

# State of Idaho

## Department of State.

### CERTIFICATE OF AMENDMENT OF

**PACKAGING TECHNOLOGIES, INC.**

I PETE T. CENARRUSA, Secretary of State of the State of Idaho hereby, certify that  
duplicate originals of Articles of Amendment to the Articles of Incorporation of \_\_\_\_\_

**PACKAGING TECHNOLOGIES, INC.**

duly signed and verified pursuant to the provisions of the Idaho Business Corporation Act, have  
been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of  
Amendment to the Articles of Incorporation and attach hereto a duplicate original of the Articles  
of Amendment.

Dated August 25, 19 86

*Pete T. Cenarrusa*  
SECRETARY OF STATE

Corporation Clerk



SECOND AMENDED AND RESTATED *AUG 25 1 39 PM '86*  
ARTICLES OF INCORPORATION *SECRETARY OF STATE*  
OF  
PACKAGING TECHNOLOGIES, INC.

These Second Amended and Restated Articles of Incorporation shall supersede the previously existing First Amended and Restated Articles of Incorporation and all amendments thereto:

ARTICLE I

The name of the Corporation is Packaging Technologies, Inc. and its duration shall be perpetual.

ARTICLE II

The purpose for which the Corporation is organized is the transaction of any or all lawful business for which corporations may be organized under the Idaho Business Corporation Act.

ARTICLE III

A. The aggregate number of shares which the Corporation shall have authority to issue is 10,000,000 shares, of common stock, no par value ("Common Stock") and 5,000,000 shares, of voting preferred stock, no par value ("Preferred Stock").

B. The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article III, to provide for the issuance of the shares of Preferred Stock in series, and, by filing a certificate pursuant to the applicable law of the State of Idaho, to establish from time to

time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations, or restrictions thereof.

Section 1. The authority of the Board of Directors with respect to each series shall include determination of the following:

(a) The number of shares constituting that series and the distinctive designation of that series;

(b) The dividend rate, if any, on the shares of that series;

(c) Whether that series shall have conversion privileges and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors determines.

(d) Whether or not the shares of that series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(e) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series and, if so, the terms and amounts of such sinking fund;

(f) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation and the relative rights of priority, if any, of payment of shares of that series; and

(g) Any other relative rights, preferences and limitations of that series which are permitted by law to vary.

C. Series A Preferred Stock. The initial series of Preferred Stock shall be designated the "Series A Preferred Stock," and such series shall consist of 3,000,000 shares. On the filing of a certificate with the office of the Secretary of State of the State of Idaho pursuant to Section 30-1-16 of the Idaho Business Corporation Act (a "Preferred Certificate") with respect to any series of Preferred Stock other than Series A Preferred Stock, any shares of Series A Preferred Stock not previously issued shall no longer be authorized for issuance by the Corporation pursuant to this Article III(C) but shall remain authorized but unissued shares of Preferred Stock available for issuance pursuant to a duly filed Preferred Certificate. The preferences, limitations and relative rights of the Series A Preferred Stock are as follows:

Section 1. Definitions. For purposes of Sections 2 through 7 of this Article III(C), the following terms shall have the respective meanings indicated below or as set forth in the indicated section.

Additional Stock - Subsection 5(c)(ii).

Additional Stock Price - Subsection 5(c)(i)(A).

Common Stock Equivalents - Subsection 5(c)(iii).

Conversion Price - Subsection 5(a)(i).

Conversion Rights - Section 5.

Corporation - Packaging Technologies, Inc.

Investor - the investor to whom shares of Series A Preferred Stock are issued pursuant to the Purchase Agreement.

Issue Price - Subsection 3(a).

Junior Stock - Common Stock and shares of any other class or series of capital stock ranking junior to the Series A Preferred Stock with respect to both the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding up of the Corporation.

Purchase Agreement - the Series A Preferred Stock Purchase Agreement entered into between the Corporation and an investor and providing for, among other things, the Corporation's initial issuance of Series A Preferred Stock.

Purchase Date - the earliest date on which shares of Series A Preferred Stock are issued pursuant to the Purchase Agreement.

Redemption Date - Subsection 4(b).

Redemption Notice - Subsection 4(b).

