

FILED/EFFECTIVE

CERTIFICATE OF

APR 23 10 19 AM '01

AMENDED AND RESTATED

ARTICLES OF INCORPORATION OF

**SECRETARY OF STATE
STATE OF IDAHO**

GREAT NORTHWEST HOLDING COMPANY, INC.

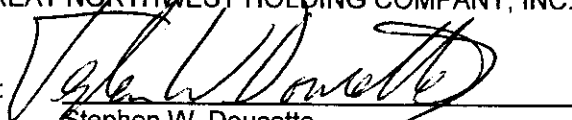
Pursuant to Section 30-1-1007 of the Idaho Business Corporation Act ("IBCA"), the undersigned President and Chief Executive Officer of Great Northwest Holding Company, Inc. (the "Company"), an Idaho corporation, certifies:

1. **Name.** The name of the Company is Great Northwest Holding Company, Inc.
2. **Text.** The Amended and Restated Articles of Incorporation of the Company (the "Restated Articles") are attached.
3. **Adoption.** The Restated Articles contain amendments to the Articles that required shareholder approval under the IBCA. The Board of Directors of the Company and the sole holder of all of the Company's outstanding voting stock duly adopted the Restated Articles on April 17, 2001, by unanimous consent in accordance with Sections 30-1-821 and 30-1-704, respectively, of the IBCA. At the time of the adoption of the Restated Articles, there were 196,577 shares of the Company's Common Stock outstanding and entitled to vote, all of which were voted in favor of adoption of the Restated Articles.
4. **Restatement.** The Restated Articles supersede the Company's original Articles of Incorporation filed in the office of the Idaho Secretary of State on August 7, 1991 (the "Original Articles"), and the subsequent amendments to the Original Articles on November 27, 1992, August 31, 1995, June 28, 1996, August 13, 1996, October 9, 1997, and October 23, 1998.

GREAT NORTHWEST HOLDING COMPANY, INC.

Date: April 17, 2001

By:


Stephen W. Doucette
President and Chief Executive Officer

IDAHO SECRETARY OF STATE

04/24/2001 09:00
CK: 67840 CT: 28522 BH: 392814

1 @ 38.00 = 38.00 AMEND PROF # 2

C96017

AMENDED AND RESTATED
ARTICLES OF INCORPORATION - 1

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AMENDED AND RESTATED
ARTICLES OF INCORPORATION OF
GREAT NORTHWEST HOLDING COMPANY, INC.

IDAHO SECRETARY OF STATE

04/24/2001 09:00
CK: 67448 CT: 20522 BH: 392814

1 @ 30.00 = 30.00 AMEND PROF # 2

C96017

ARTICLE 1
NAME

The name of the Company is Great Northwest Holding Company, Inc.

ARTICLE 2
PURPOSE

The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the Idaho Business Corporation Act, as amended.

ARTICLE 3
SHARES

3.1 Authorized Shares. The Company is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares the Company is authorized to issue is four million (4,000,000) shares, two million (2,000,000) shares of which shall be Common Stock ("Common Stock") and two million (2,000,000) shares of which shall be Preferred Stock ("Preferred Stock"). The relative rights, preferences, powers, qualifications, limitations, and restrictions granted to or imposed on the respective classes of shares or the holders of shares are set forth in these Amended and Restated Articles of Incorporation ("Restated Articles").

3.2 Common Stock.

3.2.1 Changes In Authorized Number. Except as provided in this Article, the number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares of Common Stock then outstanding, plus the number of shares reserved for issuance by action of the Board of Directors) by the affirmative vote of the holders of a majority of the stock of the Company (voting together on an as-if-converted basis).

3.2.2 Reserved Common Stock. The Company, by its Board of Directors, shall reserve shares of Common Stock as required by Section 3.7.15 of these Restated Articles to enable conversion of the Series A Preferred Stock. The Company, by its Board of Directors, may reserve up to 20% of the authorized shares of the Company's Common Stock for issuance upon the exercise of options granted to employees, officers and consultants of the Company. The Common Stock so reserved may be issued from time to time by the Company pursuant to arrangements, contracts or plans approved by the Company's Board of Directors.

3.2.3 Exchange of Common Stock. The 196,577 shares of Common Stock outstanding immediately prior to the adoption of these Restated Articles, all of which are held by Stephen W. Doucette, shall be upon the adoption of these Restated Articles exchanged for 462,000 shares of Common Stock.

3.3 Series of Preferred Stock.

3.3.1 Series A Preferred Stock. One million (1,000,000) shares of the Preferred Stock are designated "Series A Preferred Stock" (the "*Series A Preferred*"). Any share of Series A Preferred which, after its initial issuance, is re-acquired by the Company by reason of redemption, purchase, conversion, or otherwise shall be cancelled and may not be reissued.

