.00 Convertible Preferred Stock, Series PB, without par value and (iii) in priority to any other series of Preferred Stock without par value. Subject to full dividends accrued on all outstanding shares of 5-1/2% Convertible Preferred Stock for all past quarterly dividend periods and for the then current dividend period having been paid or declared and set apart for payment, the holders of Series PA Stock shall be entitled to receive out of any funds of the Corporation at the time legally available for

the declaration of dividends, non-cumulative dividends at the rate of \$5.00 per annum per share, and no more, payable in cash quarterly, when and as declared by the Board of Directors. If dividends on the Series PA Stock are not declared in any fiscal year of the Corporation, they shall not accumulate, whether or not earned. In no event shall any dividend be declared and paid upon or set apart for the Common Stock or any other shares of stock junior in respect of the order of payment of dividends to the Series PA Stock unless full dividends on the Series PA Stock for four consecutive quarterly dividend periods to and including the current dividend period shall have been declared and paid or set apart therefor.

2. Liquidation Preference.

The Series PA Stock shall rank, in respect of the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, (i) junior to the 5-1/2% Convertible Preferred

Stock, (ii) on a parity with the \$5.00 Convertible Preferred Stock, Series PB, without par value and (iii) in priority to any other series of Preferred Stock without par value. After the payments to the holders of the 5-1/2% Convertible Preferred Stock of all amounts payable to them in the event of any liquidation, dissolution or winding up (whether voluntary or involuntary), the holders of Series PA Stock shall be entitled to receive out of the assets of the Corporation, whether such assets are capital or surplus of any nature, an amount in cash equal to \$100 per share, and in addition to such amount, a further amount equal to the dividends declared and unpaid thereon for the current fiscal year to the date of such event, and no more, before any payment shall be made or any assets distributed to the holders of any Common Stock or any other shares of stock junior in rights or preferences to the Series PA Stock in respect of the distribution of assets in the event of any liquidation, dissolution or winding up.

In the event of any liquidation or dissolution or winding up (whether voluntary or involuntary) of the Corporation, no payment shall be made to the holders of the \$5.00 Convertible Preferred Stock, Series PB, unless there shall likewise be paid at the same time to the holders of all shares at the time outstanding of the Series PA Stock like proportionate distributive payments, ratably, in proportion to the full distributive payments to which they are respectively entitled.

3. Redemption.

Within 60 days after the end of each of the ten (10) consecutive years commencing after the end of five years from the issuance of the Series PA Stock on a date to be determined by the Board of Directors ("the Sinking Fund Payment Date"), the Corporation shall set aside, as a Sinking Fund for the redemption of the Series PA Stock, a sum sufficient to redeem at the redemption price hereinafter specified

10% of the number of shares of Series PA Stock outstanding on the first Sinking Fund Payment Date. All amounts deposited in the Sinking Fund shall be retained therein until applied to the redemption of Series PA Stock as herein provided.

On each Sinking Fund Payment Date except the tenth, the Corporation shall redeem, at the election of the holders of the Series PA Stock and on a pro rata basis as herein provided, up to 10% of the number of shares of Series PA Stock outstanding on the first Sinking Fund Payment Date.

Not more than ninety (90) nor less than sixty (60) days prior to each Sinking Fund Payment Date, the Corporation shall give notice by mail, postage prepaid, to each holder of record of Series PA Stock at his last known post office address as shown on the records of the Corporation, of (i) the date fixed for redemption and the place where payment of the redemption price is to be made upon surrender for cancellation of the certificate representing shares to be redeemed and (ii) except with respect to the tenth Sinking Fund Payment Date, the obligation of the Corporation to redeem on such Sinking

Fund Payment Date up to 10% of the shares of Series PA Stock held by such stockholder. Within 45 days of receipt of such notice each stockholder shall notify the Corporation of the number of his shares which he desires the Corporation to redeem. If a stockholder fails to give such notice within the specified time period he shall be deemed to have elected to have none of his shares redeemed on such Sinking Fund Payment Date. If on the basis of the initial response from stockholders the total number of shares elected to be redeemed on such Sinking Fund Payment Date is less than 10% of the total number of Series PA Stock outstanding on the first Sinking Fund Payment Date, the corporation shall notify all stockholders who have elected to have shares redeemed that they may surrender for redemption on such Sinking Fund Payment Date additional shares of Series PA Stock until the total number of shares redeemed on such Sinking Fund Payment Date is equal to 10% of the total number of Series PA Stock outstanding on the first Sinking Fund Payment Date. If the additional shares tendered for redemption would cause such 10% limit to be exceeded the additional shares shall be chosen for redemption on a pro rata basis. No fractional shares shall be redeemed.



