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SECRETARY OF STATE
STATE OF IDAHO

CARDIOGRIP CORPORATION

(an Idaho corporation)

Articles of Amendment

Pursuant to the provisions of Section 30-1-602, 30-1-1002 and 30-1-1006 of the Idaho Business Corporation Act (the "Act"), the undersigned corporation hereby adopts the following Articles of Amendment to its Articles of Incorporation:

1. The name of the corporation is CardioGrip Corporation (the "Company").
2. The Company hereby designates 3,500,000 shares of the Preferred Stock as Series A Preferred Stock. The Designation of Rights and Preferences of Series A Preferred Stock, attached hereto as Exhibit "A", is hereby incorporated into and made a part of the Articles of Incorporation of the Company.
3. The following amendment to the Articles of Incorporation was duly adopted by the Board of Directors of the Company without shareholder action as expressly permitted by the Articles of Incorporation and in the manner prescribed by the Act.
4. The foregoing amendment to the Articles of Incorporation does not provide for any exchange, reclassification or cancellation of issued shares.

IN WITNESS WHEREOF, these Articles of Amendment are hereby executed, effective as of the 22 day of April, 2004.

CARDIOGRIP CORPORATION

By: Steven M. Wood
Steven M. Wood, President

IDAHO SECRETARY OF STATE
04/26/2004 05:00
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CARDIOGRIP CORPORATION

Series A Preferred Stock

Designation of Rights and Preferences

Section 1. Designation. The Company hereby designates 3,500,000 shares of its Preferred Stock as “*Series A Preferred Stock*” with the powers, rights, preferences, qualifications, limitations and restrictions specified herein.

Section 2. Dividend Rights.

(a) **Dividend Preference.** Holders of Series A Preferred Stock, in preference to the holders of Common Stock, shall be entitled to receive dividends, when and as declared by the Board of Directors, but only out of funds that are legally available therefor. The Board of Directors shall not, under any circumstances, be required to declare or pay dividends to the holders of Series A Preferred Stock.

(b) **Limitation on Dividends.** So long as any shares of Series A Preferred Stock shall be outstanding, no dividend, whether in cash or property, shall be paid or declared, nor shall any other distribution be made, on the Common Stock at a rate greater than the rate at which distributions or dividends are paid, declared or made on the Series A Preferred Stock, nor shall any shares of the Common Stock of the Corporation be purchased, redeemed, or otherwise acquired for value by the Corporation (except for acquisitions of Common Stock by the Corporation pursuant to agreements which permit the Corporation to repurchase such shares upon termination of employment with or services to the Corporation, or upon the failure to achieve performance milestones applicable to restricted stock, or in exercise of the Corporation’s right of first refusal upon a proposed transfer) until all dividends set forth in *Section 2(a)* above, if any, on the Series A Preferred Stock shall have been paid or declared and set apart. In the event dividends are paid on any share of Common Stock, an additional dividend shall be paid with respect to all outstanding shares of Series A Preferred Stock in an amount equal per share (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock. The provisions of this *Section 2(b)* shall not, however, apply to (i) a dividend payable in Common Stock; (ii) the acquisition of shares of any Common Stock in exchange for shares of any other capital stock; or (iii) any repurchase of any outstanding securities of the Corporation that is approved by the Corporation’s Board of Directors.

Section 3. Liquidation Rights.

(a) **Series A Liquidation Preference.** Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of Common Stock, the holders of Series A Preferred Stock shall be entitled to be paid out of the assets of the Corporation an amount equal to the original issue price of the Series A Preferred Stock of \$1.24 per share (the “**Original Issue Price**”), plus the amount of any cash dividends previously declared but unpaid on the Series A Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) for each share of Series A Preferred Stock held by such holders (the “**Series A Liquidation Preference**”). If, upon any liquidation, distribution or winding up, the assets of the Corporation shall be insufficient to make payment in full to all holders of Series A Preferred Stock of the Series A Liquidation Preference set forth in this *Section 3(a)*, then such assets shall be distributed among the holders of Series A Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

(b) **Distributions of Remaining Assets.** After the payment in full of the Series A Liquidation Preference as set forth in *Section 3(a)* above, the remaining assets of the Corporation legally available for distribution, if any, shall be distributed ratably to the holders of the Common Stock and Series A Preferred Stock, on an as-if-converted basis (at the then applicable Series A Conversion Price applicable to such shares, as described in *Section 5* below).