3.3.2 Undesignated Preferred Stock. The undesignated Preferred Stock may be issued from time to time in one or more series. Except as provided in this Article, the Board of Directors is authorized, within the limitations and restrictions stated in these Restated Articles, to fix or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, the liquidation preferences of any wholly unissued series of Preferred Stock, the number of shares and designation constituting any series, and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of the series then outstanding. In case the Board decreases the number of shares of any series, the shares constituting the decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of the series.

3.4 Dividend Rights.

3.4.1 Series A Preferred. Holders of the Series A Preferred are not entitled to receive dividends.

3.4.2 Common Stock. Holders of the Common Stock are entitled to receive, but only out of funds that are legally available therefor, cash dividends payable when, as and if declared by the Board of Directors.

3.5 Voting Rights.

3.5.1 General Rights. Except as otherwise provided in these Restated Articles or as required by law, Series A Preferred and Common Stock shall be voted as a single class, and not as a separate class, at any annual or special meeting of stockholders of the Company and may act by written consent in the same manner as the Common Stock. Each outstanding share of Series A Preferred and each outstanding share of Common Stock shall have one vote on each matter voted on at a shareholder meeting.

3.5.2 Special Meetings of Shareholders. In addition to those persons having the right to call special meetings of the shareholders pursuant to the Company's Bylaws, the holders of at least 300,000 shares of the Series A Preferred shall have the right to call special meetings of the shareholders.

3.5.3 Separate Vote of Series A Preferred. For so long as at least 300,000 shares of Series A Preferred remain outstanding (as adjusted for stock dividends, combinations, splits, recapitalizations, and the like), in addition to any other vote or consent required by these Restated Articles or by law, the vote or written consent of the holders of at least 50% of the outstanding Series A Preferred, voting as a single class, shall be necessary to effect or validate a Corporate Action (as defined in Section 3.5.5) or to authorize, designate or issue any series of Preferred Stock with any relative right or preference superior to the Series A Preferred.

3.5.4 Separate Vote of Common Stock. For so long as at least 300,000 shares of Common Stock remain outstanding (as adjusted for stock dividends, combinations, splits, recapitalizations, and the like), in addition to any other vote or consent required by these Restated Articles or by law, the vote or written consent of the holders of at least 50% of the outstanding Common Stock, voting as a single class, shall be necessary to effect or validate a Corporate Action (as defined in Section 3.5.5).

3.5.5 Corporate Action. A "Corporate Action" shall mean:

(a) Authorized Shares. Any amendment or repeal of any provision of the Company's Articles of Incorporation or Bylaws that would change the rights, or increase or decrease the number of authorized shares, of the Series A Preferred or the Common Stock.

(b) New Class or Series. Any authorization, designation, or issuance, whether by reclassification or otherwise, of any new class or series of stock.

(c) Conversion. Any authorization, designation, or issuance of any bonds, notes, or other obligations convertible into, exchangeable for, or having option rights to purchase shares of stock with any preference or priority equal or superior to the Common Stock;

(d) Reclassification. Any reclassification of any class or series of the Common Stock into shares with any preference superior to the Common Stock.

(e) Redemption. Any application of any of the Company's assets to the redemption or other acquisition of any shares of the Common Stock, except for redemption from employees, advisors, officers, directors, consultants, or service providers of the Company on terms approved by the Board of Directors.

(f) Merger or Sale. Any agreement to merge or consolidate the Company with, or sell the Company to, another entity.

(g) Asset Sale. Any agreement to sell all or substantially all the operating assets of the Company.

(h) Change in Control. Any agreement to any transaction or series of related transactions in which more than eighty percent (80%) of the voting power of the Company is disposed, other than a firm commitment underwritten public offering of the Company's shares registered pursuant to the Securities Act of 1933, as amended, the gross cash proceeds (before underwriting discounts, commissions, and fees) of which exceed ten million dollars (\$10,000,000).

3.5.6 Number of Directors. The Company's Board of Directors shall have five members. There is no cumulative voting for directors.

3.5.7 Election of Directors. The holders of the outstanding Series A Preferred and Common Stock, voting together as a class, shall be entitled to elect members of the Board of Directors at each meeting or pursuant to each consent of the Company's shareholders for the election of directors, and to remove from office directors and to fill any vacancy caused by the resignation, death, or removal of directors. Shareholders shall have no right to cumulate their votes in the election of directors.

3.6 Liquidation Rights.

3.6.1 Series A Liquidation Preference. Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of the Common Stock, the holders of the Series A Preferred shall be entitled to be paid out of the assets of the Company an amount per share of Series A Preferred equal to the original issue price of the Series A Preferred as defined in this Section 3.6.1 ("*Series A Original Issue Price*") for each share of Series A Preferred (as adjusted for any stock dividends, combinations, splits, recapitalizations, and the like with respect to such shares) held by the holders of the Series A Preferred (the "*Series A Liquidation Preference*"). The Series A Original Issue Price shall be \$1.00 per share.

