

P00000116485



ACCOUNT NO. : 072100000032  
REFERENCE : 068842 4727217  
AUTHORIZATION : *Patricia Poyts*  
COST LIMIT : \$ 43.75

01 MAR -7 PM 4:35  
FILED  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

ORDER DATE : March 7, 2001  
ORDER TIME : 10:58 AM  
ORDER NO. : 068842-005  
CUSTOMER NO: 4727217

900003811049--1

CUSTOMER: Pat Austin, Legal Assistant  
Salem Saxon & Neilsen, P.a.  
Suite 3200, One Barnett Plaza  
101 East Kennedy Boulevard  
Tampa, FL 33602

DOMESTIC AMENDMENT FILING

NAME: CALTEK ENGINEERING INC.

EFFECTIVE DATE:

XX ARTICLES OF AMENDMENT  
       RESTATED ARTICLES OF INCORPORATION

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

XX CERTIFIED COPY  
       PLAIN STAMPED COPY  
       CERTIFICATE OF GOOD STANDING

01 MAR -7 PM 3:56  
RECEIVED  
DEPARTMENT OF STATE  
DIVISION OF CORPORATIONS  
TALLAHASSEE, FLORIDA

G. COULLETTE MAR 07 2001

CONTACT PERSON: Cindy Harris -- EXT# 1134

EXAMINER'S INITIALS: \_\_\_\_\_

**ARTICLES OF AMENDMENT  
TO  
ARTICLES OF INCORPORATION  
OF  
CALTEK ENGINEERING INC.**

Pursuant to the provisions of Section 607.1006, Florida Statutes, Caltek Engineering Inc., a Florida corporation, adopts the following Articles of Amendment to its Articles of Incorporation:

**FIRST:** Article IV, entitled "Shares," is hereby amended to substitute the provisions and the language of Article IV as set forth in Exhibit "1", attached hereto and incorporated by reference herein, which replaces the previous language of Article IV in its entirety.

**SECOND:** Article V, entitled "Amending or Repealing of Bylaws," is hereby amended to substitute the provisions and the language of Article V as set forth in Exhibit "1," attached hereto and incorporated by reference herein, which replaces the previous language of Article V in its entirety.

**THIRD:** The effective date of these Articles of Amendment to the Articles of Incorporation of Caltek Engineering Inc. is March 2, 2001.

**FOURTH:** These Articles of Amendment to the Articles of Incorporation of Caltek Engineering Inc. were approved by the Shareholders and adopted by the Directors of Caltek Engineering Inc. The number of votes cast by the Shareholders and the Directors were sufficient for approval.

**FIFTH:** These Articles of Amendment are adopted on March 2, 2001.

**SIXTH:** These Articles of Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Articles of Amendment with the full force and effect as if they were signed in the original.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

**FILED**  
01 MAR -7 PM 4:35  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

Signed this 2<sup>nd</sup> day of March, 2001

**BOARD OF DIRECTORS  
CALTEK ENGINEERING INC.  
a Florida corporation**

  
William E. Calligan Jr. *Pres.*

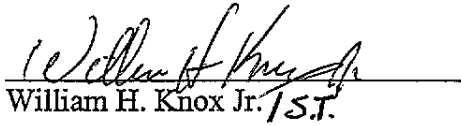
  
William H. Knox Jr. *1st.*

EXHIBIT "1"

ARTICLE IV SHARES

The Corporation is authorized to issue two classes of stock: (i) 10,000,000 shares of common stock, no par value ("Common Stock"), and 5,000,000 shares of preferred stock, no par value ("Preferred Stock").

Shares of Preferred Stock may be issued from time to time in one or more series as from time to time may be determined by the Board of Directors of the Corporation. Each series shall be distinctly designated. The Board of Directors of the Corporation is hereby expressly granted authority to fix, by resolution or resolutions adopted prior to the issuance of any shares of each particular series of Preferred Stock, the designation, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, if any, of such series, including, but without limiting the generality of the foregoing, the following:

