

795000081012

CAPITAL CONNECTION, INC.

417 E. Virginia Street, Suite 1 • Tallahassee, Florida 32302
(850) 224-8870 • 1-800-342-8062 • Fax (850) 222-1222

Southern Internet
Systems, Inc

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DIVISION OF CORPORATION

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Signature

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 - Merger File
 - ✓ Art. of Amend. File
 - RA Resignation
 - Dissolution / Withdrawal
 - Annual Report / Reinstatement
 - ✓ Cert. Copy
 - Photo Copy
 - Certificate of Good Standing
 - Certificate of Status
 - Certificate of Fictitious Name
 - Corp Record Search
 - Officer Search
 - Fictitious Search
 - Fictitious Owner Search
 - Vehicle Search
 - Driving Record
 - UCC 1 or 3 File
 - UCC 11 Search
 - UCC 11 Retrieval
 - Courier

ARTICLES OF AMENDMENT
TO ARTICLES OF INCORPORATION OF
SOUTHERN INTERNET SYSTEM, INC.

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

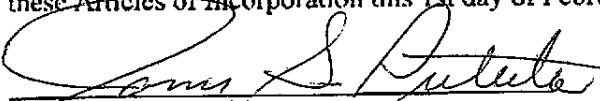
1. The following provisions of the Articles of Incorporation of Southern Internet System, Inc., a Florida corporation, filed in Tallahassee on October 23, 1995, document number P95000081012, be and they hereby are amended in the following particulars:

Article IV be and it hereby is amended to add the following language to such Article, setting forth the terms and conditions of the class of Preferred Stock, pursuant to Florida Statute 607.0602, in addition to the existing language of the Article, as follows:

See Attached Exhibit A, which is incorporated herein by reference.

2. The foregoing amendment was duly adopted by a majority vote of the Board of Directors on January 31, 1999, in accordance with the provisions of the Company's Articles of Incorporation, and Florida Statute 607.0602.

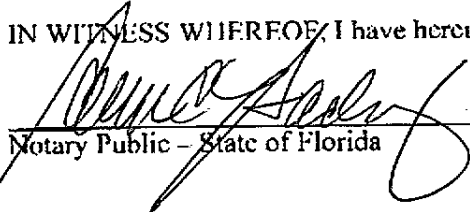
IN WITNESS WHEREOF, the undersigned President of this corporation has executed these Articles of Incorporation this 1st day of February, 1999.

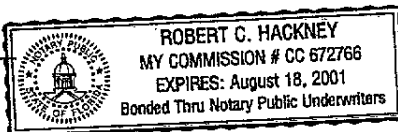

James Pritula, President

STATE OF FLORIDA
COUNTY OF PALM BEACH

BEFORE ME, the undersigned authority, personally appeared James Pritula, President of Southern Internet System, Inc., known to me to be the person who executed the foregoing Articles of Amendment and the acknowledged before me that he executed such instrument for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 1st day of February, 1999.


Notary Public - State of Florida



Terms of Preferred Stock

1. Dividends and Distributions

1.1. Preferred Stock Dividends. Subject to the provisions of law and these Articles of Incorporation, the holders of shares of Series A Convertible Preferred Stock, \$.01 par value (the "Series A Preferred") shall be entitled to receive dividends when and as declared by the Board of Directors, out of funds legally available therefor.

As used herein, (a) the term "Class A Common Stock" shall mean the Class A Common Stock, \$.00001 par value, of the Corporation and (b) the term "Common Stock" shall mean the Class A Common Stock and any securities directly or indirectly convertible into or exchangeable for Class A Common Stock (other than the Series A Preferred).

