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RESTATED ARTICLES OF INCORPORATION
OF ALTA ANALOG, INC.

FILED

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

APR 28 2011



Rick Orlando hereby certifies that:

1. He is the President and the Secretary of Alta Analog, Inc, a California corporation (the "Corporation").

2. The Articles of Incorporation of the Corporation are hereby amended and restated in full to read in their entirety as set forth in Exhibit A, attached hereto and incorporated by reference as if fully set forth herein.

3. The attached Amended and Restated Articles of Incorporation has been duly approved by the Board of Directors of the Corporation.

4. The attached Amended and Restated Articles of Incorporation has been duly approved by the shareholders of the Corporation in accordance with Section 902 and 903 of the California General Corporation Law. The total number of outstanding Common shares of the Corporation is three million seven hundred seventy eight thousand four hundred sixty seven (3,778,467), the total number of outstanding Series A-1 Preferred shares of the Corporation is three million three hundred ninety thousand (3,390,000), the total number of outstanding Series B-1 Preferred shares of the Corporation is four million four hundred seven thousand two hundred forty three (4,407,243), and the total number of outstanding Series C Preferred shares of the Corporation is five million seven hundred forty two thousand fifty seven (5,742,057). The number of shares approving the amendment equaled or exceeded that required. The percentage approval required was more than fifty percent (50%) of the outstanding Common shares voting as a separate class, more than fifty percent (50%) of the outstanding Series A-1 Preferred shares voting as a separate class, more than fifty percent (50%) of the outstanding Series B-1 Preferred shares voting as a separate class, and more than fifty percent (50%) of the outstanding Series C Preferred shares voting as a separate class.

I further declare 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 my own knowledge.

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Executed on April 28, 2011, at San Jose, California.

A handwritten signature in black ink, appearing to read 'Rick Orlando', written over a horizontal line.

Rick Orlando
President and Secretary

EXHIBIT A
AMENDED AND RESTATED
ARTICLES OF INCORPORATION OF
ALTA ANALOG, INC.

ARTICLE I

The Corporation name is "ALTA ANALOG, INC."

ARTICLE II

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business, or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE III

The Corporation is authorized to issue two classes of shares, to be designated Common shares and Preferred shares. The total number of shares which the Corporation is authorized to issue is ninety seven million eight hundred eighty eight thousand eight hundred sixty eight (97,888,868). The total number of Common shares that the Corporation is authorized to issue is forty million (40,000,000) shares. The total number of Preferred shares that the Corporation is authorized to issue is fifty seven million eight hundred eighty eight thousand eight hundred sixty eight (57,888,868) shares, of which three million three hundred ninety thousand (3,390,000) shares are designated Series A-1 Preferred, three million three hundred ninety thousand (3,390,000) shares are designated Series A-2 Preferred, four million five hundred fifty four thousand four hundred thirty four (4,554,434) shares are designated Series B-1 Preferred, four million five hundred fifty four thousand four hundred thirty four (4,554,434) shares are designated Series B-2 Preferred, twenty one million (21,000,000) shares are designated Series C Preferred, and twenty one million (21,000,000) shares are designated Series C-1 Preferred.

ARTICLE IV

The relative powers, preferences, special rights, qualifications, limitations and restrictions granted to or imposed on the Preferred shares are as follows:

1. Dividend Preference.

a. The holders of Preferred shares shall be entitled in any fiscal year to receive, on a pari passu basis, dividends when and as declared by the Board of Directors, out of any funds of the Corporation legally available for the payment of dividends, paid in cash at the annual rate of \$0.0144 per Series A-1 Preferred share, \$0.018 per Series A-2 Preferred share,

\$0.0576 per Series B-1 Preferred share, \$0.072 per Series B-2 Preferred share, \$0.032 per Series C Preferred share, and \$0.041 per Series C-1 Preferred share (each appropriately adjusted for combinations, consolidations, subdivisions, stock splits and the like with respect to such shares), before any dividend is paid on Common shares. This dividend may be payable quarterly or otherwise as the Board of Directors may from time to time determine. Dividends may be declared and paid on Common shares in any fiscal year of the Corporation only if such dividends shall have been paid to or declared and set apart on all Preferred shares.

