

State of Idaho

Department of State

CERTIFICATE OF AMENDMENT OF

NANOBLOK, INC.
File Number C 104942

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 NANOBLOK, 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: September 14, 1994



Pete T. Cenarrusa
SECRETARY OF STATE

By *Shirley J. Clark*

**ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
NANOBLOK, INC.**

SEP 14 12 03 PM '94
SECRETARY OF STATE

AND

**RESTATED ARTICLES OF INCORPORATION
OF
NANOBLOK, INC.**

Pursuant to the provisions of Section 30-1-61 of the Idaho Business Corporation Act, the undersigned Corporation adopts the following Articles of Amendment to its Articles of Incorporation and pursuant to Section 30-1-64, the Corporation restates its Articles of Incorporation:

FIRST: The name of the Corporation is NanoBlok, Inc.

SECOND: The shareholders and directors of the corporation adopted the amendments set forth herein by unanimous consent on September 7, 1994, in the manner prescribed by the Business Corporation Act. The number of shares outstanding and entitled to vote and the number of shares voted for and against the amendment, designated separately for shares of separate classes entitled to vote as a class, were as follows:

a. Article IV and Article VIII were amended as set forth in the Restated Articles of Incorporation.

b. Articles V and VI of the original Articles of Incorporation were deleted.

THIRD: The number of shares of the Corporation outstanding at the time of such adoption was 940 shares common stock and 60 shares preferred stock; and the number of shares entitled to vote thereon was 940 shares common stock and 60 shares preferred stock.

FOURTH: The designation and number of outstanding shares of each class entitled to vote thereon as a class were as follows:

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<u>Class</u>	<u>Number of Shares</u>
Common	940
Preferred	60

FIFTH: The number of shares voted for such amendment was 1,000; and the number of shares voted against such amendment was zero.

SIXTH: The number of shares of each class entitled to vote thereon as a class voted for and against such amendment, respectively, was:

<u>Class</u>	<u>Number of Shares Voted</u>	
	<u>For</u>	<u>Against</u>
Common	940	0
Preferred	60	0

SEVENTH: The amendment does not change the amount of stated capital.

RESTATED ARTICLES OF INCORPORATION

The Articles of Incorporation, as amended, are restated in their entirety as follows:

ARTICLE I

The name of the Corporation shall be NanoBlok, Inc.

ARTICLE II

The Corporation is to have perpetual existence.

ARTICLE III

The purpose for which said Corporation is formed is the manufacture of titanium dioxide powder and the transaction of any or all lawful business for which corporations may be incorporated under the Idaho Business Corporation Act.

ARTICLE IV

The total number of shares of all classes of stock which the Corporation shall have authority to issue is 3,900,00 shares, consisting of (i) 3,000,000 shares of Common Stock, no par value ("Common Stock"), and (ii) 900,000 shares of Preferred Stock, \$1.00 par value ("Preferred Stock").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK.

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as may be designated by the Board of Directors upon any issuance of the Preferred Stock of any series.

2. Voting. The holders of the Common Stock are entitled to one vote for each share held at all meetings of stockholders (and written actions in lieu of meetings). There shall be no cumulative voting.

3. Dividends. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor as and when determined by the Board of Directors and subject to any preferential dividend rights of any then outstanding Preferred Stock.

4. Liquidation. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders, subject to any preferential rights of any then outstanding Preferred Stock.

B. PREFERRED STOCK.

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of any series adopted by the Board of Directors of the Corporation as hereinafter provided. Any shares of Preferred Stock which may be redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law. Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purposes of voting by classes unless expressly provided.

Authority is hereby expressly granted to the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by resolution or resolutions providing for the issue of the shares thereof, to determine and fix such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by law. Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred stock may provide that such series shall be superior or rank equally or be junior to the Preferred Stock of any other series to the extent permitted by law. Except as otherwise provided in these Articles of Incorporation, no vote of the holders of the Preferred Stock or Common stock shall be a prerequisite to the designation or issuance of any shares of any series of the Preferred Stock authorized by and complying with the conditions of these Articles of Incorporation, the right to have such vote being expressly waived by all present and future holders of the capital stock of the Corporation.

Two Hundred Fifty Thousand (250,000) shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated "Series A Convertible Preferred Stock" (the "Series A Preferred Stock") and Five Hundred Eighty-Nine Thousand, Eight Hundred Eighty-Nine (589,889) shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated "Series B Convertible Preferred Stock" (the "Series B Preferred Stock"), each with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations.

1. Dividends.

(a) The holders of shares of Series A Preferred Stock and Series B Preferred Stock (collectively, the "Convertible Preferred Stock") shall be entitled to receive dividends of \$.05 per share per annum (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares), payable when and as declared by the Board of Directors of the Corporation. The right to receive dividends on the Convertible Preferred Stock shall be non-cumulative, and no right to dividends shall accrue by reason of the fact that no dividend has been declared on the Convertible Preferred Stock in any prior year.