- (i) the designation of, and the number of shares of Preferred Stock which shall constitute, the series, which number may be increased (except as otherwise fixed by the Board of Directors, and in any event not above the total number of authorized shares of the class) or decreased (but not below the number of shares thereof then outstanding) from time to time by action of the Board of Directors;
- (ii) the rate and times at which (or the method of determination thereof), and the terms and conditions upon which, dividends, if any, on shares of the series shall be paid, the nature of any preferences or the relative rights of priority of such dividends to the dividends payable on any other class or classes of stock of the Corporation or on any other series of Preferred Stock, and a statement whether such dividends shall be cumulative;
- (iii) whether shares of the series shall be convertible into or exchangeable for shares of capital stock or other securities or property of the Corporation or of any other corporation or entity, and, if so, the terms and conditions of such conversion or exchange, including any provisions for the adjustment of the conversion or exchange rate in such events as the Board of Directors shall determine;
- (iv) whether shares of the series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount and type of consideration payable in case of redemption, which amount may vary under different conditions and at different redemption dates;
- (v) the rights, if any, of the holders of shares of the series upon voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding-up of the Corporation;
- (vi) whether shares of the series shall have a sinking fund or purchase account for the redemption or purchase of shares of the series, and, if so, the terms, conditions and amount of such sinking fund or purchase account;
- (vii) whether shares of the series shall have voting rights in addition to the voting rights provided by law, which may, without limiting the generality of the foregoing, include the right to vote, as a series by itself or together with other series of Preferred Stock or together with all series of Preferred Stock as a class or with the Common Stock as a class, upon such matters, under such circumstances and upon such conditions as the Board of Directors may fix, including, without limitation, the right, voting as a series by itself or together with other series of Preferred Stock or together with all series of Preferred

Stock as a class, to elect one or more directors of the Corporation in the event there shall have been a default in the payment of dividends on any one or more series of Preferred Stock or under such other circumstances and upon such conditions as the Board of Directors may determine; and

(viii) any other powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions, of shares of that series.

The relative powers, preferences and rights of each series of Preferred Stock in relation to the powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to the authority granted in this Article, and, except as provided otherwise in these Amended and Restated Articles of Incorporation, the consent, by class or series vote or otherwise, of the holders of Preferred Stock or such of the series of the Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Corporation of any other series of Preferred Stock, whether the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in such resolution or resolutions adopted with respect to any series of Preferred Stock that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

#### Series A Convertible, Participating, Redeemable Preferred Stock

**Section 1. Designation, Number of Shares and Stated Value of Series A Convertible, Participating, Redeemable Preferred Stock.** There is hereby authorized and established a series of Preferred Stock that shall be designated as "Series A Convertible, Participating, Redeemable Preferred Stock" (hereinafter referred to as "Series A Preferred"), and the number of shares constituting such series shall be 1,000,000. Such number of shares may be increased or decreased, but not to a number less than the number of shares of Series A Preferred then issued and outstanding, by resolution adopted by the full Board of Directors. The "Stated Value" per share of the Series A Preferred initially shall be equal to One Dollar \$(1.00) and shall be proportionately adjusted to reflect any combination (including by reverse stock split) of, subdivision (including by stock split or stock dividend) of, or other fundamental change (without the Corporation receiving consideration therefor) in, the outstanding number of shares of Series A Preferred.

**Section 2. Definitions.** In addition to the definitions set forth elsewhere herein, the following terms shall have the meanings indicated:

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in Miami, Florida are authorized or obligated by law or executive order to close.

"Exchange Act" means the Securities Exchange of 1934, as amended.

"Junior Securities" means the Common Stock and any other series of stock issued by the Corporation ranking junior as to the Series A Preferred upon liquidation, dissolution or winding up of the Corporation.

“Parity Security” means any class or series of stock issued by the Corporation ranking on a parity with the Series A Preferred upon liquidation, dissolution or winding up of the Corporation.

“Person” means any individual, corporation, association, partnership, joint venture, limited liability company, trust, estate, or other entity or organization.

“Qualified IPO” means a registered underwritten public offering of the Common Stock: (i) resulting in net proceeds (after deduction of underwriters’ commissions, discounts or expenses) to the Corporation of at least Ten Million Dollars (\$10,000,000), and (ii) at a price to the public of at least five (5) times the then-effective Series A Conversion Price.

“Senior Securities” means any class or series of stock issued by the Corporation ranking senior to the Series A Preferred upon liquidation, dissolution or winding up of the Corporation.

“Series A Conversion Price” shall mean the conversion price per share of Common Stock into which the Series A Preferred is then convertible, as such conversion price may be adjusted pursuant to the provisions hereof. The initial Series A Conversion Price is One Dollar (\$1.00).

“Series A Original Issue Date” shall mean the date on which shares of the Series A Preferred are first issued.