On or after each Sinking Fund Payment Date, each stockholder who has elected to have shares redeemed on such Sinking Fund Payment Date shall surrender to the Corporation all certificates evidencing such shares and, in case less than all the shares evidenced by such certificate or certificates are to be redeemed, a new certificate representing the unredeemed shares shall be issued by the Corporation to such stockholder. Upon surrender of certificates evidencing shares to be redeemed, the Corporation shall pay in cash to the holder thereof, a redemption price equal to \$100 per share of Series PA Stock together with an amount in cash equal to all dividends declared and unpaid thereon.

On the tenth Sinking Fund Payment Date the Corporation shall redeem all shares of Series PA Stock then outstanding in the manner and on the terms specified above.

Notwithstanding the foregoing provisions of this paragraph (3), if at any time the Corporation shall have failed to declare and pay or set apart for payment dividends in full upon the 5-1/2% Convertible Preferred Stock for all past dividends, or shall not have made, or set apart for payment, all payments, if any, then or

theretofore due under the requirements of any sinking fund for the purchase or redemption of shares of the 5-1/2% Convertible Preferred Stock, thereafter and until all such dividends shall have been paid in full or declared and set apart for payment and all such sinking fund payments shall have been made, or set aside for payment, the Corporation shall not, and shall not be obligated to, redeem or purchase, directly or indirectly, for any purpose, any shares of Series PA Stock, and for so long as any shares of 5-1/2% Convertible Preferred Stock are outstanding, no such redemption or purchase of any shares of Series PA Stock shall be made, or be required to be made, except out of funds of the Corporation at the time legally available for the declaration of dividends on the Common Stock, or any other shares of stock junior in rights or preferences to the 5-1/2% Convertible Preferred Stock.

If at any time the Corporation shall not have made or set apart for payment, all payments, if any, then or theretofore due under the sinking fund requirements in respect of the redemption of shares of Series PA Stock or if the Corporation shall fail to redeem shares of Series

PA Stock in accordance with the provisions of this paragraph (3), the Corporation shall make or set aside such sinking fund payments and redeem such shares of Series PA Stock before any distribution, whether by way of dividend, redemption or otherwise, shall be declared or paid or set apart for any other shares of capital stock of the Corporation.

4. Voting Rights.

Each share of Series PA Stock shall be entitled to one vote and, except as provided by law, shall have the same voting rights as the shares of Common Stock.

The holders of the outstanding shares of Preferred Stock Series PA and Series PB shall be entitled to vote as a class upon any proposed amendment to the Articles of Association of the Corporation (i) creating a new class of authorized shares, in addition to the existing classes, which would have rights and preferences prior to or on a parity with shares of Preferred Stock Series PA and Series PB, (ii) increasing the number of authorized shares of the existing Preferred Stock without par value to more than one million shares, or (iii) creating any new series of Preferred Stock without par value having

rights and preferences prior to or on a parity with the Preferred Stock Series PA and Series PB as to payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up of the Corporation.

5. Miscellaneous.

For purposes of Stated Capital of the Corporation the value of each share of Series PA Stock shall not be less than \$100.

In connection with the creation or issuance of additional series of Preferred Stock, without par value:

1. Each share of such series shall be entitled to such vote (not exceeding one vote per share) or fraction thereof as the stated value of such share bears to \$100.

2. For purposes of Stated Capital of the Corporation, the value of each share of any such series shall not be less than the amount of the preference of such share in the assets of the Corporation on liquidation.