(b) The Corporation shall not declare or pay any dividends or other distributions (as defined below) on shares of Common Stock until the holders of the Convertible Preferred Stock then outstanding shall have first received a dividend at the rate specified in paragraph (a) of this Section 1.

(c) For purposes of this Section 1, unless the context requires otherwise, "distribution" shall mean the transfer of cash or property without consideration, whether by way of dividend or otherwise, payable other than in Common Stock or other securities of the Corporation, or the purchase or redemption of shares of the Corporation (other than repurchases of Common Stock held by employees or directors of, or consultants to, the Corporation upon termination of their employment or services pursuant to agreements providing for such repurchase at a price equal to the original issue price of such shares and other than redemptions in liquidation or dissolution of the Corporation) for cash or property, including any such transfer, purchase or redemption by a subsidiary of this Corporation.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Convertible Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, after and subject to the payment in full of amounts required to be distributed to the holders of any other class or series of stock of the Corporation ranking on liquidation prior and in preference to the Convertible Preferred Stock (collectively referred to as "Senior Preferred Stock"), but before any payment shall be made to the holders of Common Stock or any other class or series of stock ranking on liquidation junior to the Convertible Preferred Stock (such Common Stock and other stock being collectively referred to as "Junior Stock") by reason of their ownership thereof, an amount equal to \$1.00 per share in the case of Series A Preferred Stock and, in the case of Series B Preferred Stock, an amount per share equal to the price at which the warrant to purchase 589,889 shares of Series B Preferred Stock issued to Plasma Quench Investment Limited Partnership is initially exercisable (the "Series B Price") (in each case subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares), plus any dividends declared or accrued but unpaid on such shares. If upon any such liquidation, dissolution or winding up of the Corporation the remaining assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Convertible Preferred Stock the full amount to which they shall be entitled, the holders of Convertible Preferred Stock and any class or series of stock ranking on liquidation on a parity with the Convertible Preferred Stock shall share ratably in any distribution of the remaining assets and funds of the Corporation in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

(b) After the payment of all preferential amounts required to be paid to the holders of Senior Preferred stock, Convertible Preferred Stock and any other class or

series of stock of the Corporation ranking on liquidation on a parity with the Convertible Preferred Stock, upon the dissolution, liquidation or winding up of the Corporation, the remaining assets and funds of the Corporation available for distribution to its stockholders shall be distributed among the holders of shares of Convertible Preferred Stock, Common Stock and any other class or series of stock entitled to participate in liquidation distributions with the holders of Common Stock, pro rata based on the number of shares of Common Stock held by each (assuming conversion into Common Stock of all such shares).

(c) In the event of any merger or consolidation of the Corporation into or with another corporation (except one in which the holders of capital stock of the Corporation immediately prior to such merger or consolidation continue to hold at least 80% by voting power of the capital stock of the surviving corporation), or the sale of all or substantially all the assets of the Corporation, if the holders of at least 66 2/3% of the then outstanding shares of Convertible Preferred Stock so elect by giving written notice thereof to the Corporation at least three days before the effective date of such event, then such merger, consolidation or asset sale shall be deemed to be a liquidation of the Corporation, and all consideration payable to the stockholders of the Corporation (in the case of a merger or consolidation), or all consideration payable to the Corporation, together with all other available assets of the Corporation (in the case of an asset sale), shall be distributed to the holders of capital stock of the Corporation in accordance with Subsections 2(a) and 2(b) above. The Corporation shall promptly provide to the holders of shares of Convertible Preferred Stock such information concerning the terms of such merger, consolidation or asset sale and the value of the assets of the Corporation as may reasonably be requested by the holders of the Convertible Preferred Stock in order to assist them in determining whether to make such an election. If the holders of the Convertible Preferred Stock make such an election, the Corporation shall use its best efforts to amend the agreement or plan of merger or consolidation to adjust the rate at which the shares of capital stock of the Corporation are converted into or exchanged for cash, new securities or other property to give effect to such election. The amount deemed distributed to the holders of Convertible Preferred Stock upon any such merger or consolidation shall be the cash or the value of the property, rights or securities distributed to such holders by the acquiring person, firm or other entity. The value of such property, rights or other securities shall be determined in good faith by the Board of Directors of the Corporation. If no notice of the election permitted by this Subsection (c) is given, the provisions of Subsection 4(i) shall apply.

(d) The Corporation may not liquidate, dissolve or wind up if the assets of the Corporation then available for distribution to its stockholders shall be insufficient to pay the holders of shares of Convertible Preferred Stock the full amount to which they shall be entitled upon such liquidation, dissolution or winding up under this Section 2, without the prior written approval of the holders of a majority of the then outstanding shares of Convertible Preferred Stock.