### **Section 3. Dividends and Distributions.**

(a) The Series A Preferred shall rank prior to the Common Stock with respect to dividends. The holders of shares of the Series A Preferred shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cumulative cash dividends at an annual rate of ten percent (10%) of the Stated Value (the “Series A Dividend Rate”). Such dividends on shares of Series A Preferred shall be cumulative from the date such shares are issued, whether or not in any period there shall be funds of the Corporation legally available for the payment of such dividends and whether or not such dividends are declared, and shall be payable quarterly, when, as and if declared by the Board of Directors, on March 31, June 30, September 30 and December 31 in each year (each a “Series A Dividend Payment Date”). Dividends shall at all times accrue at a compounded rate equal to the Series A Dividend Rate and shall accrue from and including the date of issuance of such shares to and including a Series A Dividend Payment Date. Such dividends shall accrue whether or not there shall be (at the time such dividend becomes payable or at any other time) profits, surplus or other funds of the Corporation legally available for the payment of dividends.

(b) Dividends shall be calculated on the basis of the time elapsed from and including the date of issuance of such shares to and including the Series A Dividend Payment Date or on any final distribution date relating to conversion or redemption or to a dissolution, liquidation or winding up of the Corporation. Dividends payable on the shares of Series A Preferred for any period of less than a full calendar year shall be prorated for the partial year on the basis of a 360-day year.

(c) To the extent dividends are not paid on a Series A Dividend Payment Date, all dividends that shall have accrued on each share of Series A Preferred outstanding as of such Series A Dividend Payment Date shall, for purposes of calculating dividends thereon, be added to the Stated Value of such share of Series A Preferred and shall remain a part thereof until paid, and dividends shall accrue at the Series A Dividend Rate and be paid on such share of Series A Preferred on the basis of the Stated Value,

as so adjusted. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred which are in arrears.

(d) Dividends payable on each Series A Dividend Payment Date shall be paid to record holders of the shares of Series A Preferred as they appear on the books of the Corporation at the close of business on the tenth Business Day immediately preceding the respective Series A Dividend Payment Date or on such other record date as may be fixed by the Board of Directors of the Corporation in advance of a Series A Dividend Payment Date, provided that no such record date shall be less than ten nor more than sixty calendar days preceding such Series A Dividend Payment Date.

(e) So long as any shares of Series A Preferred are outstanding, no dividend or other distribution, whether in liquidation or otherwise, shall be declared or paid, or set apart for payment on or in respect of, any Junior Securities, nor shall any Junior Securities be redeemed, purchased or otherwise acquired for any consideration (or any money be paid to a sinking fund or otherwise set apart for the purchase or redemption of any such Junior Securities), unless (i) the full cumulative dividends, if any, accrued on all outstanding shares of the Series A Preferred shall have been paid or set apart for payment for all past dividend periods and (ii) sufficient funds shall have been set apart for the payment of the dividend for the then current dividend period with respect to the Series A Preferred.

**Section 4. Certain Covenants and Restrictions.**

(a) So long as any shares of Series A Preferred are outstanding:

(i) The Corporation shall at all times reserve and keep available for issuance upon the conversion of the shares of Series A Preferred such number of its authorized but unissued shares of Common Stock as will be sufficient to permit the conversion of all outstanding shares of Series A Preferred, and all other securities and instruments convertible into shares of Common Stock, and shall take all reasonable action within its power required to increase the authorized number of shares of Common Stock necessary to permit the conversion of all such shares of Series A Preferred and all other securities and instruments convertible into shares of Common Stock.

(ii) The Corporation represents, warrants and agrees that all shares of Common Stock that may be issued upon exercise of the conversion rights of shares of Series A Preferred will, upon issuance, be fully-paid and nonassessable.

(iii) The Corporation will endeavor to make the shares of stock that may be issued upon exercise of the conversion rights of shares of Series A Preferred eligible for trading upon any national securities exchange, or any automated quotation system of a registered securities association, if any, upon or through which the Common Stock shall then be traded prior to such delivery.

(iv) Prior to the delivery of any securities which the Corporation shall be obligated to deliver upon redemption or conversion of the Series A Preferred, the Corporation will endeavor to comply with all federal and state securities laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery of such securities by, any governmental authority.

