

Phone: (503) 986-2200
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Restated Articles of Incorporation—Business/Professional/Nonprofit

Secretary of State
Corporation Division
255 Capitol St. NE, Suite 151
Salem, OR 97310-1327
FilingInOregon.com

Check the appropriate box below:

- ☒ BUSINESS/PROFESSIONAL CORPORATION
(Complete only 1, 2, 3, 4, 6, 7)
- ☐ NONPROFIT CORPORATION
(Complete only 1, 2, 3, 5, 6, 7)

FILED

SEP 16 2003

OREGON
SECRETARY OF STATE

REGISTRY NUMBER: 154441-93

In keeping with Oregon Statute 192.410-192.506, the information on the application is public record.
We must release this information to all parties upon request and it may be posted on our website.

For office use only

Please Type or Print Legibly in Black Ink. Attach Additional Sheet if Necessary.

1) NAME OF CORPORATION PRIOR TO AMENDMENT You Software, Inc.

2) NEW NAME OF THE CORPORATION (if changed) _____

3) A COPY OF THE RESTATED ARTICLES MUST BE ATTACHED

BUSINESS/PROFESSIONAL CORPORATION ONLY

4) CHECK THE APPROPRIATE STATEMENT

- ☐ The restated articles contain amendments which do not require shareholder approval. The date of the adoption of the amendments and restated articles was _____
These amendments were duly adopted by the board of directors.

- ☒ The restated articles contain amendments which require shareholder approval. The date of the adoption of the amendments and restated articles was 09/15/03
The vote of the shareholders was as follows:

Class or series of shares	Number of shares outstanding	Number of votes entitled to be cast	Number of votes cast FOR	Number of votes cast AGAINST
Common	5,850,000	5,850,000	5,850,000	-0-

- ☐ The corporation has not issued any shares of stock. Shareholder action was not required to adopt the restated articles. The restated articles were adopted by the incorporators or by the board of directors.

NONPROFIT CORPORATION ONLY

5) CHECK THE APPROPRIATE STATEMENT

- ☐ The restated articles contain amendments which do not require membership approval. The date of the adoption of the amendments and restated articles was _____
These amendments were duly adopted by the board of directors.

- ☐ The restated articles contain amendments which require membership approval. The date of the adoption of the amendments and restated articles was _____
The vote of the members was as follows:

Class(es) entitled to vote	Number of members entitled to vote	Number of votes entitled to be cast	Number of votes cast FOR	Number of votes cast AGAINST

6) EXECUTION
Signature

Printed Name

Craig W. Barnes

Title

President and Secretary

7) CONTACT NAME (To resolve questions with this filing.)

Randall G. Malmstrom

DAYTIME PHONE NUMBER (Include area code.)

(503) 294-9543

FEES

Required Processing Fee \$20

Certification Copy (Optional) \$5

Processing Fees are non-refundable.

Please make checks payable to
"Corporation Division."

NOTE:

Fees may be paid with VISA or MasterCard. The card number and expiration date should be submitted on a separate sheet for your protection.

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF**

YOU SOFTWARE, INC.

Pursuant to the provisions of the Oregon Business Corporation Act, these Amended and Restated Articles of Incorporation (these "Articles") supersede heretofore existing articles of incorporation for the corporation and all amendments thereto.

ARTICLE 1. NAME

The name of the corporation is You Software, Inc. (the "corporation").

ARTICLE 2. SHARES

2.1 Authorized Capital. The corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock". The total number of shares of stock which the corporation shall have authority to issue shall consist of 15,000,000 shares of Common Stock and 5,874,674 shares of Preferred Stock.

2.2 Common Stock. Subject to any preferential or other rights granted to any series of Preferred Stock, the holders of shares of the Common Stock shall be entitled to receive dividends out of funds of the corporation legally available therefor, at the rate and at the time or times as may be provided by the Board of Directors. The holders of shares of Common Stock, on the basis of one vote per share, shall have the right to vote for the election of members of the Board of Directors of the corporation and shall have the right to vote on all other matters, except where a separate class or series of the corporation's shareholders have the right to vote by class or series or as otherwise provided in these Articles.