Redemption Price - Subsection 4(a).

Subsidiary - any corporation at least 50 percent of the outstanding voting stock of which is owned directly or indirectly by the Corporation.

Section 2. Dividends. The holders of the then outstanding Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of any funds legally available therefor, noncumulative cash dividends at the rate of eight percent (8%) of the Issue Price. No dividends or other distributions (other than pro rata dividends or distributions payable solely in Common Stock) shall be paid with respect to Junior Stock during any fiscal year of the Corporation until dividends in such amount shall have been paid or declared and set apart during that fiscal year. Dividends on the Series A Preferred Stock shall not be cumulative, and no rights shall accrue to the Series A Preferred Stock if the Corporation fails to declare dividends on the Series A Preferred Stock, whether or

not the earnings of the Corporation are sufficient to pay such dividends in whole or in part.

Section 3. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, the holders of each share of Series A Preferred Stock shall be entitled to be paid out of the assets of the Corporation available for distribution to its shareholders, before any declaration and payment or setting apart for payment of any amount shall be made in respect of Junior Stock, an amount equal to \$.50 per share (the "Issue Price") plus an amount equal to any declared but unpaid dividends on the Series A Preferred Stock.

(b) After the payment or distribution described in Subsection 3(a) has been made, the remaining assets of the Corporation available for distribution to its shareholders shall be distributed among the holders of Junior Stock in the same proportion as the number of shares of Common Stock and shares of Common Stock issuable upon the conversion of outstanding Junior Stock, which is not Common Stock, then held by each of them bears to the total number of outstanding shares of Common Stock and Common Stock issuable upon the conversion of outstanding Preferred Stock or Junior Stock which is not Common Stock.

Section 4. Redemption.

(a) Subject to the Conversion Rights, the Corporation, at the option of the Board of Directors, may redeem any or all of the outstanding shares of Series A Preferred Stock at any time on or after December 31, 1988 when it may lawfully do so, by paying in cash for each redeemed share the amount of 110 percent of the Issue Price (the "Redemption Price"). In the event of any redemption of only a part of the outstanding shares of Series A Preferred Stock, the Corporation shall effect such redemption pro rata according to the number of shares held by each holder thereof.

(b) Notice of redemption pursuant to this Section 4 shall be sent by first-class mail, postage prepaid, to the holders of record of the shares of Series A Preferred Stock to be redeemed at their respective addresses appearing on the books of the Corporation. Such notice (the "Redemption Notice") shall be mailed not less than 30 nor more than 60 days in advance of the date fixed for redemption (the "Redemption Date") and shall specify the Redemption Date, the Redemption Price and the place at which payment may be obtained as to such shares and calling upon such holder to surrender to the Corporation, in the manner and at the place designated, the holder's certificate(s) representing the shares to be redeemed. At any time on or after

the Redemption Date, the holders of record of shares of Series A Preferred Stock to be redeemed shall be entitled to receive the Redemption Price upon actual delivery to the Corporation or its agent of the certificates representing the shares to be redeemed.

If a Redemption Notice is duly given and if on or before the Redemption Date the funds necessary for redemption (taking into account any conversions) have been deposited by the Corporation, with a bank or trust company designated by the Board of Directors and having capital and surplus of at least \$50,000,000, in trust for the pro rata benefit of the holders of the shares of Series A Preferred Stock called for redemption, then, notwithstanding that any certificate for shares of Series A Preferred Stock called for redemption shall not have been surrendered for cancellation, from and after the Redemption Date (unless there shall have been a default in payment of the Redemption Price) all shares of Series A Preferred Stock so called for redemption shall no longer be deemed to be outstanding and all rights with respect to such shares shall forthwith cease and terminate, except only the right of the holders thereof to receive the funds so deposited, without interest, from such bank or trust company upon surrender of their certificate or certificates at any time after the time of such deposit. Any funds deposited by the Corporation for the redemption of shares which are converted into shares of Common Stock pursuant to Section 5 hereof no later than the Redemption Date shall be released to the Corporation promptly upon such conversion. The balance of any funds so deposited and unclaimed at the end of two years from the Redemption Date shall be released to the Corporation, after which the holders of the shares called for redemption shall be entitled, upon proof of their ownership of such Preferred Stock and any bond requested by the Corporation, to receive such funds from the Corporation, without interest.

