

Florida Department of State
Division of Corporations
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To:
Division of Corporations
Fax Number : (850) 617-6380

From:
Account Name : STAUB ANDERSON LLC
Account Number : I20140000070
Phone : (312) 345-0545
Fax Number : (312) 345-0544

AUG 27 2014

R. WHITE

****Enter the email address for this business entity to be used for future annual report mailings. Enter only one email address please.****

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**COR AMND/RESTATE/CORRECT OR O/D RESIGN
LISTING LEADER, INC.**

Certificate of Status	0
Certified Copy	0
Page Count	19
Estimated Charge	\$35.00

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14 AUG 26 PM 5:00
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DIVISION OF CORPORATIONS
TALLAHASSEE, FLORIDA

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TALLAHASSEE, FLORIDA

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H14000201289 3

COVER LETTER

TO: Amendment Section
Division of Corporations

NAME OF CORPORATION: Listing Leader, Inc.DOCUMENT NUMBER: P10000061736The enclosed *Articles of Amendment* and fee are submitted for filing.

Please return all correspondence concerning this matter to the following:

David K. Staub

Name of Contact Person

Staub Anderson LLC

Firm/ Company

55 W. Monroe, Suite 1925

Address

Chicago, IL 60603

City/ State and Zip Code

dstaub@staubanderson.com

E-mail address: (to be used for future annual report notification)

For further information concerning this matter, please call:

David K. Staub

Name of Contact Person

at (312) 345-0545

Area Code & Daytime Telephone Number

Enclosed is a check for the following amount made payable to the Florida Department of State:

☒ \$35 Filing Fee☐ \$43.75 Filing Fee &
Certificate of Status☐ \$43.75 Filing Fee &
Certified Copy
(Additional copy is
enclosed)☐ \$52.50 Filing Fee
Certificate of Status
Certified Copy
(Additional Copy
is enclosed)

Mailing Address
Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

Street Address
Amendment Section
Division of Corporations
Clifton Building
2661 Executive Center Circle
Tallahassee, FL 32301

H14000201289 3

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

**ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
LISTING LEADER, INC.**

The undersigned does hereby certify, on behalf of LISTING LEADER, INC., that pursuant to the authority contained in the corporation's Articles of Incorporation (the "Articles of Incorporation"), and in accordance with the provisions of Section 607.0602(4) of the Florida Business Corporation Act (the "Act") and pursuant to a special meeting of the Board of Directors of the corporation in accordance with section 607.0820, the Board of Directors of the corporation duly adopted and approved on August 24, 2014 resolutions providing for the creation of certain series of preferred stock to be designated as "Series A-1 Preferred Stock," "Series A-2 Preferred Stock," "Series B Preferred Stock," and pursuant to Section 607.0602(4) of the Act and section (b) of Article IV of the Articles of Incorporation, there being no shareholder action required, Article IV of the Articles of Incorporation is hereby amended by adding the following new sections to create such preferred shares having preferences, limitations and relative rights as follows:

SERIES A-1 PREFERRED STOCK

The rights, preferences, privileges, restrictions and other matters relating to the Series A-1 Preferred Stock are as follows:

1. DESIGNATION AND AMOUNT.

(a) The shares of this class of Preferred Stock shall be designated as "Series A-1 Preferred Stock" ("Series A-1 Preferred Stock") and the aggregate number of shares constituting such series which the corporation shall have the authority to issue is 2,018,867. The Series A-1 Preferred Stock shall be without par value.

(b) The "Original Issue Price" of the Series A-1 Preferred Stock shall be \$0.23 (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof).

2. DIVIDEND RIGHTS.

(a) In the event the Board of Directors of the corporation (the "Board") at any time or from time to time declares that dividends shall be payable or paid on any share of Common Stock, the corporation shall pay such dividend on all issued and outstanding shares of Series A-1 Preferred Stock in a per share amount equal (on an as if converted to Common Stock basis) to the amount determined to be paid or set aside for each share of issued and outstanding Common Stock.

(b) The provisions of Section 2(a) shall not apply to a dividend payable solely in Common Stock to which the provisions of Section 7(f) hereof are applicable, or any repurchase of any outstanding securities of the corporation that is approved by the Board.

3. VOTING RIGHTS.

(a) General Rights. Each holder of shares of the Series A-1 Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Series A-1 Preferred Stock could be converted (pursuant to Section 7 hereof) immediately after the close of business on the record date fixed for meetings or effective date of a written consent, and shall have voting rights and powers equal in all respects to the voting rights and powers of the Common Stock and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the corporation (the "Bylaws"). Except as otherwise provided herein or as required by law, or as provided in the corporation's

H14000201289 3

Shareholder Agreement, as amended from time to time, the Series A-1 Preferred Stock shall vote together with the Common Stock at any annual or special meeting of the stockholders and not as a separate class, and may act by written consent in the same manner as the Common Stock.

(b) **Separate Vote of Series A-1 Preferred Stock.** For so long as at least one share of Series A-1 Preferred Stock remains issued and outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of a majority of the outstanding Series A-1 Preferred Stock shall be necessary for effecting or validating (whether by merger, recapitalization or otherwise) any amendment, alteration, or repeal of any provision of this Designation or the Articles of Incorporation that alters or changes the voting, preferences or other special rights, privileges or restrictions of the Series A-1 Preferred Stock so as to affect them adversely.