2.3 Preferred Stock.

2.3.1 Series A Preferred Stock

One series of Preferred Stock shall be designated "Series A Preferred Stock," and shall consist of 5,874,674 shares. The rights, preferences, restrictions and other matters relating to the Series A Preferred Stock (the "Series A Stock") are as follows:

(a) **Dividends.** Subject to the rights of series of Preferred Stock which may from time to time come into existence, the holders of shares of the Series A Stock shall be entitled to receive dividends, out of any assets of the corporation legally available therefor, prior and in preference to any declaration or payment of any dividend (payable

other than in Common Stock of the corporation) on the Common Stock of the corporation during any fiscal year, at the rate of eight percent (8%) of the Series A Original Issue Price (as defined below) per annum per share of Series A Stock then outstanding, payable when, as and if declared by the Board of Directors. After payment of such dividends to the holders of the Series A Stock (and of any other class or series of Preferred Stock having preferential rights as to dividends) in any fiscal year, the corporation may in the same fiscal year declare or pay a dividend on Common Stock, *provided* the corporation shall simultaneously declare and pay a dividend on each outstanding share of Series A Stock that is equal or greater to the dividend to be declared or paid on each share of Common Stock times the number of shares of Common Stock into which each such share of Series A Stock is then convertible. No dividend shall be declared or paid on the Common Stock, nor shall any distribution in respect of any shares of the Common Stock otherwise be made, unless approved by a majority of the members of the Board of Directors the holders of the Series A Stock shall have the right to designate pursuant to a voting or other written agreement with the corporation. The right to dividends on the Series A Stock shall not be cumulative, and no right shall accrue to the holders of the Series A Stock in the event the corporation shall, irrespective of its earnings, fail to declare or pay such dividends, nor shall any undeclared or unpaid dividend bear or accrue interest.

(b) Liquidation. Upon the voluntary or involuntary dissolution, liquidation or winding up of the corporation, subject to the rights of series of Preferred Stock which may from time to time come into existence, the assets of the corporation available for distribution to its shareholders shall be distributed in the following order and amounts:

(i) The holders of shares of Series A Stock shall be entitled to receive an amount equal to the result of multiplying (1) \$0.383 (the "Series A Original Issue Price") (appropriately adjusted for any stock dividend, split, combination or similar reorganization of the Series A Stock) by (2) 1.75, for each outstanding share of Series A Stock held by them, and, in addition, an amount equal to any dividends declared but not paid on each such share. If such assets available for distribution shall be insufficient to permit the payment to the holders of Series A Stock of the preferential amounts to which they may be entitled under this Section 2.3.1(b)(i), then, subject to the rights of series of Preferred Stock which may from time to time come into existence, the entire assets of the corporation legally available for distribution shall be distributed ratably among the holders of shares of Series A Stock based upon the number of shares of such stock held by each of such holders.

(ii) Upon the completion of the distributions required by Section 2.3.1(b)(i) above, subject to the rights of series of Preferred Stock which may from time to time come into existence, the remaining assets of the corporation available

for distribution to shareholders shall be distributed among the holders of Series A Stock and Common Stock pro rata based on the number of shares of Common Stock held by each (assuming full conversion of all Series A Stock at the Series A Conversion Rate (determined under Section 2.3.3(b)) then in effect).

(c) Merger, Reorganization or Other Transaction. Unless otherwise agreed by holders of more than 50 percent of the then outstanding shares of Series A Stock, a consolidation or merger of the corporation with or into another corporation or other entity or person (excluding any merger effected exclusively for the purpose of changing the domicile of the corporation), or any other corporate reorganization or other transaction or series of related transactions by the corporation, in any such case, in which the shareholders of the corporation immediately prior to such transaction or series of related transactions shall own securities representing less than a majority of the voting power of the surviving corporation immediately after such transaction or series of related transactions, or a sale, conveyance or disposition of all or substantially all of the assets of the corporation whether on a consolidated basis or otherwise, or the license or sublicense (in each case on an exclusive basis), sale, conveyance or other disposition of all or substantially all of the corporation's intellectual property, shall be deemed to be a liquidation, dissolution or winding up within the meaning of Section 2.3.1(b).

(d) Distributions to Shareholders. The Board of Directors' right to authorize and make distributions to its shareholders is subject to the restrictions set forth in these Articles and the restrictions set forth in ORS 60.181 and such other applicable legal restrictions as are or may hereafter become effective.

(e) Distributions Other than Cash. Whenever a distribution provided for in Section 2.3.1(b) shall be payable in property other than cash, the value of such distribution shall be the fair market value of such property, as determined in good faith by the Board of Directors of the corporation.