b. The right to dividends on Preferred shares shall not be cumulative, and no right shall accrue to the holders of Preferred shares by reason of the fact that dividends on those shares are not declared in any prior year, nor shall any undeclared or unpaid dividend bear or accrue interest.

c. After payment of the preferential dividend to the holders of the Preferred shares set forth above in a fiscal year, the holders of Common shares shall be entitled to receive dividends when and as declared by the Board of Directors, out of any funds of the Corporation legally available for the payment of dividends; *provided, however*, that no dividend may be declared and distributed with respect to Common shares at a rate greater than the rate at which dividends are declared and distributed with respect to Preferred shares based on the number of Common shares into which such Preferred shares are convertible on the date such dividend is declared in the same fiscal year.

d. In the event that the Corporation shall have declared but unpaid cash dividends outstanding immediately prior to, and in the event of, a conversion of Preferred shares (as provided in Section 3), the Corporation shall, at the option of each holder, pay in cash to each such holder of Preferred shares being converted the full amount of any such dividends or allow such dividends to be converted into Common shares in accordance with, and pursuant to the terms specified in, Section 3(a).

2. Liquidation Preferences.

a. In the event of any liquidation, dissolution or winding up ("*Liquidation*") of the Corporation, either voluntary or involuntary, the proceeds, funds and assets of the Corporation that may be legally distributed to the Corporation's shareholders (the "*Proceeds*") shall be distributed as follows:

i. The holders of Preferred shares, prior and in preference to any distribution of Proceeds to the holders of Common shares by reason of their ownership thereof, shall receive, on a pari-passu basis, an amount equal to (i) \$0.41 for each share of Series C Preferred or Series C-1 Preferred then held by them (as adjusted for stock splits, stock dividends, reclassifications and the like), plus declared but unpaid dividends, (ii) \$0.72 for each share of Series B-1 Preferred or Series B-2 Preferred then held (as adjusted for stock splits, stock dividends, reclassifications and the like), plus declared but unpaid dividends and (iii) \$0.18 for each share of Series A-1 Preferred or Series A-2 Preferred then held (as adjusted for stock splits, stock dividends, reclassifications and the like), plus declared but unpaid dividends (the "*Preferred Liquidation Preference*"). If, upon the occurrence of such Liquidation, the Proceeds thus distributed among the holders of the Preferred shares shall be insufficient to permit the

entire payment of the Preferred Liquidation Preference, then, the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Preferred shares in proportion to the preferential amount each such holder is otherwise entitled to receive.

ii. After the entire payment of the Preferred Liquidation Preference in accordance with Section 2(a)(i) above, the remaining Proceeds shall be distributed ratably per share to the holders of the Common shares and Preferred shares on an as-converted basis.

b. The sale, lease, assignment, or other disposition (including via exclusive licenses) of all or substantially all of the assets of the Corporation and the acquisition of the Corporation by means of a merger, consolidation, or reorganization of the Corporation with or into any other entity or entities, or in a transaction or series of transactions in which the Corporation's shareholders immediately prior to such transaction(s) hold immediately after such transaction(s) less than fifty percent (50%) of the voting power of the surviving corporation or its parent, shall be deemed to be a Liquidation.

3. Conversion Rights With Anti-Dilution Provisions.

The holder of any Preferred shares shall have conversion rights as follows:

a. Right to Convert. Each Preferred share shall be convertible, at the option of its holder, at any time after the issuance of such share, at the office of the Corporation or any transfer agent for the Preferred shares into that number of fully-paid and non-assessable Common shares as is determined by dividing the Issuance Price for such Preferred shares by the Conversion Price for such Preferred share in effect at the time of conversion (the "*Conversion Rate*"). The Issuance Price shall be \$0.18 for each share of Series A-1 Preferred and Series A-2 Preferred, \$0.72 for each share of Series B-1 Preferred and Series B-2 Preferred and \$0.41 for each share of Series C Preferred and Series C-1 Preferred (each as appropriately adjusted for combinations, consolidations, subdivisions, stock splits and the like with respect to such shares). The Conversion Price shall initially be \$0.18 for each share of Series A-1 Preferred and Series A-2 Preferred (the "*Series A Conversion Price*"), \$0.622 for each share of Series B-1 Preferred and Series B-2 Preferred (the "*Series B Conversion Price*") and \$0.41 for each share of Series C Preferred and Series C-1 Preferred (the "*Series C Conversion Price*"). The Conversion Prices shall be subject to adjustment as provided below.