(2) The \$5.00 Preferred Stock, Series PB, without par value (herein referred to as the "Series PB Stock") shall have the following voting powers, designations, preferences or other special rights:

1. Dividends.

The Series PB Stock shall rank, in respect of the order of payment of dividends (i) junior to the 5-1/2% Convertible Preferred Stock, (ii) on a parity with the \$5.00 Preferred Stock, Series PA, without par value and (iii) in priority to any other series of Preferred Stock without par value. Subject to full dividends accrued on all outstanding shares of 5-1/2% Convertible Preferred Stock for all past quarterly dividend periods and for the then current dividend period having been paid or declared and set apart for payment, the holders of Series PB Stock shall be entitled to receive out of any funds of the Corporation at the time legally available for the declaration of dividends, non-cumulative dividends at the rate of \$5.00 per annum per share, and

no more, payable in cash quarterly, when and as declared by the Board of Directors. If dividends on the Series PB Stock are not declared in any fiscal year of the Corporation, they shall not accumulate, whether or not earned. In no event shall any dividend be declared and paid upon or set apart for the Common Stock or any other shares of stock junior in respect of the order of payment of dividends to the Series PB Stock unless full dividends on the Series PB Stock for four consecutive quarterly dividend periods to and including the current dividend period shall have been declared and paid or set apart therefor.

2. Liquidation Preference.

The Series PB Stock shall rank, in respect of the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation,

- (i) junior to the 5-1/2% Convertible Preferred Stock,
- (ii) on a parity with the \$5.00 Preferred Stock, Series PA, without par value and (iii) in priority to any other series of Preferred Stock without par value.

After the payments to the holders of the 5-1/2% Convertible Preferred Stock of all amounts payable to them

in the event of any liquidation, dissolution or winding up (whether voluntary or involuntary), the holders of Series PB Stock shall be entitled to receive out of the assets of the Corporation, whether such assets are capital or surplus of any nature, an amount in cash equal to \$100 per share, and in addition to such amount, a further amount equal to the dividends declared and unpaid thereon for the current fiscal year to the date of such event, and no more, before any payment shall be made or any assets distributed to the holders of any Common Stock or any other shares of stock junior in rights or preferences to the Series PB Stock in respect of the distribution of assets in the event of any liquidation, dissolution or winding up.

In the event of any liquidation or dissolution or winding up (whether voluntary or involuntary) of the Corporation, no payment shall be made to the holders of the \$5.00 Preferred Stock, Series PA, unless there shall likewise be paid at the same time to the holders of all shares at the time outstanding of the Series PB Stock like proportionate distributive payments, ratably, in proportion to the full distributive payments to which they are respectively entitled.

3. Conversion.

Each holder of Series PB Stock may at any time upon surrender of the certificates therefor, convert any or all of his shares of Series PB Stock into fully paid and nonassessable shares of Common Stock of the Corporation. The number of shares of Common Stock into which each such share of Series PB Stock may be so converted shall be determined by dividing the involuntary liquidation preference of such share of Preferred Stock by the conversion price at which Series PB Stock may then be converted into Common Stock, which conversion price shall be \$27.50 per share of Common Stock, initially, subject to adjustment in certain cases as hereinafter provided. No adjustment shall be made with respect to dividends on the Common Stock, or any other shares of stock junior in rights or preferences to the Series PB Stock that may be accrued and unpaid at the date of surrender for conversion. Such option to convert shall be exercised by surrendering for such purpose to the Corporation, at any place where the Corporation shall



maintain a transfer agency for its Common Stock or its Series PB Stock, certificates representing the shares to be converted, duly endorsed in blank or accompanied by proper instruments of transfer, and at the time of such surrender the person exercising such option to convert shall be deemed to be the holder of record of the shares of Common Stock issuable on such conversion, notwithstanding that the share register of the Corporation shall then be closed or the certificates representing such shares of Common Stock shall not then be actually delivered to him.

The conversion price at which Series PB Stock may be converted into Common Stock shall be subject to adjustment from time to time in certain cases upon twenty (20) days written notice to the holders thereof, as follows:

A. In case the Corporation shall do any of the following acts (which acts are hereafter referred to as "Adjusting Events"): (a) issue or sell any shares of Common Stock (other than shares of Common Stock issued upon conversion of the Corporation's 5% Convertible Subordinated Debentures and except as

otherwise herein provided) without consideration, or for a consideration per share less than the conversion price, initial or adjusted, in effect immediately prior to the issuance or sale of such additional shares (such conversion price in effect at such time being hereinafter referred to as the "Operative Conversion Price") or (b) pay or make a dividend or other distribution of Common Stock (other than a dividend or distribution (i) in cash or (ii) in Common Stock or in Convertible Securities, as hereinafter defined, or (iii) in securities which both (A) are of the corporation which does not control, is not controlled by and is not under common control with the Corporation, and (B) were acquired by the Corporation otherwise than in exchange for operating assets of the Corporation or operating assets or securities of any entity controlled by the Corporation), then and thereafter successively upon each Adjusting Event, the Operative Conversion Price shall immediately upon such Adjusting Event be reduced to a price (calculated to the nearest cent) determined by dividing

