

CERTIFICATE OF INCORPORATION  
OF  
BASSETT FURNITURE INDUSTRIES, INC.

This is to certify that we do hereby associate ourselves to establish a corporation under and by virtue of provisions of Chapter 148 of the Code of Virginia, 1919, as amended, for the purposes and under the corporate name hereinafter mentioned, and to that end we do, by this our certificate, set out as follows:

(a)

The name of the corporation shall be **BASSETT FURNITURE INDUSTRIES, INCORPORATED.**

(b)

The principal office of the corporation shall be at Bassett, Henry County, Virginia, and the postoffice address in said county shall be Bassett, Virginia.

(c)

The purposes for which the corporation is organized are:

1st. To purchase or otherwise acquire, lease, assign, mortgage, pledge, or otherwise dispose of any trade names, trade marks, concessions, inventions, formulas, improvements, processes of any nature whatsoever, copy-rights and letters patent of the United States and of foreign countries, and to accept and grant licenses thereunder.

2nd. To subscribe or cause to be subscribed for, and to purchase or otherwise acquire, hold for investment, sell, assign, transfer, mortgage, pledge, exchange, distribute or otherwise dispose of the whole or any part of the shares of the capital stock, bonds, coupons, mortgages, deeds of trust, debentures, securities, obligations, notes and other evidences of indebtedness of any corporation, stock company or association, now or hereinafter existing, and whether created by or under the laws of the State of Virginia, or otherwise, and, while owners of said shares of capital stock or bonds or other property, to exercise all the rights, powers and privileges of ownership of every kind and

description, including the right to vote thereon, with power to designate some person for that purpose from time to time to the same extent as natural persons might or could do.

3rd. To purchase, hold, sell and reissue the shares of its own capital stock.

4th. To buy, lease, or otherwise acquire so far as may be permitted by law, the whole or any part of the business, goodwill and assets of any person, firm, association or corporation (either foreign or domestic) engaged in a business of the same general character as that for which this corporation is organized.

5th. To endorse, guarantee and secure the payment and satisfaction of bonds, coupons, mortgages, deeds of trust, debentures, securities, obligations and evidences of indebtedness, and also to guarantee and secure the payment or satisfaction of interest on obligations and of dividends on shares of the capital stock of other corporations; also to assume the whole or any part of the liabilities existing or prospective of any person, corporation, firm or association; and to aid in any manner any other person or corporation with which it has business dealings, or whose stocks, bonds or other obligations are held or are in any manner guaranteed by the corporation, and to do any other acts and things for the preservation, protection, improvement or enhancement of the value of such stocks, bonds or other obligations.

6th. To purchase, lease, sell and deal in lumber, varnish, glue, paint, wood, wood products, veneers and similar articles and merchandise of like character, to use and manufacture and aid in production of furniture, wagons, cabinets, and similar articles made in whole or in part from wood and wood products; to own, manufacture and sell glass, glass plants, mirrors, and similar articles; to buy, sell and deal in furniture and wood products of all descriptions, whether on its own account or as agents, brokers and factors or others; to establish and maintain storage warehouses in this or other states and foreign countries, and generally to own, manage and control lumber, lumber products, wood, wood products, and manufacture furniture and similar articles of the same general character made in whole or in part of glass, wood, iron and similar or related substances.

7th. In addition, the corporation may engage in any business in which a corporation organized under the laws of Virginia may engage, except any business that is required to be specifically set forth in the articles of incorporation.

(d)

The capital stock of the corporation shall consist of common stock of the par value of \$5.00 per share and the aggregate shall be 50,000,000. The common stock shall be entitled to vote at all stockholders meetings on the basis of one (1) vote for each share outstanding.

(e)

The period of duration of the corporation shall be unlimited.

(f)

The names and residences of the officers and directors, who, unless sooner changed by the stockholders, are for the first year to manage the affairs of the corporation, are as follows:

NAME	OFFICE	RESIDENCE
J. D. Bassett	President	Bassett, Virginia
J. D. Bassett, Jr.	Vice President	Bassett, Virginia
W. M. Bassett	Secretary & Treasurer	Bassett, Virginia

DIRECTORS

J. D. Bassett	Bassett, Virginia
J. D. Bassett, Jr.	Bassett, Virginia
W. M. Bassett	Bassett, Virginia
L. B. Stone	Bassett, Virginia
J. E. Bassett	Bassett, Virginia
R. L. Stone	Bassett, Virginia
C. D. Keese	Martinsville, Va.
J. C. Greer	Martinsville, Va.
T. G. Burch	Martinsville, Va.