3.6.2 Common Liquidation Preference. Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, and subject to the payment in full of the

liquidation preferences with respect to the Series A Preferred as provided in Section 3.6.1, the holders of the Common Stock shall be entitled to receive, prior and in preference to any further distribution of any of the assets or surplus funds of the Company to the holders of the Series A Preferred by reason of their ownership of the Series A Preferred, the amount of \$1.00 per share (as adjusted for any stock dividends, combinations or splits with respect to the Common Stock) for each share of Common Stock then held by them and no more. Subject to the payment in full of the liquidation preferences with respect to the Series A Preferred as provided in Section 3.6.1, if upon occurrence of any liquidation, dissolution, or winding up of the Company, the assets and funds thus distributed among the holders of the Common Stock shall be insufficient to permit the payment to holders of the Common Stock of the full preferential amount, then the entire remaining assets and funds of the Company legally available for distribution shall be distributed among the holders of the Common Stock in proportion to the shares of Common Stock then held by them.

3.6.3 Residual Liquidation Rights. Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, after payment to the holders of the Series A Preferred and Common Stock of the amounts set forth in Sections 3.6.1 and 3.6.2, respectively, the entire remaining assets and funds of the Company legally available for distribution, if any, shall be distributed among the holders of the Common Stock and Series A Preferred in proportion to (i) the shares of Common Stock then held by them and (ii) the shares of Common Stock which they then have the right to acquire upon conversion of the shares of the Series A Preferred then held by them to Common Stock.

3.6.4 Liquidation Events. The following events shall be considered a liquidation, dissolution, or winding up of the Company under this Section 3.6:

(a) Change in Control. The completion by the Company or a third-party acquirer of any transaction or series of related transactions in which more than eighty percent (80%) of the voting power of the Company becomes held by a single person or a group of affiliated persons.

(b) Acquisition. The merger or consolidation of the Company with or into any other corporation or corporations (an "Acquisition").

(c) Asset Transfer. The sale of all or substantially all of the assets of the Company (an "Asset Transfer").

3.6.5 Distribution in Kind. Except as provided in this section, whenever the distribution required by this Section 3.6 shall be payable in property other than cash, the value of the distribution shall be the fair market value of the property as determined in good faith by the Board of Directors of the Company. Any securities to be delivered to the holders of the Series A Preferred or Common Stock pursuant to this Section 3.6 shall be valued as follows:

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

(i) If traded on a securities exchange or the Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on the exchange over the 30-day period ending 3 days prior to the date of distribution.

(ii) 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 3 days prior to the date of distribution.

(iii) If there is no active public market, the value shall be the fair market value of the securities as determined in good faith by the Board of Directors of the Company.

(b) **Restricted Securities.** 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 in (A)(i), (ii), or (iii) above to reflect the approximate fair market value of the restricted securities as determined in good faith by the Board of Directors of the Company.

3.7 Conversion Rights. The holders of the Series A Preferred shall have the right to convert the Preferred Stock into shares of Common Stock ("*Conversion Rights*") in accordance with this Section 3.7.

3.7.1 Optional Conversion. Subject to and in compliance with the provisions of this Section 3.7, any shares of Series A Preferred may, at the option of the holder, be converted at any time into the number of fully-paid and nonassessable shares of Common Stock as equals the product obtained by multiplying the Series A Conversion Rate then in effect (determined as provided in Section 3.7.3) by the number of shares of Series A Preferred being converted.

3.7.2 Automatic Conversion. Each share of Series A Preferred shall automatically be converted into shares of Common Stock, based on the then-effective Series A Conversion Price, (i) upon the closing of a sale of Common Stock pursuant to a firm commitment underwritten public offering registered pursuant to the Securities Act of 1933, as amended, the gross cash proceeds (before underwriting discounts, commissions, and fees) of which exceed \$10,000,000, or (ii) when fewer than 212,520 shares of the Series A Preferred remain outstanding.

3.7.3 Series A Conversion Rate. The conversion rate in effect at any time for conversion of the Series A Preferred ("*Series A Conversion Rate*") shall be the quotient obtained by dividing the Series A Original Issue Price by the Series A Conversion Price, calculated as provided in Section 3.7.4.

3.7.4 Series A Conversion Price. The conversion price for the Series A Preferred ("*Series A Conversion Price*") shall initially be the Series A Original Issue Price as defined in Section 3.6.1. The Series A Conversion Price shall be adjusted from time to time in accordance with this Section 3.7. The Series A Conversion Price shall cease to be adjusted in accordance with this Section 3.7 for holders of Series A Preferred who do not participate pro rata in any future equity offering by the Company. All references in these Restated Articles to the Series A Conversion Price shall mean the Series A Conversion Price as so adjusted.

