

A447111

1884546

FILED B1M

In the office of the Secretary of State
of the State of California

MAY 23 1994

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
EDGE SEMICONDUCTOR INCORPORATED
A California Corporation

Tony Miller
Acting Secretary of State

Wylie Plummer hereby certifies that:

1. He is President and Secretary of Edge Semiconductor Incorporated, a California corporation (the "Corporation").
2. Article IV of the Articles of Incorporation of this corporation is hereby amended to read in its entirety as follows:

"IV.

This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the corporation is authorized to issue is 20,000,000 shares, of which 15,000,000 shares shall be Common Stock and 5,000,000 shares shall be Preferred Stock. The Preferred Stock (the "Preferred") may be issued from time to time in one or more series. The first series of Preferred Stock shall be comprised of 1,000,000 shares and shall be designated Series A Preferred Stock (the "Series A Preferred").

The rights, preferences, privileges and restrictions granted to or imposed upon the Common Stock and the Preferred are as follows:

1. Dividend Rights

The holders of the Series A Preferred shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation dividends in an amount equal to \$.028742 per annum for each share of Series A Preferred held by them, prior and in preference to payment of any dividend (other than dividends payable solely in Common Stock of the Corporation) with respect to the Common Stock. No dividend or distribution shall be declared or paid on any shares of Common Stock (other than dividends payable solely in Common Stock of the Corporation) unless the preferred dividends described above have first been paid and unless at the same time an equivalent dividend or distribution is paid or declared and set aside for payment on the Preferred (on an as-if-converted to Common Stock basis). The right to dividends on shares of Series A Preferred under this paragraph shall not be cumulative, and no right shall accrue to the holders of the Preferred under this paragraph by reason of the fact that dividends on such shares are not declared in any period.

2. Liquidation Rights

2.1 In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, the holders of Preferred shall be entitled to receive, before any amount shall be paid to holders of Common Stock, the amount of \$.28742 per share for each share of Series A Preferred then held by them (as adjusted for stock splits, combinations or similar events and hereafter referred to as "Original Issue Price") plus all declared and unpaid dividends, if any. Subject to the rights of any series of Preferred which may in the future come into existence, if, upon the occurrence of a liquidation, dissolution or winding up, the assets and surplus funds distributed among the holders of the Preferred shall be insufficient to permit the payment to such holders of their respective full preferential amounts, then the entire assets and surplus funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Preferred in proportion to their respective liquidation preferences then held by them. Subject to the rights of any series of Preferred which may in the future come into existence, following such distribution to the holders of the Preferred, the holders of the Common Stock shall be entitled to receive the remaining assets of the Corporation.

2.2 For purposes of Section 2.1, a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, and to include, the Corporation's sale of all or substantially all of its assets or the acquisition of this Corporation by another entity by means of merger, recapitalization, consolidation or other transaction or series of transactions, where, after such transaction or series of transactions, less than fifty percent (50%) of the surviving entity is held by persons who were shareholders of the Corporation before the transaction or series of transactions, in accordance with the provisions of this Section 2, unless the holders of a majority of the then outstanding Preferred shall elect in writing that such transaction or series of transactions, not be treated as a liquidation, dissolution or winding up.

2.3 Each holder of an outstanding share of Preferred shall be deemed to have consented, for purposes of Sections 502, 503 and 506 of the California Corporations Code, to distributions made by the Corporation in connection with the repurchase, at a cost of no more than fair market value, of shares of Common Stock issued to or held by officers, directors or employees of, or consultants to, the Corporation or its subsidiaries upon termination of their employment or services pursuant to agreements entered into in connection with the original issuance of such shares of Common Stock providing for the right of said repurchase between the Corporation and such persons.

3. Voting Rights

3.1 Vote Other than for Directors. Except as set forth in Section 6 hereof or as otherwise required by law, the holders of the Preferred and the holders of Common Stock shall be entitled to notice of any shareholders' meeting and to vote upon any matter submitted to

the shareholders for a vote, other than the election of directors, as follows: (i) the holders of the Preferred shall have one vote for each full share of Common Stock into which their respective shares of Preferred are convertible on the record date for the vote and (ii) the holders of Common Stock shall have one vote per share of Common Stock.