b. Automatic Conversion. The Preferred shares shall automatically be converted into Common shares at the then effective Conversion Rate for the Preferred shares in the event of: (i) the receipt by the Corporation of the affirmative vote at a duly noticed shareholders meeting or pursuant to a duly solicited written consent of the holders of a majority of the then outstanding Preferred shares (including holders of 60% of the outstanding Series C-1 Preferred), voting as a class on an as-converted basis, in favor of the conversion of all of the Preferred shares; or (ii) upon the closing of a firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common shares for the account of the Corporation to the public at a public offering price of at least two dollars (\$2.00) per share (appropriately adjusted for combinations, consolidations, subdivisions, stock splits or other similar transactions) and gross

proceeds to the Corporation in excess of twenty million dollars (\$20,000,000.00) (each of (i) and (ii), an "*Automatic Conversion*"). In the event of an Automatic Conversion of the Preferred shares upon a public offering as set forth in subsection (ii) above, the person or persons entitled to receive Common shares issuable on conversion of Preferred shares shall not be deemed to have converted those Preferred shares until immediately prior to the closing of the sale of such securities.

c. **Mechanics of Conversion.** No fractional Common shares shall be issued upon conversion of Preferred shares. All Common shares (including fractions thereof) issuable upon conversion of more than one Preferred share by a holder of Preferred shares shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fraction of a Common share, the Corporation shall pay, in lieu of issuing any fractional shares to which the holder would otherwise be entitled, cash equal to that fraction multiplied by the then-effective fair value for a Common share. Before any holder of Preferred shares shall be entitled to convert those shares into full Common shares and to receive certificates for Common shares, the holder shall: (i) give written notice to the Corporation, at the office of the Corporation or of any transfer agent for the Preferred shares, that he or she elects to convert the same; and (ii) surrender the certificate or certificates for those Preferred shares, duly endorsed, at the office of the Corporation or of any transfer agent for the Preferred shares, or notify the Corporation or its transfer agent that the certificates have been lost, stolen, or destroyed, and execute an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with those certificates; *provided, however*, that in the event of an Automatic Conversion, the outstanding Preferred shares shall be converted automatically without any further action by the holders of those shares and whether or not the certificates representing those shares are surrendered to the Corporation or its transfer agent, and provided further that the Corporation shall not be obligated to issue certificates evidencing the Common shares issuable upon such an Automatic Conversion unless the certificates evidencing those Preferred shares are either delivered to the Corporation or its transfer agent as provided above, or the holder notifies the Corporation or its transfer agent that the certificates have been lost, stolen, or destroyed, and executes an agreement reasonably satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with those certificates. The Corporation shall, as soon as practicable after such a delivery, or the execution of such an agreement and indemnification in the case of a lost certificate, issue and deliver at that office to that holder of Preferred shares a certificate or certificates for the number of Common shares to which that holder is entitled, and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional Common shares. The conversion shall be deemed to have been made immediately prior to the close of business on the date of surrender of the Preferred shares to be converted, or in the case of Automatic Conversion, on the date of closing of the offering and the person or persons entitled to receive the Common shares issuable upon conversion shall be treated for all purposes as the record holder or holders of those Common shares on that date. In case any Preferred shares shall be converted pursuant to this Section 3 or Section 4 below, the shares so converted shall be canceled and cannot be reissued as Preferred shares.

d. Adjustments to Conversion Price.