3.7.5 Adjustment for Stock Splits and Combinations. If the Company shall at any time or from time to time effect a subdivision of the outstanding Common Stock, the Series A Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time combine the outstanding shares of Common Stock into a smaller number of shares, the Series A Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 3.7.5 shall become effective at the close of business on the date the subdivision or combination becomes effective.

3.7.6 Adjustment for Common Stock Dividends and Distributions. If the Company at any time or from time to time makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock or any other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereafter identified as "*Common Stock Equivalents*"), in each such event the Series A Conversion Price that is then in effect shall be decreased as of the time of the issuance or, in the event the record date is fixed, as of the close of business on the record date, by multiplying the Series A Conversion Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of the issuance or the close of business on the record date, and (ii) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of the issuance or the close of business on the record date plus the number of shares of Common Stock and Common Stock Equivalents (assuming the conversion, exchange or exercise into or for Common Stock)

issuable in payment of the dividend or distribution. If the record date is fixed and the dividend is not fully paid or if the distribution is not fully made on the date fixed therefor, the Series A Conversion Price shall be recomputed accordingly as of the close of business on the record date and thereafter the Series A Conversion Price shall be adjusted pursuant to this Section 3.7.6 to reflect the actual payment of the dividend or distribution.

3.7.7 Adjustment for Exchange and Substitution. Except for an Acquisition, Asset Transfer, a split or combination of shares as provided in Section 3.7.5, or stock dividend as provided in 3.7.7, if at any time or from time to time the Common Stock issuable upon the conversion of the Series A Preferred is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise, each holder of Series A Preferred shall have the right at any time thereafter to convert the Series A Preferred into the kind and amount of stock and other securities and property receivable upon the recapitalization, reclassification, or other change by holders of the maximum number of shares of Common Stock into which the shares of Series A Preferred could have been converted immediately prior to the recapitalization, reclassification, or change, all subject to further adjustment as provided in these Restated Articles.

3.7.8 Adjustment for Sale of Shares Below Series A Conversion Price.

(a) Adjustment for Sale Below Series A Conversion Price. If at any time after the date that the first share of Series A Preferred is issued ("*Series A Original Issue Date*"), the Company issues or sells, or is deemed by the express provisions of this Section 3.7.8 to have issued or sold, Additional Shares of Common Stock (as defined below) for an Effective Price (as defined below) less than the then effective Series A Conversion Price, the then effective Series A Conversion Price shall be reduced as of the opening of business on the date of the issue or sale. This adjustment does not apply to issuance or sale of Additional Shares of Common Stock relating to (i) dividends or other distributions on any class of stock as provided in Section 3.7.6, and (ii) subdivisions or combinations of shares of Common Stock as provided in Section 3.7.5.

(b) Adjustment Price. Upon the occurrence of an event described in subsection (a), the Series A Conversion Price shall be determined by multiplying the then-effective Series A Conversion Price by a fraction:

(i) The numerator of which shall be (a) the number of shares of Common Stock Deemed Outstanding (as defined below) immediately prior to the issue or sale, plus (b) the number of shares of Common Stock which the aggregate consideration (as defined in subsection (c)) received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at the unadjusted Series A Conversion Price, and

(ii) The denominator of which shall be the number of shares of Common Stock Deemed Outstanding immediately prior to such issue or sale plus the number of Additional Shares of Common Stock so issued.

(c) Consideration for Sale of Shares. For the purpose of making any adjustment required under this Section 3.7.8, the consideration received by the Company for any issue or sale of securities shall:

(i) To the extent it consists of cash, be computed at the net amount of cash received by the Company after deduction of any underwriting or similar commissions, compensation, or concessions paid or allowed by the Company in connection with such issue or sale but without deduction of any expenses payable by the Company.

(ii) To the extent it consists of property, other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors.

(iii) If Additional Shares of Common Stock, Convertible Securities (as hereinafter defined) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to the Additional Shares of Common Stock, Convertible Securities, or rights or options.

(d) Adjustments If Convertible Securities Issued. For the purpose of the adjustment required under this Section 3.7.8 if the Company issues Convertible Securities:

(i) If the Company issues or sells any Convertible Securities and if the Effective Price of the Additional Shares of Common Stock is less than the Series A Conversion Price, the Company shall be deemed to have issued at the time of the issuance of the Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion of the Convertible Securities and to have received as consideration for the balance of the Additional Shares of Common Stock an amount equal to the total amount of the consideration, if any, received by the Company for the issuance of the Convertible Securities, plus the minimum amounts of consideration (if any and other than by cancellation of liabilities or obligations evidenced by the Convertible Securities) to be received by the Company upon the conversion of the Convertible Securities.