(v) The Corporation shall pay all taxes and other governmental charges (other than any income or franchise taxes) that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of Series A Preferred as provided herein. The Corporation shall not be required, however, to pay any tax or other charge imposed in connection with any transfer involved in the issue of any certificate for shares of Common Stock in any name other than that of the registered holder of the shares of the Series A Preferred surrendered in connection with the conversion thereof, and in such case the Corporation shall not be required to issue or deliver any stock certificate until such tax or other charge has been paid, or it has been established to the Corporation's satisfaction that no tax or other charge is due.

(b) Prior to the consummation of a Qualified IPO, in the event the Corporation proposes to offer, sell or issue any of its equity securities (including, without limitation, shares of the Corporation's capital stock or any rights to acquire, or securities convertible into, capital stock), excluding (i) interests issued pursuant to the Corporation's option plans that have been adopted by the shareholders of the Corporation, (ii) securities issuable pursuant to a transaction governed by Rule 145 of the Securities Act of 1933, as amended, and (iii) securities issuable as dividends or upon the exercise or conversion of other securities, then the holders of shares of Series A Preferred shall have the preemptive right to acquire such securities from the Corporation. In the event that the Corporation proposes to make any offer, sale or issuance that is subject to this Section 4(b), then and in each such case the Corporation shall at least thirty days prior to any such event (the "Window"), and in any case within five business days after it has knowledge of any such pending transaction, provide to the Series A Preferred holders written notice of the Corporation's intention to take such action. Such notice shall include the number and type of securities, the price, the intended transaction date, and any other information reasonably requested by the Series A Preferred holders. Each Series A Preferred holder may exercise this preemptive right, by providing written notice to the Corporation within fifteen days (the "Response Period") after receipt of the foregoing notice from the Corporation, with respect to a percentage of the securities to be offered, sold or issued, calculated by dividing (i) the number of shares of Common Stock then entitled to be received upon the conversion of all shares of Series A Preferred held by such holder, by (ii) the total number of shares of Common Stock then outstanding. In the event any holder(s) shall elect not to exercise the preemptive rights as provided hereunder, then the aggregate shares otherwise entitled to be purchased by such non-participating holders (the "Non-Subscribed Securities") shall be available for purchase by each remaining Series A Preferred holder, who shall accordingly receive notice from the Corporation of such availability within five days after the expiration of the Response Period, in the proportion that the number of shares of Common Stock then entitled to be received by such holder upon conversion of its Series A Preferred shares then held bears to the total number shares of Common Stock then entitled to be received upon conversion of the Series A Preferred shares held by all such holders electing to exercise preemptive rights. The preemptive rights to acquire the Non-Subscribed Securities shall expire upon the expiration of the Window, at which time the Corporation may sell or issue any and all securities regarding which the Series A Preferred holders failed to exercise their preemptive rights hereunder.

## **Section 5. Liquidation Preference.**

(a) In the event of any liquidation, dissolution or winding up of the Corporation (in connection with the bankruptcy or insolvency of the Corporation or otherwise), whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of shares of any Junior Securities, the holders of the shares of Series A Preferred shall be entitled to receive an amount equal to the Stated Value multiplied by the number of shares of Series A Preferred held by them, plus all cumulative dividends (whether or



not declared) that are accrued and unpaid thereon. To the extent the available assets are insufficient to fully satisfy such amounts, then the holders of the Series A Preferred shall share ratably in such distribution in the proportion that the number of each holder's Series A Preferred Shares bears to the total number of shares of Series A Preferred outstanding. No further payment on account of any such liquidation, dissolution or winding up of the Corporation shall be paid to the holders of the shares of Series A Preferred or the holders of any Parity Securities unless there shall be paid at the same time to the holders of the shares of Series A Preferred and the holders of any Parity Securities proportionate amounts determined ratably in proportion to the full amounts to which the holders of all outstanding shares of Series A Preferred and the holders of all such outstanding Parity Securities are respectively entitled with respect to such distribution.