i. Adjustments for Dividends, Splits, Subdivisions, Combinations, or Consolidation of Common Shares. In the event the outstanding Common shares shall be increased by a stock dividend payable in Common shares (or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional Common shares ("*Common Shares Equivalents*")) without payment of any consideration for the additional Common Shares or the Common Shares Equivalents, stock split, subdivision, or other similar transaction occurring after the filing of these Articles of Incorporation, into a greater number of Common shares, the Conversion Price then in effect for each series of Preferred shares shall, concurrently with the effectiveness of that event, be decreased in proportion to the percentage increase in the outstanding number of Common shares. In the event the outstanding Common shares shall be decreased by reverse stock split, combination, consolidation, or other similar transaction occurring after the filing of these Articles of Incorporation, into a lesser number of Common shares, the Conversion Price then in effect for each series of Preferred shares shall, concurrently with the effectiveness of that event, be increased in proportion to the percentage decrease in the outstanding number of Common shares.

ii. Adjustments for Other Distributions. In the event the Corporation at any time, or from time to time, makes or fixes a record date for the determination of holders of Common shares entitled to receive any distribution payable in securities of the Corporation other than Common shares and other than as otherwise adjusted in this Article, then and in each such event provision shall be made so that the holders of Preferred shares shall receive upon conversion thereof, in addition to the number of Common shares receivable thereupon, the amount of securities of the Corporation that they would have received had their Preferred shares been converted into Common shares on the date of that event and had they thereafter, during the period from the date of that event to and including the date of conversion, retained those securities receivable by them during that period, subject to all other adjustments called for during that period under this Article with respect to the rights of the holders of the Preferred shares.

iii. Adjustments for Reclassification, Exchange and Substitution. If the Common shares issuable upon conversion of the Preferred shares shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares provided for above), concurrently with the effectiveness of the reorganization or reclassification, provision shall be made so that the holder of Preferred shares shall thereafter be entitled to receive upon conversion of such Preferred shares, in lieu of the number of Common shares that the holders would otherwise have been entitled to receive, a number of shares of that other class or classes of stock equivalent to the number of Common shares that would have been subject to receipt by the holders upon conversion of their Preferred shares immediately before that change.

iv. Adjustments Upon Issuance of Additional Stock. In the event the Corporation shall at any time after the Series C-1 Original Issue Date issue Additional Stock (as defined below), without consideration or for a consideration per share less than the Series A

Conversion Price, the Series B Conversion Price or the Series C Conversion Price in effect immediately prior to such issue, then the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price, as applicable, shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-one thousandth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(1) "CP₂" shall mean the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price, as applicable, in effect immediately after such issue of Additional Stock

(2) "CP₁" shall mean the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price, as applicable, in effect immediately prior to such issue of Additional Stock;

(3) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preferred shares) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(4) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Stock had been issued at a price per share equal to CP₁ (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP₁); and

(5) "C" shall mean the number of shares of such Additional Stock issued in such transaction.

(6) "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(7) "Series C-1 Original Issue Date" shall mean the date on which the first share of Series C-1 Preferred was issued.

(8) "Convertible Securities" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

For purposes of this Section 3(d)(iv), the consideration received by the Corporation for the issue of any Additional 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;

(b) 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 of the Corporation; and

(c) in the event shares of Additional 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 of the Corporation.

(2) **Options and Convertible Securities.** The consideration per share received by the Corporation for Additional Stock deemed to have been issued, 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, 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.

For purposes of this Section 3(d), "Additional Stock" shall mean all Common shares, including securities options and other rights convertible or exercisable therefor, issued by the Corporation after the date on which shares of the applicable Preferred shares were first issued other than:

(1) the issuance of up to five million five hundred ninety two thousand one hundred eighty eight (5,592,188) (or rights therefore) (including Options granted prior to the financing and appropriately adjusted for combinations, consolidations, subdivisions, stock splits or other similar transactions) Common shares as approved by the Board of Directors

to employees, directors and consultants or such additional number of shares as unanimously approved by the Board of Directors;

(2) the issuance of shares of the Corporation's capital stock (or rights there for) as approved by a majority of the Preferred Directors of the Board of Directors (as defined below) to financial institutions or lessors in connection with commercial credit arrangements, equipment financing or similar transactions;

(3) the issuance of shares of the Corporation's capital stock (or rights there for) as approved by a majority of the Preferred Directors of the Board of Directors to vendors or customers for other than financing purposes;