3. Voting.

(a) Each holder of outstanding shares of the Convertible Preferred Stock shall be entitled to the number of votes equal to the number of whole shares of Common Stock into which the shares of Convertible Preferred Stock held by such holder are then convertible (as adjusted from time to time pursuant to Section 4 hereof), at each meeting of stockholders of the Corporation (and written actions of stockholders in lieu of meetings) with respect to any and all matters presented to the stockholders of the Corporation for their action or consideration. Except as provided by law, by the provisions of Subsection 3(b) or 3(c) below or by the provisions establishing any other series of Preferred Stock, holders of Convertible Preferred Stock and of any other outstanding series of Preferred Stock shall vote together with the holders of Common Stock as a single class.

(b) The holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall be entitled to elect the minimum number of directors as shall constitute at least one-third of the total number of directors of the Corporation. Provided that at least 200,000 shares of Series B Preferred Stock (subject to appropriate adjustment in the event of any dividend, stock split, combination or other similar recapitalization affecting such shares) are outstanding, the holders of record of the shares of Series B Preferred Stock, exclusively and as a separate class, shall be entitled to elect the minimum number of directors as shall constitute at least 25% of the total number of directors of the Corporation. Except as provided in the provisions establishing any other series of Preferred Stock, the holders of record of the shares of Common Stock and of any other class or series of voting stock, exclusively and as a separate class, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing directors, the presence in person or by proxy of the holders of a majority of the shares of either Series A Preferred Stock or Series B Preferred Stock then outstanding shall constitute a quorum of such series of Preferred Stock for the purpose of electing directors by holders of such series of Preferred Stock. A vacancy in any directorship filled by the holders of either Series A Preferred Stock or Series B Preferred Stock shall be filled only by vote or written consent in lieu of a meeting of the holders of such series of Preferred Stock, or by any remaining director or directors elected by the holders of such series of Preferred Stock pursuant to this Subsection 3(b). The rights of the holders of the Series A Preferred Stock under this Subsection 3(b) shall terminate on the first date on which (i) there are issued and outstanding less than 100,000 shares of Series A Preferred Stock (subject to appropriate adjustment in the event of any dividend, stock split, combination or other similar recapitalization affecting such shares) or (ii) the outstanding shares of Series A Preferred Stock represent less than 6% of the outstanding shares of Common Stock, after giving effect to the conversion into Common Stock of all outstanding shares of Convertible Preferred Stock. The rights of the holders of Series B Preferred Stock under this Subsection 3(b) shall terminate on the first date on which (i) there are issued and outstanding less than 200,000

shares of Series B Preferred Stock (subject to appropriate adjustment in the event of any dividend, stock split, combination or other similar recapitalization affecting such shares), or (ii) the outstanding shares of Series B Preferred Stock represent less than 10% of the outstanding shares of Common Stock, after giving effect to the conversion into Common Stock of all outstanding shares of Convertible Preferred Stock.

(c) In addition to any other rights provided by law, so long as any shares of Convertible Preferred Stock shall be outstanding, the Corporation shall not:

(i) Amend or repeal any provision of, or add any provision to, the Corporation's Articles of Incorporation or By-laws, if such action would adversely affect the preferences, rights, privileges or powers of, or the restrictions provided for the benefit of Series A Preferred Stock, without the affirmative vote or written consent of the holders of not less than two-thirds of the then outstanding shares of Series A Preferred Stock;

(ii) Amend or repeal any provision of or add any provision to the Corporation's Articles of Incorporation or By-laws if such action would adversely affect the preferences, rights, privileges or powers of, or the restrictions provided for the benefit of, Series B Preferred Stock, without the affirmative vote or written consent of the holders of not less than two-thirds of the then outstanding shares of Series B Preferred Stock;

(iii) Authorize or issue any new or existing class or classes or series of capital stock having any preference or priority as to dividends or assets superior to or on a parity with any such preference or priority of the Series A Preferred Stock, without the affirmative vote or written consent of the holders of not less than two-thirds of the then outstanding shares of Series A Preferred Stock;

(iv) Authorize or issue any new or existing class or classes or series of capital stock having any preference or priority as to dividends or assets superior to or on a parity with such preference or priority of the Series B Preferred Stock, without the affirmative vote or written consent of the holders of not less than two-thirds of the then outstanding shares of Series B Preferred Stock;

(v) Reclassify any common stock into shares having any preference or priority as to dividends or assets superior to or on a parity with any such preference or priority of the Series A Preferred Stock, without the affirmative vote or written consent of the holders of not less than two-thirds of the then outstanding shares of Series A Preferred Stock;

(vi) Reclassify any common stock into shares having any preference or priority as to dividends or assets superior to or on a parity with any such

preference or priority of the Series B Preferred Stock, without the affirmative vote or written consent of the holders of not less than two-thirds of the then outstanding shares of Series B Preferred Stock;

(vii) Pay or declare any dividend or distribution on any shares of its capital stock (except dividends payable solely in shares of Common Stock), or apply any of its assets to the redemption, retirement, purchase or acquisition, directly or indirectly, through subsidiaries or otherwise, of any shares of its capital stock, without the affirmative vote or written consent of the holders of not less than two-thirds of the outstanding shares of Convertible Preferred Stock;

(viii) Merge or consolidate into or with any other corporation or other entity or sell all or substantially all of the Corporation's assets, without the affirmative vote or written consent of the holders of not less than two-thirds of the outstanding shares of Convertible Preferred Stock; or

(ix) Issue any options, warrants, convertible securities or other rights to purchase any capital stock of the Corporation without the affirmative vote or written consent of the holders of not less than two-thirds of the outstanding shares of Convertible Preferred Stock.