- (1) An amount equal to

(a) the product of (i) the total number of shares of Common Stock outstanding on the date upon which the Operative Conversion Price became effective, but excluding therefrom the number of such shares then outstanding which were issued or sold in connection with any of the transactions in clauses (5) and (6) of Subsection B and multiplied by (ii) the Operative Conversion Price.

(b) plus, the aggregate amount of all considerations, if any, received by the Corporation upon all issuances and sales, other than issuances or sales described in clauses (5) and (6) of Subsection B, of shares of Common Stock, regardless of whether any such consideration computed on a per share basis is greater or less than the Operative Conversion Price, which have occurred since the date upon which the Operative Conversion Price became effective, including the consideration, if any, received by the Company as a result of (i) the instant Adjusting Event, and (ii) all Adjusting Events which have occurred since the Operative Conversion Price became effective which

would have resulted in a reduction of the Operative Conversion Price but for the operation of the proviso at the end of Subsection A.

(c) and minus, the aggregate amount of all dividends or other distributions paid or made on Common Stock (other than as specified in clauses (b) (i), (b) (ii) or (b) (iii) of the first paragraph of this Subsection A) which have occurred since the date upon which the Operative Conversion Price became effective, including the amount, if any, distributed by the Corporation as a result of (i) the instant Adjusting Event, and (ii) all Adjusting Events which have occurred since the Operative Conversion Price became effective, which would have resulted in a reduction of the Operative Conversion Price but for the operation of the proviso at the end of this Subsection A,

by

(2) The total number of shares of Common Stock outstanding immediately after the Adjusting Event, but excluding therefrom the number of such shares then outstanding which were issued or sold in connection

with any of the transactions described in clauses

(5) and (6) of Subsection A,

Provided, however, that the Corporation shall not be required to make any reduction of the Operative Conversion Price pursuant to this Subsection A unless and until the aggregate effect of all such Adjusting Events since the Operative Conversion Price became effective results in a reduction in the Operative Conversion Price of at least twenty-five cents (\$.25).

B. For the purposes of Subsection A, the following provisions shall also be applicable:

(1) In case of the issuance or sale of additional shares of Common Stock for cash, the consideration received by the Corporation therefor shall be deemed to be the amount of cash received by the Corporation for such shares (or, if such shares are offered by the Corporation for subscription, the subscription price, or, if such shares are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price), without deducting therefrom any compensation or discount paid or allowed to underwriters or

dealers or others performing similar services or for any expenses incurred in connection therewith.

(2) In case of the issuance (otherwise than upon conversion or exchange of obligations or shares of stock of the Corporation), or sale of additional shares of Common Stock for a consideration other than cash or a consideration a part of which shall be other than cash, the amount of the consideration other than cash received by the Corporation for such shares shall be deemed to be the value of such consideration as determined by the Board of Directors, irrespective of the accounting treatment thereof.

(3) In case the Corporation shall in any manner issue or grant any rights to subscribe for or to purchase, or any options (except as otherwise provided in clause (5) of this Subsection B below) for the purchase of, (a) Common Stock or (b) any indebtedness or shares of stock convertible into or exchangeable for Common Stock (indebtedness or shares of stock convertible into or exchangeable for Common Stock being herein called "Convertible Securities"),

or shall issue or sell Convertible Securities, and the price per share for which Common Stock is issuable upon the exercise of such rights or options or upon conversion or exchange of such Convertible Securities at the time such Convertible Securities first become convertible or exchangeable (determined by dividing

(i) in the case of an issue or grant of any such rights or options, the total amount, if any, received or receivable by the Corporation as consideration for the issue or grant of such rights or options, plus the minimum aggregate amount of additional consideration payable to the Corporation, upon the exercise of such rights or options, in the case of such Convertible Securities issuable upon the exercise of any such rights or options, the minimum aggregate amount of additional consideration payable to the Corporation upon the exercise of such rights or options, plus, in the case of such Convertible Securities issuable upon the exercise of any such rights or options, the

minimum aggregate amount of additional considerations, if any, payable to the Corporation upon the conversion or exchange of such Convertible Securities, or