2.3.2 Voting Power

(a) General Voting Rights. Except as otherwise provided herein or as required by law, each holder of Series A Stock shall be entitled to vote with respect to any question upon which holders of Common Stock have the right to vote and shall be entitled to that number of votes equal to the number of shares of Common Stock into which such holder's shares of Series A Stock could be converted under Section 2.3.3 (with any fractional share determined on an aggregate conversion basis being rounded to the nearest whole share, with one-half being rounded upward) at the record date for the determination of shareholders entitled to vote on such matter or, if no such record date is established, at the date on which notice of the meeting of shareholders at which the vote is to be taken is mailed, or the date any written consent of shareholders is solicited if the vote is not to be taken at a meeting, and, with respect to such votes, shall have full voting

rights and powers equal to the voting rights and powers of the holders of Common Stock. Except as otherwise provided herein or as otherwise expressly provided by the Oregon Business Corporation Act, the holders of shares of Series A Stock shall vote on all matters on an as-converted basis with the holders of the Common Stock and not as a separate class.

(b) **Series A Vote.** The corporation shall not take any of the following actions without first obtaining the approval (without the requirement of a shareholder vote unless otherwise required by law) of the holders of at least a majority of the shares of Series A Stock then outstanding:

- (i) effect any transaction described in Section 2.3.1(c);
- (ii) amend these Articles of Incorporation;
- (iii) effect any recapitalization or reclassification of any shares of the corporation's outstanding capital stock;
- (iv) effect any dissolution, liquidation or winding up of the corporation or its business;
- (v) declare or pay any dividends or otherwise make a distribution in respect of any shares of the Common Stock;
- (vi) authorize or issue shares of any new class or series of capital stock having rights, preferences or privileges senior to or on a parity with the rights, preferences and privileges of shares of Series A Stock;
- (vii) decrease or increase the authorized number of members constituting the Board of Directors;
- (viii) adopt or amend any stock option or stock incentive plan providing for the issuance of shares of the corporation's capital stock to employees, directors, consultants, service providers or advisers, or grant warrants, or issue any capital stock or securities exercisable or convertible into capital stock to such parties except for grants made from the 2003 Stock Incentive Plan (the "Plan"), that are approved by the Board of Directors;
- (ix) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any equity securities of the corporation; *provided*, however, that this restriction shall not apply to (A) repurchases of shares of equity securities from employees or other bona fide providers of services to the corporation that are made pursuant to agreements approved by the corporation's Board of Directors providing for a right of repurchase by the corporation upon termination of

employment or the service relationship or (B) redemptions made pursuant to Section 2.3.4 of these Articles;

(x) enter into any loan or guaranty of indebtedness in excess, in the aggregate, of \$25,000;

(xi) effect any consolidation, merger or other corporate reorganization;

(xii) engage in any business that is substantially different than that engaged in or anticipated to be engaged in by the corporation on the date shares of Series A Stock are first issued by the corporation (the "Series A Original Issue Date"); or

(xiii) sell any subsidiary or all or substantially all of the assets held in any subsidiary; or

(xiv) grant an exclusive license for all or substantially all of the intellectual property of the corporation.

2.3.3 Conversion Rights

The holders of the Series A Stock shall have the following rights and obligations with respect to the conversion of Series A Stock into shares of Common Stock:

(a) General.

(i) Voluntary Conversion. Shares of the Series A Stock may, at the option of the holder, be converted at any time into such number of fully paid and nonassessable shares of Common Stock as are equal to the product obtained by multiplying the Series A Conversion Rate (determined under Section 2.3.3(b)) by the number of shares of Series A Stock being converted.

(ii) Mandatory Conversion. Each share of Series A 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 for the Common Stock), into the number of shares of Common Stock into which such Series A Stock is convertible pursuant to Section 2.3.3(a)(i), upon the earlier of (A) the closing of a firmly underwritten, public offering by the corporation of shares of Common Stock, registered under the Securities Act of 1933, as amended (the "Securities Act"), on Form S-1 (or its successor form), the public offering price of which is not less than three times the Series A Original Issue Price per share (adjusted to reflect subsequent stock dividends, stock splits or recapitalizations) and in which the aggregate offering proceeds paid to the corporation are at least \$20,000,000 (before deduction of underwriters' discounts and commissions and expenses of the offering), or (B) the

conversion or approval of the conversion by the holders of at least 60 percent of the then outstanding shares of Series A Stock.