(c) **Deemed Liquidations.** For purposes of this *Section 3*, (i) any consolidation or merger of the Corporation with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Corporation immediately prior to such consolidation, merger or reorganization own less than fifty percent (50%) of the Corporation’s voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions in which in excess of fifty percent (50%) of the Corporation’s voting power is transferred (an “**Acquisition**”); or (ii) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Corporation (an “**Asset Transfer**”), shall be treated as a liquidation, dissolution or winding up of the Corporation and shall entitle the holders of the Series A Preferred Stock to receive, cash, securities or other property (valued in accordance with paragraph (d) below) in the amounts specified in *Sections 3(a)* and *3(b)* above.

(d) **Non-Cash Distributions.** Whenever a distribution provided for in this *Section 3* shall be payable in securities or property other than cash, the value of such distribution shall be the fair market value of such securities or other property as determined in good faith by the Board of Directors.

Section 4. Voting Rights. Except as otherwise provided herein or as required by law, or except as may be set forth in a written agreement with the Corporation, the Series A Preferred Stock shall be voted with the shares of the Common Stock of the Corporation and not as a separate class, at any annual or special meeting of shareholders of the Corporation, and may act by written consent in the same manner as the Common Stock, in either case upon the following basis: each holder of shares of Series A Preferred Stock shall be entitled to such number of votes as shall be equal to the whole number of shares of Common Stock into which

such holder's aggregate number of shares of Series A Preferred Stock are convertible (pursuant to *Section 5* hereof) immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent. Fractional votes by the holders of Series A Preferred Stock shall not, however, be permitted and any fractional voting rights shall (after aggregating all shares of Common Stock into which shares of Series A Preferred Stock held by each holder could be converted) be rounded to the nearest whole number (with one-half being rounded upward).

Section 5. Conversion Rights. The holders of Series A Preferred Stock shall have the following rights with respect to the conversion of the Series A Preferred Stock into shares of Common Stock (the "**Conversion Rights**");

(a) **Optional Conversion.** Subject to and in compliance with the provisions of this *Section 5*, each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for such stock, into such number of fully-paid and nonassessable shares of Common Stock as is equal to the product obtained by multiplying the Series A Conversion Rate then in effect (as determined as provided below) by the number of shares of Series A Preferred Stock being converted. The conversion rate in effect at any time for conversion of the Series A Preferred Stock (the "**Series A Conversion Rate**") shall be the quotient obtained by dividing the Original Issue Price of the Series A Preferred Stock by the conversion price for the Series A Preferred Stock (the "**Series A Conversion Price**"). The Series A Conversion Price shall initially be the Original Issue Price of the Series A Preferred Stock and shall be subject to adjustment as hereinafter provided. Upon conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of *Section 5(c)*.

(b) **Automatic Conversion.** Each share of Series A Preferred Stock shall automatically be converted into shares of Common Stock at the then-effective Series A Conversion Price (i) immediately upon the closing of the sale of the Corporation's Common Stock in a firm commitment, underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "**Securities Act**"), other than a registration statement relating solely to a transaction under Rule 145 of the Securities Act (or any successor to such rule) or to any employee benefit plan of the Corporation, which sale results in total offering proceeds to the Corporation (prior to underwriter commissions and discounts) of at least \$10,000,000 (a "**Qualified IPO**"); or (ii) the date specified by vote or written consent or agreement of the holders of not less than fifty-one percent (51%) of the shares of Series A Preferred Stock then outstanding. In the event of the automatic conversion of the Series A Preferred Stock upon a Qualified IPO as described above, the person(s) entitled to receive the Common Stock issuable upon conversion of the Series A Preferred Stock shall not be deemed to have converted such Series A Preferred Stock until immediately prior to the closing of the Qualified IPO. Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of *Section 5(c)*.

(c) **Mechanics of Conversion.** Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock and receive certificates therefor, the holder shall surrender the certificate or certificates therefor, duly endorsed, at the

office of the Corporation or of any transfer agent for the Series A Preferred Stock and shall give written notice to the Corporation at such office that such holder elects to convert the same; *provided, however*, that in the event of an automatic conversion pursuant to *Section 5(b)*, the outstanding shares of Series A Preferred Stock so converted shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; and *provided, further*, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such automatic conversion unless the certificates evidencing such shares of Series A Preferred Stock are either delivered to the Corporation or its transfer agent as provided above, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. The Corporation shall, as soon as practicable after such delivery, or such agreement and indemnification in the case of a lost certificate, issue and deliver at such office to such holder of Series A Preferred Stock, a certificate or certificates for the number of shares of Common Stock to which the holder shall be entitled as aforesaid and shall promptly pay in cash or, to the extent sufficient funds are not then legally available therefor, in Common Stock (at the Common Stock's fair market value determined by the Board of Directors as of the date of such conversion), any amounts payable as the result of a conversion into fractional shares of Common Stock, and any declared and unpaid dividends on the shares of Series A Preferred Stock being converted. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, or in the case of automatic conversion as provided in *Section 5(b)*, then the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date.