(ii) in the case of an issue or sale of Convertible Securities other than where the same are issuable upon the exercise of any such rights or options, the total amount, if any, received or receivable by the Corporation as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange of such Convertible Securities

by, in either such case

(iii) the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon the conversion or exchange of such Convertible Securities at the time such Convertible Securities first become convertible or exchangeable) shall be less than the conversion price, initial or adjusted,



in effect immediately prior to the issue or grant of such rights or options or the issue or sale of such Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon conversion or exchange of the total maximum amount of such Convertible Securities at the time such Convertible Securities first become convertible or exchangeable shall (as of the date of issue or grant of such rights or options or, in the case of the issue or sale of Convertible Securities other than where the same are issuable upon the exercise of rights or options, as of the date of such issue or sale), be deemed to be outstanding and to have been issued for said price per share; provided that (a) no further adjustment of the conversion price shall be made upon the actual issue of such Common Stock upon the exercise of such rights or options or upon the conversion or exchange of such Convertible Securities or upon

the actual issue of Convertible Securities where the same are issuable upon the exercise of such rights or options; and (b) rights or options issued or granted pro rata to stockholders without consideration and Convertible Securities issuable by way of dividend or other distribution to stockholders shall be deemed to have been issued or granted at the close of business on the date fixed for the determination of stockholders entitled to such rights, options or Convertible Securities and shall be deemed to have been issued without consideration.

(4) In the case of the issuance of additional shares of Common Stock as a dividend, the aggregate number of shares of Common Stock issued in payment of such dividend shall be deemed to have been issued at the close of business on the date fixed for the determination of stockholders entitled to such dividend and shall be deemed to have been issued without consideration.

(5) No adjustment shall be made in the conversion price upon the granting of stock options (or the issuance or sale of shares of Common Stock upon the exercise of stock options granted) to officers or employees of the Corporation or of a Subsidiary under any plan which, at the time of such granting or issuance, has been adopted, authorized, approved or ratified by vote of stockholders of the Corporation.

(6) No adjustment shall be made in the conversion price upon the consolidation or merger of another corporation (which is a going concern and the principal function of which is not directly, and/or indirectly through other entities, the holding of cash and/or the ownership of securities other than the ownership of securities of any operating subsidiary of such corporation) into the Corporation in which the Corporation is the continuing corporation and in which there is no reclassification or change of the shares of Common Stock issuable upon conversion of Convertible Securities (other than a change in par value) or in case of any lease, sale

or conveyance to the Corporation of all or substantially all the assets, as a going concern (the principal function of which is not directly, and/or indirectly through other entities, the holding of cash and/or the ownership of securities other than the ownership of a majority equity interest in any operating business entity), of another corporation or of an unincorporated business organization or of a division or divisions thereof comprising a separate business (or the sale or conveyance to the Corporation of at least fifty (50) percent of the outstanding voting shares of another corporation, or at least fifty (50) percent of the equity interest in an unincorporated business, which corporation or unincorporated business is a going concern the principal function of which is not directly, and/or indirectly through other entities, the holding of cash and/or the ownership of securities other than the ownership of a majority equity interest in any operating business entity) in consideration, in whole or in part, of the issuance to such corporation or unincorporated organization (or the shareholders of such a corporation or the members, partners or owners of other

equity interests of such an organization) of shares of Common Stock of the Corporation, Convertible Securities or rights or options to subscribe for or purchase the same.

(7) In case of the payment or making of a dividend or other distribution on Common Stock in property (excluding Common Stock and Convertible Securities but including all other securities), such dividend or other distribution shall be deemed to have been paid or made at the close of business on the date fixed for the determination of stockholders entitled to receive such dividend or other distribution and the amount of such dividend or other distribution in property shall be deemed to be the value of such property, as determined by the Board of Directors.

(8) The reclassification of securities other than Common Stock into securities including Common Stock shall be deemed to involve the issuance for a consideration other than cash of such Common Stock at the close of business on the date fixed for the determination of stockholders entitled to receive such Common Stock.