(iii) Special Mandatory Conversion.

(A) For purposes of this Section 2.3.3(a)(iii) the following definitions shall apply:

(1) "Call Right" has the meaning given in Section 2(c) of the Purchase Agreement (as defined below).

(2) "Non-Participating Series A Stock" means, with respect to a holder of Series A Stock, the number of shares of Series A Stock equal to two times the difference between (A) the number of shares of Series A Stock such holder shall be obligated to purchase from the corporation pursuant to the corporation's Put Right (as defined below) and (B) the number of shares of Series A Stock such holder purchases from the corporation pursuant to the corporation's Put Right (as defined below) on the Second Release Closing (as defined below) (in each case after giving proper effect to the number of shares of Series A Stock purchased by such holder pursuant to the Call Right).

(3) "Purchase Agreement" means that certain Series A Preferred Stock Purchase Agreement, dated on or about the Series A Original Issue Date, between the corporation and the investors named therein.

(4) "Put Right" has the meaning given in Section 2(d) of the Purchase Agreement.

(5) "Second Release Closing" means the Second Release Closing, if any, designated by the corporation pursuant to Section 2(d) of the Purchase Agreement.

(B) Upon the occurrence of the Second Release Closing, any Non-Participating Series A Stock shall automatically be converted into Common Stock on a one-to-one basis (appropriately adjusted for any stock dividend, split, combination or similar reorganization of the Common Stock or Series A Stock, but without giving effect to the Conversion Price adjustment provisions of Section 2.3.3(d)(ii)), without any further action by the holder of such shares and whether or not a certificate representing such shares is surrendered to the corporation.

(b) Conversion Rate. The conversion rate for Series A Stock in effect at any time (the "Series A Conversion Rate") shall equal \$0.383 divided by the Series A Conversion Price, calculated as provided in Section 2.3.3(c).

(c) Conversion Price. The conversion price for the Series A Stock in effect from time to time, except as adjusted in accordance with Section 2.3.3(d), shall be \$0.383 (the "Series A Conversion Price").

(d) Adjustments to Series A Conversion Price.

(i) Extraordinary Common Stock Event. Upon the happening of an Extraordinary Common Stock Event (as defined below) after the Series A Original Issue Date, the Series A Conversion Price shall, simultaneously with the happening of such Extraordinary Common Stock Event, be adjusted by multiplying the then effective Series A Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such Extraordinary Common Stock Event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such Extraordinary Common Stock Event (including, if applicable, the number of shares of Common Stock issuable with respect to Common Stock Equivalents (as defined below)), and the product so obtained shall thereafter be the Series A Conversion Price. The Series A Conversion Price, as so adjusted, shall be readjusted in the same manner upon the happening of any successive Extraordinary Common Stock Event or Events.

"Extraordinary Common Stock Event" shall mean (x) the issuance of additional shares of Common Stock, as a dividend or other distribution on outstanding Common Stock of the corporation, or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock ("Common Stock Equivalents") without the payment of any consideration, (y) a split or subdivision of outstanding shares of Common Stock into a greater number of shares of Common Stock, or (z) a combination of outstanding shares of Common Stock into a smaller number of shares of Common Stock.

(ii) Sale of Shares Below Series A Conversion Price.

(A) If the corporation shall issue any Additional Stock (as defined below) without consideration or for a consideration per share less than the Series A Conversion Price in effect immediately prior to the issuance of such Additional Stock, the Series A Conversion Price in effect immediately prior to issuance of such Additional Stock (except as otherwise provided in this Section 2.3.3(d)(ii)) shall be adjusted down to a price equal to the quotient obtained by dividing the total computed under clause (x) below by the total computed under clause (y) below, as follows:

(x) an amount equal to the sum of (1) the result obtained by multiplying the number of shares of Common Stock deemed outstanding immediately prior to such issuance (which shall include the actual number of shares of Common Stock outstanding plus all shares of Common Stock issuable upon the conversion or exercise of all outstanding convertible securities, warrants and options) by the Series A Conversion Price then in effect, and (2) the aggregate consideration, if any, received by the corporation upon the issuance of such Additional Stock;

(y) the number of shares of Common Stock of the corporation outstanding immediately after such issuance (including the shares deemed outstanding as provided in clause (x) above).