4. RANK.

All shares of the Series A-1 Preferred Stock shall rank:

(a) Prior to the corporation's Common Stock and any additional series of preferred stock which may in the future be issued by the corporation and are designated in the amendment to the Articles of Incorporation or the certificate of designation establishing such additional preferred stock as ranking junior to the Series A-1 Preferred Stock. Any shares of the corporation's capital stock which are junior to the Series A-1 Preferred Stock with respect to rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the corporation are hereinafter referred to as the "Junior Liquidation Shares";

(b) *Pari passu* with any additional series of Preferred Stock which may in the future be issued by the corporation and are designated in the amendment to the Articles of Incorporation or the certificate of designation establishing such additional Preferred Stock as ranking equal to the Series A-1 Preferred Stock or which do not state they are Junior Liquidation Shares or Senior Liquidation Shares (as defined below). Any shares of the Corporation's capital stock which are equal to the Series A-1 Preferred Stock with respect to rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the Corporation are hereinafter referred to as "Parity Liquidation Shares."

(c) Junior to any additional series of Preferred Stock which may in the future be issued by the corporation and are designated in the amendment to the Articles of Incorporation or the certificate of designation establishing such additional preferred stock as ranking senior to the Series A-1 Preferred Stock. Any shares of the Corporation's capital stock which are senior to the Series A-1 Preferred Stock with respect to rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the Corporation are hereinafter referred to as "Senior Liquidation Shares."

5. LIQUIDATION

(a) The liquidation value per share of Series A-1 Preferred Stock upon any liquidation, dissolution, or winding up of the corporation, whether voluntary or involuntary (a "Liquidation Event") shall be equal to the Original Issue Price, subject to adjustment in the event of a stock split, stock dividend or similar event applicable to the series, plus all declared and unpaid dividends on the Series A-1 Preferred Stock (the "Liquidation Value")

(b) Upon a Liquidation Event, the holders of Series A-1 Preferred Stock (i) shall not be entitled to receive the Liquidation Value of the shares held by them until the liquidation value of all Senior Liquidation Shares shall have been paid in full, and (ii) shall be entitled to receive the Liquidation Value of such shares held by them in preference to and in priority over any distributions upon the Junior Liquidation Shares. Upon payment in full of the Liquidation Value to which the holders are entitled, the holders will not be entitled to any further participation in any distribution of assets by the corporation. If the assets of the corporation are not sufficient to pay in full the Liquidation Value payable to the holders of Series A-1 Preferred Stock and the liquidation value payable to the holders of any Parity Liquidation

H14000201289 3

Shares, the holders of all such shares shall share ratably in such distribution of assets in accordance with the amounts that would be payable on the distribution if the amounts to which the holders of Series A-1 Preferred Stock and the holders of Parity Liquidation Shares are entitled were paid in full The

6. ACQUISITION AND ASSET TRANSFER DEFINITIONS.

(a) In the event that the corporation is a party to an Acquisition or Asset Transfer (as hereinafter defined), then each holder of Series A-1 Preferred Stock shall be entitled to receive, for each share of Series A-1 Preferred Stock then held, out of the proceeds of such Acquisition or Asset Transfer, the greater of (i) the amount of cash, securities or other property to which such holder would be entitled to receive in a Liquidation Event pursuant to Section 5(a) and (ii) the amount of cash, securities or other property to which such holder would be entitled to receive in a Liquidation Event with respect to such shares if such shares had been converted to Common Stock immediately prior to such Acquisition or Asset Transfer; provided, however, that any such amount shall be paid to the holders of Series A-1 Preferred stock before any distribution or payment shall be made to the holders of Common Stock.

(b) For the purposes of this Section 6: (i) "Acquisition" shall mean (A) any consolidation or merger of the corporation with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the corporation immediately prior to such consolidation, merger or reorganization, continue to hold at least a majority of the voting power of the surviving entity in substantially the same proportions (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization; or (B) any transaction or series of related transactions to which the corporation is a party in which in excess of 50% of the corporation's voting power is transferred; provided that, an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the corporation or any successor or indebtedness of the corporation is cancelled or converted or a combination thereof; and (ii) "Asset Transfer" shall mean a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the corporation.

(c) In any Acquisition or Asset Transfer, if the consideration to be received is securities of a corporation or other property other than cash, its value will be deemed its fair market value as determined in good faith by the Board on the date such determination is made.

7. CONVERSION RIGHTS.

The holders of the Series A-1 Preferred Stock shall have the following rights with respect to the conversion of the Series A-1 Preferred Stock into shares of Common Stock (the "Conversion Rights"):

(a) **Optional Conversion.** Subject to and in compliance with the provisions of this Section 7, any shares of Series A-1 Preferred Stock may, at the option of the holder, be converted at any time into fully paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series A-1 Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the "Series A-1 Preferred Stock Conversion Rate" then in effect (determined as provided in Section 7(b) below) by the number of shares of Series A-1 Preferred Stock being converted by such holder.

(b) **Series A-1 Preferred Stock Conversion Rate.** The conversion rate in effect at any time for conversion of the Series A-1 Preferred Stock (the "Series A-1 Preferred Stock Conversion Rate") shall be the quotient obtained by dividing the Original Issue Price of the Series A-1 Preferred Stock by the "Series A-1 Preferred Stock Conversion Price," calculated as provided in Section 7(c) below.

(c) **Series A-1 Preferred Stock Conversion Price.** The conversion price for the Series A-1 Preferred Stock shall initially be the Original Issue Price of the Series A-1 Preferred Stock (the "Series A-1 Preferred Stock Conversion Price"). Such initial Series A-1 Preferred Stock Conversion Price shall be

H14000201289 3

adjusted from time to time in accordance with this Section 7. All references to the Series A-1 Preferred Stock Conversion Price herein shall mean the Series A-1 Preferred Stock Conversion Price as so adjusted.