(9) If the Corporation shall enter into a contract for the sale or exchange of its Common Stock or Convertible Securities or rights or options to subscribe for or purchase the same, such Common Stock, Convertible Securities, rights or options shall be deemed to have been issued on the date such contract is made; provided that if on the date such contract is made the number of shares of Common Stock or the amount of Convertible Securities or such rights or options to be issued cannot be determined, such Common Stock, Convertible Securities, rights or options shall be deemed to have been issued on the earliest date such determination can be made.

(10) Except as otherwise specifically provided herein, shares of Common Stock, Convertible Securities or rights or options to subscribe for or purchase the same shall be deemed to have been issued and to be outstanding at the close of business on the date of issuance.

C. In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock or combined into a smaller number of shares

of Common Stock, the initial conversion price or adjusted conversion price, in effect immediately prior to such subdivision or combination shall, simultaneously with the effectiveness of such subdivision or combination, be adjusted

(i) by reducing such conversion price to the conversion price which would then have been in effect but for the proviso at the end of the last paragraph of Subsection A and

(ii) by (a) in the case of such subdivision, proportionately reducing or (b) in the case of such combination, proportionately increasing the figure computed in accordance with clause (i) hereof.

D. The above provisions shall similarly apply to successive issues, sales, dividends or other distributions, subdivisions and combinations or of shares of Common Stock.

E. In case:

(a) the Corporation shall declare a dividend (or any other distribution) on shares of its Common Stock payable otherwise than one payable both (i) in cash and (ii) out of its earned surplus; or

(b) the Corporation shall authorize the granting to the holders of shares of its Common Stock of rights to subscribe for or purchase any shares of capital stock of any class or of any other rights; or

(c) of any reclassification of shares of Common Stock of the Corporation (other than a subdivision or combination of outstanding shares of its Common Stock), or of any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required, or of the sale or transfer of all or substantially all of the assets of the Corporation; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of the Corporation; then the Corporation shall cause to be mailed to each holder of Convertible Preferred Stock at his post office address as shown by the records of the Corporation at least twenty (20) days (or ten (10) days in any case specified in clause (a) or (b) above) prior to the earliest applicable date



hereinafter specified in the following clauses  
(x) or (y) of this sentence, a notice stating  
(x) the date on which a record is to be taken for  
the purpose of such dividend, distribution or  
rights, or if a record is not to be taken, the  
date as of which the holders of Common Stock of  
record to be entitled to such dividend, distribu-  
tion or rights to be determined, or (y) the date  
on which such reclassification, consolidation,  
merger, sale, transfer, dissolution, liquidation or  
winding up is expected to become effective, and,  
if applicable, the date as of which it is expected  
that holders of Common Stock of record shall be  
entitled to exchange their shares of Common Stock  
for securities or other property deliverable upon  
such reclassification, consolidation, merger, sale,  
transfer, dissolution, liquidation or winding up.  
Failure to give any such notice by mail, or any  
defect therein, shall not affect the validity of the  
proceedings referred to in clauses (a), (b), (c) and  
(d) above.

Whenever the amount of shares of Common Stock or  
other securities upon the conversion of Series PB Stock

shall be adjusted pursuant to the provisions hereof, the Corporation shall forthwith file, at its principal office, and with any transfer agent or agents for Series PB Stock and for Common Stock, and with any stock exchange on which such Series PB Stock is listed, a statement, signed by its President or one of its Vice-Presidents or its Secretary or Treasurer, stating the adjusted number of shares of its Common Stock or other securities deliverable per share of Series PB Stock upon conversion thereof calculated to the nearest one-hundredth (1/100th) and setting forth in reasonable detail the method of calculation and the facts requiring such adjustment and upon which such calculation is based. Each adjustment shall remain in effect until a subsequent adjustment hereunder is required.

The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock the full number of shares of Common Stock deliverable upon the conversion of all the then outstanding shares of Series PB Stock and shall take all such

action and obtain all such permits or orders as may be necessary to enable the Corporation lawfully to issue such shares of Common Stock upon the conversion of shares of such Series PB Stock.

No fractions of shares of Common Stock shall be issued upon conversion, but in lieu thereof non-dividend bearing, nonvoting scrip (exchangeable for full shares) shall be issued in such form, bearer or registered, in such denominations, expiring after such reasonable time and containing such provision for the sale of the full shares of Common Stock for which such scrip is exchangeable for the account of the holders of such scrip and such other terms and provisions, as the Board of Directors of the Corporation may from time to time determine prior to the issue thereof. The Corporation may, however, at its option, in lieu of issuing such scrip, make equitable provisions for the shareholders entitled to such scrip as the Board of Directors may determine, including payment in cash, or sale of stock to the extent of such scrip and distribution of the net proceeds or otherwise.