(B) No adjustment of the Series A Conversion Price shall be made in an amount less than one cent per share, *provided*, however, that any adjustments which are not required to be made by reason of this sentence shall be carried forward and shall be taken into account in any subsequent adjustment made to the Series A Conversion Price. Except to the limited extent provided for in Sections 2.3.3(d)(ii)(E)(3) and (4), no adjustment of the Series A Conversion Price pursuant to this Subsection 2.3.3(d)(ii) shall have the effect of increasing the Series A Conversion Price above the Series A Conversion Price in effect immediately prior to such adjustment.

(C) In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any discounts, commissions or other expenses allowed, paid or incurred by the corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(D) In the case of the issuance of Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined in good faith by the Board of Directors of the corporation, irrespective of any accounting treatment.

(E) In the case of the issuance of options or warrants to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock, or options or warrants to purchase or rights to subscribe for such convertible or exchangeable securities (which options, warrants, rights, convertible or exchangeable securities are not excluded from the definition of Additional Stock by Section 2.3.3(d)(iii)), the following provisions shall apply:

(1) the aggregate maximum number of shares of Common Stock deliverable upon exercise of such options or warrants to purchase or rights

to subscribe for Common Stock shall be deemed to have been issued at the time such options, warrants or rights were issued for a consideration equal to the consideration (determined in the manner provided in Sections 2.3.3(d)(ii)(C) and (D) above), if any, received by the corporation upon the issuance of such options, warrants or rights plus the minimum purchase price provided in such options, warrants or rights for the Common Stock covered thereby, but no further adjustment to the Series A Conversion Price shall be made for the actual issuance of Common Stock upon the exercise of such options, warrants or rights in accordance with their terms;

(2) the aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange for any such convertible or exchangeable securities or upon the exercise of options or warrants to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options, warrants or rights were issued for a consideration equal to the consideration received, if any, by the corporation for any such securities and related options, warrants or rights, plus the minimum additional consideration, if any, to be received by the corporation upon the conversion or exchange of such securities or the exercise of any related options, warrants or rights and the subsequent conversion or exchange of the securities issued upon the exercise of such options, warrants or rights (the consideration in each case to be determined in the manner provided in Sections 2.3.3(d)(ii)(C) and (D) above), but no further adjustment to the Series A Conversion Price shall be made for the actual issuance of Common Stock upon the conversion or exchange of such securities or the exercise of any such related options, warrants or rights or such subsequent conversion or exchange in accordance with their terms;

(3) if such options, warrants, rights or convertible or exchangeable securities by their terms provide, with the passage of time or otherwise, for any change in the consideration payable to the corporation or in the number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof, including, without limitation, a change resulting from the anti-dilution provisions thereof, the Series A Conversion Price computed upon the original issue thereof, and any subsequent adjustments based thereon, shall, upon such change becoming effective, be recomputed to reflect such change, but no further adjustment to the Series A Conversion Price shall be made for the actual issuance of Common Stock upon the exercise of any such options, warrants or rights or the conversion or exchange of such securities in accordance with their terms; and

(4) upon the expiration of any such options, warrants or rights, the termination of any such rights to convert or exchange or the expiration

of any options, warrants or rights related to such convertible or exchangeable securities, the Series A Conversion Price shall forthwith be readjusted to the Series A Conversion Price as would have been obtained had the adjustment which was made upon the issuance of such options, warrants, rights or securities or options, warrants or rights related to such securities been made upon the basis of the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities which remain in effect) actually issued upon the exercise of such options, warrants or rights, upon the conversion or exchange of such securities or upon the exercise of the options, warrants or rights related to such securities.

(iii) "Additional Stock" shall mean any shares of Common Stock or securities convertible into or exchangeable or exercisable for shares of Common Stock issued (or deemed to have been issued pursuant to Section 2.3.3(d)(ii)(E) above) by the corporation after the Series A Original Issue Date other than:

(A) shares of Common Stock issued in connection with an Extraordinary Common Stock Event pursuant to Section 2.3.3(d)(i);

(B) up to 1,750,000 shares of Common Stock and/or options, warrants or other Common Stock purchase rights (and the shares of Common Stock issued pursuant to such options, warrants or other rights), issued to employees, officers or directors of, or consultants or advisors to the corporation or any subsidiary pursuant to the Plan;