4. Optional Conversion. The holders the Convertible Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each share of Convertible Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing \$1.00, in the case of the Series A Preferred Stock, and the Series B Price, in the case of the Series B Preferred Stock, by the applicable Conversion Price (as defined below) in effect at the time of conversion. The "Conversion Price" shall initially be \$1.00, in the case of Series A Preferred Stock, and the Series B Price, in the case of the Series B Preferred Stock. Such initial Conversion Price, and the rate at which shares of Convertible Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

In the event of a notice of redemption of any shares of Convertible Preferred Stock pursuant to Section 6 hereof, the Conversion Rights of the shares designated for redemption shall terminate at the close of business on the fifth full day preceding the date fixed for redemption, unless the redemption price is not paid when due, in which case the Conversion Rights for such shares shall continue until such price is paid in full. In the event of a liquidation of the Corporation, the Conversion Rights shall terminate

at the close of business on the first full day preceding the date fixed for the payment of any amounts distributable on liquidation to the holders of Convertible Preferred Stock.

(b) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Convertible Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then effective Conversion Price.

(c) Mechanics of Conversion.

(i) In order for a holder of Convertible Preferred Stock to convert shares of Convertible Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Convertible Preferred Stock at the office of the transfer agent for the Convertible Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Convertible Preferred Stock represented by such certificate or certificates. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his or its attorney duly authorized in writing. The date of receipt of such certificates and notice by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) shall be the conversion date ("Conversion Date"). The Corporation shall, as soon as practicable after the Conversion Date, issue and deliver at such office to such holder of Convertible Preferred Stock, or to his or its nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled, together with cash in lieu of any fraction of a share.

(ii) The Corporation shall at all times when the Convertible Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of the Convertible Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Convertible Preferred Stock. Before taking any action which would cause an adjustment reducing the Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Convertible Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non assessable shares of Common Stock at such adjusted Conversion Price.

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(iii) Upon any such conversion, no adjustment to the Conversion Price shall be made for any declared or accrued but unpaid dividends on the Convertible Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

(iv) All shares of Convertible Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices and to vote, shall immediately cease and terminate on the Conversion Date, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and payment of any dividends declared or accrued but unpaid thereon. Any shares of Convertible Preferred Stock so converted shall be retired and canceled and shall not be reissued, and the Corporation (without the need for stockholder action) may from time to time take such appropriate action as may be necessary to reduce the authorized Convertible Preferred Stock accordingly.

(v) The Corporation shall pay any corporate taxes that may be payable in respect to any issuance or delivery of shares of Common Stock upon conversion of shares of Convertible Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Convertible Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(d) Adjustments to Conversion Price of Diluting Issues:

(i) Special Definitions. For purposes of this Subsection 4(d), the following definitions shall apply:

(A) "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities, excluding options described in Subsection 4(d)(i)(D)(IV) below.

(B) "Original Issue Date" shall mean the date on which the Series A Convertible Preferred Stock was first issued.

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

(D) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued (or, pursuant to Subsection 4(d)(iii) below, deemed to be issued) by the Corporation after the Original Issue Date, other than shares of Common Stock issued or issuable:

(I) upon conversion of shares of any convertible Preferred Stock of the Corporation outstanding from time to time;

(II) as a dividend or distribution on Convertible Preferred Stock;

(III) by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4(e) or 4(f) below; or

(IV) to employees or directors of, or consultants to, the Corporation pursuant to a plan adopted by the Board of Directors of the Corporation; provided that the number of shares so issued or issuable shall not exceed 424,688 shares.

(ii) No Adjustment of Conversion Price. No adjustment in the number of shares of Common Stock into which the Convertible Preferred Stock is convertible shall be made, by adjustment in the applicable Conversion Price thereof: (a) unless the consideration per share (determined pursuant to Subsection 4(d)(v)) for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the applicable Conversion Price in effect on the date of, and immediately prior to, the issue of such Additional Shares, or (b) if prior to such issuance, the Corporation receives written notice from the holders of at least 66 2/3% of the then outstanding shares of Convertible Preferred Stock agreeing that no adjustment shall be made as the result of the issuance of Additional Shares of Common Stock.