3.2 Voting for Directors. So long as shares of the Series A Preferred remain issued and outstanding, the holders of shares of Series A Preferred, voting as a class, shall be entitled to elect one (1) director (the "Series A Director"). In the case of any vacancy in the office of a director elected by the holders of Series A Preferred, a successor shall be elected to hold office for the unexpired term of such Series A Director by the affirmative vote of the holders of a majority of the shares of Series A Preferred, given at a duly called special or annual meeting of such shareholders or by an action by written consent for that purpose. Subject to Section 303 of the California Corporations Code, any director who shall have been elected by the holders of Series A Preferred may be removed during the aforesaid term of office, either for or without cause, by, and only by, the affirmative vote of the holders of a majority of the Series A Preferred, given at a duly called special or annual meeting of such shareholders or by an action by written consent for that purpose, and any such vacancy thereby created, shall be filled by the vote of the holders of a majority of the Series A Preferred represented at such meeting or in such consent.

4. Conversion to Common Stock

The Series A Preferred shall be convertible into Common Stock of the Corporation as follows:

4.1 Definitions. For purposes of this Section 4 the following definitions shall apply:

4.1.1 "Original Issue Date" shall mean the first date on which the Corporation issues any shares of Series A Preferred.

4.1.2 "Conversion Price" shall mean the price, determined pursuant to this Section 4, at which shares of Common Stock shall be deliverable upon conversion of the Series A Preferred.

4.1.3 "Current Conversion Price" shall mean the Conversion Price immediately before the occurrence of any event, that, pursuant to Section 4.3, causes an adjustment to the Conversion Price.

4.1.4 "Convertible Securities" shall mean any indebtedness or shares of stock convertible into or exchangeable for Common Stock, including the Series A Preferred.

4.1.5 "Options" shall mean any rights, warrants or options to subscribe for, purchase or otherwise acquire or receive Common Stock or Convertible Securities.

4.1.6 "Distribution" shall have the meaning of the term "distribution to its shareholders" set forth in Section 166 of the California Corporations Code as in effect on the date of filing of this Certificate of Amendment.

4.2 Right to Convert; Initial Conversion Price. Each holder of the Series A Preferred may, at any time, convert any or all of such Series A Preferred into fully-paid and nonassessable shares of Common Stock at the Conversion Price. Each share of Series A Preferred shall be convertible into the number of shares of Common Stock that results from dividing the Conversion Price in effect at the time of conversion for Series A Preferred into \$.28742; the Conversion Price of the Series A Preferred shall initially be \$.28742 per share of Common Stock (the "Initial Conversion Price").

The Conversion Price shall be subject to adjustment from time to time in certain instances as hereinafter provided.

No adjustments with respect to conversion shall be made on account of any dividends that may be declared but unpaid on the Series A Preferred surrendered for conversion, but no dividends shall thereafter be paid on the Common Stock unless such unpaid dividends have first been paid to the holders entitled to payment at the time of conversion of the Series A Preferred.

Before any holder of Series A Preferred shall be entitled to convert the same into Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, to the office of the Corporation or any transfer agent for such Series A Preferred and shall give written notice to the Corporation at such office that he elects to convert the same. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred, or to his nominee or nominees, certificates for the number of full shares of Common Stock to which he shall be entitled, together with cash in lieu of any fraction of a share as hereinafter provided, and, if less than all of the shares of Series A Preferred represented by such certificate are converted, a certificate representing the shares of Series A Preferred not converted. Such conversion shall be deemed to have been made as of the date of such surrender of the certificate for the Series A Preferred to be converted, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common stock on such date. If the conversion is in connection with an offer of securities registered pursuant to the Securities Act of 1933, as amended, the conversion may, at the option of any holder tendering Series A Preferred for conversion, be conditioned upon the closing of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock issuable upon such conversion of the Series A Preferred shall not be deemed to have converted such Series A Preferred until immediately prior to the closing of such sale of securities.

4.3 Adjustments to Conversion Price. The Conversion Price in effect from time to time for the Series A Preferred shall be subject to adjustment in certain cases as follows:

4.3.1 Adjustments to Conversion Price for Diluting Issues.

(i) Special Definitions. For purposes of this Section 4.3.1, the following definitions shall apply:

(1) 'Additional Shares of Common Stock' shall mean all shares of Common Stock issued (or, pursuant to Section 4.3.1(iii), deemed to be issued) by the Corporation after the Original Issue Date, other than shares of Common Stock issued or issuable at any time:

(A) upon conversion of the Series A Preferred into Common Stock;

(B) after the date hereof to officers, directors, and employees of, and consultants to, the corporation pursuant to plans, arrangements or agreements approved by the Board of Directors, the aggregate amount of which does not exceed 500,000 shares;

(C) as a dividend or distribution on the Series A Preferred or any event for which adjustment is made pursuant to subparagraph (D) hereof; or

(D) by way of dividend or other distribution on shares of Common Stock excluded from the definition of Additional Shares of Common Stock by the foregoing clauses (A), (C) or this clause (D) or on shares of Common Stock so excluded.