(C) shares of Common Stock issued or issuable upon conversion of Series A Stock;

(D) shares of Common Stock and/or options, warrants or other Common Stock purchase rights (and the shares of Common Stock issued pursuant to such options, warrants or other rights) issued in connection with commercial credit arrangements, equipment financings or similar transactions that are approved by the corporation's Board of Directors;

(E) shares of Common Stock and/or options, warrants or other Common Stock purchase rights (and the shares of Common Stock issued pursuant to such options, warrants or other rights) issued in connection with bona fide acquisitions, mergers or similar transactions, the terms of which are approved by the corporation's Board of Directors;

(F) any shares of Common Stock and/or options, warrants or other Common Stock purchase rights (and the shares of Common Stock issued pursuant to such options, warrants or other rights), so long as holders

of at least 50 percent of the outstanding Series A Stock agree in writing that such issuances shall not constitute "Additional Stock."

(e) Capital Reorganization or Reclassification. If the Common Stock issuable upon the conversion of the Series A Stock shall be changed into the same or different number of shares of any class or classes of stock of the corporation, whether by capital reorganization, reclassification or otherwise (other than an Extraordinary Common Stock Event provided for in Section 2.3.3(d)(i)), then and in each such event the holders of each share of Series A Stock shall have the right thereafter to convert such shares into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification or other change by holders of the number of shares of Common Stock into which such share of Series A Stock might have been converted immediately prior to such reorganization, reclassification or change, all subject to adjustment as provided herein. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 2.3.3 with respect to the rights of the holders of the Series A Stock after the reorganization, recapitalization or change to the end that the provisions of this Section 2.3.3 (including adjustment of the Series A Conversion Price then in effect and the number of shares issuable upon conversion of the Series A Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(f) Other Distributions. In the event the corporation shall, with respect to outstanding Common Stock of the corporation, declare a distribution payable in securities of other persons, evidences of indebtedness issued by the corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in Section 2.3.3(d)(i) or (ii), then in each case for the purpose of this Section 2.3.3(f) the holders of the Series A Stock 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 Series A 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.

(g) Certificate as to Adjustments; Notice by the Corporation. In each case of an adjustment or readjustment of the Series A Conversion Rate, the corporation will promptly furnish each holder of Series A Stock with a certificate, prepared by the President or Chief Financial Officer of the corporation, showing such adjustment or readjustment and stating 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 Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustment and readjustment, (ii) the Series A Conversion Price at the time in effect, and (iii) 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 Stock.

(h) Exercise of Conversion Privilege. To exercise its conversion privilege pursuant to Section 2.3.3(a)(i), each holder of Series A Stock shall surrender the certificate or certificates representing the shares being converted to the corporation at its principal office, and shall give written notice to the corporation at that office that such holder elects to convert such shares. Such notice shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock issuable upon such conversion shall be issued. The certificate or certificates for shares of Series A Stock surrendered for conversion shall be accompanied by proper assignment thereof to the corporation or in blank. The date when such written notice is received by the corporation, together with the certificate or certificates representing the shares of Series A Stock being converted, shall be the "Conversion Date." As promptly as practicable after the Conversion Date, the corporation shall issue and shall deliver to the holder of the shares of Series A Stock being converted, or on its written order, such certificate or certificates as it may request for the number of whole shares of Common Stock issuable upon the conversion of such shares of Series A Stock in accordance with the provisions of this Section 2.3.3, and cash in the amount of any declared and unpaid dividends on such shares of Series A Stock up to and including the Conversion Date. Such conversion shall be deemed to have been effected immediately prior to the close of business on the Conversion Date and at such time the rights of the holder of the converted shares of Series A Stock shall cease with respect to such shares and the person or persons in whose name or names any certificate or certificates for shares of Common Stock issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act, the conversion (and payment of any declared and unpaid dividends) shall be conditioned upon the closing with the underwriters of the sale of shares of Common Stock pursuant to such offering, in which event the person(s) entitled to receive the Common Stock upon conversion of the Series A Stock shall not be deemed to have converted such securities until immediately prior to the closing of such sale of securities.

(i) No Fractional Shares. No fractional shares shall be issued upon the conversion of Series A Stock, and the number of shares of Common Stock to be issued shall be rounded to the nearest whole share (with one-half being rounded upward), determined on the basis of the total number of shares of Series A Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

(j) Partial Conversion. In the event some, but not all, of the shares of Series A Stock represented by a certificate or certificates surrendered by a holder are converted, 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 shares of Series A Stock that were not converted.