1.2. Dividend Restrictions. Without the approval of the holders of a majority of the outstanding shares of Series A Preferred, (i) no dividend shall be paid or declared, and no distribution shall be made on any class of capital stock (other than a dividend payable solely in shares of Common Stock or rights or options to purchase Common Stock), and (ii) the Corporation shall not purchase, redeem or acquire any shares of capital stock (other than the Series A Preferred in accordance with these Articles of Incorporation) and no amounts shall be paid or set aside or made available for the purchase, redemption, or acquisition thereof; provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock held by employees, consultants, directors, or officers of the Corporation that are subject to stock repurchase agreements approved by the Board of Directors and under which the Corporation has the right to repurchase such shares at not more than the original purchase price per share in the event of termination of employment. If, with the approval of the holders of the Series A Preferred, the Corporation shall declare and pay a dividend on the Common Stock, the Board of Directors shall also declare and pay a dividend on the Series A Preferred in an amount per share equal to the amount that such share would have been paid if on the record date it had been converted to Common Stock.

1.3. Record Date for Dividends. The Board of Directors of the Corporation may fix a record date for the determination of holders of shares of Common Stock or Series A Preferred entitled to receive payment of a dividend declared thereon, which record date shall be no more than 60 days and no less than 10 days prior to the date fixed for the payment thereof.

2. Liquidation, Dissolution or Winding-Up.

2.1. Series A Preferred Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, after payment of all amounts owing to holders of capital stock ranking senior to the Series A Preferred, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, before any payment shall be made to the holders of shares of any other capital stock of the Corporation by reason of their ownership thereof, an amount equal to (i) \$2.50 per share of Series A Preferred (subject to equitable adjustment in the event of any stock dividend, stock split, combination, reorganization, recapitalization, reclassification, or other similar event affecting such shares) plus (ii) all accrued but unpaid dividends on the Series A Preferred.

If upon such liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the assets to be distributed are insufficient to permit payment in full to the holders of Series A Preferred, then the entire assets of the Corporation to be distributed, after distribution to capital stock ranking senior to the Series A Preferred, shall be distributed ratably among the holders of Series A Preferred.

2.2. Remaining Liquidating Distribution. After payment has been made in full pursuant to Section 2.1 above, or the Corporation shall have set aside funds sufficient for such payments in trust for the account of such holders so as to be available for such payment, all remaining assets available for distribution (after payment or provision for payment of all debts and liabilities of the Corporation) shall be distributed to the holders of the Series A Preferred and the Common Stock ratably in proportion to the number of shares of Common Stock they then hold or, in the case of the holders of the Series A Preferred, the number of whole shares of Common Stock into which each share of Series A Preferred could be converted pursuant to the provisions of Section 4 hereof.

2.3. Treatment of Mergers, Consolidations, and Sales of Assets. The merger or consolidation of the Corporation into or with another corporation (other than one in which the holders of the capital stock of the Corporation immediately prior to the merger or consolidation continue to hold, directly or indirectly, more than 50% of the voting power of the capital stock of the surviving corporation), or the sale, lease, exchange, or other conveyance of all or substantially all the assets of the Corporation, or other capital reorganization shall be deemed to be a liquidation, dissolution, or winding-up of the Corporation for purposes of this Section 2, in which case the holders of Series A Preferred shall be entitled to receive in merger consideration the amount payable to such holders pursuant to this Sections 2.1 and 2.2 above.

2.4. Distributions Other Than Cash. The amount deemed distributed to the holders of Series A Preferred upon any liquidation, dissolution, or winding-up (including any transaction treated as such pursuant to Section 2.3) shall be the cash or the fair market value of the property, rights, or securities distributed to such holders by the acquiring person, firm, or other entity. The value of such property, rights, or other securities shall be determined in good faith by the Board of Directors of the Corporation.

3. Voting Rights. Except as otherwise required by law or as provided in Section 6 hereof, the holders of the Series A Preferred shall be entitled to notice of any stockholders' meeting and to vote on any matters on which the Common Stock may be voted. Each share of Series A Preferred shall be entitled to a number of votes equal to the number of whole shares of Class A Common Stock into which such share of Series A Preferred is then convertible (as adjusted from time to time in the manner set forth herein).