(c) Anything contained in this Section 4 to the contrary notwithstanding, each holder of shares of Series A Preferred Stock called for redemption pursuant to Subsection 4(a) above shall have the right, exercisable at any time up to the close of business on the day before the Redemption Date, to convert such shares so called for redemption (together with all other shares of Series A Preferred Stock held thereby) into shares of Common Stock pursuant to Section 5 hereof. If and to the extent that any shares of Series A Preferred Stock so called for redemption are converted into shares of Common Stock by the holders thereof prior to the close of business on the day before the Redemption Date, the total number of shares of Series A Preferred Stock subject to redemption on such Redemption Date shall be reduced by the number of shares of Series A Preferred Stock so converted.

Section 5. Conversion. The holders of the Series A Preferred Stock shall have the following conversion rights (the "Conversion Rights"):

(a) Right to Convert.

(i) Subject to Subsection 5(c), each holder of any share(s) of Series A Preferred Stock may, at the holder's option, convert all (but not less than all) of such share(s) from time to time held into shares of Common Stock at any time after the date of issuance and prior to the close of business on the day before any Redemption Date as may have been fixed in any Redemption Notice with respect to such share(s). Each such share of Series A Preferred Stock shall be converted into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Issue Price by the Conversion Price then in effect. The initial per share conversion price for Series A Preferred Stock (the "Conversion Price") shall be \$.50. Such initial Conversion Price shall be subject to adjustment as set forth in Subsection 5(c).

(ii) In the event of a call for redemption of any shares of Series A Preferred Stock pursuant to Section 4 hereof, the Conversion Rights shall terminate as to the shares designated for redemption at the close of business on the day before the Redemption Date, unless default is made in payment of the Redemption Price.

(iii) Upon conversion of the Series A Preferred Stock, the Common Stock so issued shall be duly and validly issued, fully paid and nonassessable shares of the Corporation.

(iv) Each share of Series A Preferred Stock shall automatically be converted into shares of Common Stock at the Conversion Price then in effect immediately upon the earlier of (A) the consummation of the Corporation's sale of its Common Stock in a bona fide, firm commitment underwritten public offering under the Securities Act of 1933 which results in aggregate cash proceeds (before underwriters' commissions and offering expenses) to the Corporation of \$5,000,000 or more, or (B) the date on which at least 75 percent of the shares of Series A Preferred Stock outstanding at the close of business on the Purchase Date have been converted into shares of Common Stock.

(v) Upon the occurrence of an event specified in clause (iv) of this Subsection 5(a), the outstanding shares of the Series A Preferred Stock to be converted 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, provided, however, that the Corporation shall not be obligated

to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless certificates evidencing such shares of the Series A Preferred Stock being converted are either delivered to the Corporation or any transfer agent, as hereinafter provided, or the holder notifies the Corporation or any transfer agent, as hereinafter provided, that such certificates have been lost, stolen, or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection therewith. Upon the automatic conversion of the Series A Preferred Stock, the holders of such Series A Preferred Stock shall surrender the certificates representing such shares at the office of the Corporation or of any transfer agent for the Common Stock. Thereupon, there shall be issued and delivered to such holder, promptly at such office and in the holder's name as shown on such surrender certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of the Series A Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred.

(b) Mechanics of Conversion. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series A Preferred Stock, and shall give written notice by mail, postage prepaid, to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. If the conversion is in connection with an underwritten offer of securities registered pursuant to the Securities Act of 1933, the conversion may, at the option of any holder tendering Series A Preferred Stock for conversion, be conditioned upon the closing with the underwriter of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock issuable upon such conversion of the Series A Preferred Stock shall not be deemed to have converted such Series A Preferred Stock.

until immediately prior to the closing of such sale of securities.