(k) Reservation of Common Stock. 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 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 Stock and, 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 Stock, the corporation shall 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, including, without limitation, engaging in best efforts to obtain the requisite shareholder approval of any amendment to these Articles of Incorporation.

(l) No Impairment. The corporation will not, by amendment of its 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 2.3.3 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 Stock against impairment.

2.3.4. Redemption

(a) At any time after the fifth anniversary of the Purchase Agreement, if requested by the holders of not less than fifty percent (50%) of the outstanding shares of Series A Stock (a "Redemption Demand"), the corporation shall redeem, from any funds legally available for such purpose, the number of outstanding shares of Series A Stock specified by such holders, *provided* that the total number of shares redeemed pursuant to this Section 2.3.4 (i) shall not exceed fifty percent (50%) of the shares of Series A Stock originally issued pursuant to the Purchase Agreement if the redemption date is prior to the sixth anniversary of the Purchase Agreement, (ii) shall not exceed seventy five percent (75%) of the shares of Series A Stock originally issued pursuant to the Purchase Agreement if the redemption date is prior to the seventh anniversary of the Purchase Agreement, and (iii) may include up to one-hundred percent (100%) of the shares of Series A Stock originally issued pursuant to the Purchase Agreement if the redemption date is on or after the seventh anniversary of the Purchase Agreement. The corporation shall be obligated to effect no more than one (1) redemption in any 12 month period and three redemptions in total pursuant to this Section 2.3.4(a). The Company shall set a date to effect the redemption that is no less than sixty (60) and no more than ninety (90) days from the Redemption Demand (each a "Redemption Date"). The number of shares to be redeemed from each holder on each Redemption Date shall equal the product of the number of shares of Series A Stock held by such holder times a fraction, the numerator of

which is the total number of shares of Series A Stock to be redeemed and the denominator of which is the total number of shares of Series A Stock that are outstanding.

(b) **Redemption Price.** Any redemption pursuant to this Section 2.3.4 (each, a "Redemption") shall be effected by the corporation by paying cash in an amount equal to \$0.383 per share of Series A Stock being redeemed (as adjusted for any dividends, combinations or splits with respect to such shares) plus all accrued or declared but unpaid dividends on such shares (the "Redemption Price").

(c) At least thirty days prior to each Redemption Date, the corporation shall mail a redemption notice (the "Redemption Notice"), first class postage prepaid, to each holder of record of Series A Stock as of the close of business two business days preceding the mailing date, at the address last shown on the records of the corporation for such holder. The Redemption Notice shall specify the number of shares to be redeemed from such holder, the Redemption Date, the Redemption Price and the place at which payment may be obtained, and shall call upon such holder to surrender to the corporation, in the manner and at the place designated, the certificate or certificates representing the shares to be redeemed. On or after the Redemption Date, each holder of Series A Stock to be redeemed shall surrender to the corporation the certificate or certificates representing such shares, in the manner and at the place designated in the Redemption Notice. Each surrendered certificate shall be cancelled, and the Redemption Price for such shares shall then be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. If less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares. Nothing herein shall be deemed to prevent a holder of Series A Stock from converting all or part of such holder's shares into Common Stock in accordance with the terms of Section 2.3.3 hereof at any time prior to a Redemption Date covering such shares, and the provisions of this Section 2.3.4 shall not apply to any shares so converted.

(d) The number of shares of any holder that are redeemed in any Redemption made shall be reduced by the number of shares of Series A Stock that such holder converts into Common Stock after the date the corporation mails the Redemption Notice (as defined below) and prior to the relevant Redemption Date (as defined below).

(e) If the funds of the corporation legally available for redemption of shares of Series A Stock on any Redemption Date are insufficient to redeem the total number of shares of Series A Stock to be redeemed on such date, those funds that are legally available will be used to redeem shares from the holders of Series A Stock ratably in proportion to the aggregate Redemption Prices that would be payable to each holder if all shares required to be redeemed were being redeemed. The shares of Series A Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein, including the rights of conversion set forth herein. If any time thereafter

additional funds become legally available for the redemption, such funds will immediately be used to redeem the balance of the shares which the corporation has become obliged to redeem on any Redemption Date but which it has not redeemed.