(iii) Issue of Securities Deemed Issue of Additional Shares of Common Stock. If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options, or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that Additional Shares of Common Stock shall not

be deemed to have been issued unless the consideration per share (determined pursuant to Subsection 4(d)(v) hereof) of such Additional Shares of Common Stock would be less than the applicable Conversion Price in effect on the date of an immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(A) No further adjustment in the Conversion Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(B) If such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the consideration payable to the Corporation, upon the exercise, conversion or exchange thereof, the Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase becoming effective, be recomputed to reflect such increase insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(C) Upon the expiration or termination of any unexercised Option, the Conversion Price shall not be readjusted, but the Additional Shares of Common Stock deemed issued as the result of the original issue of such Option shall not be deemed issued for the purposes of any subsequent adjustment of the Conversion Price;

(D) In the event of any change in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any Option or Convertible Security, including, but not limited to, a change resulting from the anti-dilution provisions hereof, the Conversion Price then in effect shall forthwith be readjusted to such Conversion Price as would have obtained had the adjustment which was made upon the issuance of such Option or Convertible Security not exercised or converted prior to such change been made upon the basis of such change; and

(E) No readjustment pursuant to clause (B) or (D) above shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price on the original adjustment date, or (ii) the Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date.

(iv) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Original Issue Date issue Additional Shares of Common Stock (including Additional Shares

of Common Stock deemed to be issued pursuant to Subsection 4(d)(iii), but excluding shares issued as a dividend or distribution as provided in Subsection 4(f) or upon a stock split or combination as provided in Subsection 4(e)), without consideration or for a consideration per share less than the applicable Conversion Price in effect on the date of and immediately prior to such issue, then and in such event, such Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying such Conversion Price by a fraction, (A) the numerator of which shall be (1) the number of shares of Common Stock outstanding immediately prior to such issue plus (2) the number of shares of Common Stock which the aggregate consideration received or to be received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price; and (B) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued; provided that, (i) for the purpose of this Subsection 4(d)(iv), all shares of Common Stock issuable upon exercise or conversion of Options or Convertible Securities outstanding immediately prior to such issue shall be deemed to be outstanding (other than shares excluded from the definition of "Additional Shares of Common Stock" by virtue of clause (IV) of Subsection 4(d)(i)(D)), and (ii) the number of shares of Common Stock deemed issuable upon conversion of such outstanding Options and Convertible Securities shall not give effect to any adjustments to the conversion price or conversion rate of such Options or Convertible Securities resulting from the issuance of Additional Shares of Common Stock that is the subject of this calculation.

Notwithstanding the foregoing, the applicable Conversion Price shall not be so reduced at such time if the amount of such reduction would be an amount less than \$.05, but any such amount shall be carried forward and reduction with respect thereto made at the time of and together with any subsequent reduction which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$.05 or more.

(v) Determination of Consideration. For purposes of this Subsection 4(d), the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(A) Cash and Property. Such consideration shall:

(I) insofar as it consists of cash, be computed at the aggregate of cash received by the Corporation, excluding amounts paid or payable for accrued interest or accrued dividends;

(II) insofar as it consists of property other than cash, be computed at the fair market value thereof as the time of such issue, as determined in good faith by the Board of Directors; and

(III) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (I) and (II) above, as determined in good faith by the Board of Directors.

(B) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4(d)(iii), relating to Options and Convertible Securities, shall be determined by dividing (x) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by (y) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(vi) Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock which are comprised of shares of the same series or class of Preferred Stock, and such issuance dates occur within a period of no more than 120 days, then the Conversion Price shall be adjusted only once on account of such issuances, with such adjustment to occur upon the final such issuance and to give effect to all such issuances as if they occurred on the date of the final such issuance.

(e) Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Original Issue Date effect a subdivision of the outstanding Common Stock, the Conversion Price then in effect immediately before that subdivision shall be proportionately decreased. If the Corporation shall at any time or from time to time after the Original Issue Date effect a subdivision of either series of the Convertible Preferred Stock, the applicable Conversion Price then in effect immediately before that subdivision shall be proportionately increased. If the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock, the Conversion Price then in effect immediately before the combination shall be proportionately increased. If the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of either series of the Convertible Preferred Stock, the applicable Conversion Price then in effect

immediately before the combination shall be proportionately decreased. Any adjustment under this paragraph shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time, or from time to time after the Original Issue Date shall make or issue, or fix 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, then and in each such event the Conversion Price for the Convertible Preferred Stock then in effect shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the applicable Conversion Price for the such Convertible Preferred Stock then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

provided, however, if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Conversion Price for the Convertible Preferred Stock shall be recomputed accordingly as of the close of business on such record date and thereafter the applicable Conversion Price for the Convertible Preferred Stock shall be adjusted pursuant to this paragraph as for the time of actual payment of such dividends or distributions; and provided further, however, that no such adjustment shall be made if the holders of either series of Convertible Preferred Stock simultaneously receive a dividend for other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of such series of Convertible Preferred Stock had been converted into Common Stock on the date of such event.