(d) **Mechanics of Conversion.** Each holder of Series A-1 Preferred Stock who desires to convert the same into shares of Common Stock pursuant to this Section 7 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the corporation or any transfer agent for the Series A-1 Preferred Stock, and shall give written notice to the corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series A-1 Preferred Stock being converted. Thereupon, the corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay (i) in cash or, to the extent sufficient funds are not then legally available therefor, in Common Stock (at the Common Stock's fair market value determined by the Board as of the date of such conversion), any declared and unpaid dividends on the shares of Series A-1 Preferred Stock being converted and (ii) in cash (at the Common Stock's fair market value determined by the Board as of the date of conversion) the value of any fractional share of Common Stock otherwise issuable to any holder of Series A-1 Preferred Stock. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series A-1 Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date.

(e) **Adjustment for Stock Splits and Combinations.** If at any time or from time to time on or after the date that the first share of Series A-1 Preferred Stock is issued (the "Original Issue Date") the corporation effects a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series A-1 Preferred Stock, the Series A-1 Preferred Stock Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if at any time or from time to time after the Original Issue Date, the corporation combines the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series A-1 Preferred Stock, the Series A-1 Preferred Stock Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 7(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) **Adjustment for Common Stock Dividends and Distributions.** If at any time or from time to time on or after the Original Issue Date, the corporation pays to holders of Common Stock a dividend or other distribution in additional shares of Common Stock without a corresponding dividend or other distribution to holders of Preferred Stock, the Series A-1 Preferred Stock Conversion Price then in effect shall be decreased as of the time of such issuance, as provided below:

- (i) The Series A-1 Preferred Stock Conversion Price shall be adjusted by multiplying the Series A-1 Preferred Stock Conversion Price then in effect by a fraction equal to:
 - (A) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, and
 - (B) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, plus the number of shares of Common Stock issuable in payment of such dividend or distribution;
- (ii) If the corporation fixes a record date to determine which holders of Common Stock are entitled to receive such dividend or other distribution, the Series A-1 Preferred Stock Conversion Price shall be fixed as of the close of business on such record date and the number of shares of Common Stock shall be calculated immediately prior to the close of business on such record date; and
- (iii) If such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A-1 Preferred Stock Conversion Price shall

H14000201289 3

be recomputed accordingly as of the close of business on such record date and thereafter the Series A-1 Preferred Stock Conversion Price shall be adjusted pursuant to this Section 7(f) to reflect the actual payment of such dividend or distribution.

(g) **Adjustment for Reclassification, Exchange, Substitution, Reorganization, Merger or Consolidation.** If at any time or from time to time on or after the Original Issue Date the Common Stock issuable upon the conversion of the Series A-1 Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification, merger, consolidation or otherwise (other than an Acquisition or Asset Transfer as defined in Section 6 or a subdivision or combination of shares or stock dividend provided for elsewhere in this Section 7), in any such event, each holder of Series A-1 Preferred Stock shall then have the right to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification, merger, consolidation or other change by holders of the maximum number of shares of Common Stock into which such shares of Series A-1 Preferred Stock could have been converted immediately prior to such recapitalization, reclassification, merger, consolidation or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 7 with respect to the rights of the holders of Series A-1 Preferred Stock after the capital reorganization, to the end that the provisions of this Section 7 (including adjustment of the Series A-1 Preferred Stock Conversion Price then in effect and the number of shares issuable upon conversion of the Series A-1 Preferred Stock) shall be applicable after that event and be as nearly equivalent as practicable.

(h) **Certificate of Adjustment.** In each case of an adjustment or readjustment of the Series A-1 Preferred Stock Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series A-1 Preferred Stock, if the Series A-1 Preferred Stock is then convertible pursuant to this Section 7, the corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and shall, upon request, prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series A-1 Preferred Stock so requesting at the holder's address as shown in the corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based. Failure to request or provide such notice shall have no effect on any such adjustment.

(i) **Notices of Record Date.** Upon (i) any taking by the corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 6) or other capital reorganization of the corporation, any reclassification or recapitalization of the capital stock of the corporation, any merger or consolidation of the corporation with or into any other corporation, or any Asset Transfer (as defined in Section 6), or any voluntary or involuntary dissolution, liquidation or winding up of the corporation, the corporation shall mail to each holder of Series A-1 Preferred Stock at least ten (10) days prior to (x) the record date, if any, specified therein; or (y) if no record date is specified, the date upon which such action is to take effect (or, in either case, such shorter period approved by the holders of a majority of the outstanding Series A-1 Preferred Stock) a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

H14000201289 3

(j) Automatic Conversion.

(i) Each share of Series A-1 Preferred Stock shall automatically be converted into shares of Common Stock, based on the then-effective Series A-1 Preferred Stock Conversion Rate, (A) at any time upon the affirmative election of the holders of a majority of the issued and outstanding shares of the Series A-1 Preferred Stock, or (B) immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the corporation in which the gross cash proceeds to the corporation (before underwriting discounts, commissions and fees) are at least \$10,000,000 (a "Qualified IPO"). Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Section 7(d).

(ii) Upon the occurrence of either of the events specified in Section 7(j)(i) above, the outstanding shares of Series A-1 Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the corporation or its transfer agent; provided, however, that the corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series A-1 Preferred Stock are either delivered to the corporation or its transfer agent as provided below, or the holder notifies the corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the corporation to indemnify the corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series A-1 Preferred Stock, the holders of Series A-1 Preferred Stock shall surrender the certificates representing such shares at the office of the corporation or any transfer agent for the Series A-1 Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series A-1 Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred.