4. Conversion of Preferred Stock. The holders of the Series A Preferred shall have conversion rights as follows:

4.1. Right of Series A Preferred to Convert. Each issued and outstanding share of Series A Preferred shall be convertible, at the option of the holder thereof, at any time after the date of issuance and without the payment of any additional consideration therefor, into that number of fully paid and nonassessable shares of Class A Common Stock as is determined by dividing \$2.50 by the Conversion Price (as defined below) in effect at the time of conversion. The "Conversion Price" at which shares of Class A Common Stock shall be deliverable upon conversion of Series A Preferred shall initially be \$2.50 per share. Such initial Conversion Price shall be subject to adjustment (in order to adjust the number of shares of Class A Common Stock into which the Series A Preferred is convertible) as hereinafter provided.

4.2. Fractional Shares. No fractional shares of Class A Common Stock shall be issued upon conversion of the Series A Preferred. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to the product of such fraction multiplied by the then effective Conversion Price.

4.3. Mechanics of Conversion.

(a) In order for a holder to convert shares of Series A Preferred into shares of Class A Common Stock, such holder shall surrender the certificate or certificates for such shares of Series A Preferred, at the office of the transfer agent for the Series A Preferred (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Series A Preferred represented by such number of the shares of the Series A Preferred represented by such certificate or certificates. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Class A Common Stock to be issued and the number of shares of Series A Preferred to be converted. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his or its attorney duly authorized in writing. The date of receipt of such certificates and notice by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) shall

be the conversion date (the "Conversion Date") and the conversion shall be deemed effective as of the close of business on the Conversion Date. The Corporation shall, as soon as practicable after the Conversion Date, issue and deliver at such office to such holder of Series A Preferred, or to his or its nominees, a certificate or certificates for the number of shares of Class A Common Stock to which such holder shall be entitled, together with cash in lieu of any fraction of a share.

(b) The Corporation shall at all times when the Series A Preferred shall be outstanding, reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of the Series A Preferred, such number of its duly authorized shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series A Preferred. Before taking any action that would cause an adjustment reducing the Conversion Price below the then-existing par value of the shares of Class A Common Stock issuable upon conversion of the Series A Preferred, the Corporation shall take any corporate action that may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Class A Common Stock at such adjusted Conversion Price.

(c) Upon any such conversion, no adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the Series A Preferred surrendered for conversion or on the Class A Common Stock delivered upon conversion.

(d) All shares of Series A Preferred surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices, to vote and to accrual of dividends shall immediately cease and terminate at the close of business on the Conversion Date (except only the right of the holders thereof to receive shares of Class A Common Stock in exchange therefor and to receive unpaid dividends accrued prior to conversion) and any shares of Series A Preferred so converted shall be retired and canceled and shall not be reissued, and the Corporation from time to time shall take appropriate action to reduce the authorized Series A Preferred accordingly.

4.4. Adjustments to Conversion Price for Diluting Issues:

(a) Special Definitions. For the purposes of this Section 4.4, the following definitions shall apply:

(1) "Option" means any outstanding right, option or warrant to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities excluding rights, warrants and options granted on or after the Original Issue Date, to employees, officers, directors or consultants of the Corporation of any subsidiary thereof pursuant to any stock option plan or agreement adopted

by the Board of Directors in an aggregate amount not to exceed 15% of fully diluted amount shares of Common Stock (subject to appropriate adjustment for any stock dividend, stock split, combination, or other similar recapitalization affecting such shares).

(2) "Original Issue Date" means the date on which any shares of Series A Preferred first were issued or on which any other security convertible into Series A Preferred was first issued.

(3) "Convertible Securities" means any evidences of indebtedness, shares (other than Common Stock or Series A Preferred), or other securities directly or indirectly convertible into or exchangeable for Common Stock.

(4) "Additional Shares of Common Stock" means all shares of Common Stock issued (or, pursuant to Section 4.4(c), deemed to be issued) by the Corporation after the Original Issue Date, other than shares of Common Stock issued or issuable:

- (i) upon issuance of any shares of Series A Preferred;
- (ii) conversion of shares of Series A Preferred;
- (iii) as a dividend or distribution on Series A Preferred;
- (iv) by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock;
- (v) upon the exercise of options to employees, officers or directors excluded from the definition of "Option" in Section 4.4(a)(1); or
- (vi) upon the exercise, at any time from and after the Original Issue Date, of Options granted or issued on or before the Original Issue Date.