(g) Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Original Issue Date for either series of Convertible Preferred Stock shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, then and in each such event provision shall be made so that the holders of such series of Convertible Preferred

Stock shall receive upon conversion thereof in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Corporation that they would have received had such series of Convertible Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, giving application to all adjustments called for during such period under this paragraph with respect to the rights of the holders of such series of Convertible Preferred Stock; and provided further, however, that no adjustment shall be made if the holders of such series of Convertible Preferred Stock simultaneously receive a dividend or other distribution of such securities in an amount equal to the amount of such securities as they would have received if all outstanding shares of such series of Convertible Preferred Stock had been converted into Common Stock on the date of such event.

(h) Adjustment for Reclassification, Exchange, or Substitution. If the Common Stock issuable upon the conversion of either series of Convertible Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares or stock dividend provided for above, or a reorganization, merger, consolidation, or sale of assets provided for below), then and in each such event the holder of each such share of such series of Convertible Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by holders of the number of shares of Common Stock into which such shares of such series of Convertible Preferred Stock might have been converted immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(i) Adjustment for Merger or Reorganization, Etc.. In case of any consolidation or merger of the Corporation with or into another corporation or the sale of all or substantially all of the assets of the Corporation to another corporation (other than a consolidation, merger or sale which is covered by Subsection 2(c)), each share of each series of Convertible Preferred Stock shall thereafter be convertible (or shall be converted into a security which shall be convertible) into the kind and amount of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such series of Convertible Preferred Stock would have been entitled upon such consolidation, merger or sale; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made in the application of the provisions in this Section 4 set forth with respect to the rights and interest thereafter of the holders of each series of Convertible Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Conversion Price) shall thereafter be applicable, as nearly as

reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of such series of Convertible Preferred Stock.

(j) No Impairment. The Corporation will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 4 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 Convertible Preferred Stock against impairment.

(k) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to Section 4, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Convertible Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Convertible Preferred Stock, furnish or cause to be furnished to such holder a similar certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price then in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which then would be received upon the conversion of Convertible Preferred Stock.

(l) Notice of Record Date. In the event:

(i) that the Corporation declares a dividend (or any other distribution) on its Common Stock payable in Common Stock or other securities of the Corporation;

(ii) that the Corporation subdivides or combines its outstanding shares of Common Stock;

(iii) of any reclassification of the Common Stock of the Corporation (other than a subdivision or combination of its outstanding shares of Common Stock or a stock dividend or stock distribution thereon), or of any consolidation or merger of the Corporation into or with another corporation, or of the sale of all or substantially all of the assets of the Corporation; or

(iv) of the involuntary or voluntary dissolution, liquidation or winding up of the Corporation;

then the Corporation shall cause to be filed at its principal office or at the office of the transfer agent of the Convertible Preferred Stock, and shall cause to be mailed to the holders of the Convertible Preferred Stock at their last addresses as shown on the records of the Corporation or such transfer agent, at least ten days prior to the date specified in (A) below or twenty days before the date specified in (B) below, a notice stating

(A) the record date of such dividend, distribution, subdivision or combination, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, subdivision or combination are to be determined, or

(B) the date on which such reclassification, consolidation, merger, sale, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, dissolution or winding up.

5. Mandatory Conversion.

(a) Upon the closing of the sale of shares of Common Stock, at a price of at least \$5.00 per share (subject to appropriate adjustment for stock splits, stock dividends, combinations and other similar recapitalizations affecting such shares), in a public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least \$10,000,000 of gross proceeds to the Corporation (the "Mandatory Conversion Date"), (i) all outstanding shares of Convertible Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate and (ii) the number of authorized shares of Preferred Stock shall be automatically reduced by the number of shares of Preferred Stock that had been designated as Series A Preferred Stock or Series B Preferred Stock, and all provisions included under the caption "Series A and Series B Convertible Preferred Stock", and all references to the Series A and Series B Preferred Stock, shall be deleted and shall be of no further force or effect.

(b) All holders of record of shares of Convertible Preferred Stock will be given written notice of the Mandatory Conversion Date and the place designated for mandatory conversion of all such shares of Convertible Preferred Stock pursuant to this Section 5. Such notice shall be sent by first class or registered mail, postage prepaid, to each record holder of Convertible Preferred Stock at such holder's address last shown on the records of the transfer agent for the Convertible Preferred Stock (or the records of the Corporation, if it serves as its own transfer agent). Upon receipt of such notice, each holder of shares of Convertible Preferred Stock shall surrender his or its certificate or certificates

for all such shares to the Corporation at the place designated in such notice, and shall thereafter receive certificates for the number of shares of Common Stock to which such holder is entitled pursuant to this Section 5. On the Mandatory Conversion Date, all rights with respect to the Convertible Preferred Stock so converted, including the rights, if any, to receive notices and vote, will terminate, except only the rights of the holders thereof, upon surrender of their certificate or certificates therefor, to receive certificates for the number of shares of Common Stock into which such Convertible Preferred Stock has been converted, and payment of any declared or accrued but unpaid dividends thereon (all of which shall be deemed to be declared by the Board of Directors on the Mandatory Conversion Date). If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his or its attorney duly authorized in writing. As soon as practicable after the Mandatory Conversion Date and the surrender of the certificate or certificates for convertible Preferred Stock, the Corporation shall cause to be issued and delivered to such holder, or on his or its written order, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and cash as provided in Subsection 4(b) in respect of any fraction of a share of Common Stock otherwise issuable upon such conversion.

