

Articles of Association

of

DOUGLAS  HOLDING

Hagen

This translation is for the convenience of English-speaking readers; legally binding is only the German version of the Articles of Association.

§ 1

Name, Registered Office and Notice

- (1) The name of the Company is:

DOUGLAS HOLDING AG.

- (2) The registered office of the Company is in Hagen/Westphalia, Germany.
- (3) Notices of the Company are published in the electronic Gazette of the Federal Republic of Germany (elektronischer Bundesanzeiger).
- (4) The Company is authorized, as permitted by law, to transmit information to its shareholders by means of data telecommunication.

§ 2

Corporate Purpose of the Company

- (1) The corporate purpose of the Company is to manage a group of companies in Germany and abroad in the area of wholesale, retail and mail-order business with merchandise of all types, particularly in the following sectors: perfumeries and cosmetics, jewelry, books, textile, leather goods, accessories and food and luxury foods including similar groups of articles. The Company's business purpose also extends to the acquisition and administration of investments in service companies, whose business purpose extends to the aforementioned business areas, including the assumption of management tasks.

- (2) The Company is further entitled to operate wholesale, retail and mail-order business with merchandise of all items itself as specified in Para. (1) and to operate in the corresponding sectors as well as to render services that are connected to this.
- (3) The Company is entitled to take all actions and measures which are suitable in serving the purpose of the Company as specified in Para. (1) and (2). To this end it is entitled to establish, acquire or dispose of companies and investments as well as to lease companies or operations. The Company may unite companies in which it holds an interest under a unified management or confine itself to managing them.

§ 3

Fiscal Year of the Company

The fiscal year shall begin on October 1 of every year and end on September 30 of the following year, respectively.

§ 4

Capital Stock

- (1) The capital stock amounts to EUR 117,837,936.00 and is divided into 39,279,312 bearer shares (no-par shares).
- (2) The Executive Board is authorized, with the approval of the Supervisory Board, to increase the capital stock of the Company in one or more installments by issuing new bearer no-par shares by up to a total amount of EUR 25,000,000.00 until March 11, 2013. The issue of new bearer no-par

shares may take place in exchange for cash and/or contributions in kind (Authorized Capital I).

In such cases, the shareholders shall be granted subscription rights. Subject to the approval of the Supervisory Board, the Executive Board shall however be authorized to exclude fractional amounts from the shareholders' subscription right. Moreover, the Executive Board shall be authorized, subject to the approval of the Supervisory Board, to exclude subscription rights up to a nominal amount of up to EUR 12,500,000.00 if the increase in capital is in exchange for contributions in kind for purposes of acquiring companies or participations in companies. With the approval of the Supervisory Board, the Executive Board is authorized to determine the conditions of the issuance of new shares as well as the further details of conducting the capital increases from the Authorized Capital.

- (3) The Executive Board is authorized, with the approval of the Supervisory Board, to increase the capital stock of the Company in one or more installments by issuing new bearer no-par shares by up to a total amount of EUR 1,371,000.00 until March 11, 2013 (Authorized Capital II). The Executive Board is authorized, with the approval of the Supervisory Board, to exclude the shareholders' subscription right in order to issue the shares to persons in an employment relationship with the Company or one of its affiliated companies. The Executive Board, with approval from the Supervisory Board, shall decide about the issuance of new shares and their conditions for issue.
- (4) New shares created by means of a capital increase shall also be bearer shares and shall be no-par shares, unless otherwise stated in the resolution for the capital increase. The Supervisory Board is authorized to make official adjustments to the wording of Section 4 of the Articles of Association in accordance with the respective utilization of the authorized capital.

- (5) The form and content of the share certificates and the dividend coupon and certificate of renewal notices shall be determined by the Executive Board. The same applies to debenture bonds and interest coupons. Collective certificates of stock may also be issued. The shareholders' right to have their shares securitized is excluded.
- (6) Under a capital increase, profit participation in new shares can be determined in a manner other than is stipulated in Section § 60 (1) and (2) AktG (German Stock Corporation Act).

§ 5

Executive Board

- (1) The Executive Board shall consist of at least two members. The number of members of the Executive Board shall otherwise be determined by the Supervisory Board. The Supervisory Board may appoint one member of the Executive Board to be Chairman of the Executive Board.
- (2) The Company shall be legally represented by two members of the Executive Board or by one member of the Executive Board together with one authorized signatory conferred with general power of representation (Prokurist).
- (3) The Executive Board may, by unanimous resolution, decide on its own Rules of Procedure if these have not been issued for the Executive Board by the Supervisory Board and which requires approval by the Supervisory Board.

- (4) The Executive Board shall decide on resolutions at meetings with a simple majority of votes cast; for resolutions outside of meetings held, the simple majority of its members shall prevail. In the event of a tie of votes, the Chairman shall have the decisive casting vote, if the Executive Board comprises of more than two members.