(ii) No Adjustment of Conversion Price. No adjustment in the respective Conversion Price of a particular share of Series A Preferred shall be made in respect of the issuance of Additional Shares of Common Stock unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the corporation is less than the respective Conversion Price in effect on the date of, and immediately prior to such issue, for such share of Series A Preferred.

(iii) Deemed Issue of Additional Shares of Common Stock. Except as otherwise provided in Section 4.3.1(ii), in the event the corporation at any time or from time to time after the Original Issue Date 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 (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock 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 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 rights 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:

(A) in the case of Convertible Securities or Options for Common Stock, the only Additional Shares of Common Stock issued were 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

(B) 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 received by the corporation upon the issue of the Convertible Securities with respect to which such Options were actually exercised; and

(4) no readjustment pursuant to clause (2) or (3) above shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price on the Original Issue Date, or (ii) such lower Conversion Price as would have resulted from any issuance of Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4.3.1(iii)) between the Original Issue Date and such readjustment date.

(iv) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4.3.1(iii)) without consideration or for a consideration per share less than the Conversion Price in effect with respect to the Series A Preferred on the date of and immediately prior to such issue, then and in such event, the Conversion Price with respect to the Series A Preferred shall be reduced, concurrently with such issue, to a price (calculated to the nearest tenth of a cent) determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price; and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued.

(v) Determination of Consideration. For purposes of this Section 4.3.1, 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:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation excluding amounts paid or payable for accrued interest or accrued dividends;

(B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as reasonably determined in good faith by the Board; provided, however, that in the event a holder of Series A Preferred disputes the determination of the Board, a nationally recognized investment banking or accounting firm shall be retained to make a final and binding determination, with half of the expense borne by the Corporation, and half of the expense borne by the objecting holders; and

(C) 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 reasonably determined in good faith by the Board;

provided, however, that in the event a holder of Series A Preferred disputes the determination of the Board, a nationally recognized investment banking or accounting firm shall be retained to make a final and binding determination, with half of the expense borne by the Corporation, and half of the expense borne by the objecting holders.

(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 4.3.1(iii), relating to Options and Convertible Securities, shall be determined by dividing

(A) 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) 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

(B) 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) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

4.3.2 Stock Splits, Dividends, Distributions and Combinations. In the event the Corporation should at any time or from time to time after the Original Issue Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other Distribution payable in additional shares of Common Stock, Options or Convertible Securities, then, following such record date (or the date of such dividend, Distribution, split or subdivision if no record date is fixed), the Conversion Price of the Series A Preferred shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of Series A Preferred shall be increased in proportion to such increase in the number of outstanding shares of Common Stock (including for this purpose, Options and Convertible Securities) determined in accordance with Section 4.3.3. If the number of shares of Common Stock outstanding at any time after the Original Issue Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Price for the Series A Preferred shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of Series A Preferred shall be decreased in proportion to such decrease in the number of outstanding shares of Common Stock.

4.3.3 Other Distributions. In the event the Corporation shall declare a Distribution payable in securities of other persons, evidences of indebtedness issued by the

Corporation or other persons, assets (excluding cash dividends) then, in each such case for the purpose of this Section 4.3.3, the holders of the Preferred shall be entitled to a proportionate share of any such Distribution as though they were the holders of the number of shares of Common Stock of the Corporation into which their shares of Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such Distribution.

4.3.4 Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Stock (other than an event provided for in Sections 2.2, 4.3.1, 4.3.2 or 4.3.3 hereof), provision shall be made so that the holders of Preferred shall thereafter be entitled to receive upon conversion of shares of the Preferred the number of shares of stock or other securities or property of the Corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of Preferred after the recapitalization to the end that the provisions of this Section 4 (including adjustment of the respective Conversion Prices then in effect and the number of shares purchasable upon conversion of shares of Preferred) shall be applicable after that event as nearly equivalent as may be practicable.

4.3.5 Successive Changes. The above provisions of this Section 4 shall similarly apply to successive issuances, deemed issuances, dividends or other Distributions, or other transactions after the Issuance Date.

4.3.6 No Impairment. The Corporation will not, by amendment of its Articles of Incorporation (including this Certificate of Amendment) or through any reorganization, recapitalization, 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 Preferred against impairment.

4.3.7 Miscellaneous Conversion Price Matters. The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Stock the full number of shares of Common Stock deliverable upon conversion of all the then outstanding Preferred and shall, at its own expense, take all such actions and obtain all such permits and orders as may be necessary to enable the Corporation lawfully to issue such Common Stock upon the conversion of such Preferred.