(5) "Common Stock Deemed Outstanding" means, at any given time, the number of shares of Common Stock actually outstanding at such time, plus the number of shares of Common Stock issuable at such time upon conversion of Series A Preferred, and any other Convertible Securities then outstanding, plus the number of shares of Common Stock issuable at any time upon the exercise of all then outstanding Options.

(b) No Adjustment of Conversion Price. No adjustment shall be made in the Conversion Price for the Series A Preferred as the result of the issuance of Additional

Shares of Common Stock or otherwise, unless the consideration per share determined pursuant to Section 4.4(f) for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the Conversion Price in effect on the date of, and immediately prior to, the issue for such series of such Additional Shares of Common Stock.

(c) Issue of Options and Convertible Securities Deemed Issue of Additional Shares of Common Stock. If the Corporation at any time or from time to time shall issue any Options or Convertible Securities, or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date; provided, however, that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share determined pursuant to Section 4.4(f) of such Additional Shares of Common Stock would be less than the Conversion Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided, further, that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(1) no further adjustment in the Conversion Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(2) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the consideration payable to the Corporation, or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such options or the right of conversion or exchange under such Convertible Securities.

(3) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Conversion Price computed upon the original issue thereof

(or upon the occurrence of a record date with respect thereto) and any subsequent adjustments based thereon shall, upon such expiration, be recomputed as if:

(i) In the case of Convertible Securities or Options for Common Stock, the only Additional Shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Corporation upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Corporation upon such conversion or exchange and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Corporation for the Additional Shares of Common Stock deemed to have been then issued was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Corporation determined pursuant to Section 4.4(f) upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(4) no recomputation pursuant to the preceding clauses (2) and (3) shall have the effect of increasing the Conversion Price to an amount that exceeds the lower of (i) the applicable Conversion Price on the original adjustment date, or (ii) the Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such recomputation date;

(5) in the case of any Options which expire by their terms not more than thirty (30) days after the date of issue thereof, no adjustment of the Conversion Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the same manner provided in clause (3) above; and

(6) if such record date shall have been fixed and such Options or Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in the Conversion Price which became effective on such record date shall be canceled as of the close of business on such record date, and thereafter the Conversion Price shall be adjusted pursuant to this Section 4.4(c) as of the actual date of their issuance.

(d) Stock Dividends, Stock Distributions and Subdivisions. In the event the Corporation at any time or from time to time after the Original Issue Date shall declare or pay any dividend or make any other distribution on the Common Stock payable in Common Stock, or effect a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then and in any such event, Additional Shares of Common Stock shall be deemed to have been issued:

(1) in the case of any such dividend or distribution, immediately after the close of business on the record date for the determination of holders of any class of securities entitled to receive such dividend or distribution, or

(2) in the case of any such subdivision, at the close of business on the date immediately prior to the date upon which such corporate action becomes effective.

If such record date shall have been fixed and such dividend shall not have been fully paid on the date fixed therefor, the adjustment previously made in the Conversion Price which became effective on such record date shall be canceled as of the close of business on such record date, and thereafter the Conversion Price shall be adjusted pursuant to this Section 4.4(d) as of the time of actual payment of such dividend.

(e) Adjustment of Conversion Price Upon Certain Events. If the Corporation shall issue Additional Shares of Common Stock, including Additional Shares of Common Stock deemed to be issued pursuant to Section 4.4(c) hereof, but excluding Additional Shares of Common Stock issued pursuant to Section 4.4(d), which event is dealt with in Section 4.4(g), without consideration or for a consideration per share less than the Conversion Price in effect on the date of and immediately prior to such issue, then and in such event, such Conversion Price shall be reduced, concurrently with such issue in order to increase the number of shares of Class A Common Stock into which the Series A Preferred is convertible, to a price (calculated to the nearest cent) determined by multiplying such Conversion Price by a fraction (x) the numerator of which shall be the lowest consideration per share determined pursuant to section 4.4(f) for an Additional Share of Common Stock so issued and (y) the denominator of which is the Conversion Price in effect on the date of and immediately prior to such issue.