(ii) If the minimum amounts of the consideration cannot be ascertained but are a function of antidilution or similar protective clauses, the Company shall be deemed to have received the minimum amounts of consideration without reference to such clauses.

(iii) If the minimum amount of consideration payable to the Company upon the exercise or conversion of Convertible Securities is reduced over time or on the occurrence or nonoccurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which the minimum amount of consideration is reduced.

(iv) If the minimum amount of consideration payable to the Company upon the exercise or conversion of the Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of the Convertible Securities.

(v) No further adjustment of the Series A Conversion Price, as adjusted upon the issuance of the Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise or conversion of any Convertible Securities.

(vi) If any of the rights represented by the Convertible Securities shall expire without having been exercised, the Series A Conversion Price as adjusted upon the issuance of the Convertible Securities shall be readjusted to the Series A Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise or conversion of the Convertible Securities, and the Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon the exercise or conversion, plus the consideration, if any, actually received by the Company for the granting of all rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or obligations evidenced by the Convertible Securities) on the conversion of the Convertible Securities; provided that such readjustment shall not apply to prior conversions of Series A Preferred.

(vii) No readjustment of the Series A Conversion Price shall have the effect of increasing the Series A Conversion Price to an amount which exceeds the lower of (1) the Series A Conversion Price on the original adjustment date, or (2) the Series A Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and the readjustment date.

(e) Common Shares Deemed Outstanding. The "*Common Stock Deemed Outstanding*" shall mean the number of shares of Common Stock deemed to be outstanding as of a given date, which number shall be the sum of (a) the number of shares of Common Stock actually outstanding, (b) the number of shares of Common Stock into which the then outstanding shares of Series A Preferred could be converted if fully converted on the day immediately preceding the given date, and (c) the number of shares of Common Stock which could be obtained through the exercise or conversion of all other rights, options, and convertible securities (which bear an exercise or conversion price which is lower than the Effective Price) on the day immediately preceding the given date.

(f) Convertible Securities. The "*Convertible Securities*" shall mean the (i) rights, (ii) warrants, (iii) options for the purchase of, to subscribe for or otherwise acquire, or (iv) stock or other securities or debt convertible into, Additional Shares of Common Stock.

(g) Effective Price. The "*Effective Price*" of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section 3.7.8, into the aggregate consideration received, or deemed to have been received by the Company for such issue under this Section 3.7.8, for the Additional Shares of Common Stock.

(h) Additional Shares of Common Stock. The "*Additional Shares of Common Stock*" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 3.7.8, whether or not subsequently reacquired or retired by the Company, other than shares of Common Stock issued by the Company for the purposes set forth in Section 3.7.9 for which no adjustment shall be made.

3.7.9 No Adjustment for Series A Conversion Price. The Series A Conversion Price shall not be adjusted because of (i) shares of Common Stock issued upon conversion of the Series A Preferred; (ii) shares of Common Stock and options, warrants or other Common Stock purchase rights, and the Common Stock issued pursuant to such options, warrants, or other rights (as adjusted for any stock dividends, combinations, splits, recapitalizations, and the like), granted pursuant to any existing or future employee stock purchase or stock option plans that are approved by the Board of Directors; (iii) shares of Common Stock issued at a price in excess of the Series A Conversion Price; (iv) shares of Common Stock or options, warrants, or convertible securities issued pursuant to a merger, consolidation, or acquisition of a business or assets of a business to which the Company is a party; and (v) options outstanding upon the date of adoption of these Restated Articles.

3.7.10 Accountants' Certificate of Adjustment. In each case of an adjustment or readjustment of the Series A Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series A Preferred, if the Series A Preferred is then convertible pursuant to this Section 3.7, the Company, at its expense, shall compute the adjustment or readjustment in accordance with the Restated Articles, prepare an accountant's certificate showing the adjustment or readjustment, and deliver the certificate to each registered holder of Series A Preferred at the holder's address as shown in the Company's books. The certificate shall set forth the adjustment or readjustment, showing in detail the facts upon which the adjustment or readjustment is based. The Company shall, upon the written request at any time of any holder of Series A Preferred, furnish or cause to be furnished to the holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Series A Conversion Price at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of Series A Preferred.