4.3.8 No Fractional Shares. No fractional shares shall be issued upon conversion of shares of Preferred into Common Stock and if the conversion would result in the issuance of a fraction of a share of Common Stock, the Corporation shall, in lieu of such fractional share, pay the holder a sum in cash equal to the fair market value of such fraction on

the date of conversion (as determined in good faith by the Board of Directors of the Corporation).

4.3.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price of the Series A Preferred pursuant to this Section 4, the Corporation, at its expense shall compute such adjustment or readjustment in accordance with the terms hereof and prepare 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 like certificate setting forth (A) such adjustment and readjustment, (B) the Current Conversion Price at the time in effect, and (C) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of Series A Preferred.

4.4 Automatic Conversion.

4.4.1 Events of Automatic Conversion. The Series A Preferred shall automatically be converted into Common Stock of the Corporation in the following circumstances: Each share of Series A Preferred shall automatically be converted into shares of Common Stock at the then effective Conversion Price upon the effectiveness of the Corporation's registration statement pursuant to which Common Stock is sold to the public by the Corporation (other than a registration statement with respect to either (i) an employee benefit plan, or (ii) a transaction described in Rule 145 under the Securities Act of 1933, as amended (the "Securities Act") in a public offering registered under the Securities Act, at a per share public offering price of not less than three times the Initial Conversion Price (equitably adjusted for any stock split, combination or similar event) and an aggregate public offering price of at least \$10,000,000.

4.4.2 Effects of Automatic Conversion. On and after the date of an automatic conversion pursuant to Section 4.4.1, notwithstanding that any certificates for the shares of Preferred shall not have been surrendered for conversion, the shares of Preferred evidenced thereby shall be deemed to be no longer outstanding, and all rights with respect thereto shall forthwith cease and terminate, except only the rights of the holder (i) to receive the shares of Common Stock to which such holder shall be entitled upon conversion thereof, (ii) to receive the amount of cash payable in respect of any fractional share of Common Stock to which he shall be entitled, and (iii) with respect to dividends declared but unpaid on the Preferred prior to such conversion date. In the event that any holder of Preferred presents such holder's certificate therefor for surrender to the Company or its transfer agent upon such conversion, a certificate for the number of shares of Common Stock into which the shares of Preferred surrendered were convertible on such conversion date promptly will be issued and delivered to such holder.

5. Redemption. The Series A Preferred held by any holder thereof shall, at the election of such holder, be redeemed by the Corporation in three equal annual installments in accordance with the following provisions:

5.1 Election to Redeem. The Corporation shall redeem from any holder of Series A Preferred (the "Electing Holder(s)"), the Preferred held by the Electing Holders at the times, and pursuant to the terms, set forth below, if the Corporation receives written certification (the "Redemption Certificate") from the Electing Holders making an election in favor of redemption (the "Redemption Election"). The Redemption Certificate shall be signed by the Electing Holder(s) and shall be delivered to the Corporation at its principal office, on or after June 30, 1997 and on or before November 30, 1997.

5.2 Redemption Price. The Series A Preferred shall be redeemed by the Corporation paying in cash, out of funds legally available therefor, a per share amount equal to the liquidation preference then in effect with respect to each share of Series A Preferred as provided in Section 2 hereof (the "Redemption Price").

5.3 Mandatory Redemption: Three Installments. The Redemption Election constitutes an election in favor of a mandatory redemption of all shares of Series A Preferred held by the Electing Holders. In such instance, all shares of Preferred Stock held by the Electing Holders shall be redeemed in three equal annual installments, with the Corporation redeeming 33% of the shares of Series A Preferred then held by each such holder in the first installment, 33% of the shares of Series A Preferred then held by such holder in the second installment and the remaining shares of Series A Preferred being redeemed in the third installment. Subject to the Corporation having funds legally available, the closing of the first installment shall occur on or about February 1, 1998, the closing of the second installment shall take place on or about February 1, 1999 and the closing of the third installment shall take place on or about February 1, 2000 (the "Redemption Dates"). In the event that the Corporation fails to make any portion of a scheduled redemption payment at the applicable Redemption Date and if the holders of the Series A Preferred shall then collectively own less than 50% of the outstanding voting securities of the Corporation, then the holders of the Series A Preferred shall have, until such scheduled redemption payment is fully made, the right to elect a majority of the Company's Board of Directors; provided, however, that this sentence shall be of no force or effect if less than 51% of the originally issued Series A Preferred remains outstanding.