(f) Determination of Consideration. For purposes of this Section 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

- (1) Cash and Property: Such consideration shall:
 - (i) insofar as it consists of cash, be computed at the aggregate of cash received by the Corporation, excluding amounts paid or payable for accrued interest or accrued dividends;
 - (ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors; and
 - (iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (a) and (b) above, as determined in good faith by the Board of Directors.

(2) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 4.4(c), relating to Options and Convertible Securities, shall be determined by dividing

- (i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration until such subsequent adjustment occurs) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by
- (ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number

until such subsequent adjustment occurs) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(g) Adjustment for Stock Splits, Stock Dividends, Subdivisions, Combinations or Consolidation of Common Stock. In the event the outstanding shares of Common Stock shall be split, subdivided, combined or consolidated, by reclassification or otherwise, into a greater or lesser number of shares of Common Stock, and in the event that the Corporation shall issue shares of Common Stock by way of a stock dividend or other distribution to the holders of Common Stock, the Conversion Price in effect immediately prior to such split, subdivision, stock dividend, combination or consolidation shall, concurrently with the effectiveness of such split, subdivision, stock dividend, combination or consolidation, be increased or decreased proportionately.

4.5. Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 4, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series A Preferred, furnish or cause to be furnished to such holder a similar certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price then in effect, and (iii) the number of shares of Class A Common Stock and the amount, if any, of other property that then would be received upon the conversion of Series A Preferred.

4.6. Merger or Sale of Assets. If at any time or from time to time there shall be a merger or consolidation of the Corporation with or into another corporation, or the sale of all or substantially all of the assets of the Corporation to any other corporation (collectively, an "Acquisition"), then, as a part of such Acquisition, provision shall be made so that the holders of the Series A Preferred shall thereafter be entitled to receive upon conversion of the Series A Preferred, the number of shares of stock or other securities or property of the Corporation, or of the successor corporation resulting from such Acquisition, to which a holder of Class A Common Stock issuable upon conversion would have been entitled on such Acquisition. In any such case, appropriate adjustment (as determined by the Board of Directors) shall be made in the application of the provisions of this Section 4 with respect to the rights and interest thereafter of the holders of the Series A Preferred after the Acquisition to the end that the provisions of this Section 4 (including adjustment of the Conversion Price then in effect and the number of shares acquirable upon conversion of the Series A Preferred) shall be applicable after the Acquisition in as nearly equivalent a manner as may be practicable. Each holder of Series A Preferred upon the occurrence of a capital reorganization or Acquisition, shall have the option of electing treatment of his shares of Series A Preferred under either this Section 4.6

or Section 2.3, notice of which election shall be submitted in writing to the Corporation at its principal offices no later than five (5) days before the effective date of such event.

4.7. Notice of Record Date. In the event that there occurs any of the following events:

- (a) the Corporation declares a dividend (or any other distribution) on its Common Stock payable in Common Stock or other securities of the Corporation;
- (b) the Corporation subdivides or combines its outstanding shares of Common Stock;
- (c) there occurs or is proposed to occur any reclassification of the Common Stock of the Corporation (other than a subdivision or combination of its outstanding shares of Common Stock or a stock dividend or stock distribution thereon), or of any consolidation or merger of the Corporation into or with another corporation, or of the sale of all or substantially all of the assets of the Corporation; or
- (d) the involuntary or voluntary liquidation, dissolution, or winding-up of the Corporation;

then the Corporation shall cause to be filed at its principal office or at the office of the transfer agent of the Series A Preferred, and shall cause to be mailed to the holders of the Series A Preferred at their addresses as shown on the records of the Corporation or such transfer agent, at least ten days prior to the record date specified in (1) below or twenty days before the date specified in (2) below, a notice stating the following information:

- (1) the record date of such dividend, distribution, subdivision or combination, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, subdivision, or combination are to be determined, or
- (2) the date on which such reclassification, consolidation, merger, sale, liquidation, dissolution, or winding-up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, liquidation, dissolution, or winding-up.