3.7.11 Mechanics of Optional Conversion. Each holder who desires to convert the Series A Preferred into shares of Common Stock pursuant to this Section 3.7 shall surrender the certificate or certificates therefore, duly endorsed, at the office of the Company or any transfer agent for the Series A Preferred, and shall give written notice to the Company at such office that the holder elects to convert the Series A Preferred. The notice shall state the number of shares of Series A Preferred being converted. Thereupon, the Company shall promptly issue and deliver at such office to the holder a certificate or certificates for the number of shares of Common Stock to which the holder is entitled. The

conversion shall be deemed to have been made at the close of business on the date of the surrender of the certificates representing the shares of Series A Preferred to be converted, and the person entitled to receive the shares of Common Stock issuable upon the conversion shall be treated for all purposes as the record holder of the shares of Common Stock on such date. If the conversion is in connection with an underwritten offer of securities registered pursuant to the Securities Act of 1933, as amended, the conversion may, at the option of any holder tendering shares for conversion, be conditioned upon the closing with the underwriter of the sale of securities pursuant to the offering, in which event the person(s) entitled to receive the shares issuable upon the conversion shall not be deemed to have converted the shares until immediately prior to the closing of the sale of securities.

3.7.12 Mechanics of Automatic Conversion. Upon the occurrence of an event triggering an Automatic Conversion, the outstanding shares of Series A Preferred 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 Company or its transfer agent. The Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon conversion unless the certificates evidencing shares of Series A Preferred are either delivered to the Company or its transfer agent, or the holder notifies the Company or its transfer agent that the certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by the Company in connection with the certificates. Upon the occurrence of the automatic conversion of the Series A Preferred, the holders of Series A Preferred shall surrender the certificates representing such shares at the office of the Company or any transfer agent for the Series A Preferred. Thereupon, there shall be issued and delivered to the holder in the name as shown on the certificate a new certificate for the number of shares of Common Stock into which the shares of Series A Preferred surrendered were convertible on the date on which the automatic conversion occurred

3.7.13 Notice of Record Date. Prior to (i) the Company determining the holders of record of any class of securities for the purpose of determining who are entitled to receive any dividend or other distribution, or (ii) any Acquisition or other capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into any other company, or any Asset Transfer, or any voluntary or involuntary dissolution, liquidation, or winding up of the Company (collectively, the "*Record Events*"), the Company shall provide advance notice of the Record Events to each holder of the Series A Preferred. The notice shall (i) be mailed or delivered to each holder of Series A Preferred at least 20 days prior to the record date specified in the notice, (ii) specify the date on which the record is to be determined for the purpose of the dividend or distribution and a description of the dividend or distribution, (iii) specify the date on which any Record Event is expected to become effective, (iv) specify the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon the occurrence of the Record Event, and (v) specify the date, if any, on which a shareholders' meeting is called to approve any transaction referenced in this Section 3.7.13..

3.7.14 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series A Preferred. All shares of Common Stock issuable upon conversion of more than one share of Series A Preferred shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional shares, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board of Directors) on the date of conversion.

3.7.15 Reservation of Stock Issuable Upon Conversion. The Company shall reserve 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, the number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred Stock. 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, the Company 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 the number of shares as shall be sufficient for such purpose.

3.7.16 Notices. Any notice required by the provisions of this Section 3.7 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery with written verification of receipt. All notices shall be addressed to each holder of record at the address of the holder appearing on the books of the Company.

3.7.17 Payment of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred so converted were registered.

3.7.18 No Dilution or Impairment. The Company shall not amend its Articles of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, if the action will have the effect of avoiding or seeking to avoid the observance or performance of any of the terms of Section 3.7 to be observed or performed by the Company, and shall observe or perform the actions as may be reasonably necessary or appropriate to protect the conversion rights of the holders of the Series A Preferred against dilution or other impairment.

3.8 Redemption Rights

3.8.1 Redemption Initiated by Holders. The Company shall be obligated to redeem the Series A Preferred at any time on or after the second anniversary of the Series A Original Issue Date if the holders of at least 300,000 shares of then outstanding Series A Preferred, voting together as a separate class, vote to require the Company, to the extent the Company may lawfully do so, to redeem some or all of their shares of Series A Preferred (a "*Holder Initiated Series A Redemption*"). Upon receipt of a Redemption Notice (as defined in Section 3.8.3) of a Holder Initiated Series A Redemption, the Company shall redeem the Series A Preferred by paying in exchange for the shares of Series A Preferred to be redeemed a sum equal to the greater of (i) the Series A Original Issue Price per share of Series A Preferred (as adjusted for any stock dividends, combinations, splits, recapitalizations, and the like), (ii) six times Earnings Per Share (as determined pursuant to Section 3.8.5), or (iii) the price per share offered for the purchase of Series A Preferred pursuant to any Bona Fide Offer (as defined in Section 3.8.6). The Company shall pay the redemption price due pursuant to this Section 3.8 over a period of 7 years in equal semi-annual installments, with interest accruing at a rate of 8.5% per annum during the installment period. The first installment shall be due 6 months after the Redemption Closing (as defined in Section 3.8.4). The redemption price due pursuant to this Section 3.8 shall be represented by a promissory note of the Company that is secured by a lien on the Company's assets that is subordinated to all other liens. The Company's obligation to pay the promissory note shall be accelerated, and payment in full shall be due, upon the occurrence of a liquidation event described in Section 3.6.4.