(c) All certificates evidencing shares of Convertible Preferred Stock which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the Mandatory Conversion Date, be deemed to have been retired and canceled and the shares of Convertible Preferred Stock represented thereby converted into Common Stock for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date. The Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized Convertible Preferred Stock accordingly.

6. Mandatory Redemption.

(a) The Corporation will, subject to the conditions set forth in Subsections 6(c) and (d) below, on January 27, 1998, and on each of the first two anniversaries thereof, redeem from each holder of shares of Series A Preferred Stock, at a price equal to \$1.00 per share, plus any dividends declared or accrued but unpaid thereon, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares, the following respective portions of the number of shares of Series A Preferred Stock held by such holder on each such date:

<u>Redemption Date</u>	<u>Portion of Shares of Series A Preferred Stock to be Redeemed</u>
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January 27, 1998	33 1/3%
January 27, 1999	50%
January 27, 2000	100%

(b) The Corporation will, subject to the conditions set forth in Subsections 6(c) and (d) below, on the fourth anniversary of the date of the first sale of Series B Preferred Stock (the "Series B Issue Date"), and on each of the fifth and sixth anniversaries of the Series B Issue Date (such dates, and the dates fixed for redemption of the Series A Preferred Stock, are each referred to as a "Mandatory Redemption Date"), redeem from each holder of shares of Series B Preferred Stock, at a price per share equal to the Series B Price, plus any dividends declared or accrued but unpaid thereon, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares (such price, and the redemption price for the Series A Preferred Stock are each referred to as a "Mandatory Redemption Price"), the following respective portions of the number of shares of Series B Preferred Stock held by such holder on the applicable Mandatory Redemption Date.

<u>Anniversary of the Series B Issue Date</u>	<u>Portion of Shares of Series B Preferred Stock to be Redeemed</u>
Fourth	33 1/3%
Fifth	50%
Sixth	100%

(c) The Corporation shall not be required to make any mandatory redemption called for by this Section 6, if at any time prior to the applicable Mandatory Redemption Date, the Corporation receives written notice from the holders of at least 66 2/3% of the then outstanding shares of the series of Convertible Preferred Stock to be redeemed agreeing that no such redemption shall be made.

(d) If the funds of the Corporation legally available for redemption of Convertible Preferred Stock on any Mandatory Redemption Date are insufficient to redeem the number of shares of Convertible Preferred Stock required under this Section 6 to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of such shares of Convertible Preferred Stock ratably on the basis of the number of shares of Convertible Preferred Stock which would be redeemed on such date if the funds of the Corporation legally available therefor had been sufficient to redeem all shares of Convertible Preferred Stock required to be redeemed on such date. At any time thereafter when additional funds of the Corporation become legally available for the redemption of Convertible Preferred Stock, such funds will be used, at the end of the next

succeeding fiscal quarter, to redeem the balance of the shares which the Corporation was theretofore obligated to redeem, ratably on the basis set forth in the preceding sentence.

(e) The Corporation shall be entitled, at its option, to credit against the number of shares of any series of Convertible Preferred Stock required to be redeemed from any holder on any Mandatory Redemption Date any shares of such series of Convertible Preferred Stock previously converted by such holder into Common Stock pursuant to Section 4 and not previously so credited.

(f) The Corporation shall provide notice of any redemption of any series of Convertible Preferred Stock pursuant to this Section 6 specifying the time and place of redemption and the Mandatory Redemption Price, by first class or registered mail, postage prepaid, to each holder of record of such series of Convertible Preferred Stock at the address for such holder last shown on the records of the transfer agent therefor (or the records of the Corporation, if it serves as its own transfer agent), not more than 60 nor less than 30 days prior to the date on which such redemption is to be made. If less than all shares of such series of Convertible Preferred Stock owned by such holder is then to be redeemed, the notice will also specify the number of shares which are to be redeemed. Upon mailing any such notice of redemption, the Corporation will become obligated to redeem at the time of redemption specified therein all Convertible Preferred Stock specified therein (other than such shares of Convertible Preferred Stock as are duly converted pursuant to Section 4 prior to the close of business on the fifth full day preceding the Mandatory Redemption Date). In case less than all Convertible Preferred Stock represented by any certificate is redeemed in any redemption pursuant to this Section 6, a new certificate will be issued representing the unredeemed Convertible Preferred Stock without cost to the holder thereof.