(k) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series A-1 Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A-1 Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the corporation shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the fair market value of one share of Common Stock (as determined by the Board) on the date of conversion.

(l) Reservation of Stock Issuable Upon Conversion. The corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A-1 Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A-1 Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A-1 Preferred Stock, the corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(m) Notices. Any notice required by the provisions of this Section 7 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on

H14000201289 3

the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the corporation.

SERIES A-2 PREFERRED STOCK

The rights, preferences, privileges, restrictions and other matters relating to the Series A-2 Preferred Stock are as follows:

1. DESIGNATION AND AMOUNT.

(a) The shares of this class of Preferred Stock shall be designated as "Series A-2 Preferred Stock" ("Series A-2 Preferred Stock") and the aggregate number of shares constituting such series which the corporation shall have the authority to issue is 887,636. The Series A-2 Preferred Stock shall be without par value.

(b) The "Original Issue Price" of the Series A-2 Preferred Stock shall be \$0.115 (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof).

2. DIVIDEND RIGHTS.

(a) In the event the Board of Directors of the corporation (the "Board") at any time or from time to time declares that dividends shall be payable or paid on any share of Common Stock, the corporation shall pay such dividend on all issued and outstanding shares of Series A-2 Preferred Stock in a per share amount equal (on an as if converted to Common Stock basis) to the amount determined to be paid or set aside for each share of issued and outstanding Common Stock.

(b) The provisions of Section 2(a) shall not apply to a dividend payable solely in Common Stock to which the provisions of Section 7(f) hereof are applicable, or any repurchase of any outstanding securities of the corporation that is approved by the Board.

3. VOTING RIGHTS.

(a) **General Rights.** Each holder of shares of the Series A-2 Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Series A-2 Preferred Stock could be converted (pursuant to Section 7 hereof) immediately after the close of business on the record date fixed for meetings or effective date of a written consent, and shall have voting rights and powers equal in all respects to the voting rights and powers of the Common Stock and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the corporation (the "Bylaws"). Except as otherwise provided herein or as required by law, or as provided in the corporation's Shareholder Agreement, as amended from time to time, the Series A-2 Preferred Stock shall vote together with the Common Stock at any annual or special meeting of the stockholders and not as a separate class, and may act by written consent in the same manner as the Common Stock.

(b) **Separate Vote of Series A-2 Preferred Stock.** For so long as at least one share of Series A-2 Preferred Stock remains issued and outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of a majority of the outstanding Series A-2 Preferred Stock shall be necessary for effecting or validating (whether by merger, recapitalization or otherwise) any amendment, alteration, or repeal of any provision of this Designation or the Articles of Incorporation that alters or changes the voting, preferences or other special rights, privileges or restrictions of the Series A-2 Preferred Stock so as to affect them adversely.

H14000201289 3

4. RANK.

All shares of the Series A-2 Preferred Stock shall rank:

(a) Prior to the corporation's Common Stock and any additional series of preferred stock which may in the future be issued by the corporation and are designated in the amendment to the Articles of Incorporation or the certificate of designation establishing such additional preferred stock as ranking junior to the Series A-2 Preferred Stock. Any shares of the corporation's capital stock which are junior to the Series A-2 Preferred Stock with respect to rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the corporation are hereinafter referred to as the "Junior Liquidation Shares").

(b) *Pari passu* with any additional series of Preferred Stock which may in the future be issued by the corporation and are designated in the amendment to the Articles of Incorporation or the certificate of designation establishing such additional Preferred Stock as ranking equal to the Series A-2 Preferred Stock or which do not state they are Junior Liquidation Shares or Senior Liquidation Shares (as defined below). Any shares of the Corporation's capital stock which are equal to the Series A-2 Preferred Stock with respect to rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the Corporation are hereinafter referred to as "Parity Liquidation Shares."

(c) Junior to any additional series of Preferred Stock which may in the future be issued by the corporation and are designated in the amendment to the Articles of Incorporation or the certificate of designation establishing such additional preferred stock as ranking senior to the Series A-2 Preferred Stock. Any shares of the Corporation's capital stock which are senior to the Series A-2 Preferred Stock with respect to rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the Corporation are hereinafter referred to as "Senior Liquidation Shares."

5. LIQUIDATION

(a) The liquidation value per share of Series A-2 Preferred Stock upon any liquidation, dissolution, or winding up of the corporation, whether voluntary or involuntary (a "Liquidation Event") shall be equal to the Original Issue Price, subject to adjustment in the event of a stock split, stock dividend or similar event applicable to the series, plus all declared and unpaid dividends on the Series A-2 Preferred Stock (the "Liquidation Value")

(b) Upon a Liquidation Event, the holders of Series A-2 Preferred Stock (i) shall not be entitled to receive the Liquidation Value of the shares held by them until the liquidation value of all Senior Liquidation Shares shall have been paid in full, and (ii) shall be entitled to receive the Liquidation Value of such shares held by them in preference to and in priority over any distributions upon the Junior Liquidation Shares. Upon payment in full of the Liquidation Value to which the holders are entitled, the holders will not be entitled to any further participation in any distribution of assets by the corporation. If the assets of the corporation are not sufficient to pay in full the Liquidation Value payable to the holders of Series A-2 Preferred Stock and the liquidation value payable to the holders of any Parity Liquidation Shares, the holders of all such shares shall share ratably in such distribution of assets in accordance with the amounts that would be payable on the distribution if the amounts to which the holders of Series A-2 Preferred Stock and the holders of Parity Liquidation Shares are entitled were paid in full. The

6. ACQUISITION AND ASSET TRANSFER DEFINITIONS.

(a) In the event that the corporation is a party to an Acquisition or Asset Transfer (as hereinafter defined), then each holder of Series A-2 Preferred Stock shall be entitled to receive, for each share of Series A-2 Preferred Stock then held, out of the proceeds of such Acquisition or Asset Transfer, the greater of (i) the amount of cash, securities or other property to which such holder would be entitled to receive in a Liquidation Event pursuant to Section 5(a) and (ii) the amount of cash, securities or other property to which such holder would be entitled to receive in a Liquidation Event with respect to such

H14000201289 3

shares if such shares had been converted to Common Stock immediately prior to such Acquisition or Asset Transfer; provided, however, that any such amount shall be paid to the holders of Series A-2 Preferred stock before any distribution or payment shall be made to the holders of Common Stock.