3.8.2 Redemption Initiated by Company. To the extent the Company may lawfully do so, the Company may, in the Company's discretion, redeem some or all of the then outstanding Series A Preferred at any time on or after the second anniversary of the Series A Original Issue Date (a "*Company Initiated Series A Redemption*"). If a Company Initiated Series A Redemption occurs on or before the fifth anniversary of the Series A Original Issue Date, the Company shall redeem the Series A Preferred by paying in cash at the Redemption Closing in exchange for the shares of Series A Preferred to be redeemed a sum equal to the greater of (i) six times Earnings Per Share, (ii) the price per share offered for purchase of Series A Preferred pursuant to any Bona Fide Offer, or (iii) a price per share that shall result in a 25% rate of return to the holders from the Series A Original Issue Date to the

Redemption Closing on the Series A Preferred to be redeemed. If a Company Initiated Series A Redemption occurs after the fifth anniversary of the Series A Original Issue Date, the Company shall redeem the Series A Preferred by paying in cash at the Redemption Closing in exchange for the shares of Series A Preferred to be redeemed a sum equal to the greater of (i) six times Earnings Per Share, (ii) the price per share offered for the purchase of Series A Preferred pursuant to any Bona Fide Offer, or (iii) a price per share that shall result in an annualized rate of return to the holders of the Series A Preferred to be redeemed equal to the average annual average percentage increase in the Dow Jones Industrial Average during the 5 years preceding the notice of Company Initiated Series A Redemption plus 3%. For a period of 18 months after the notice of Company Initiated Series A Redemption, neither the Company nor Stephen W. Doucette shall sell shares of either Series A Preferred or Common Stock for a price per share that is higher than the redemption price paid by the Company to the holders of Series A Preferred pursuant to this Section 3.8.2.

3.8.3 Notice of Redemption. To initiate a Holder Initiated Series A Redemption, the participating holders shall provide written notice to the Company of their intention to redeem shares of the Series A Preferred. To initiate a Company Initiated Series A Redemption, the Company shall provide written notice to the holders of the Series A Preferred to be redeemed of the Company's intention to redeem shares of the Series A Preferred. The written notice shall state the number of shares to be redeemed ("*Redemption Notice*").

3.8.4 Closing of Redemption. A redemption of Series A Preferred shall close within 30 days after receipt of the written notice required in Section 3.8.3 (a "*Redemption Closing*").

3.8.5 Earnings Per Share. The "*Earnings Per Share*" shall mean as follows:

(a) *Fiscal Year Statement.* If the Redemption Notice is given fewer than 90 calendar days after the end of the Company's fiscal year, Earnings Per Share shall be determined in accordance with generally accepted accounting principles as of the end of the most recently completed fiscal year (on a fully diluted and as-if-converted to Common Stock basis) as stated in the Company's most recent audited financial statement.

(b) *Four Quarters Statements.* If the Redemption Notice is given 90 or more calendar days after the end of the Company's fiscal year, Earnings Per Share shall be determined based upon the Company's quarterly financial statements for the 4 most recently completed fiscal quarters prepared in accordance with generally accepted accounting principles (on a fully diluted and as-if-converted to Common Stock basis).

(c) *Disputes.* Should any dispute arise between the Company and the holders of the shares of Series A Preferred to be redeemed regarding the Company's earnings for any quarter, then (a) at the Company's expense, the Company shall provide for verification of the Company's earnings for any quarter included in the fiscal year immediately preceding the giving of the Redemption Notice, and (b) the Company and the holders of the shares of Series A Preferred to be redeemed shall equally share in the expense of verifying the Company's earnings for any completed fiscal quarter subsequent to the end of the fiscal year immediately preceding the giving of the Redemption Notice.

3.8.6 Bona Fide Offer. A "*Bona Fide Offer*" means a provable all-cash offer, all stock offer, or a combination cash-and-stock offer to purchase shares of the Series A Preferred that is made within 2 months prior to the date of the Redemption Notice by a purchaser capable of completing the proposed purchase on the offered terms and capable of operating the Company's business. Any stock that constitutes some or all of the consideration for the proposed purchase must be a registered security freely traded on a major United States stock exchange.

3.8.7 Prior Distributions. All prior monetary distributions to holders of shares of Series A Preferred to be redeemed (including cash dividends and other distributions on such shares, but excluding compensation or consulting fees paid to such holders for services rendered to the Company) shall be subtracted from the redemption price due.