§ 6

Composition, Election and Term of Office of the Supervisory Board

- (1) The Supervisory Board consists of sixteen members. Eight members representing the shareholders shall be elected in accordance with the provisions of the German Stock Corporation Act (Aktiengesetz (AktG)), and eight members representing the employees in accordance with the provisions of the Codetermination Act (Mitbestimmungsgesetz (MitbestG)).
- (2) The members of the Supervisory Board shall be elected for a term extending to the end of the Shareholders' Meeting which resolves on the formal approval of the actions of the Supervisory Board undertaken in the fourth fiscal year after its election. For this purpose, the fiscal year in which the term of office begins shall not be counted. The Shareholders' Meeting may appoint a Supervisory Board member representing the shareholders for a shorter term of office. If a member of the Supervisory Board ceases to be a member before the end of his or her term of office, a successor shall be elected for the remainder of the term of office unless he or she is specifically elected for a shorter term.
- (3) The Shareholders' Meeting may, at the same time as it elects a member of the Supervisory Board, elect a substitute member. The substitute member shall replace the member who has ceased to be member of the Supervisory Board, for the remainder of his or her term of office, without a successor

having been elected. A substitute member may also be elected for some or all of the Supervisory Board members elected by the shareholders on the condition that the substitute member enters the Supervisory Board when one or more members prematurely leave the Supervisory Board. It is also possible to elect substitute members for some or all of the shareholders' members of the Supervisory Board, who shall replace, in an order determined at the time of their election, shareholders' members of the Supervisory Board who have prematurely retired from the Supervisory Board. If a substitute member replaces a shareholders' member of the Supervisory Board, his or her office shall expire as soon as a successor is elected for the retired member or at the latest when the term of office of the retired member would have expired.

- (4) Any member of the Supervisory Board and substitute members may resign from office by giving one months' notice in writing to the Chairman of the Supervisory Board or to the Executive Board.

§ 7

Chairman and Vice Chairman of the Supervisory Board

- (1) The Supervisory Board shall elect a Chairman and a Vice Chairman in accordance with the provisions of Section 27 (1) and (2) of the Codetermination Act (MitbestG). Unless a shorter term of office is determined at the time of their election, the Chairman and Vice Chairman of the Supervisory Board shall be elected as Chairman and Vice Chairman, respectively, for the duration of their term of office. This election shall take place at a meeting which, without having to be separately convened, shall take place immediately after the Shareholders' Meeting during which elections the shareholders' member of the Supervisory Board were held. In

the event the Chairman or Vice Chairman retires prematurely from office during the term of office, the Supervisory Board has to conduct a new election for the remaining term of office of the Chairman or Vice Chairman.

- (2) In addition to the Vice Chairman elected under Section 27 of the Codetermination Act (MitbestG), the Supervisory Board may elect another deputy Chairman to the Supervisory Board.
- (3) Immediately following the election of the Chairman and Vice Chairman, the Supervisory Board shall establish a committee as prescribed under Section 27 (3) of the Codetermination Act (MitbestG). The committee shall comprise of the Chairman, Vice Chairman and one member representing the Company's employees and one member representing the shareholders which have been elected by majority vote.
- (4) The Chairman, or the Vice Chairman in the event that the Chairman is unable to act, is empowered to make declarations of intent on behalf of the Supervisory Board and its committees. Only the Chairman, or the Vice Chairman in the event that the Chairman is unable to act, is empowered to receive declarations on behalf of the Supervisory Board.

§ 8

Meetings of the Supervisory Board

- (1) The meetings of the Supervisory Board shall be convened by written invitation from the Chairman of the Supervisory Board. The meetings shall be called in a timely manner such that fourteen days shall lie between the day the invitation is sent and the day of the meeting. In urgent cases, the

Chairman may reduce this period and give notice of meetings verbally, by telephone, facsimile or means of electronic media.

- (2) The invitation shall also contain an agenda. Supplements to the agenda must be announced by the seventh day before the meeting, unless later notice is warranted in urgent cases.
- (3) The Supervisory Board shall meet twice per calendar year.
- (4) The Chairman of the Supervisory Board may cancel or delay a meeting called in a dutiful manner.

§ 9

Passing of Resolutions

- (1) Resolutions of the Supervisory Board shall normally be passed at the meetings. Meetings shall be chaired by the Chairman and shall decide on the sequence of agenda items and the nature and sequence of resolutions.
- (2) Decisions on matters not included in the original meeting agenda may be made only if no members of the Supervisory Board object. Absent members shall be given the opportunity to object to the passing of a resolution within an appropriate time period as mandated by the Chairman; the resolution shall first become effective when an absent member has not objected to it within the specified time period.
- (3) Resolutions adopted by votes cast verbally, by telephone, in writing, by facsimile or by means of electronic media shall be permitted, if the Chairman of the Supervisory Board so decides. Minute of such

deliberations and resolutions shall be confirmed in writing and submitted to all members.