(b) For the purposes of this Section 6: (i) "Acquisition" shall mean (A) any consolidation or merger of the corporation with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the corporation immediately prior to such consolidation, merger or reorganization, continue to hold at least a majority of the voting power of the surviving entity in substantially the same proportions (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization; or (B) any transaction or series of related transactions to which the corporation is a party in which in excess of 50% of the corporation's voting power is transferred; provided that, an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the corporation or any successor or indebtedness of the corporation is cancelled or converted or a combination thereof; and (ii) "Asset Transfer" shall mean a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the corporation.

(c) In any Acquisition or Asset Transfer, if the consideration to be received is securities of a corporation or other property other than cash, its value will be deemed its fair market value as determined in good faith by the Board on the date such determination is made.

7. CONVERSION RIGHTS.

The holders of the Series A-2 Preferred Stock shall have the following rights with respect to the conversion of the Series A-2 Preferred Stock into shares of Common Stock (the "Conversion Rights"):

(a) **Optional Conversion.** Subject to and in compliance with the provisions of this Section 7, any shares of Series A-2 Preferred Stock may, at the option of the holder, be converted at any time into fully paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series A-2 Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the "Series A-2 Preferred Stock Conversion Rate" then in effect (determined as provided in Section 7(b) below) by the number of shares of Series A-2 Preferred Stock being converted by such holder.

(b) **Series A-2 Preferred Stock Conversion Rate.** The conversion rate in effect at any time for conversion of the Series A-2 Preferred Stock (the "Series A-2 Preferred Stock Conversion Rate") shall be the quotient obtained by dividing the Original Issue Price of the Series A-2 Preferred Stock by the "Series A-2 Preferred Stock Conversion Price," calculated as provided in Section 7(c) below.

(c) **Series A-2 Preferred Stock Conversion Price.** The conversion price for the Series A-2 Preferred Stock shall initially be the Original Issue Price of the Series A-2 Preferred Stock (the "Series A-2 Preferred Stock Conversion Price"). Such initial Series A-2 Preferred Stock Conversion Price shall be adjusted from time to time in accordance with this Section 7. All references to the Series A-2 Preferred Stock Conversion Price herein shall mean the Series A-2 Preferred Stock Conversion Price as so adjusted.

(d) **Mechanics of Conversion.** Each holder of Series A-2 Preferred Stock who desires to convert the same into shares of Common Stock pursuant to this Section 7 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the corporation or any transfer agent for the Series A-2 Preferred Stock, and shall give written notice to the corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series A-2 Preferred Stock being converted. Thereupon, the corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay (i) in cash or, to the extent sufficient funds are not then legally available therefor, in Common Stock (at the Common Stock's fair market value determined by the Board as of the date of such conversion), any declared and unpaid dividends on the shares of Series A-2 Preferred Stock being converted and (ii) in

H14000201289 3

cash (at the Common Stock's fair market value determined by the Board as of the date of conversion) the value of any fractional share of Common Stock otherwise issuable to any holder of Series A-2 Preferred Stock. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series A-2 Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date.

(e) **Adjustment for Stock Splits and Combinations.** If at any time or from time to time on or after the date that the first share of Series A-2 Preferred Stock is issued (the "Original Issue Date") the corporation effects a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series A-2 Preferred Stock, the Series A-2 Preferred Stock Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if at any time or from time to time after the Original Issue Date, the corporation combines the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series A-2 Preferred Stock, the Series A-2 Preferred Stock Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 7(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) **Adjustment for Common Stock Dividends and Distributions.** If at any time or from time to time on or after the Original Issue Date, the corporation pays to holders of Common Stock a dividend or other distribution in additional shares of Common Stock without a corresponding dividend or other distribution to holders of Preferred Stock, the Series A-2 Preferred Stock Conversion Price then in effect shall be decreased as of the time of such issuance, as provided below:

(i) The Series A-2 Preferred Stock Conversion Price shall be adjusted by multiplying the Series A-2 Preferred Stock Conversion Price then in effect by a fraction equal to:

(A) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, and

(B) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

(ii) If the corporation fixes a record date to determine which holders of Common Stock are entitled to receive such dividend or other distribution, the Series A-2 Preferred Stock Conversion Price shall be fixed as of the close of business on such record date and the number of shares of Common Stock shall be calculated immediately prior to the close of business on such record date; and

(iii) If such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A-2 Preferred Stock Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A-2 Preferred Stock Conversion Price shall be adjusted pursuant to this Section 7(f) to reflect the actual payment of such dividend or distribution.