3.8.8 Pro Rata Redemption. On or prior to a Redemption Closing, the Company shall send a written notice to all holders of shares of Series A Preferred to be redeemed setting forth (i) the redemption price for the shares to be redeemed, and (ii) the place at which such holders may obtain payment of the redemption price upon surrender of their share certificates. If the Company does not have sufficient funds legally available to redeem all shares to be redeemed upon the Redemption Closing, then the Company shall redeem such shares pro rata (based on the portion of the aggregate redemption price payable to each holder of the shares) to the extent possible and shall redeem the remaining shares to be redeemed as soon as sufficient funds are legally available.

3.8.9 Deposit of Aggregate Redemption Price. On or prior to a Redemption Closing, the Company shall deposit the aggregate redemption price of all shares to be redeemed with a bank or trust company, as a trust fund, with irrevocable instructions and authority to the bank or trust company to pay, on and after the Redemption Closing, the redemption price of the shares to their respective holders upon the surrender of their share certificates. Any monies deposited by the Company pursuant to this Section 3.8.9 for the redemption of shares which were converted into shares of Common Stock pursuant to Section 3.7 no later than the second day preceding the Redemption Closing shall be returned to the Company forthwith upon the conversion. The balance of any funds deposited by the Company pursuant to this Section 3.8.9 remaining unclaimed at the expiration of 1 year following such Redemption Closing shall be returned to the Company promptly upon its written request.

3.8.10 Surrender of Shares. On or after the Redemption Closing, each holder of shares of Series A Preferred to be redeemed shall surrender the holder's certificates representing the shares to the Company in the manner and at the place designated in the Series A Redemption Notice, and thereupon the redemption price of such shares shall be payable to the order of the person whose name appears on the certificate and each surrendered certificate shall be canceled. In the event less than all the shares represented by the certificates are redeemed, a new certificate shall be issued representing the unredeemed shares. From and after the Redemption Closing, all rights of the holders of the shares as holders of Series A Preferred (except the right to receive the redemption price without interest upon surrender of their certificates) shall cease and terminate with respect to such shares.

3.8.11 Termination of Conversion Rights. In the event of a call for redemption of shares of Series A Preferred pursuant to either Section 3.8.1 or Section 3.8.2, the Conversion Rights (as defined in Section 3.7) for the shares of Series A Preferred to be redeemed shall terminate at the close of business on the second day preceding the Redemption Closing; provided that the redemption price for the Series A Preferred has been deposited as provided in Section 3.8.9 and no default is made in payment of the redemption price.

3.9 Preemptive Rights. Shareholders of the Company shall have no preemptive rights except as granted by the Company pursuant to written agreements. Failure of holders of the Series A Preferred to participate in any future equity offerings may affect the Conversion Rights of the Series A Preferred pursuant to Section 3.7.4.

ARTICLE 4 INDEMNIFICATION

4.1 Indemnification. The Company shall indemnify to the fullest extent then permitted by law any person who is made, or threatened to be made, a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, investigative, or otherwise (including an action, suit or proceeding by or in the right of the Company) because the person (i) is or was a director, officer, employee, or agent of the Company, (ii) is or was a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 with respect to any employee benefit plans of the Company, or (iii) serves or served at the request of the Company as a director, officer, employee, or agent of another company, partnership, joint venture, trust, or other enterprise. The indemnification shall include against all actually and reasonably incurred expenses (including attorneys' fees and costs), judgments, fines, and amounts paid in settlement. Expenses incurred by an officer or director in defending a civil or criminal action, suit, or proceeding shall be paid by the Company in advance of the final disposition of such action,

suit, or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Company as authorized in this Article. The indemnification right provided in this Article is not exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of stockholders or directors, or otherwise, both as to action in any official capacity and as to action in another capacity while holding an office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of such person.

4.2 Director Liability. No director of the Company shall be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. The liability of a director shall not be eliminated for (i) the amount of a financial benefit received by the director to which the director is not entitled, (ii) an intentional infliction of harm on the Company or its shareholders, (iii) a violation of Section 30-1-833 of the IBCA, or (iv) an intentional violation of criminal law.

ARTICLE 5 MANAGEMENT

5.1 Management Vested in Board. The management of the business and the conduct of the affairs of the Company shall be vested in its Board of Directors.

5.2 Bylaws. The Board of Directors may from time to time make, amend, supplement, or repeal the Bylaws. The shareholders may change or repeal any Bylaw adopted by the Board of Directors by the affirmative vote of the holders of a majority of the voting power of all of the then outstanding shares of the Company. No amendment or supplement to the Bylaws adopted by the Board of Directors shall vary or conflict with any amendment or supplement thus adopted by the shareholders.

GREAT NORTHWEST HOLDING COMPANY, INC.

By:



Stephen W. Doucette
President and Chief Executive Officer

Dated: April 17, 2001