5.4 Redemption Notice. Provided a Redemption Election has been received within the period specified in Section 5.1.1 hereof, written notice (the "Redemption Notice") shall be mailed, postage prepaid, to each Electing Holder, at his post office address last shown on the records of the Corporation. Each such Redemption Notice shall state:

5.4.1 The applicable number of shares of Series A Preferred held by the holder that the Corporation shall redeem on each Redemption Date;

5.4.2 The Redemption Dates and Redemption Price;

5.4.3 The date upon which the holder's Conversion Rights (as hereinafter defined) as to such shares terminate, which termination shall be one business day before the Redemption Date with respect to such shares; and

5.4.4 That the holder is to surrender to the Corporation, in the manner and at the place designated, his certificate or certificates representing the shares of Series A Preferred to be redeemed.

5.5 Surrender of Certificates: Payment. On or before each Redemption Date, each Electing Holder, unless such Electing Holder has exercised his right to convert the shares as provided in Section 4 hereof, shall surrender the certificate or certificates representing such shares to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled and retired. In the event less than all of the shares represented by such certificate are redeemed, a new certificate representing the unredeemed shares shall be issued forthwith.

5.6 Rights Subsequent to Redemption. If and only if the Redemption Notice shall have been duly given, and if on each Redemption Date the Redemption Price payable upon redemption of the shares to be redeemed on such Redemption Date is either paid or made available for payment through the deposit arrangement specified in Section 5.7 below, then notwithstanding that the certificates evidencing any of the shares of Series A Preferred so called for redemption shall not have been surrendered, all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of their certificate or certificates therefor.

5.7 Deposit of Funds. On or prior to each Redemption Date, the Corporation may deposit with any bank or trust company, having a capital and surplus of at least \$100,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all shares of Series A Preferred called for redemption on such Redemption Date and not yet redeemed or converted, with irrevocable instructions and authority to the bank or trust company to pay on and after each such Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. From and after the date of such deposit (but not prior to each Redemption Date), the shares so called for redemption on such Redemption Date shall be redeemed. The deposit shall constitute full payment of the shares of their holders, and from and after each Redemption Date the shares redeemed on such Redemption Date shall be deemed to be no longer outstanding, and the holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payment of the Redemption Price of the shares, without interest, upon surrender of their certificates therefor. Any funds so deposited and unclaimed at the end of one

year from the final Redemption Date shall be released or repaid to the Corporation, after which the holders of shares called for redemption shall be entitled to receive payment of the Redemption Price only from the Corporation.

6. Protective Provisions. In addition to any other rights provided by law, so long as any shares of Series A Preferred shall be outstanding, the Corporation shall not, without first obtaining the affirmative vote or written consent of the holders of a majority of the outstanding shares of the Series A Preferred, voting separately as a series:

(a) amend or repeal any provision of, or add any provision to, the Corporation's Articles of Incorporation or by-laws if such action would (i) operate to the special disadvantage of the Series A Preferred or (ii) alter or change the preferences, rights, privileges or powers of, or the restrictions provided for the benefit of, the Series A Preferred, or increase or decrease the number of shares of Series A Preferred authorized hereby;

(b) issue (except at a price per share and, if applicable, a price per as-converted-into Common share, equal to at least twice the then applicable Conversion Price) shares of any class or series of stock having any preference or priority as to dividends or assets superior to or on a parity with any such preference or priority of the Series A Preferred; or issue shares of stock of any class or series of any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having option rights to purchase, (except at a price per share and, if applicable, a price per as-converted-into Common share, equal to at least twice the then applicable Conversion Price) any shares of stock of this Corporation having any preference or priority as to dividends or assets superior to or on a parity with any such preference or priority of the Series A Preferred;

(c) reclassify any class or series of any Common Stock into shares having any preference or priority as to dividends or assets superior to or on a parity with any such preference or priority of the Preferred; and

(d) sell, lease, convey, exchange, transfer or otherwise dispose of all or substantially all of the assets of the Corporation.

7. Residual Rights. Subject to the rights of any series of Preferred which may in the future come into existence, all rights accruing to the outstanding shares of the corporation not expressly provided for to the contrary herein shall be vested with the Common Stock.

3. The foregoing amendment and restatement has been duly approved by the Board of Directors of said corporation.

4. The foregoing amendment of the articles of incorporation has been duly approved by the required vote of the shareholders of this corporation in accordance with Sections 902 and 903 of the California Corporations Code. The total number of outstanding shares of Common Stock of the corporation is 3,340,000. The number of shares voting in favor of the amendment and restatement equalled or exceeded the vote required. The percentage vote required was more than fifty percent (50%) of the outstanding Common Stock.

The undersigned further declares under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of his own knowledge.

Date: May 20, 1994



Wylie Plummer, President and
Secretary