(d) **Fractional Shares.** In lieu of any fractional shares to which the holder of Series A Preferred Stock would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the effective Series A Conversion Price or round such fractional share up to a whole share (after aggregating all shares into which shares of Series A Preferred Stock held by such holder could be converted). Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock of each holder at the time of converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

(e) **Adjustments to the Series A Conversion Price With Respect to Certain Diluting Issuances.**

(i) **Special Definitions.** For purposes of this *Section 5(e)*, the following definitions apply:

(A) **"Options"** shall mean all rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities (defined below).

(B) “**Original Issue Date**” shall mean the date on which the first share of Series A Preferred Stock is first issued.

(C) “**Convertible Securities**” shall mean any evidences of indebtedness, shares of capital stock of the Corporation or other securities convertible into or exchangeable for Common Stock, or for securities convertible into or exchangeable for such securities.

(D) “**Additional Shares of Common Stock**” shall mean all shares of Common Stock issued (or, pursuant to *Section 5(e)(iii)*, deemed to be issued) by the Corporation after the Original Issue Date, **other than** the following: (i) shares of Common Stock issued upon conversion of the Series A Preferred Stock; (ii) up to 629,085 shares of Common Stock issued or issuable to officers, directors or employees of, or consultants to, the Corporation pursuant to the Corporation’s 2004 Stock Incentive Plan, or shares of Common Stock issued pursuant to stock option agreements or warrants outstanding or committed to by the Company as of the Original Issue Date, or a number of shares of Common Stock, not to exceed 2,606,209, equal to the number of shares of Common Stock, if any, repurchased by the Corporation pursuant to restricted stock agreements entered into by the Corporation with respect to shares of Common Stock outstanding prior to the Original Issue Date (the “**Reserved Employee Shares**”); (iii) shares of Common Stock issued as a dividend or distribution on the Series A Preferred; (iv) shares of Common Stock issued or issuable to financial institutions or lessors in connection with commercial credit arrangements, equipment financings, real property lease transactions or similar transactions approved by the Board of Directors; (v) shares of Common Stock issued in connection with a strategic investment or the acquisition of intellectual property in transactions approved by the Board of Directors; (vi) shares of Common Stock issued by reason of a stock split, reverse stock split, stock dividend or similar event covered by *Section 5(f)* hereof; (vii) shares of Common Stock issued by reason of a reorganization, reclassification, exchange, substitution or other adjustment covered by *Section 5(g)* hereof; (viii) shares of Common Stock issued in connection with a Qualified IPO; (ix) shares of Common Stock issued in connection with the acquisition by the Corporation of another business entity or majority ownership thereof approved by the Board of Directors; (x) shares of Common Stock issued upon conversion or exercise of securities of the Corporation that are outstanding as of the Original Issue Date; or (xi) shares of Common Stock which are otherwise excluded by the affirmative vote or written consent of the holders of not less than fifty-one percent (51%) of the shares of Series A Preferred Stock then outstanding.

(ii) **No Adjustment of Conversion Price.** Any provision herein to the contrary notwithstanding, no adjustment in the Series A Conversion Price shall be made in respect of the issuance of Additional Shares of Common Stock if the consideration per share for each Additional Share of Common Stock issued or deemed to be issued by the Corporation is equal to or greater than the Series A Conversion Price in effect on the date of, and immediately prior to, such issuance.

(iii) **Deemed Issue of Additional Shares of Common Stock.** In the event 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 then entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein designed to protect against dilution) of Common Stock 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, however*, that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(A) no further adjustments in the Series A Conversion Price shall be made upon the subsequent issuance of the Options or 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 or decrease in the consideration payable to the Corporation, or decrease or increase in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Series A 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 or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities (*provided, however*, that no such adjustment of the Series A Conversion Price shall affect Common Stock previously issued upon conversion of the Series A Preferred Stock, if any);

(C) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Series A 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 such expiration, be recomputed as if: (1) in the case of Convertible Securities or Options for Common Stock, the only Additional Shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise of such Options or the Conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Corporation upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Corporation upon such conversion or exchange; and (2) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Corporation for the Additional Shares of Common Stock deemed to have been then issued was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Corporation upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(D) no readjustment pursuant to clause (B) or (C) above shall have the effect of increasing the Series A Conversion Price to an amount which exceeds the lower of (a) the Series A Conversion Price on the original adjustment date, or (b) the Series A Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date;

(E) in the case of any Options that expire by their terms not more than thirty (30) days after the date of issue thereof, no adjustment of the Series A Conversion Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the same manner provided in clause (C) above; and

(F) the consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to this *Section 5(e)(iii)* relating to Options and Convertible Securities shall be determined by dividing: (1) 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 designed to protect against dilution) 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 (2) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein designed to protect against the dilution) issuable upon the exercise of such Options or conversion or exchange of such Convertible Securities.