(c) Conversion Price Adjustments of Series A Preferred Stock. The Conversion Price of the Series A Preferred Stock shall be subject to adjustment from time to time as follows:

(i) (A) If the Corporation issues any Additional Stock without consideration or for a consideration per share (the "Additional Stock Price") which is less than the Conversion Price in effect immediately prior to the issuance of such Additional Stock, such Conversion Price shall forthwith (except as otherwise provided in this clause (i)) be adjusted to equal the price (computed to the nearest cent) determined by the following formula:

$$NP = \frac{(P \times N) + C}{N + n}$$

where

NP = new Conversion Price,

P = Conversion Price in effect immediately prior to the issuance of Additional Stock,

N = the number of shares of Series A Preferred Stock outstanding immediately prior to the issuance of Additional Stock,

C = the aggregate consideration to be received by the Company for the Additional Stock, and

n = the number of shares of Additional Stock to be issued.

(B) No adjustment of the Conversion Price for the Series A Preferred Stock shall be made in an amount less than one cent per share, provided that any adjustments which are thereby not required to be made shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to three years from the date of the event giving rise to the adjustment being carried forward, or shall be made at the end of three years from the date of the event giving rise to the adjustment being carried forward. Except to the limited extent provided for in Subsections 5(c)(i)(E)(3) and (E)(4), no adjustment of the Conversion Price pursuant to this Subsection 5(c)(i) shall have the effect of increasing the

Conversion Price above the 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 reasonable 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 the 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 by the Board of Directors irrespective of any accounting treatment.

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

(1) the aggregate maximum number of shares of Common Stock deliverable upon exercise of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in Sub-sections 5(c)(i)(C) and 5(c)(i)(D)), if any, received by the Corporation upon the issuance of such options or rights plus the minimum purchase price provided in such options or rights for the Common Stock covered thereby;

(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 to purchase or rights to subscribe for such convertible or exchangeable securities and the subsequent conversion or exchange thereof shall be deemed to have been issued at the time

such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the 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 or rights (the consideration in each case to be determined in the manner provided in Subsections 5(c)(i)(C) and 5(c)(i)(D));

(3) in the event of any change in the number of shares of Common Stock deliverable upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from the antidilution provisions thereof, the Conversion Price then in effect shall forthwith be readjusted to such Conversion Price as would have been obtained had the adjustment which was made upon the issuance of such options, rights or securities not exercised, converted or exchanged prior to such change or the options or rights related to such securities not exercised, converted or exchanged prior to such change been made upon the basis of such changed number of shares of Common Stock deliverable, but no further adjustment shall be made for the actual issuance of Common Stock upon the exercise of any such options or rights or the conversion or exchange of such securities; and

(4) upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Conversion Price then in effect shall forthwith be readjusted to such Conversion Price as would have been obtained had the adjustment which was made upon the issuance of such options, rights or securities or options or rights related to such

securities been made upon the basis of the issuance of only the number of shares of Common Stock actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(ii) "Additional Stock" shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to Subsection 5(c)(i)(E)) by the Corporation after the Purchase Date, other than

(A) Common Stock issued pursuant to a transaction described in Subsection 5(c)(iii) hereof,

(B) Up to 600,000 shares of Common Stock (appropriately adjusted for any stock dividend, stock split or recapitalization) issuable or issued to employees of the Corporation or others directly or pursuant to a stock option or other plan or otherwise,

(C) Up to 250,000 shares of Common Stock issuable pursuant to warrants issued to the underwriter acting on behalf of the Company to place shares of the Series A Preferred,

(D) Common Stock issued or issuable upon conversion of the Preferred Stock, and

(E) Any securities authorized by a majority of the shares of Series A Preferred then outstanding to be excluded from the definition of Additional Stock.

(iii) If the Corporation at any time or from time to time after the Purchase Date fixes a record date for a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend, distribution, split or subdivision if no record date is fixed), the Conversion Price shall be appropriately decreased so that the number of shares of Common Stock issuable

on conversion of each share of Series A Preferred Stock shall be increased in proportion to such increase of outstanding shares determined in accordance with Subsection 5(c)(i)(E).

(iv) If the number of shares of Common Stock outstanding at any time after the Purchase Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Price shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of Series A Preferred Stock shall be decreased in proportion to such decrease in outstanding shares.

(d) Other Distributions. If the Corporation declares 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 Subsection 5(c)(iii), then, in each such case for the purpose of this Subsection 5(d), the holders of the Series A Preferred 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 Preferred Stock are convertible as of the record date fixed for the determination of the holders of Junior Stock of the Corporation entitled to receive such distribution.