(g)

The amount of real estate to which the holdings of this corporation are to be limited is not to exceed 10,000 acres of land.

(h)

The management of all of the affairs of this corporation shall be vested in its Board of Directors, subject to the provisions of this charter and the by-laws of the corporation and the statutes of Virginia. Authority is hereby conferred upon the directors of this corporation to make the by-laws of this corporation, but said by-laws when so made may be altered or repealed by the stockholders. The directors of this corporation shall be

authorized by resolution or by the by-laws to appoint such officers and agents as the business of the corporation shall require and prescribe their duties and authority and fix their compensation. The number of directors, not less than three, shall be fixed by the by-laws, and in the absence of a by-law, fixing the number shall be fifteen. The directors may designate, by resolution passed by a majority of the whole board, two or more of their number to constitute an executive committee, who, to the extent provided in said resolution or in the by-laws of the corporation, shall have and exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and shall have power to authorize the seal of the corporation to be affixed to all papers which may require it. A majority of such committee shall constitute a quorum for the transaction of business. The directors shall designate any other standing committees by the affirmative vote of a majority of the whole board, and such standing committee shall have and may exercise such powers as shall be conferred or authorized by the by-laws, including the power to cause the seal of the corporation to be affixed to any papers which may require it. From time to time the directors shall determine whether and to what extent and at what time and places and under what conditions and regulations the accounts and books of the corporation (other than the stock ledger), or any of them, shall be open to the inspection of the stockholders; and no stockholders shall have any right to inspect any account or book or document of the corporation, except as conferred by statute or authorized by the board of directors or by a resolution of the stockholders. Except as expressly otherwise required in the Articles of Incorporation, an amendment to or restatement of the Articles (other than an amendment or restatement that amends or affects the shareholder vote required by the Virginia Stock Corporation Act to approve a merger, statutory share exchange, sale of all or substantially all of the Corporation's assets or the dissolution of the Corporation or amends or affects Article I or J of the Articles) may be approved by a majority of the votes entitled to be cast by each voting group entitled to vote on the matter.

(i)

1st. In the event that any person (Acquiring Person) (i) who is the beneficial owner (directly or indirectly), of more than fifty percent of the Common Shares outstanding becomes the beneficial owner (directly or indirectly), of any additional Common Shares pursuant to a tender offer, or (ii) becomes the beneficial owner (directly or indirectly), of more than fifty percent of the Common Shares outstanding and any of such Common Shares were acquired pursuant to a tender offer, each holder of Common Shares, other than the Acquiring Person (or a transferee of the Acquiring Person), shall have the right (until and including the thirtieth day following the date the notice to holders of Common Shares referred to herein is mailed) to have such Common Shares redeemed by the Corporation at the Redemption Price (determined as provided herein); provided that no holder of Common Shares shall have any right to have Common Shares redeemed by the Corporation pursuant

to this Article if the Corporation acting through a majority of its Board of Directors shall, within ten days following the announcement or publication of such tender offer or following any amendment to such tender offer, recommends to the holders of Common Shares that such tender offer be accepted by the holders of Common Shares.

2nd. For purposes of this Article:

(a) The term "person" shall include an individual, a corporation, partnership, trust or other entity. When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring Common Shares, such partnership, syndicate or group shall be deemed a "person."

(b) For the purpose of determining whether a person is an Acquiring Person, such person shall be deemed to beneficially own

- (i) all Common Shares with respect to which such person has the capability to control or influence the voting power in respect thereof and

- (ii) all Common Shares which such person has the immediate or future right to acquire (directly or indirectly), pursuant to agreements, through the exercise of options, warrants or rights or through the conversion of convertible securities or otherwise; all Common Shares which such person has the right to acquire in such manner shall be deemed to be outstanding shares, but Common Shares which any other person has the right to acquire in such manner shall not be deemed to be outstanding shares.

(c) The acquisition of Common Shares by the Corporation or by any person controlled by the Corporation shall not create the right to have Common Shares redeemed pursuant to this Article.

(d) The right to have Common Shares redeemed pursuant to this Article shall attach to such shares and shall not be personal to the holder thereof.