(g) **Adjustment for Reclassification, Exchange, Substitution, Reorganization, Merger or Consolidation.** If at any time or from time to time on or after the Original Issue Date the Common Stock issuable upon the conversion of the Series A-2 Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification, merger, consolidation or otherwise (other than an Acquisition or Asset Transfer as defined in Section 6 or a subdivision or combination of shares or stock dividend provided for elsewhere in this Section 7), in any such event, each holder of Series A-2 Preferred Stock shall then have the right to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification, merger, consolidation or other change by holders of the maximum number of shares of

H14000201289 3

Common Stock into which such shares of Series A-2 Preferred Stock could have been converted immediately prior to such recapitalization, reclassification, merger, consolidation or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 7 with respect to the rights of the holders of Series A-2 Preferred Stock after the capital reorganization, to the end that the provisions of this Section 7 (including adjustment of the Series A-2 Preferred Stock Conversion Price then in effect and the number of shares issuable upon conversion of the Series A-2 Preferred Stock) shall be applicable after that event and be as nearly equivalent as practicable.

(h) **Certificate of Adjustment.** In each case of an adjustment or readjustment of the Series A-2 Preferred Stock Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series A-2 Preferred Stock, if the Series A-2 Preferred Stock is then convertible pursuant to this Section 7, the corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and shall, upon request, prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series A-2 Preferred Stock so requesting at the holder's address as shown in the corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based. Failure to request or provide such notice shall have no effect on any such adjustment.

(i) **Notices of Record Date.** Upon (i) any taking by the corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 6) or other capital reorganization of the corporation, any reclassification or recapitalization of the capital stock of the corporation, any merger or consolidation of the corporation with or into any other corporation, or any Asset Transfer (as defined in Section 6), or any voluntary or involuntary dissolution, liquidation or winding up of the corporation, the corporation shall mail to each holder of Series A-2 Preferred Stock at least ten (10) days prior to (x) the record date, if any, specified therein; or (y) if no record date is specified, the date upon which such action is to take effect (or, in either case, such shorter period approved by the holders of a majority of the outstanding Series A-2 Preferred Stock) a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(j) **Automatic Conversion.**

(i) Each share of Series A-2 Preferred Stock shall automatically be converted into shares of Common Stock, based on the then-effective Series A-2 Preferred Stock Conversion Rate, (A) at any time upon the affirmative election of the holders of a majority of the issued and outstanding shares of the Series A-2 Preferred Stock, or (B) immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the corporation in which the gross cash proceeds to the corporation (before underwriting discounts, commissions and fees) are at least \$10,000,000 (a "Qualified IPO"). Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Section 7(d).

(ii) Upon the occurrence of either of the events specified in Section 7(j)(i) above, the outstanding shares of Series A-2 Preferred Stock shall be converted automatically without any

H14000201289 3

further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the corporation or its transfer agent; provided, however, that the corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series A-2 Preferred Stock are either delivered to the corporation or its transfer agent as provided below, or the holder notifies the corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the corporation to indemnify the corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series A-2 Preferred Stock, the holders of Series A-2 Preferred Stock shall surrender the certificates representing such shares at the office of the corporation or any transfer agent for the Series A-2 Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series A-2 Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred.

(k) **Fractional Shares.** No fractional shares of Common Stock shall be issued upon conversion of Series A-2 Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A-2 Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the corporation shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the fair market value of one share of Common Stock (as determined by the Board) on the date of conversion.

(l) **Reservation of Stock Issuable Upon Conversion.** The corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A-2 Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A-2 Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A-2 Preferred Stock, the corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(m) **Notices.** Any notice required by the provisions of this Section 7 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the corporation.

SERIES B PREFERRED STOCK

The rights, preferences, privileges, restrictions and other matters relating to the Series B Preferred Stock are as follows:

1. **DESIGNATION AND AMOUNT.**

(a) The shares of this class of Preferred Stock shall be designated as "Series B Preferred Stock" ("Series B Preferred Stock") and the aggregate number of shares constituting such series which the

H14000201289 3

corporation shall have the authority to issue is 20,000,000. The Series B Preferred Stock shall be without par value.

(b) The "Original Issue Price" of the Series B Preferred Stock shall be \$0.15 (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof).

2. DIVIDEND RIGHTS.

(a) In the event the Board of Directors of the corporation (the "Board") at any time or from time to time declares that dividends shall be payable or paid on any share of Common Stock, the corporation shall pay such dividend on all issued and outstanding shares of Series B Preferred Stock in a per share amount equal (on an as if converted to Common Stock basis) to the amount determined to be paid or set aside for each share of issued and outstanding Common Stock.

(b) The provisions of Section 2(a) shall not apply to a dividend payable solely in Common Stock to which the provisions of Section 7(f) hereof are applicable, or any repurchase of any outstanding securities of the corporation that is approved by the Board.

3. VOTING RIGHTS.

(a) General Rights. Each holder of shares of the Series B Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Series B Preferred Stock could be converted (pursuant to Section 7 hereof) immediately after the close of business on the record date fixed for meetings or effective date of a written consent, and shall have voting rights and powers equal in all respects to the voting rights and powers of the Common Stock and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the corporation (the "Bylaws"). Except as otherwise provided herein or as required by law, or as provided in the corporation's Shareholder Agreement, as amended from time to time, the Series B Preferred Stock shall vote together with the Common Stock at any annual or special meeting of the stockholders and not as a separate class, and may act by written consent in the same manner as the Common Stock.

(b) Separate Vote of Series B Preferred Stock. For so long as at least one share of Series B Preferred Stock remains issued and outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of a majority of the outstanding Series B Preferred Stock shall be necessary for effecting or validating (whether by merger, recapitalization or otherwise) any amendment, alteration, or repeal of any provision of this Designation or the Articles of Incorporation that alters or changes the voting, preferences or other special rights, privileges or restrictions of the Series B Preferred Stock so as to affect them adversely.