The Corporation agrees to provide written notice (in the case of: (i) any event within the Corporation's control, at least thirty days prior to such event, and (ii) all other events, no later than one day following the earlier of (a) the Corporation having knowledge that such event is likely to occur and (b) such event having occurred) to all holders of Series A Preferred of any of the following events, and for purposes of this Section 5, any of the following may, at the election of any holder of Series A Preferred during the thirty (30) day period following such holder receiving written notice of the occurrence of such event, be deemed to be a liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, that shall entitle such Series A Preferred holder to receive, on account of its Series A Preferred shares, a lump-sum cash payment of the preferential amounts specified above in this Section 5(a):

(1) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than a Person that is a shareholder of the Corporation on the Series A Original Issue Date, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause (1) such person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than fifty percent (50%) of the total voting power of the Corporation's capital stock;

(2) individuals whom on the Series A Original Issue Date constituted the Corporation's Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Corporation was approved by a vote of at least two-thirds of the directors of the Corporation then still in office who were either directors on the Series A Original Issue Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Corporation's Board of Directors then in office;

(3) a consolidation, reorganization or merger of the Corporation with or into one or more entities, if the result of which is that the Corporation's shareholders immediately prior to such transaction own less than fifty percent (50%) of the total voting power of the entity surviving or resulting from such transaction; or

(4) the sale, lease, exchange or transfer of all or substantially all the assets of the Corporation.

(b) After payment of the full amount of the liquidation preference to which the holders of shares of Series A Preferred are entitled pursuant to the preceding paragraph, all shareholders shall share ratably in the distribution of the remaining available assets of the Corporation in the proportion that each holder's shares (with the Series A Preferred shares being counted as if then fully converted pursuant to the applicable provisions of this Article) bears to the total number of shares of capital stock of the Corporation outstanding.

(c) Except as otherwise specifically provided in this Section 5, written notice of any liquidation, dissolution or winding up of the Corporation, stating the payment date or dates when and the place or places where the amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage prepaid, not less than fifteen days prior to any payment date stated therein, to the holders of record of the shares of Series A Preferred at their respective addresses as the same shall appear in the records of the Corporation.

**Section 6. Redemption at Option of Holder.**

(a) Subject to paragraph (b) of this Section, each holder of shares of Series A Preferred shall have the option to require the Corporation to redeem all or part of such holder's shares for cash at a redemption price equal to the Stated Value per share of, plus all accrued and unpaid dividends on, the shares to be redeemed. To exercise such option, a holder shall deliver the certificate or certificates representing the shares of Series A Preferred to be redeemed pursuant to this Section to the Corporation and a notice of the election of the holder to have all or part of such holder's shares redeemed. Upon receipt of such certificate and notice, the Corporation shall, subject to any applicable restrictions of law or regulations, promptly redeem the shares for which holders have elected to be redeemed and pay to or on the order of such holders in immediately available funds the full redemption price for the shares of Series A Preferred to be so redeemed.

(b) The number of shares that a holder shall be entitled to require the Corporation to redeem under this Section shall be determined (including, for purposes of clauses (ii) through (iv) hereof, by applying the percentage stated below to all shares of Series A Preferred then held by such holder), as follows:

(i) Prior to December 31, 2006, no holder may require the Corporation to redeem any shares of Series A Preferred.

(ii) On or after December 31, 2006 and prior to December 31, 2007, a holder may require the Corporation to redeem no more than fifty percent (50%) of all the holder's shares.

(iii) On or after December 31, 2007 and prior to December 31, 2008, a holder may require the Corporation to redeem no more than seventy-five percent (75%) of all the holder's shares.

(iv) On or after December 31, 2008, a holder may require the Corporation to redeem all or any portion of the shares of Series A Preferred owned by the holder.

(c) In the event the Corporation has insufficient funds (whether by legal prohibition or otherwise) to redeem all the shares sought to be redeemed pursuant to this Section, then the Corporation shall use the maximum amount of funds available, and the number of shares redeemed and the redemption price therefor shall be allocated according to the relative number of shares sought to be

redeemed by each holder as compared to the total number of shares sought to be redeemed by all Series A Preferred holders exercising their put option hereunder.

**Section 7. Reacquired Shares.** Any shares of Series A Preferred repurchased, redeemed, converted or otherwise acquired by the Corporation shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock, without designation as to series.

**Section 8. Voting Rights.**

(a) Except as otherwise provided in this Section or required by law or any provision of the Articles of Incorporation of the Corporation, the holders of the shares of Series A Preferred shall vote together with the shares of Common Stock as a single class at any annual or special meeting of shareholders of the Corporation, and each holder of shares of Series A Preferred shall be entitled to one (1) vote for each share of Common Stock into which such holder's shares of Series A Preferred are then convertible on the record date fixed for such meeting.