(e) The term "tender offer" shall mean an offer to acquire or an acquisition of Common Shares pursuant to a request or invitation for tenders or an offer to purchase such shares for cash, securities or any other consideration.

(f) The term "market purchases" shall mean the acquisition of Common Shares from holders of such shares in privately negotiated transactions or in transactions affected through a broker or dealer.

(g) Subject to the provisions of Section 2(b) herein, "outstanding shares" shall mean Common Shares which, at the time in question, have been issued by the Corporation and not reacquired and held or retired by it or held by any subsidiary of the Corporation.

3rd. (a) Not later than sixty days following the date on

which the Corporation receives credible notice that any person has become an Acquiring Person (whereupon the right shall be created to have Common Shares redeemed by the Corporation under this Article), the Corporation shall give written notice, by first class mail, postage prepaid, at the addresses shown on the records of the Corporation, to each holder of record of Common Shares (and to any other person known by the Corporation to have rights to demand redemption pursuant to this Article as of a date not more than seven days prior to the date of the mailing pursuant to this Section) and shall advise each such holder of the right to have shares redeemed and the procedures for such redemption. In the event that the Corporation fails to give notice as required by this Section, any holder entitled to receive such notice may, within sixty days thereafter, serve written demand upon the Corporation to give such notice. If within sixty days after the receipt of written demand the Corporation fails to give the required notice, such holder may (at the expense and on behalf of the Corporation) take such reasonable action as may be appropriate to give notice or to cause notice to be given pursuant to this Section.

(b) In the event Common Shares are subject to redemption in accordance with this Article, the Directors of the Corporation shall designate a Redemption Agent, which shall be a corporation or association

(i) organized and doing business under the laws of the United States or any State,

(ii) subject to supervision or examination by Federal or State authority, and

(iii) having combined capital and surplus of at least \$5,000,000.

(c) For a period of thirty days from the date of the mailing of the notice to holders of Common Shares referred to in this Section, holders of Common Shares and other persons entitled to have Common Shares redeemed pursuant to this Article may, at their option, deposit certificates (representing all or less than all Common Shares held of record by them) with the Redemption Agent together with written notice that the holder elects to have such shares redeemed pursuant to this Article. Redemption shall be deemed to have been effected at the close of business on the day such certificates are deposited in proper form with the Redemption Agent.

(d) The Corporation shall promptly deposit in trust with the Redemption Agent cash in an amount equal to the aggregate Redemption Price of all of the Common Shares deposited with the Redemption Agent for purposes of redemption.

(e) As soon as practicable after receipt by the Redemption Agent of the cash deposit by the Corporation referred to in this Section, the Redemption Agent shall issue its checks payable to the order of the persons entitled to receive the Redemption Price of the Common Shares in respect of which such cash deposit was made.

4th. All Common Shares with respect to which redemption has been effected pursuant to this Article shall thereupon be deemed retired.

5th. (a) The redemption Price shall be the amount payable by the Corporation for each Common Share (with respect to which redemption has been demanded pursuant to this Article) and shall be the greater amount determined on either of the following bases:

(i) The highest price per Common Share, including any commission paid to brokers or dealers for solicitation or whatever, at which Common Shares held by the Acquiring Person were acquired pursuant to a tender offer regardless of when such tender offer was made or were acquired pursuant to any market purchase or otherwise within three years prior to the notice to holders of Common Shares referred to in Section 3 herein. For purposes of this subsection (i), if the consideration paid in any such acquisition of Common Shares consisted, in whole or part, of consideration other than cash, the Board of Directors of the Corporation shall take such action, as in its judgment it deems appropriate, to establish the cash value of such consideration, but such valuation shall not be less than the cash value, if any, ascribed to such consideration by the Acquiring Person.

(ii) The highest sale price per Common Share for any trading day during the three years prior to the notice to holders of Common Shares referred to in Section 3 herein. For purposes of this subsection (ii), the sale price for any trading day shall be the mean of the closing bid and asked price per Common Share.

(iii) In no event shall the Redemption Price be less than the amount of shareholders' equity in respect of each outstanding Common Share (as determined in accordance with generally accepted accounting principles and as reflected in any published report by the Corporation as at the fiscal-year quarter ending immediately preceding the notice to shareholders referred to in Section 3 herein).