(f) From and after a Redemption Date, unless there has been a default in payment of the Redemption Price, the shares of Series A Stock designated for redemption in the Redemption Notice shall cease to be outstanding and shall no longer be transferred on the books of the corporation, and all rights of the holders with respect to such shares shall cease, except the right to receive the Redemption Price without interest upon surrender of their certificate or certificates.

2.3.5 Reissuance of Stock

No share or shares of Series A Stock converted, repurchased or otherwise acquired by the corporation shall be reissued, and all such shares shall be canceled, retired and eliminated from the shares which the corporation shall be authorized to issue. The corporation may from time to time take such appropriate corporate action as may be necessary to reduce the authorized number of shares of the Series A Stock accordingly.

2.3.6 Notices of Record Date

In the event that the corporation shall propose at any time:

(a) to declare any dividend or distribution upon its Common Stock, whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus;

(b) to offer for subscription to the holders of any class or series of its stock, any additional shares of stock of any class or series or other rights;

(c) to effect any reclassification or recapitalization of the shares of its Common Stock outstanding involving a change in the Common Stock; or

(d) to merge or consolidate with or into any other corporation, to sell, lease or convey all or substantially all of its property or business, or to liquidate, dissolve or wind up;

then, in connection with each such event, the corporation shall send to the holders of the Series A Stock:

(i) at least 20 days (or such shorter period as is agreed to by the holders of a majority of the Series A Stock) prior written notice of the date on which a record shall be taken for such dividend, distribution or subscription rights (and specifying

the date on which the holders of Common Stock shall be entitled thereto) or for determining rights to vote in respect of the matters referred to in (c) and (d) above; and

(ii) in the case of the matters referred to in (c) and (d) above, at least 20 days (or such shorter period as is agreed to by holders of a majority of the Series A Stock) prior written notice of the date when the same shall take place (and specifying the date on which the holders of the Series A Stock and Common Stock shall be entitled to exchange their shares of Series A Stock and Common Stock for securities or other property deliverable upon the occurrence of such events).

Such written notice shall describe the material terms and conditions of such proposed action, including a description of the stock, cash and property to be received by the holders of shares of Common Stock upon consummation of the proposed action and the date of delivery thereof. If any material change in the facts set forth in the initial notice shall occur, the corporation shall promptly give written notice to each holder of shares of Series A Stock of such material change.

Any notice required by the provisions of this Section 2.3.5 to be given to the holders of shares of Series A Stock shall be deemed given if deposited in the United States mail, postage prepaid and addressed to each holder of record at such holder's address appearing on the books of the corporation.

ARTICLE 3

Limitation of Director Liability

To the fullest extent that the Oregon Business Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of the liability of directors, a director of the corporation shall not be liable to the corporation or its shareholders for any monetary damages for conduct as a director. Any amendment to or repeal of this Article or amendment to the Oregon Business Corporation Act shall not adversely affect any right or protection of a director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

ARTICLE 4

Indemnification

To the fullest extent not prohibited by law, the corporation: (i) shall indemnify any person who is made, or threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative, investigative, or otherwise (including an action, suit or proceeding by or in the right of the corporation), by reason of the fact that the person is or was a director of the corporation, and (ii) may indemnify any person who is made, or threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative, investigative, or otherwise (including an action, suit or

proceeding by or in the right of the corporation), by reason of the fact that the person is or was an officer, employee or agent of the corporation, or a fiduciary (within the meaning of the Employee Retirement Income Security Act of 1974), with respect to any employee benefit plan of the corporation, or serves or served at the request of the corporation as a director or officer of, or as a fiduciary (as defined above) of an employee benefit plan of, another corporation, partnership, joint venture, trust or other enterprise. This Article shall not be deemed exclusive of any other provisions for the indemnification of directors, officers, employees, or agents that may be included in any statute, bylaw, agreement, resolution of shareholders or directors or otherwise, both as to action in any official capacity and action in any other capacity while holding office, or while an employee or agent of the corporation. For purposes of this Article, "corporation" shall mean the corporation incorporated hereunder and any successor corporation thereof.

ARTICLE 5

Shareholder Action Without Meeting

Action required or permitted by the Oregon Business Corporation Act or these Articles of Incorporation to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by shareholders having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all shareholders entitled to vote on the action were present and voted.

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