(4) the issuance of shares of the Corporation's capital stock (or rights there for) in connection with acquisitions and mergers as approved by a majority of the Preferred Directors of the Board of Directors;

(5) the issuance of Common shares upon conversion of the Preferred shares;

(6) the issuance of Common shares in a public offering approved by a majority of the Preferred Directors of the Board of Directors in which all shares of Preferred shares are converted pursuant to Section 3(b);

(7) the issuance of securities pursuant to currently outstanding Convertible Securities or other rights to acquire capital stock of the Corporation outstanding as of the date of the filing of these Articles of Incorporation;

(8) the issuance of shares of capital stock in connection with strategic partnership transactions for other than financing purposes as approved by a majority of the Preferred Directors of the Board of Directors;

(9) the issuance of up to twenty one million (21,000,000) shares (including through the issuance of warrants to purchase shares) of Series C-1 Preferred on or prior to June 30, 2011; and

(10) the issuance of securities pursuant to stock splits, stock dividends, or similar transactions as provided in subsections (i), (ii) and (iii) of Section 3(d).

On the redemption or repurchase of any such securities, or the expiration or termination of the right to convert into, exchange for, or exercise with respect to, Common shares, the Conversion Price will be readjusted to the price that would have been obtained had the adjustment made upon their issuance been made upon the basis of the issuance of only the number of those securities that were actually converted into, exchanged for, or exercised with respect to, Common shares. If the purchase price or conversion or exchange rate provided for in any such security changes at any time, then, at the time any such change becomes effective, the Conversion Price then in effect will be readjusted forthwith to the price that would have been obtained had the adjustment made upon the issuance of those securities been made upon the basis of: (i) the issuance of only the number of Common shares theretofore actually delivered

upon the conversion, exchange or exercise of those securities, and the total consideration received therefor; and (ii) the granting or issuance, at the time of the change, of any of those securities then still outstanding for the consideration, if any, received by the Corporation therefor and to be received on the basis of that changed price or rate.

v. **Special Adjustment to Series C-1 Conversion Price.** The initial Series C Conversion Price was established based on the Corporation's representation and warranty in the Series C-1 Preferred Share and Warrant Purchase Agreement (the "*Series C-1 Purchase Agreement*") dated on or about May 2, 2011 (the "*the Series C-1 Original Issue Date*"), that the issuance of 14,675,930 Series C-1 Preferred shares pursuant thereto (on an as-converted basis) upon or prior to the Final Closing (as defined in the Series C-1 Purchase Agreement) would represent no less than 38.18% (except to the extent any such lower percentage reflects the sale of more than 14,675,930 Series C-1 Preferred shares pursuant to the Series C-1 Purchase Agreement) of the Common shares outstanding (on an as-converted basis) as of immediately after the Final Closing (the "*Series C-1 Percentage*"). If such representation and warranty was untrue or incorrect as of immediately after the Final Closing, the Series C-1 Conversion Price then in effect shall be reduced (but not increased) by an amount such that the Common shares issuable upon the conversion of the Series C-1 Preferred shares issued on the Series C-1 Original Issue Date was equal to the Series C-1 Percentage of the Corporation's outstanding Common shares determined on a fully-diluted as converted to Common shares basis as of the Final Closing Date (as defined in the Series C-1 Purchase Agreement) after giving effect to the Final Closing. Any adjustment of the Series C-1 Conversion Price pursuant to this subsection shall be in addition to any other adjustments which may be required pursuant to this subsection 3(d).

e. **Certificate as to Adjustments.** On the occurrence of each adjustment or readjustment of the Conversion Price of the Preferred shares pursuant to this Article 3, the Corporation at its expense shall promptly compute that adjustment or readjustment in accordance with the terms of this Article 3, and furnish to each holder of Preferred shares a certificate setting forth that adjustment or readjustment and showing in detail the facts upon which that adjustment or readjustment is based. The Corporation shall, upon the written request of any holder of Preferred shares, furnish or cause to be furnished to that holder a like certificate setting forth: (i) those adjustments and readjustments; (ii) the Conversion Price at the time in effect; and (iii) the number of Common shares and the amount, if any, of other property which at the time would be received upon the conversion of the Preferred shares.