(b) Notwithstanding any other provision of this Section:

(i) in any election of directors of the Corporation (including at any meeting of the shareholders or by written consent of the shareholders of the Corporation): (1) the holders of shares of Series A Preferred shall be entitled (by vote of holders of at least a majority of the then-outstanding shares of Series A Preferred) to elect the smallest whole number of directors necessary to represent at least three-sevenths of the total members of the Board of Directors (the "Series A Directors"), to remove from office such directors, and to fill any vacancy caused by their resignation, death or removal from office, (2) all shareholders of the Corporation, voting as a single class, shall be entitled to elect the smallest whole number of directors necessary to represent at least one-seventh of the total members of the Board of Directors, to remove from office such directors, and to fill any vacancy caused by their resignation, death or removal from office, and (3) the holders of Common Stock shall be entitled to elect the remaining members of the Board of Directors; and

(ii) immediately following and until a complete correction or cure of a breach by the Corporation or the Board of Directors of Section 5, Section 6 or paragraph (c) of this Section 8, then the Series A Directors shall be entitled, with respect to any action taken by the Board of Directors (whether at any regular or special meeting or by written consent), equally to cast enough votes that are sufficient to constitute a majority of the votes entitled to be cast by the entire Board of Directors.

(c) The Corporation shall not, without the affirmative vote or consent of holders of at least a majority of the then-outstanding shares of Series A Preferred, voting together as a separate class:

(i) authorize, create or issue, or increase the authorized or issued amount of, any class or series of stock of Senior Securities or Parity Securities, or any security convertible into or exchangeable for Senior Securities or Parity Securities;

(ii) reclassify or modify any Junior Securities so as to become Parity Securities or Senior Securities;

- (iii) amend, repeal or change any of the provisions of the Articles of Incorporation or Bylaws of the Corporation pertaining the rights or preferences of the Series A Preferred;
- (iv) issue shares of Series A Preferred following the Series A Original Issue Date;
- (v) authorize or take any action resulting in the merger, consolidation, reorganization, change of control, sale of substantially all of the assets, liquidation, dissolution, or winding up of the Corporation;
- (vi) redeem, repurchase or otherwise reacquire any shares of a class or series of Junior Securities or Parity Securities;
- (vii) authorize or take any action (including a share issuance) resulting in a transaction between the Corporation and one of its affiliates (including any officer, director or employee of the Corporation or any Person in which any officer, director or employee of the Corporation (or any member of their immediate family) is an officer, director, employee or equity-holder), unless on terms no less favorable than would have been available with an independent third party or unless pursuant to an employee stock option or benefit plan that has been properly approved by the Corporation's Board of Directors and shareholders;
- (viii) increase the size of the Board of Directors;
- (ix) alter the essential business of the Corporation;
- (x) cause the Corporation to incur indebtedness, other than a loan from a commercial bank in an amount no more than what is necessary for the Corporation's normal working capital purposes; or
- (xi) establish or allow to exist any stock option or other equity incentive plan(s) pursuant to which shares may be granted or otherwise issued in an aggregate cumulative amount exceeding ten percent (10%) of the fully-diluted Common Stock (assuming the full exercise and conversion of all then outstanding Options and Convertible Securities, both as defined below) of the Corporation.

**Section 9. Conversion Rights.** Holders of shares of Series A Preferred shall have the right to convert all or a portion of such shares into Common Stock, as follows:

- (a) At any time, each share of Series A Preferred shall be convertible at the option of the holder thereof into fully paid, non-assessable shares of Common Stock. Moreover, all outstanding shares of Series A Preferred shall be automatically converted upon the closing of a Qualified IPO. The number of shares of Common Stock deliverable upon conversion of each share of Series A Preferred shall be determined by dividing the Stated Value of, plus all accrued and unpaid dividends on, such share of Series A Preferred by the Series A Conversion Price then in effect.
- (b) In case at any time the Corporation shall (i) subdivide the outstanding shares of Common Stock into a greater number of shares (including by stock split or stock dividend), or (ii) combine the outstanding shares of Common Stock into a smaller number of shares (including by reverse stock split), (iii) issue any shares of Common Stock for a price less than the then-effective Series A Conversion Price, or (iv) issue any Option or Convertible Security (as such terms are defined below) entitling the holder to

subscribe for or purchase Common Stock for a price per share less than the then-effective Series A Conversion Price, then the Series A Conversion Price in effect immediately prior thereto shall be multiplied by the fraction obtained:

by dividing

(X), which is the numerator obtained by adding (A) the total number of issued and outstanding shares of Common Stock immediately prior to the effectiveness of such action by the Corporation, plus (B) the number of shares of Common Stock that could have been acquired, at the Series A Conversion Price in effect immediately prior thereto, with the consideration, if any, received or deemed received by the Corporation in exchange for such action,

by

(Y), which is the denominator that equals the actual total number of issued and outstanding shares of Common Stock (including those in a Deemed Issuance as defined below) immediately after such effectiveness.