4. RANK.

All shares of the Series B Preferred Stock shall rank:

(a) Prior to the corporation's Common Stock and any additional series of preferred stock which may in the future be issued by the corporation and are designated in the amendment to the Articles of Incorporation or the certificate of designation establishing such additional preferred stock as ranking junior to the Series B Preferred Stock. Any shares of the corporation's capital stock which are junior to the Series B Preferred Stock with respect to rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the corporation are hereinafter referred to as the "Junior Liquidation Shares").

(b) *Pari passu* with any additional series of Preferred Stock which may in the future be issued by the corporation and are designated in the amendment to the Articles of Incorporation or the certificate of designation establishing such additional Preferred Stock as ranking equal to the Series B Preferred Stock or which do not state they are Junior Liquidation Shares or Senior Liquidation Shares (as defined below). Any shares of the Corporation's capital stock which are equal to the Series B Preferred Stock with respect

H14000201289 3

rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the Corporation are hereinafter referred to as "Parity Liquidation Shares."

(c) Junior to any additional series of Preferred Stock which may in the future be issued by the corporation and are designated in the amendment to the Articles of Incorporation or the certificate of designation establishing such additional preferred stock as ranking senior to the Series B Preferred Stock. Any shares of the Corporation's capital stock which are senior to the Series B Preferred Stock with respect to rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the Corporation are hereinafter referred to as "Senior Liquidation Shares."

5. LIQUIDATION

(a) The liquidation value per share of Series B Preferred Stock upon any liquidation, dissolution, or winding up of the corporation, whether voluntary or involuntary (a "Liquidation Event") shall be equal to the Original Issue Price, subject to adjustment in the event of a stock split, stock dividend or similar event applicable to the series, plus all declared and unpaid dividends on the Series B Preferred Stock (the "Liquidation Value")

(b) Upon a Liquidation Event, the holders of Series B Preferred Stock (i) shall not be entitled to receive the Liquidation Value of the shares held by them until the liquidation value of all Senior Liquidation Shares shall have been paid in full, and (ii) shall be entitled to receive the Liquidation Value of such shares held by them in preference to and in priority over any distributions upon the Junior Liquidation Shares. Upon payment in full of the Liquidation Value to which the holders are entitled, the holders will not be entitled to any further participation in any distribution of assets by the corporation. If the assets of the corporation are not sufficient to pay in full the Liquidation Value payable to the holders of Series B Preferred Stock and the liquidation value payable to the holders of any Parity Liquidation Shares, the holders of all such shares shall share ratably in such distribution of assets in accordance with the amounts that would be payable on the distribution if the amounts to which the holders of Series B Preferred Stock and the holders of Parity Liquidation Shares are entitled were paid in full The

6. ACQUISITION AND ASSET TRANSFER DEFINITIONS.

(a) In the event that the corporation is a party to an Acquisition or Asset Transfer (as hereinafter defined), then each holder of Series B Preferred Stock shall be entitled to receive, for each share of Series B Preferred Stock then held, out of the proceeds of such Acquisition or Asset Transfer, the greater of (i) the amount of cash, securities or other property to which such holder would be entitled to receive in a Liquidation Event pursuant to Section 5(a) and (ii) the amount of cash, securities or other property to which such holder would be entitled to receive in a Liquidation Event with respect to such shares if such shares had been converted to Common Stock immediately prior to such Acquisition or Asset Transfer; provided, however, that any such amount shall be paid to the holders of Series B Preferred stock before any distribution or payment shall be made to the holders of Common Stock.

(b) For the purposes of this Section 6: (i) "Acquisition" shall mean (A) any consolidation or merger of the corporation with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the corporation immediately prior to such consolidation, merger or reorganization, continue to hold at least a majority of the voting power of the surviving entity in substantially the same proportions (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization; or (B) any transaction or series of related transactions to which the corporation is a party in which in excess of 50% of the corporation's voting power is transferred; provided that, an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the corporation or any successor or indebtedness of the corporation is cancelled or converted or a combination thereof; and (ii) "Asset Transfer" shall mean a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the corporation.

H14000201289 3

(c) In any Acquisition or Asset Transfer, if the consideration to be received is securities of a corporation or other property other than cash, its value will be deemed its fair market value as determined in good faith by the Board on the date such determination is made.

7. CONVERSION RIGHTS.

The holders of the Series B Preferred Stock shall have the following rights with respect to the conversion of the Series B Preferred Stock into shares of Common Stock (the "Conversion Rights"):

(a) **Optional Conversion.** Subject to and in compliance with the provisions of this Section 7, any shares of Series B Preferred Stock may, at the option of the holder, be converted at any time into fully paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series B Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the "Series B Preferred Stock Conversion Rate" then in effect (determined as provided in Section 7(b) below) by the number of shares of Series B Preferred Stock being converted by such holder.

(b) **Series B Preferred Stock Conversion Rate.** The conversion rate in effect at any time for conversion of the Series B Preferred Stock (the "Series B Preferred Stock Conversion Rate") shall be the quotient obtained by dividing the Original Issue Price of the Series B Preferred Stock by the "Series B Preferred Stock Conversion Price," calculated as provided in Section 7(c) below.

(c) **Series B Preferred Stock Conversion Price.** The conversion price for the Series B Preferred Stock shall initially be the Original Issue Price of the Series B Preferred Stock (the "Series B Preferred Stock Conversion Price"). Such initial Series B Preferred Stock Conversion Price shall be adjusted from time to time in accordance with this Section 7. All references to the Series B Preferred Stock Conversion Price herein shall mean the Series B Preferred Stock Conversion Price as so adjusted.