(e) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 5 or Section 6), provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of the Series A Preferred Stock the number of shares of stock or other securities or property of the Company or otherwise to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 5 with respect to the rights of holders of the Series A Preferred Stock after the recapitalization to the end that the provisions of this Section 5 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(f) 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 the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Preferred Stock against impairment.

(g) No Fractional Shares and Certificate as to Adjustments.

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(i) No fractional shares shall be issued on conversion of the Series A Preferred Stock, and the number of shares of Common Stock to be issued shall be rounded to the nearest whole share. Whether fractional shares would otherwise be issuable on conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable on such aggregate conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of Series A Preferred Stock pursuant to this Section 5, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred Stock, by first class mail, postage prepaid, a certificate setting forth such adjustment or readjustment and showing in detail the facts on which such adjustment or readjustment is based, including a statement setting forth (A) the consideration received or to be received by the Corporation for any Additional Stock, (B) the Conversion Price then in effect, and (C) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received on the conversion of a share of Series A Preferred Stock.

(h) Notices of Record Date. If the Corporation takes a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Series A Preferred Stock, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(i) Reservation of Stock Issuable upon Conversion. 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 Preferred 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 Series A Preferred 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 Preferred Stock, in addition to such other remedies as shall be available to the holder of such Series A Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

(j) Notices. Any notice required by the provisions of this Section 5 to be given to the holder of shares of Series A Preferred Stock shall be deemed given when personally delivered to such holder or five business days after the same has been deposited in the United States mail, certified or registered mail, return receipt requested, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

(k) Taxes. The Corporation will pay all taxes and other governmental charges that may be imposed in respect of the issue or delivery of shares of Common Stock upon conversion of shares of Preferred Stock.

#### Section 6. Valuation of Consideration.

(a) Any securities to be delivered to the holders of the Series A Preferred Stock pursuant to Section 3 above shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability:

(A) If traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the 30-day period ending three days prior to the closing;

(B) If traded over-the-counter on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation System, the value shall be deemed to be the average of the last sales price over the 30-day period ending three days prior to the closing;

(C) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the 30-day period ending three days prior to the closing; and

(D) If there is no active public market, the value shall be the fair market value thereof, as mutually determined by the Corporation and the holders of a majority of the then outstanding shares of Series A Preferred Stock.

(ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability shall be to make an appropriate discount from the market value determined as above in (i)(A), (B) or (C) to reflect the approximate fair market value thereof, as mutually determined by the Corporation and the holders of a majority of the then outstanding shares of Series A Preferred Stock.

(b) If the requirements of Section 3 above are not complied with in respect of any transaction described therein, the Corporation shall forthwith either:

(i) cause the closing of such transaction to be postponed until the requirements of Section 3 above have been complied with or

(ii) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Series A Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in Subsection 6(c) hereof.

(c) The Corporation shall give each holder of record of Series A Preferred Stock written notice of such impending transaction not later than 20 days prior to the stockholders' meeting called to approve such transaction, or 20 days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of Section 3, and the Corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than 20 days after the Corporation has given the first notice provided for herein or sooner than 10 days after the Corporation has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the holders of a majority of the shares of Series A Preferred Stock then outstanding.

Section 7. Voting Rights. Each holder of Series A Preferred Stock shall have the right to one vote for each share of Common Stock into which such Series A Preferred Stock could then be converted (with any fractional share determined on an aggregate conversion basis being rounded to the nearest whole share), and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of a holder of Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the bylaws of the Corporation, and shall be entitled to vote, together with holders of Common Stock, with respect to any question upon which holders of Common Stock have the right to vote.

#### ARTICLE IV

No holder of shares or securities of the Corporation now or hereafter authorized shall have any preemptive right or be entitled as of right to subscribe for, purchase or receive any unissued or treasury shares of any class, whether now or hereafter authorized, or any notes, bonds, debentures, or other securities convertible into, or carrying options or warrants to purchase, shares of any class; but all such unissued or treasury shares of any class, or notes, bonds, debentures or other securities convertible into, or carrying options or warrants to purchase, shares of any class may be issued or disposed of by the Board of Directors to such persons and on such terms as it, in its absolute discretion, may deem advisable.