Such adjustment shall become effective immediately after the effective date of a subdivision, combination or issuance; provided, however, that no adjustment shall be made to the Series A Conversion Price on account of securities issued by the Corporation in connection with the Corporation's stock option plans that have been properly approved by the shareholders of the Corporation. In the event of a consolidation or merger of the Corporation with or into another corporation or entity as a result of which a greater or lesser number of shares of common equity of the surviving corporation or entity are issuable to holders of capital stock of the Corporation in respect of the number of shares of its capital stock outstanding immediately prior to such consolidation or merger, then the Series A Conversion Price in effect immediately prior to such consolidation or merger shall be adjusted in the same manner as though there were a subdivision or combination of the outstanding shares of capital stock of the Corporation. The Corporation shall not effect any such consolidation, merger, or sale unless prior to or simultaneously with the consummation thereof the successor (if other than the Corporation) resulting from such consolidation or merger or the party purchasing such assets and any other corporation or entity the shares of stock or other securities or property of which are receivable thereupon by the holder of Series A Preferred shall expressly assume, by written instrument executed and delivered (and satisfactory in form) to the Series A Preferred holders, (i) the obligation to deliver to such holders such stock or other securities or property as, in accordance with the foregoing provisions, such holders may be entitled to purchase and (ii) all other obligations of the Corporation hereunder.

(c) Subject to paragraph (b), in case at any time the Corporation shall grant any rights to subscribe for or purchase, or any options for the purchase of, Common Stock or securities convertible into or exchangeable for Common Stock (such rights and options being herein called "Options" and such convertible or exchangeable securities being herein called "Convertible Securities"), whether or not such Options or the rights to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such Options or upon the conversion or exchange of such Convertible Securities (determined by dividing (x) the total amount, if any, received or receivable by the Corporation as consideration for the granting of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration payable to the Corporation upon the exercise of such Options or the conversion of such Convertible Securities, plus, in the case of any such Options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or

exchange of such Convertible Securities, by (y) the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities) shall be less than the Series A Conversion Price in effect immediately prior to the time of the granting of such Options or Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of the total maximum amount of such Convertible Securities (as of the date of granting) shall be deemed to be outstanding and to have been issued and sold for such price per share (a "Deemed Issuance") and the provisions of paragraph (b) of this Section shall apply accordingly. With respect to any Deemed Issuance, effective as of the close of business on the first Business Day on which no share of Common Stock may thereafter be issued upon an exercise of an Option or Convertible Security that is included in such Deemed Issuance (whether by reason of (a) the expiration or termination of any right to exercise any Option or Convertible Security included in such Deemed Issuance and that has not been exercised, or (b) the purchase by the Corporation and cancellation or retirement of some or all Options or Convertible Securities included in such Deemed Issuance that have not been exercised), the shares of Common Stock then acquirable upon conversion by the Series A Preferred holders shall be adjusted by: (1) recalculating the initial adjustment of the Series A Conversion Price that occurred by reason of such Deemed Issuance, based on the shares of Common Stock actually issued by the Corporation upon exercise of all Options and Convertible Securities that were originally included in such Deemed Issuance (rather than the number of shares of Common Stock deemed outstanding immediately after the issuance of the Options and Convertible Securities included in such Deemed Issuance), and (2) recalculating each other subsequent adjustment, if any, theretofore made to the Series A Conversion Price on account of subsequent issuances of Common Stock, by utilizing the Series A Conversion Price as initially adjusted pursuant to the immediately foregoing clause (1) and including in the number of shares of Common Stock outstanding for such purpose only the shares of Common Stock actually issued and outstanding.