4.8. Automatic Conversion of Series A Preferred.

- (a) All outstanding shares of each series of Series A Preferred shall be deemed to be automatically converted into shares of Class A Common Stock at the then

effective Conversion Price applicable for such series upon (i) the closing of an underwritten, firm commitment public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended ("Securities Act"), in which the price to the public on the cover of the final prospectus multiplied by the number of shares of Common Stock outstanding immediately prior to the offering is at least \$50 million and the aggregate gross proceeds (after deduction of underwriting discounts and commissions) are not less than \$15 million (a "Qualified Public Offering") or (ii) upon the written consent of holders of two-thirds of the shares of Series A Preferred that all shares of Series A Preferred shall be automatically converted (an "Automatic Conversion Event").

(b) On or after the date of occurrence of an Automatic Conversion Event, and in any event within 10 days after receipt of notice, by mail, postage prepaid from the Corporation of the occurrence of such event, each holder of record of shares of Series A Preferred being converted shall surrender such holder's certificates evidencing such shares at the principal office of the Corporation or at such other place as the Corporation shall designate, and shall thereupon be entitled to receive certificates evidencing the number of shares of Class A Common Stock into which such shares of Series A Preferred are converted and cash as provided in Section 4.4 in respect of any fraction of a share of Class A Common Stock otherwise issuable upon such conversion. On the date of the occurrence of an Automatic Conversion Event, each holder of record or shares of Series A Preferred shall be deemed to be the holder of record of the Class A Common Stock issuable upon such conversion, notwithstanding that the certificates representing such shares of Series A Preferred shall not have been surrendered at the office of the Corporation, that notice from the Corporation shall not have been received by any holder of record of shares of Series A Preferred, or that the certificates evidencing such shares of Class A Common Stock shall not then be actually delivered to such holder.

(c) All certificates evidencing shares of Series A Preferred that are required to be surrendered for conversion in accordance with the provisions hereof, from and after the date such certificates are so required to be surrendered shall be deemed to have been retired and canceled and the shares of Series A Preferred represented thereby converted into Class A Common Stock for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date. The Corporation from time to time thereafter shall take appropriate action to reduce the authorized Series A Preferred accordingly.

4.9. No Impairment. The Corporation will not, by amendment of these Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation but will at all times in good faith assist in the carrying out of all the provisions of

this Section 4 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series A Preferred against impairment.

5. Redemption of Series A Preferred

5.1. Optional Redemption. At the option and written election of the holders of a majority of the outstanding shares of Series A Preferred, the Corporation shall redeem at any time on or after the January 31, 2004, all of the outstanding shares of Series A Preferred. The redemption price for each share of Series A Preferred redeemed pursuant to this Section 5 shall be \$2.50 per share plus all accrued and unpaid dividends thereon, if any, on such share up to and including the date fixed for redemption (the "Series A Redemption Price"). Each redemption of shares of Series A Preferred shall be made so that the number of shares of Series A Preferred held by each registered holder shall be redeemed as nearly as practicable in an amount that shall bear the same ratio to the total number of shares of Series A Preferred being so redeemed as the number of shares of Series A Preferred then held by such registered holder bears to the aggregate number of shares of Series A Preferred then outstanding.

5.2. Equitable Adjustment. The Series A Redemption Price set forth in this Section 5 shall be subject to equitable adjustment whenever there shall occur a stock split, stock dividend, combination, reorganization, recapitalization, reclassification or other similar event involving a change in the Series A Preferred.