(d) **Mechanics of Conversion.** Each holder of Series B Preferred Stock who desires to convert the same into shares of Common Stock pursuant to this Section 7 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the corporation or any transfer agent for the Series B Preferred Stock, and shall give written notice to the corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series B Preferred Stock being converted. Thereupon, the corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay (i) in cash or, to the extent sufficient funds are not then legally available therefor, in Common Stock (at the Common Stock's fair market value determined by the Board as of the date of such conversion), any declared and unpaid dividends on the shares of Series B Preferred Stock being converted and (ii) in cash (at the Common Stock's fair market value determined by the Board as of the date of conversion) the value of any fractional share of Common Stock otherwise issuable to any holder of Series B Preferred Stock. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series B Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date.

(e) **Adjustment for Stock Splits and Combinations.** If at any time or from time to time on or after the date that the first share of Series B Preferred Stock is issued (the "Original Issue Date") the corporation effects a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series B Preferred Stock, the Series B Preferred Stock Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if at any time or from time to time after the Original Issue Date, the corporation combines the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series B Preferred Stock, the Series B Preferred Stock Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 7(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

H14000201289 3

(f) **Adjustment for Common Stock Dividends and Distributions.** If at any time or from time to time on or after the Original Issue Date, the corporation pays to holders of Common Stock a dividend or other distribution in additional shares of Common Stock without a corresponding dividend or other distribution to holders of Preferred Stock, the Series B Preferred Stock Conversion Price then in effect shall be decreased as of the time of such issuance, as provided below:

(i) The Series B Preferred Stock Conversion Price shall be adjusted by multiplying the Series B Preferred Stock Conversion Price then in effect by a fraction equal to:

(A) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, and

(B) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

(ii) If the corporation fixes a record date to determine which holders of Common Stock are entitled to receive such dividend or other distribution, the Series B Preferred Stock Conversion Price shall be fixed as of the close of business on such record date and the number of shares of Common Stock shall be calculated immediately prior to the close of business on such record date; and

(iii) If such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series B Preferred Stock Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series B Preferred Stock Conversion Price shall be adjusted pursuant to this Section 7(f) to reflect the actual payment of such dividend or distribution.

(g) **Adjustment for Reclassification, Exchange, Substitution, Reorganization, Merger or Consolidation.** If at any time or from time to time on or after the Original Issue Date the Common Stock issuable upon the conversion of the Series B Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification, merger, consolidation or otherwise (other than an Acquisition or Asset Transfer as defined in Section 6 or a subdivision or combination of shares or stock dividend provided for elsewhere in this Section 7), in any such event, each holder of Series B Preferred Stock shall then have the right to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification, merger, consolidation or other change by holders of the maximum number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such recapitalization, reclassification, merger, consolidation or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 7 with respect to the rights of the holders of Series B Preferred Stock after the capital reorganization, to the end that the provisions of this Section 7 (including adjustment of the Series B Preferred Stock Conversion Price then in effect and the number of shares issuable upon conversion of the Series B Preferred Stock) shall be applicable after that event and be as nearly equivalent as practicable.

(h) **Certificate of Adjustment.** In each case of an adjustment or readjustment of the Series B Preferred Stock Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series B Preferred Stock, if the Series B Preferred Stock is then convertible pursuant to this Section 7, the corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and shall, upon request, prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series B Preferred Stock so requesting at the holder's address as shown in the corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the

H14000201289 3

facts upon which such adjustment or readjustment is based. Failure to request or provide such notice shall have no effect on any such adjustment.

(i) **Notices of Record Date.** Upon (i) any taking by the corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 6) or other capital reorganization of the corporation, any reclassification or recapitalization of the capital stock of the corporation, any merger or consolidation of the corporation with or into any other corporation, or any Asset Transfer (as defined in Section 6), or any voluntary or involuntary dissolution, liquidation or winding up of the corporation, the corporation shall mail to each holder of Series B Preferred Stock at least ten (10) days prior to (x) the record date, if any, specified therein; or (y) if no record date is specified, the date upon which such action is to take effect (or, in either case, such shorter period approved by the holders of a majority of the outstanding Series B Preferred Stock) a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(j) **Automatic Conversion.**

(i) Each share of Series B Preferred Stock shall automatically be converted into shares of Common Stock, based on the then-effective Series B Preferred Stock Conversion Rate, (A) at any time upon the affirmative election of the holders of a majority of the issued and outstanding shares of the Series B Preferred Stock, or (B) immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the corporation in which the gross cash proceeds to the corporation (before underwriting discounts, commissions and fees) are at least \$10,000,000 (a "Qualified IPO"). Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Section 7(d).

(ii) Upon the occurrence of either of the events specified in Section 7(j)(i) above, the outstanding shares of Series B Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the corporation or its transfer agent; provided, however, that the corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series B Preferred Stock are either delivered to the corporation or its transfer agent as provided below, or the holder notifies the corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the corporation to indemnify the corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series B Preferred Stock, the holders of Series B Preferred Stock shall surrender the certificates representing such shares at the office of the corporation or any transfer agent for the Series B Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series B Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred.

H14000201289 3


(k) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series B Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series B Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the corporation shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the fair market value of one share of Common Stock (as determined by the Board) on the date of conversion.

(l) Reservation of Stock Issuable Upon Conversion. The corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series B Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series B Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series B Preferred Stock, the corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(m) Notices. Any notice required by the provisions of this Section 7 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the corporation.

IN WITNESS WHEREOF, the undersigned officer of the corporation has executed the foregoing Articles of Amendment to the corporation's Articles of Incorporation this 26th day of August, 2014.

By:


Gary D. Abrams
Vice President