(d) In the event that the Corporation proposes to take any action specified in this Section which requires any adjustment of the Series A Conversion Price, then and in each such case the Corporation shall at least thirty days prior to any such event, and within five business days after it has knowledge of any such pending transaction, provide to the Series A Preferred holders written notice of the date on which the books of the Corporation shall close or a record shall be taken for such dividend, distribution, or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up, or transaction. Such notice shall also specify, as applicable, the date on which the holders of capital stock shall be entitled thereto or the date on which the holders of capital stock shall be entitled to exchange their stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up, or transaction, as the case may be. Such notice shall also state that the action in question or the record date is subject to the effectiveness of a registration statement under the Securities Act of 1933, as amended, or to a favorable vote of security holders, if either is required. Furthermore, any notice shall state the Series A Conversion Price resulting from such adjustment and the increase or decrease, if any, in the number of shares obtainable at such price upon exercise, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(e) The conversion of any share of Series A Preferred may be effected by the holder thereof by the surrender of the certificate or certificates therefor, duly endorsed, at the principal offices of the Corporation or to such agent or agents of the Corporation as may be designated by the Board of Directors and by giving written notice to the Corporation that such holder elects to convert the same.

(f) As promptly as practicable after the surrender of shares of Series A Preferred for conversion, the Corporation shall issue and deliver or cause to be issued and delivered to the holder of such shares certificates representing the number of fully paid and non-assessable shares of Common Stock into which such shares of Series A Preferred have been converted in accordance with the provisions of this Section. Subject to the following provisions of this Section, such conversion shall be deemed to have been made as of the close of business on the date on which the shares of Series A Preferred shall have been surrendered for conversion in the manner herein provided, so that the rights of the holder of the shares of Series A Preferred so surrendered shall cease at such time, and the Person or Persons entitled to receive the shares of Common Stock upon conversion thereof shall be treated for all purposes as having become the record holder or holders of such shares of Common Stock at such time; *provided, however*, that any such surrender on any date when the stock transfer books of the Corporation are closed shall be deemed to have been made, and shall be effective to terminate the rights of the holder or holders of the shares of Series A Preferred so surrendered for conversion and to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes, at the opening of business on the next succeeding day on which such transfer books are open.

(g) The Corporation shall not be required to issue fractional shares of stock upon the conversion of the Series A Preferred. As to any final fraction of a share which the holder of one or more shares of Series A Preferred would otherwise be entitled to receive upon conversion, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to the same fraction of the Series A Conversion Price on the day of conversion.

(h) In case the Corporation shall be a party to any transaction (including without limitation, a merger, consolidation, statutory share exchange, sale of all or substantially all of the Corporation's assets or recapitalization of the Common Stock), in each case as a result of which shares of Common Stock shall be converted into the right to receive stock, securities or other property (including cash or any combination thereof) (each of the foregoing transactions being referred to as a "Fundamental Change Transaction"), then the shares of Series A Preferred remaining outstanding will thereafter no longer be subject to conversion with Common Stock pursuant to this Section, but instead each share shall be convertible into the kind and amount of stock and other securities and property receivable (including cash) upon the consummation of such Fundamental Change Transaction by a holder of that number of shares of Common Stock into which one share of Series A Preferred was convertible immediately prior to such Fundamental Change Transaction (including an immediate adjustment of the Series A Conversion Price if by reason of or in connection with such consolidation, merger, or sale any securities are issued or event occurs which would, under the terms hereof, require an adjustment of the Series A Conversion Price), assuming such holder of Series A Preferred has failed to elect to have all or a part of such holders' shares redeemed. The provisions of this paragraph shall similarly apply to successive Fundamental Change Transactions.

**Section 10. Ranking.** The Common Stock shall be Junior Securities.

**Section 11. Record Holders.** The Corporation may deem and treat the record holder of any shares of Series A Preferred as the true and lawful owner thereof for all purposes, and the Corporation shall not be affected by any notice to the contrary.

**Section 12. Notice.** Except as may otherwise be provided by law or provided for herein, all notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon receipt, in the case of a notice of conversion given to the Corporation, or, in all other cases, upon the earlier of receipt of such notice or three Business Days after the mailing of such notices sent by

the Corporation, or to such other address as the Corporation or holder, as the case may be, shall have designated by notice similarly given.

**Section 13. Successors and Transferees.** The provisions applicable to shares of Series A Preferred shall bind and inure to the benefit of and be enforceable by the Corporation, the respective successors to the Corporation, and by any record holder of shares of Series A Preferred.

#### ARTICLE V AMENDED OR REPEALING BYLAWS

Subject to the power of the shareholders to amend or repeal the Corporation's bylaws as provided by applicable law or these Articles of Incorporation, the Board of Directors of the Corporation may amend or repeal any provision of the Corporation's bylaws.

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