5.3. Redemption Notice. If the holders of a majority of the outstanding shares of Series A Preferred elect to have the Corporation redeem shares of Series A Preferred as set forth in Section 5.1, notice to that effect shall be given by such holders to the Corporation at least 90 days prior to the respective anniversary date (hereinafter referred to as a "Redemption Date"). If such notice is given, then at least 45 days prior to the Redemption Date, written notice (hereinafter referred to as the "Redemption Notice") shall be mailed, postage prepaid, by the Corporation to each holder of record of the Series A Preferred which is to be redeemed, at its address shown on the records of the Corporation; provided, however, that the Corporation's failure to give such Redemption Notice shall in no way affect its obligation to redeem the shares of Series A Preferred as provided in Section 5.1 hereof. The Redemption Notice shall contain the following information:

- (a) the number of shares of Series A Preferred held by the holder which shall be redeemed by the Corporation and the total number of shares of Series A Preferred held by all holders to be so redeemed;
- (b) the Redemption Date and the Series A Redemption Price; and
- (c) the place designated for the holder to surrender to the Corporation its certificate or certificates representing the shares of Series A Preferred to be redeemed.

5.4. Surrender of Certificates. Each holder of shares of Series A Preferred to be redeemed shall surrender the certificate(s) representing such shares to the Corporation at the place designated in the Redemption Notice, and thereupon the Series A Redemption Price for such shares as set forth in this Section 5 shall be paid to the order of the person whose name appears on such certificate(s) and each surrendered certificate shall be canceled and retired. In the event some but not all of the shares of Series A Preferred represented by a certificate surrendered by a holder are being redeemed, the Corporation shall execute and deliver to or on the order of the holder, at the expense of the Corporation, a new certificate representing the number of shares of Series A Preferred which were not redeemed.

5.5. Dividends and Conversion after Redemption. Subject to Section 5.6 below, from and after the later of the Redemption Date or 45 days from the date the Corporation shall have given the Redemption Notice, no shares of Series A Preferred subject to redemption shall be entitled to any further dividends pursuant to Section 1 hereof or to the conversion provisions set forth in Section 4 hereof.

5.6. Insufficient Funds for Redemption. If the funds of the Corporation legally available for redemption of Series A Preferred on the Redemption Date are insufficient to redeem the number of shares of Series A Preferred to be so redeemed on such Redemption Date, the holders of shares of Series A Preferred shall share ratably in any funds legally available for redemption of such shares according to the respective amounts which would be payable with respect to the number of shares owned by them if the shares to be so redeemed on such Redemption Date were redeemed in full. The shares of Series A Preferred not redeemed shall remain outstanding and entitled to all rights and preferences provided herein, notwithstanding Section 5.5 above. At any time thereafter when additional funds of the Corporation are legally available for the redemption of such shares of Series A Preferred such funds will be used, at the end of the next succeeding fiscal quarter, to redeem the balance of such shares, or such portion thereof for which funds are then legally available, on the basis set forth above. In the event that funds are not legally available for the payment in full of the aggregate Series A Redemption Price for the actual number of shares of Series A Preferred to be so redeemed on the Redemption Date, then the Corporation shall be obligated to make such partial redemption so that the number of shares of Series A Preferred held by each registered holder shall be reduced in an amount which shall bear the same ratio to the actual number of shares of Series A Preferred required to be redeemed on such Redemption Date as the number of shares of Series A Preferred then held by such registered holder bears to the aggregate number of shares of Series A Preferred required to be redeemed on any such Redemption Date. The rights of redemption of shares of Series A Preferred are subject to the rights and preferences of any class or series of Preferred Stock designated to be senior to, or on a parity with, the Series A Preferred with respect to rights of redemption.

5.7. Interest on Defaulted Amounts. In the event of a default by the Corporation in the Payment of the Series A Redemption Price (other than as a result of there being insufficient

funds legally available), any unpaid balance of the Series A Redemption Price shall accrue interest at the rate of fifteen percent (15%) per annum, payable quarterly in arrears.

6. Reacquired Shares. Any shares of Series A Preferred converted, redeemed, purchased, or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof, and shall not be reissued and the Corporation from time to time shall take such action as may be necessary to reduce the authorized Series A Preferred accordingly.