#### 4. Voting Rights.

Each share of Series PB Stock shall be entitled to one vote and, except as provided by law, shall have

the same voting rights as the shares of Common Stock.

The holders of the outstanding shares of Preferred Stock Series PA and Series PB shall be entitled to vote as a class upon any proposed amendment to the Articles of Association of the Corporation (i) creating a new class of authorized shares, in addition to the existing classes, which would have rights and preferences prior to or on a parity with shares of Preferred Stock Series PA and Series PB, (ii) increasing the number of authorized shares of the existing Preferred Stock without par value to more than one million shares, (iii) creating any new series of Preferred Stock without par value having rights and preferences prior to or on a parity with the Preferred Stock Series PA and Series PB as to payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up of the Corporation.

5. Miscellaneous.

For purposes of Stated Capital of the Corporation the value of each share of Series PB Stock shall not be less than \$100.

In connection with the creation or issuance of additional series of Preferred Stock, without par value:

1. Each share of such series shall be entitled to such vote (not exceeding one vote per share) or fraction thereof as the stated value of such share bears to \$100.

2. For purposes of Stated Capital of the Corporation, the value of each share of any such series shall not be less than the amount of the preference of such share in the assets of the Corporation on liquidation.

RESOLVED that the shares of the Series PB Stock shall not be redeemed by this Corporation for a period of five years from the date of issuance of such shares;


RESOLVED that all resolutions of this Board of Directors inconsistent with the foregoing resolutions be and they hereby are rescinded;

RESOLVED that the proper officers of the Corporation be and they hereby are authorized to execute and file with the Secretary of State of the State of Rhode Island a certificate of the voting powers, designations, preferences or other special rights of the Series PA Stock and Series PB Stock of the Corporation pursuant to Section 7-1.1-15 of the Rhode Island Business Corporation Act;

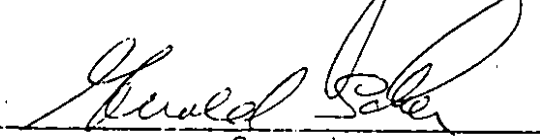
RESOLVED that the issuance of a total of 31,090 shares of \$5 Preferred Stock, Series PA, and a total of 17,110 shares of \$5 Preferred Stock Series PB, pursuant to the aforesaid Agreement made as of August 31, 1972 and the votes of this Board of Directors at its meeting on February 22, 1973, be and such issuance hereby is approved.

IN WITNESS WHEREOF, this Certificate has been made under the seal of The Outlet Company and has been signed by the Under-  
signed, Kenneth Logowitz, its President and Gerald Scher, its

Secretary, respectively, this 26<sup>th</sup> day of July, 1973.

  
\_\_\_\_\_  
President

(CORPORATE SEAL)

  
\_\_\_\_\_  
Secretary

STATE OF RHODE ISLAND (   
COUNTY OF PROVIDENCE ( ss.:

BE IT REMEMBERED that on this 26<sup>th</sup> day of July, 1973, personally came before me, *Josephine Renola*, a Notary Public in and for the County and State aforesaid, Kenneth Logowitz and Gerald Scher, the President and Secretary, respectively, of The Outlet Company, a Rhode Island corporation, the corporation described in and on behalf of which was made the foregoing certificate, known to me to be such, and that said Kenneth Logowitz and Gerald Scher, as said President and Secretary, respectively, duly signed said certificate before me and each of them acknowledged said certificate to be his act and deed and the act and deed of said corporation; that the signatures of said President and Secretary of said corporation, to said foregoing certificate are in the handwriting of said President and Secretary of said corporation, respectively, and that the seal affixed to said certificate is the corporate seal

of said corporation, that the act of sealing, executing,  
acknowledging and delivering said certificate was duly autho-  
rized by the Board of Directors of said corporation, and that  
the facts stated therein are true.

GIVEN under my hand and seal of office the day and year  
last aforesaid.

Josephine Penola  
Notary Public

My Commission Expires June 30, 1976

(NOTARIAL SEAL)

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JUL 26 1973

*of/see*