- (4) The Supervisory Board shall constitute a quorum if at least one half of the total number of members, of which it is required to be comprised, participates in voting. A member also participates in the passing of a resolution if he or she abstains from voting. Absent members may participate in the passing of a resolution if they arrange for written votes to be cast by other members of the Supervisory Board.
- (5) If, at a meeting of the Supervisory Board, the number of shareholder representatives and the number of employee representatives who participate in the voting are not equal or another substantial reason for the adjournment exists, the Chairman of the Supervisory Board may adjourn on resolutions concerning one or all items on the agenda for a maximum of four weeks. The Chairman of the Supervisory Board is not empowered to demand another postponement.
- (6) To be adopted, resolutions shall require a majority of all votes cast, unless otherwise stipulated by law. In case of a tie of votes the Chairman of the Supervisory Board shall have the second vote, if the equality of votes continues after a second voting on the same subject matter. The second vote may also be given in writing pursuant to Paragraph (4) clause 3.

§ 10

Committees of the Supervisory Board

- (1) The Supervisory Board may establish further committees in addition to the committee prescribed under Section 27 (3) of the Codetermination Act

(MitbestG). Decision-making powers of the Supervisory Board may be assigned to the committees if permitted by law.

- (2) The committee may elect a Chairman from among its members if one has not been appointed by the Supervisory Board. A committee may pass resolutions only when at least three members participate in the passing of the resolution. In the event the Chairman of the Supervisory Board holds the position of the committee chairman, then he - except for committees prescribed under Section 27 (3) of the Codetermination Act (MitbestG) – has the second vote if the second voting again produces a tie in accordance with the provisions under Section 9 number (6) clause 2. In addition, the rules set out under Section 8 and Section 9 shall apply similarly unless otherwise prescribed by the Supervisory Board in establishing committees.

§ 11

Rights and Duties of the Supervisory Board

- (1) The Supervisory Board shall have all rights and obligations assigned to it by law and these Articles of Association. It shall work together with the Executive Board in a spirit of trust for the welfare of the Company.
- (2) The members of the Supervisory Board are not bound to contracts or instructions.
- (3) The members of the Supervisory Board shall remain silent, even after they cease to be members, with respect to confidential disclosures and secrets of the Company, especially operative and business secrets known to them during their term of office in the Supervisory Board. Discretion shall also be

subject to the result of resolutions and the course of negotiations of the Supervisory Board as well as comments and votes casted by individual members of the Supervisory Board. If a member of the Supervisory Board intends to disclose information to a third party, where it is not known for certain whether the information is confidential or is a secret of the Company, then he or she is obligated to report it, in advance, to the Chairman of the Supervisory Board and give the Chairman an opportunity to make a comment in that respect.

§ 12

Amendments to the Passing of Resolutions

The Supervisory Board is empowered to resolve amendments to these Articles of Association which relate solely to their wording.

§ 13

Transactions Requiring Approval

- (1) The Executive Board shall be allowed to conduct the following transactions only with the approval of the Supervisory Board:
 - a) Acquisition, disposal and encumbrances of companies and shares in companies where the amount of the individual transaction exceeds a certain limit specified by the Supervisory Board;
 - b) Acquisition, disposal and liens to land and leasehold rights, where the amount of the individual transaction exceeds a certain limit specified by the Supervisory Board,

- c) Assumption of pledges, guarantees or similar liabilities as well as collateral on account of payables for unaffiliated companies outside the normal business operations.
- (2) Moreover, transactions as defined in the Rules of Procedures of the Executive Board shall require approval by the Supervisory Board.
 - (3) Approval from the Supervisory Board shall also be obtained to the extent that the Executive Board has an impact on transactions conducted with affiliated companies as stated in Paragraph (1) by means of casting a vote or in another manner.

§ 14

Remuneration of the Supervisory Board

- (1) Apart from reimbursement of his or her expenses, each member of the Supervisory Board shall receive a fixed remuneration for each fiscal year in the amount of EUR 30,000.00 and a variable annual remuneration.
The variable annual remuneration shall be in line with the average of the earnings per share (consolidated net income divided by the number of shares at the end of the respective fiscal year) reported in the Annual Report of the Company in conformity with the relevant applicable accounting principles for the last three completed fiscal years. The remuneration shall be paid in the amount of EUR 150.00 for each EUR 0.01 by which the average of the earnings per share for the last three completed financial years, exceeds the amount of EUR 1.25.
The total variable remuneration may not exceed EUR 60,000.00.