7. Restrictions and Limitations.

7.1. Vote Required. Except as expressly provided herein or required by law, for so long as any shares of Series A Preferred remain outstanding (subject to appropriate adjustment for any stock dividend, stock split, combination, or other similar recapitalization affecting such shares), then without the approval by vote or written consent of the holders of a majority of the voting power of the then outstanding shares of Series A Preferred (each share of Series A Preferred to be entitled to one vote for each share of Common Stock into which it is then convertible), the Corporation shall not, and shall not permit any subsidiary (meaning any corporation or trust of which the outstanding shares of such corporation or trust entitled to vote in the election of directors, trustees, or persons having similar functions), to do any of the following:

(a) redeem, purchase, or otherwise acquire for value (or pay into or set aside for a sinking fund for such purchases) any capital stock of the Company, except as is contemplated in these Articles, and except for the repurchase of shares of Common Stock held by employees, consultants, directors, or officers of the Corporation that are subject to stock repurchase agreements approved by the Board of Directors and under which the Corporation has the right to repurchase such shares at not more than the original purchase price per share in the event of termination of employment or the termination of the consulting relationship;

(b) authorize or issue, or obligate itself to authorize or issue, any other equity security having any preference or priority over, or ranking senior to or on parity with, the Series A Preferred with respect to dividends or rights upon liquidation, dissolution, or winding-up;

(c) alter or change the powers, preferences or rights of the Series A Preferred, or the qualifications, limitations or restrictions thereof, if any such alteration or change would adversely affect the rights of the holders of the Series A Preferred;

(d) increase or decrease (other than by conversion or as otherwise required or permitted hereby) the total number of authorized shares of Series A Preferred;

- (e) effect any merger or consolidation of the Corporation into another corporation, or a merger of another corporation into the Corporation if the holders of capital stock of the Corporation immediately prior to such merger or consolidation cease to own a majority of the voting stock of the surviving corporation, excluding only a merger solely between the Corporation and a Wholly-Owned Subsidiary (as defined below);
- (f) effect any reclassification of any securities of the Corporation;
- (g) liquidate, dissolve, or engage in any recapitalization or reorganization of the Corporation;
- (h) declare or distribute any dividend (other than a stock dividend) on any series of capital stock of the Corporation junior to the Series A Preferred;
- (i) amend its Articles of Incorporation or by-laws if such amendment would adversely affect the rights of the Series A Preferred;
- (j) permit any Subsidiary (as defined below) to effect any amendment to, or modification of, its charter or by-laws;
- (k) permit any Subsidiary to authorize, issue or sell, or obligate itself to authorize, issue or sell, any equity securities, except for the issuance and sale of equity securities by such Subsidiary to the Corporation or any Wholly-Owned Subsidiary of the Corporation;
- (l) permit any Subsidiary to declare or pay any dividends, return any capital to its stockholders as such, or make any distribution of assets to its stockholders as such, except that nothing herein contained shall prevent any Wholly-Owned Subsidiary from declaring or paying any dividends, returning any capital or making any distribution to the Corporation or any other Wholly-Owned Subsidiary;
- (m) change the number of the members of the Board of Directors to greater than seven;
- (n) participate in any businesses other than the businesses in which the Company is engaged on the date hereof;
- (o) authorize or issue, or obligate itself to authorize or issue, more than 15% of fully diluted shares of Common Stock (subject to equitable adjustment in the event of any stock split, combination, reclassification or other similar event involving the Common Stock) pursuant to any stock option, stock bonus or other employee or nonqualified stock plan; or

(p) create any Subsidiary other than a Wholly-Owned Subsidiary.

The term "Subsidiary" means any corporation, partnership, joint venture, trust or other entity of which the Corporation shall at the time, directly or indirectly through one or more of its Subsidiaries, (a) own at least 50% of the outstanding capital stock (or other shares of beneficial interest) entitled to vote generally, (b) hold at least 50% of the partnership, joint venture or similar interests or (c) be a general partner.

The term "Wholly-Owned Subsidiary" means any Subsidiary of which all of the outstanding capital stock (or other shares of beneficial interest) entitled to vote generally is owned by the Corporation, directly or indirectly through one or more Wholly-Owned Subsidiaries.

The holders of the Series A Preferred shall vote as a separate class with respect to any matter or proposed action as to which applicable law or these Articles of Incorporation require the vote, consent, or approval of the holders of the Series A Preferred.