#### ARTICLE V

No holder of shares of voting securities of the Corporation shall be entitled to cast cumulative votes at any election for directors.

## ARTICLE VI

Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, or by a sole remaining director. Any directorship to be filled by reason of an increase in the number of directors of the corporation shall be filled by the affirmative vote of a majority of the number of directors fixed by the bylaws prior to such increase. Any such directorship not so filled by the directors shall be filled by election at the next annual meeting of shareholders or at a special meeting of shareholders called for that purpose.

## ARTICLE VII

The Corporation shall indemnify to the fullest extent not prohibited by law 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 or officer 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, or as a fiduciary of an employee benefit plan, of another corporation, partnership, joint venture, trust or other enterprise. The right to and amount of indemnification

shall be determined in accordance with the provisions of the Idaho Business Corporation Act in effect at the time of the determination.

#### ARTICLE VIII

The Corporation may purchase, either directly or indirectly, shares of capital stock and evidences of indebtedness issued or created by the Corporation, to the extent of unreserved and unrestricted capital surplus available therefor.

#### ARTICLE IX

The Board of Directors may from time to time distribute to the Corporation's shareholders, in partial liquidation, out of stated capital or capital surplus to the extent legally available therefor, a portion of the Corporation's assets in cash or property.

#### ARTICLE X

The address of the registered office of the Corporation is 4252 South Eagleson Road, Boise, Idaho 83706, and the name of its registered agent at such address is Stephen C. Maglecic.

#### ARTICLE XI

These Second Amended and Restated Articles of Incorporation were adopted on Aug. 14, 1986, and at the time of their adoption:

1. The total number of shares which were outstanding was 4,000,000; entitled to vote thereon, 4,000,000; voted for adop-

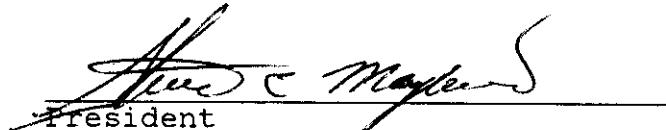
tion, 4,000,000; voted against adoption, 0; abstained from voting, 0.

2. No shares of any class were entitled to vote on such adoption as a class.

3. The Second Amended and Restated Articles of Incorporation do not provide for an exchange, reclassification or cancellation of issued shares.

4. The Second Amended and Restated Articles of Incorporation do not effect a change in amount of stated capital.

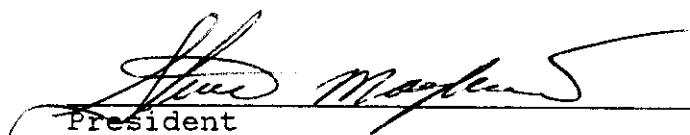
5. Articles I, II and IV through XI herein are restated; these articles correctly set forth without change the corresponding provisions of the Corporation's Articles of Incorporation as heretofore amended. Article III herein is amended.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary

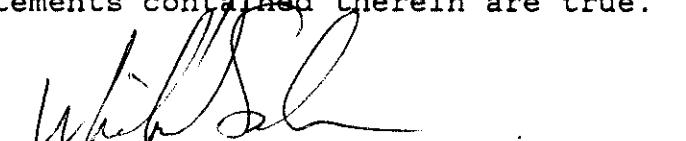
I declare under penalties of perjury that I have examined the foregoing and that, to the best of my knowledge and belief, it is true, complete and correct.

Dated: Aug 14, 1986

  
\_\_\_\_\_  
President

STATE OF IDAHO      )  
                        )  
                        ) ss.  
County of Ada        )

I, W. Richard Sanders, a notary public, do hereby certify that on this 14<sup>th</sup> day of August, 1986 personally appeared before me STEVEN C. and PATRICIA MAGLECIC, who, being by me first duly sworn, declared that they are the President and Secretary of PACKAGING TECHNOLOGIES, INC., respectively, that they signed the foregoing as President and Secretary of the corporation, and that the statements contained therein are true.

  
\_\_\_\_\_  
Notary Public for the State of  
Idaho, residing at Weiser, Idaho