f. **Notices of Record Date.** In the event that this Corporation shall propose at any time:

i. To declare any dividend or distribution upon its Common shares, 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;

ii. To effect any reclassification or recapitalization of its Common shares outstanding involving a change in the Common shares; or

iii. The sale, lease, assignment, or other disposition (including via exclusive licenses) of all or substantially all of the assets of the Corporation or the acquisition of the Corporation by means of a merger, consolidation, or reorganization of the Corporation with or into any other entity or entities, or in a transaction or series of transactions in which the Corporation's shareholders immediately prior to such transaction(s) hold immediately after such transaction(s) less than fifty percent (50%) of the voting power of the surviving corporation or its parent;

then, in connection with each such event, this Corporation shall send to the holders of the Preferred shares:

(1) At least twenty (20) days' prior written notice of the date on which a record shall be taken for that dividend or distribution (and specifying the date on which the holders of shares shall be entitled thereto) or for determining rights to vote in respect of the matters referred to in (ii) and (iii), above; and

(2) In the case of the matters referred to in (ii) and (iii), above, at least twenty (20) days' prior written notice of the date when the events shall take place (and specifying the date on which the holders of shares shall be entitled to exchange their shares for securities or other property deliverable upon the occurrence of the event or the record date for the determination of those holders if that record date is earlier).

Each such written notice shall describe the then known material terms and conditions of the impending transaction and shall be delivered personally or sent by first class mail, postage prepaid, addressed to the holders of the Preferred shares at the address for each such holder as shown on the books of the Corporation.

g. **Issue Taxes.** The Corporation shall pay any and all issue and other taxes (other than income taxes) that may be payable in respect of any issue or delivery of Common shares on conversion of Preferred shares under this Article; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder in connection with any such conversion.

h. **Reservation of Stock Issuable on Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued Common shares, solely for the purpose of effecting the conversion of the shares of the Preferred shares, such number of its Common shares as shall from time to time be sufficient to effect the conversion of all outstanding Preferred shares; and if at any time the number of authorized but unissued Common shares shall not be sufficient to effect the conversion of all then outstanding Preferred shares, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Common shares to that number of shares which shall be sufficient for that purpose, including, without limitation, engaging in best efforts to obtain the requisite shareholder approval of any necessary amendment to its Articles of Incorporation.

i. **No Impairment.** The Corporation will not, by amendment of its Articles of Incorporation 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 this Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 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 Preferred against impairment.

4. Conversion of the Series A-1 Preferred, Series B-1 Preferred, and Series C Preferred.

a. For the purposes of this Section 4, the following definitions shall apply:

i. **"Holder"** means an existing holder of Series A-1 Preferred, Series B-1 Preferred or Series C Preferred shares.

ii. **"New Shares"** means the Series C-1 Preferred shares purchased pursuant to the Series C-1 Financing, but shall not include those shares purchased using as consideration the cancellation of indebtedness of the Corporation.

iii. **"Pro Rata Amount"** means, for a particular Holder, that number of New Shares of Series C-1 Preferred equal to (x) the product of (a) 2,375,159.41 multiplied by (b) such Holder's Pro Rata Share, minus (y) the Series C-1 Preferred shares or Series C Preferred shares purchased using as consideration the cancellation of indebtedness of the Corporation borrowed prior to December 31, 2010.

iv. **"Pro Rata Share"** means the percentage obtained by dividing (1) the total number of Preferred shares held by such Holder by (2) the total number of Preferred shares outstanding on December 31, 2010.

v. **"Series C-1 Financing"** means the Company's offer and sale of Series C-1 Preferred, which shall have an initial close during the twenty one (21) day period following the date of filing hereof (the **"Initial Closing"**) and a final closing thirty days (30) following the date of filing hereof (the **"Final Closing"**).