(b) The determinations to be made pursuant to this Section shall be made by the Board of Directors not later than the date of the notice to holders of Common Shares referred to in Section 3 herein. In making such determination the Board of Directors may engage such persons, (including investment banking firms and independent accountants, who have reported on the most recent financial statements of the Corporation) and utilize employees and agents of the Corporation who will, in the judgment of the Board of Directors, be of assistance to the Board of Directors.

(c) The determinations to be made pursuant to this Section, when made by the Board of Directors acting in good faith on the basis of such information and assistance as was then reasonably available for such purpose, shall be conclusive and binding upon the Corporation and its shareholders, including any persons referred to in Section 1 herein.

6th. This Article may only be amended or repealed by the affirmative vote of the holders of eighty-five percent of the

Common Shares at the time outstanding; provided however, that no amendment or repeal adopted after the notice to holders of Common Shares referred to in Section 3 herein shall affect any Common Shares thereto fore or thereafter deposited with the Redemption Agent for redemption under this Article pursuant to such notice.

(j)

1st. The affirmative vote of the holders of eighty-five percent of the Common Shares at the time outstanding, given in person or by proxy at a meeting called for such purpose at which the holders of Common Shares shall vote, shall be necessary:

(a) to approve

(i) the sale, exchange, lease, transfer or other disposition by the Corporation of all, or substantially all, of its assets or business to a related corporation or an affiliate of a related corporation, or

(ii) the consolidation of the Corporation with or its merger into a related corporation or an affiliate of a related corporation, or

(iii) the merger into the Corporation of a related corporation, or

(iv) a combination or majority share acquisition in which the Corporation is the acquiring corporation and its voting shares are issued or transferred to a related corporation or an affiliate of a related corporation or to shareholders of a related corporation or an affiliate of a related corporation;

(b) to approve any agreement, contract or other arrangement with a related corporation or an affiliate of a related corporation providing for any of the transactions described in subparagraph (a) hereof; or

(c) to effect any amendment of the Articles of the Corporation which amends or repeals the provisions of this Article.

For the purpose of this Article,

(i) a "related corporation" in respect of a given transaction shall be deemed to be any corporation which, together with its affiliates and associated persons, owns of record or beneficially, directly or indirectly, more than twenty-five percent of the Common Shares of the Corporation as of the record date used to determine the shareholders of the Corporation entitled to vote upon such transaction;

(ii) an "affiliate" of a related corporation shall be deemed to be any individual, joint venture, trust, partnership, corporation or group which, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the related corporation; and

(iii) an "associated person" of a related corporation shall be deemed to be any officer or director or any beneficial owner, directly or indirectly, of ten percent or more of any class of equity security of such related corporation or any of its affiliates;



2nd. Any holder of Common Shares who is entitled as a dissenting shareholder under the amended Code of Virginia to demand payment of the fair cash value of the Common Shares held by such holder in connection with any transaction contemplated by this Article but who has not made such demand in accordance with such amended Code of Virginia shall have the right to have such Common Shares redeemed by the Corporation at the Redemption Price determined as provided in, and in accordance with, Article (i); provided, however, that the Corporation shall not be required to mail the notice contemplated by Article ( ), and for purposes of Article (i),

(i) the date upon which the vote is taken at the meeting referred to in this Article shall be deemed to be the date of the mailing of the notice contemplated by Article (i), and

(ii) the related corporation shall be deemed to be the Acquiring Person referred to in Article (i).

Provided, further, that no holder of Common Shares shall have any additional right of redemption pursuant to Article (i) if the Corporation, acting through a majority of its Board of Directors shall recommend to the holders of Common Shares that the transaction or agreement referred to in this Article be accepted by the holders of Common Shares.

3rd. The determination by the Board of Directors of the Corporation, based on information then known to the Board of Directors and made in good faith, shall be conclusive as to whether any corporation is a related corporation as defined in this Article.

(k)

The stockholders of the Corporation shall have no preemptive rights to subscribe for or acquire proportional amounts of the unissued shares of the Common Stock of the Corporation, whether now or hereafter authorized, with respect to shares of the Common Stock issued to Directors or former Directors of the Corporation pursuant to the Corporation's 1993 Stock Plan for Non-Employee Directors, including shares of Common Stock issued pursuant to the 1993 Stock Plan for Non-Employee Directors in the event of stock dividends, stock split-ups, reorganizations, recapitalizations, combinations of shares, mergers or consolidations.