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CERTIFICATE OF AMENDMENT OF

ARTICLES OF INCORPORATION OF

ARCOT SYSTEMS, INC.

FILED

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

AUG 23 1999

Bill Jones
BILL JONES, Secretary of State

The undersigned certify that:

1. They are the President and the Secretary, respectively, of Arcot Systems, Inc., a California Corporation.
2. Article III of the Amended and Restated Articles of Incorporation of this corporation shall be amended to read as follows:

ARTICLE III.

This corporation is authorized to issue two classes of stock, designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which this corporation is authorized to issue is 39,013,482 shares, without par value, of which 30,000,000 shares are Common Stock and 9,013,482 shares are Preferred Stock, of which 4,500,000 shares are designated Series A Preferred Stock, and 4,513,482 are designated Series B Preferred Stock. Except as set forth in Article IV hereof relating to the Series A Preferred Stock and Series B Preferred Stock, the Board of Directors is authorized to designate additional series of Preferred Stock and to fix the number of shares of any series of Preferred Stock and to determine or alter the rights, preferences, privileges, and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and, within the limits and restrictions stated in any resolution or resolutions of the Board of Director originally fixing the number of shares constituting any series of Preferred Stock, to increase or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

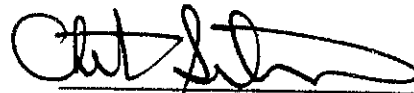
3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the California Corporations Code. The total number of outstanding shares of the corporation is 13,213,482 of which 4,500,000 are shares of Common Stock, 4,500,000 are shares of Series A Preferred Stock and 4,213,482 are shares of Series B Preferred Stock. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50% of the number of outstanding shares of Common Stock, more than two-thirds (2/3) of the number of outstanding shares of Preferred Stock and more than 50% of the number of outstanding shares of Series B Preferred Stock voting as a separate class.

We 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 our own knowledge.

Executed at Palo Alto, California on August 20, 1999.

DATE: _____



Chet Silvestri, President



Mario M. Rosati, Secretary