b. Prior to the Final Closing, each Holder will be provided a right of participation with respect to such Holder's Pro Rata Share of the Series C-1 Financing. The Corporation shall offer each Holder that purchases at least its Pro Rata Amount in the Series C-1 Financing prior to the Final Closing the right to exchange such Holder's shares of (i) Series A-1 Preferred for an equal number of shares of Series A-2 Preferred, (ii) Series B-1 Preferred for an equal number of shares of Series B-2 Preferred and (iii) Series C Preferred for an equal number of shares of Series C-1 Preferred (the **"Exchange Offer"**). Each Holder that does not purchase its full Pro Rata Amount will not have the opportunity to participate in the Exchange Offer.

c. Effective one day after the Final Closing, all outstanding shares of Series A-1 Preferred, Series B-1 Preferred and Series C Preferred shall automatically convert into an amount of Common shares equal to the total number of Series A-1 Preferred, Series B-1 Preferred and Series C Preferred shares then held divided by two (2) and without regard to the adjustment provisions of Section 3(d)(iv) herein.

d. No fractional shares of the Common shall be issued upon conversion of the Series A-1 Preferred, Series B-1 Preferred or Series C Preferred. In lieu of any fractional shares, the Company shall promptly pay to each such Holder in cash (at the Common shares' fair market value determined by the Board as of the conversion date) the value of any fractional Common shares otherwise issuable to each such Holder. Whether or not fractional shares would have been issued upon conversion of the Series A-1 Preferred, Series B-1 Preferred or Series C Preferred (but for the first sentence of this subsection) and the amount of Common shares so issued shall be determined based on the total number of shares of Series A-1 Preferred, Series B-1 Preferred or Series C Preferred held by each Holder at the time of conversion.

e. The Holder of any shares of Series A-1 Preferred, Series B-1 Preferred or Series C Preferred converted pursuant to this Section 4 shall deliver to the Corporation during regular business hours at the office of any transfer agent of the Corporation, the certificate or certificates representing the shares so converted and duly endorsed. Promptly thereafter, the Corporation shall issue and deliver to such Holder, at the place designated by such Holder, a certificate or certificates for the number and class of shares to which such Holder is entitled. Notwithstanding the foregoing, all shares of Series A-1 Preferred, Series B-1 Preferred and Series C Preferred will be automatically converted one day after the Final Closing without any further action by the Holders thereof and whether or not the certificates representing those shares are surrendered to the Corporation or its transfer agent. Effective upon the conversion of all shares of Series A-1 Preferred, Series B-1 Preferred and Series C Preferred one day after the Final Closing, the Series A-1 Preferred, Series B-1 Preferred and Series C Preferred shall be automatically cancelled and no longer authorized series of Preferred shares of the Corporation. The Corporation shall not be obligated to issue certificates evidencing the shares so issued unless the certificates evidencing the Series A-1 Preferred, Series B-1 Preferred, or Series C Preferred shares are either delivered to the Corporation or its transfer agent as provided above, or the Holder notifies the Corporation or its transfer agent that the certificates have been lost, stolen, or destroyed, and executes an agreement reasonably satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with those certificates.

5. Voting Rights.

a. The holder of each Preferred share shall have the right to one vote for each Common share into which such Preferred share could then be converted and, with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common shares, and shall be entitled, notwithstanding any provision hereof, to notice of any shareholders' meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote, together with the holders of Common shares, with respect to any questions upon which holders of Common Shares have the right to vote as a single class, unless otherwise prohibited by law. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares in which shares of Preferred held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

b. For so long as there are at least two million (2,000,000) shares of Series A-2 Preferred, Series B-2 Preferred and/or Series C-1 Preferred outstanding, the consent of the holders of a majority of the outstanding shares of Series A-2 Preferred, Series B-2 Preferred and