(g) Unless there shall have been a default in payment of the Mandatory Redemption Price, no share of Convertible Preferred Stock shall be entitled to any dividends declared after its Mandatory Redemption Date, and on such Mandatory Redemption Date all rights of the holder of such share as a stockholder of the Corporation by reason of the ownership of such share will cease, except the right to receive the Mandatory Redemption Price of such share, without interest, upon presentation and surrender of the certificate representing such share, and such share will not from and after such Mandatory Redemption Date be deemed to be outstanding.

(h) Any Convertible Preferred Stock redeemed pursuant to this Section 6 will be canceled and will not under any circumstances be reissued, sold or transferred and the Corporation may from time to time take such appropriate action as may be necessary to reduce the authorized Convertible Preferred Stock accordingly.

ARTICLE V

The address of the Corporation's initial registered office shall be 2300 North Yellowstone Highway, Idaho Falls, Bonneville County, Idaho, 83402-5425; and the name of its initial registered agent at such address is Alan D. Donaldson.

ARTICLE VI

The number of directors constituting the initial board of directors of the Corporation is five (5) and the name and address of each person serving as a director until the first annual meeting of the shareholders or until their successors are elected and shall qualify are:

Ronald A. Cordes
738 North 3750 East
Rigby, Idaho 83442

Thomas J. Setter, M.D.
1414 South 35th West
Idaho Falls, Idaho 83402

Alan D. Donaldson
5035 West Canyon Creek Road
Idaho Falls, Idaho 83402-5425

Pearson Spaght
85 Devonshire Street
Boston, Massachusetts 02109

J. Dean Stevens
1388 Ashment #2
Idaho Falls, Idaho 83404-5761

ARTICLE VII

The name and address of the incorporator are:

Alan D. Donaldson
5035 West Canyon Creek Road
Idaho Falls, Idaho 83402-5425

ARTICLE VIII

No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except:

- a. For breach of a director's duty of loyalty to the Corporation or its stockholders.
- b. For facts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law.
- c. Liability under §30-1-48 of the Idaho Code.
- d. For any transaction from which the director derived an improper personal benefit.

ARTICLE IX

The consent of (a) record holders of at least two-thirds (2/3) of the Corporation's then issued and outstanding common stock and (b) record holders of at least two-thirds (2/3) of the Corporation's then issued and outstanding preferred stock will be required for (1) any sale by the Corporation of a substantial portion of its assets, (2) any merger of the Corporation with another entity, (3) each amendment of the Corporation's articles of Incorporation, (4) any action which (i) alters or changes the rights, preferences or privileges of the preferred stock materially and adversely, (ii) increases the authorized number of shares of preferred stock, or (iii) creates any new class of shares having preference over or being on a parity with the preferred stock, (5) any distributions made on common stock, and (6) a determination by the Corporation to change its line of business.

ARTICLE X

The Corporation shall prepare financial statements reflecting its financial affairs on a monthly basis and on a yearly basis. The Corporation shall on a reasonably timely basis furnish each of its shareholders of record with a copy of all annual and monthly financial statement so prepared. Any shareholder of the Corporation or its designated agent may inspect the financial books and records of the Corporation at the Corporation's principal office during regular business hours. For purposes of the immediately preceding sentence the term "financial books and records" shall not include records or books relating to (i) technical matters, (ii) manufacturing processes, (iii) customer lists, (iv) patent or potential patent information, (v) employee files, or (vi) proprietary information.

DATED this ____ day of September, 1994.

NANOBLOK, INC.

By: Alan D. Donaldson
Alan D. Donaldson, President

and
Ronald A. Cordes
Ronald A. Cordes, Secretary

STATE OF IDAHO)
)ss.
County of Bonneville)

I, the undersigned, a notary public, do hereby certify that on this 23 day of September, 1994, personally appeared before me **Alan D. Donaldson**, who, being by me first duly sworn, declared that he is the President of NanoBlok, Inc., that he signed the foregoing document as President of the corporation, and that the statements therein contained are true.

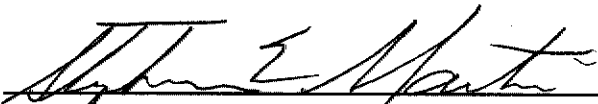
(seal)

Stephen E. Martin
Notary Public for Idaho
Residing at Idaho Falls, Idaho
My Commission Expires: 12/6/98

STATE OF IDAHO)
)ss.
County of Bonneville)

I, the undersigned, a notary public, do hereby certify that on this 23 day of September, 1994, personally appeared before me **Ronald A. Cordes**, who, being by me first duly sworn, declared that he is the Secretary of NanoBlok, Inc., that he signed the foregoing document as Secretary of the corporation, and that the statements therein contained are true.

(seal)



Notary Public for Idaho
Residing at Idaho Falls, Idaho
My Commission Expires: 12/1/98

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