- (2) The Chairman shall receive two times the amount stated in Paragraph 1; the Vice Chairman shall receive one-and-a-half times the amount. Members of the Supervisory Board who are also members of a committee - except for the committee prescribed under Section 27 (3) of the Codetermination Act (MitbestG) - shall receive an additional quarter of the amount stated in Paragraph 1; chairmen of committees shall receive an additional quarter for each chairman position of the amount stated in Paragraph 1.
- (3) Supervisory Board members who served on the Supervisory Board for only part of a financial year receive remuneration on a pro rata temporis basis for each month or part of a month of service. If a member of the Supervisory Board holding a function with a higher remuneration retires from the Supervisory Board, the remuneration related to the respective function shall be subject to the provisions so stated in the aforementioned sentence.
- (4) The remuneration shall be payable after the close of the annual Shareholders' Meeting ratifying the acts of the Supervisory Board in respect of the fiscal year last concluded. The Company shall reimburse to the Supervisory Board members the value added tax incurred on the remuneration and on the reimbursement of their expenses.

§ 15

Place and Notice of the Shareholders' Meeting

- (1) The Shareholders' Meeting shall be held at the Company's registered office or in a city in the Federal Republic of Germany with over 250,000 inhabitants.

- (2) Insofar as the special rights to convene of the Supervisory Board, a minority of the shareholders or other statutory provisions, the Shareholders' Meeting shall be convened by the Executive Board.
- (3) The Notice for the Shareholders' Meeting shall be published at least thirty days prior to the day by the end of which the shareholders have to register for the meeting, unless a shorter period is stipulated by law.

§ 16

Right of Attendance

- (1) Only those shareholders are entitled to attend the Shareholders' Meeting and to exercise voting rights who have provided evidence of their registered shares to the Company or have registered at the address designated for this purpose in the Notice to the Shareholders' Meeting at the latest upon the end of the seventh day before the day of the Shareholders' Meeting.
- (2) Certification of the ownership of shares must refer to the start of the twenty-first day before the day of the Shareholders' Meeting. Certification must be in text form issued by the permissible depository bank or financial service institution; the certification must be either in the German or English language. The Notice may permit other languages in which the certification may be issued or other institutions which may issue the certification.
- (3) In the event that the last day of registration or the day on which the certification of the ownership of shares relates to, falls on a Saturday, Sunday or other legal holiday at the Company's registered office, then the business day preceding that last day shall be the authoritative day for the aforementioned conditions.

- (4) Voting rights may also be exercised by an authorized signatory. The Company may grant the necessary power of attorney by electronic media or by facsimile and the details relating to the granting of such powers of attorney shall appear in the Notice of the Shareholders' Meeting.

§ 17

Chairman at the Shareholders' Meeting, Ton und Visual Transmission of the Shareholders' Meeting

- (1) The Shareholders' Meeting shall be chaired by the Chairman of the Supervisory Board or, if the Chairman is unable to attend, by another deputy chairman of the Chairman of the Supervisory Board, if such a person has been nominated pursuant to Section 7 number (2), otherwise the oldest member of the Supervisory Board shall be appointed. In the event that neither the Chairman nor a member of the Supervisory Board designated by him nor the oldest member of the Supervisory Board chairs the Meeting, the Shareholders' Meeting shall elect a Chairman.
- (2) The Chairman shall preside over the Shareholders' Meeting and shall determine the sequence of items for deliberation and the nature and form of the voting and to set reasonable time limits on the right of the shareholders to speak and pose questions.
- (3) The Shareholders' Meeting may be recorded and transmitted in whole or in parts in sound and vision. Details of the recording and transmission in sound and vision shall be announced in the invitation to the Shareholders' Meeting.

§ 18

Resolutions

- (1) Each share carries the right to one vote at the Shareholders' Meeting.
- (2) Unless otherwise mandated by law, resolutions of the Shareholders' Meeting shall be passed by a simple majority of the votes cast and, where a capital majority is required in addition, by a simple majority of the capital stock represented when the vote is taken.

§ 19

Annual Financial Statements

- (1) The Executive Board shall prepare the annual financial statements and the management report of the Company along with the consolidated financial statements and the Group management report of the Company for the past fiscal year within the first three months of the fiscal year and shall submit them immediately to the Supervisory Board for purposes approving them. The Executive Board shall at the same time submit to the Supervisory Board a proposal for the appropriation of net income.
- (2) After having received the report of the Supervisory Board on the findings of its examination, the Executive Board shall immediately call an ordinary Shareholders' Meeting each year within the first eight months of the fiscal year.
- (3) The Executive Board and Supervisory Board shall be authorized, when confirming the annual financial statements, to allocate the net income

remaining after deduction of the amount to be allocated to the statutory reserve, plus any loss carryforward, in part or in full to "other retained earnings." The allocation of an amount greater than one half of the net income for the year shall not be permissible if as a result of such transfer the "other retained earnings" would exceed one half of the capital stock.