Series C-1 Preferred (including holders of at least 60% of the outstanding shares of Series C-1 Preferred), voting together as a single class, will be required for:

i. creation of any new class or series of shares having preference over or on parity with the Preferred shares with respect to dividends, voting, liquidation preferences, or conversion rights;

ii. any increase or decrease in the authorized number of Preferred shares;

iii. effecting (by amendment, consolidation, merger or otherwise) any amendment or waiver of any provision of the Articles of Incorporation adversely affecting the rights of, or restrictions for the benefit of, the Preferred shares;

iv. any sale, lease, assignment, or other disposition (including via exclusive licenses) of all or substantially all of the assets of the Corporation or any acquisition of the Corporation by means of a merger, consolidation, or reorganization of the Corporation with or into any other entity or entities, or in a transaction or series of transactions in which the Corporation's shareholders immediately prior to such transaction(s) hold immediately after such transaction(s) less than fifty percent (50%) of the voting power of the surviving corporation or its parent;

v. a liquidation, dissolution or winding-up of the Corporation;

vi. any redemption or repurchase of shares of Common shares (other than from current or former employees, directors and consultants at cost or as otherwise approved by a majority of the Preferred Directors of the Board of Directors);

vii. any change in the size of the Board of Directors,

viii. issuance of any equity securities by any subsidiaries;

ix. any acquisition or merger with another entity by the Corporation involving payment of consideration by the Corporation having a fair market value of One Hundred Thousand Dollars (\$100,000.00) or more;

x. any Material Change of Business (defined below) of the Corporation;

xi. sale, transfer or other disposition of any securities of any subsidiary by the Corporation;

xii. any amendment of the Corporation's Bylaws unless approved unanimously by the Corporation's Board of Directors;

xiii. the incurrence of any debt that by its terms can be converted into equity of the Corporation;

xiv. the incurrence of debt in excess twenty five thousand dollars (\$25,000.00), in one transaction or a series of related transactions, except for trade payables incurred in the ordinary course of business;

xv. pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than dividends or other distributions payable on the Common shares solely in the form of additional Common shares;

xvi. the incurrence of any single capital expenditure in excess of twenty five thousand dollars (\$25,000.00).

For purposes of this Section, a "Material Change of Business" shall mean a change in the Corporation's primary business from the design, manufacture, license and/or sale of semiconductor components.

c. So long as at least one million (1,000,000) shares of Preferred shares originally issued remain outstanding, in the aggregate, the holders of a majority of the Preferred shares voting together as a single class of the Corporation shall be entitled to elect three (3) of the directors authorized for the Corporation's Board of Directors (collectively the "Preferred Directors"). Any Director so elected shall hold office until the next annual meeting and may not be removed from the Board of Directors except by the vote of the holders of the Preferred shares in accordance with California Corporations Code Section 303(a)(1) or pursuant to Sections 302 or 304 of the California Corporations Code. In the event any Director elected under the provisions of this Section is removed or resigns from the Board of Directors, a new Director shall be elected by the holders of the Preferred shares to serve on the Board of Directors until the next annual meeting of the shareholders.

d. The holders of a majority of the Common shares of the Corporation shall be entitled to elect one (1) of the directors authorized for the Corporation's Board of Directors (the "Common Director"). Any Director so elected shall hold office until the next annual meeting and may not be removed from the Board of Directors except by the vote of the holders of the Common shares in accordance with California Corporations Code Section 303(a)(1) or pursuant to Sections 302 or 304 of the California Corporations Code. In the event any Director elected under the provisions of this Section is removed or resigns from the Board of Directors, a new Director shall be elected by the holders of the Common shares to serve on the Board of Directors until the next annual meeting of the shareholders.

e. Any remaining members of the Corporation's Board of Directors shall be elected by the holders of the Common shares and Preferred shares voting together as a single class. Any Director so elected shall hold office until the next annual meeting and may not be removed from the Board of Directors except by the vote of the holders of the Common shares and Preferred shares, voting as a class, in accordance with California Corporations Code Section 303(a)(1) or pursuant to Sections 302 or 304 of the California Corporations Code. In the event any Director elected under the provisions of this Section is removed or resigns from the Board of Directors, a new Director shall be elected by the holders of the Common shares and Preferred shares, voting as a class, to serve on the Board of Directors until the next annual meeting of the shareholders.

ARTICLE V

1. The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

2. The Corporation is authorized to indemnify the "Agents" (as defined in Section 317 of the California Corporations Code) of the Corporation to the fullest extent permissible under California law.

3. Any repeal or amendment of this Article V shall not adversely affect any right of or protection afforded any agent of the Corporation in effect at the time of the repeal or amendment.