(iv) **Adjustment of Series A Conversion Price Upon Issuance of Additional Shares of Common Stock.** In the event the Corporation, at any time after the Original Issue Date, shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to *Section 5(e)(iii)*), other than a subdivision or a combination of shares of Common Stock as provided in *Section 5(h)* below, and other than as a dividend or other distribution on any class of stock as provided in *Section 5(i)* below, without consideration or for consideration per share less than the Series A Conversion Price in effect on the date of, and immediately prior to, such issue, then in each such case the then existing Series A Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale, to a price equal to the lowest consideration paid per share by any investor for which such Additional Shares of Common Stock are issued.

(f) **Adjustments for Subdivisions, Combinations or Consolidation of Series A Preferred Stock and Common Stock.** In the event the outstanding shares of Series A Preferred Stock or Common Stock shall be subdivided (by stock split, stock dividend, reclassification or similar event) into a greater number of shares of Series A Preferred Stock or Common Stock, the Series A Conversion Price then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Series A Preferred Stock or Common Stock shall be combined (by stock combination, reverse stock split, reclassification or similar event), into a lesser number of shares of Series A Preferred Stock or Common Stock, the Series A Conversion Price then in effect shall,

concurrently with the effectiveness of such combination, be proportionately increased. Any adjustment under this *Section 5(f)* shall become effective at the close of business on the date the subdivision or combination becomes effective.

(g) **Adjustments for Reorganization, Reclassification, Merger, Exchange and Substitution.** If the shares of Common Stock issuable upon conversion of any shares of Series A Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock or other securities or property, whether by reorganization, reclassification, merger or otherwise (other than an Acquisition or Asset Transfer as defined in *Section 3(c)* or a subdivision or combination of shares provided for in *Section 5(f)*), the Series A Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization, reclassification or merger, be proportionately adjusted such that the shares of Series A Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders thereof would otherwise have been entitled to receive upon such conversion, a number of shares of such other class or classes of stock or other securities or property equivalent to the number of shares of Common Stock that would have been issuable to the holders of Series A Preferred Stock if their shares of Series A Preferred Stock had been converted immediately before such change; and, in any such case, appropriate adjustment (as determined by the Board of Directors) shall be made in the application of the provisions herein set forth with respect to the rights and interest thereafter of the holders of Series A Preferred Stock, to the end that the provisions set forth herein (including the provisions with respect to changes in and other adjustments of the Series A 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 the Series A Preferred Stock.

(h) **Adjustment for Common Stock Dividends and Combinations or Subdivisions.** In the event that the Corporation at any time or from time to time after the Original Issue Date 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, in each such event the Series A Conversion Price that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Series A Conversion Price then in effect by a fraction (1) the *numerator* of which is 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 is 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*, that if such record date is fixed and such dividend is not fully paid or if such 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 such record date and thereafter the Series A Conversion Price shall be adjusted pursuant to this *Section 5(h)* to reflect the actual payment of such dividend or distribution.

(i) **Adjustments for Other Dividends and Distributions.** If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes 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, in each such event provision shall be made so that the holders of the Series A Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of other securities of the Corporation which they would have received had their Series A 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, subject to all other adjustments called for during such period under this *Section 5* with respect to the rights of the holders of the Series A Preferred Stock or with respect to such other securities by their terms.

(j) **No Impairment.** The Corporation will not through any amendment to its Certificate of Incorporation or through reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this *Section 5* and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of Series A Preferred Stock against dilution or other impairment. This provision shall not restrict the Corporation's right to amend its Certificate of Incorporation with the requisite stockholder consent.

(k) **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 Stock, if the Series A Preferred Stock is then convertible pursuant to this *Section 5*, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series A Preferred Stock at the holder's address as shown in the Corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or deemed to be received by the Corporation for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (ii) the Series A Conversion Price at the time in effect, (iii) the number of Additional Shares of Common Stock and (iv) the type and amount, if any, of other property which at the time would be received upon conversion of the Series A Preferred Stock.

(l) **Reservation of Common Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of Series A Preferred Stock such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series A Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Series A Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(m) **Payment of Taxes.** The Corporation 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 Stock, 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 Stock so converted were registered.

(n) **Notice of Record Date.** Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in *Section 3(c)*) or other capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation with or into any other corporation, or any Asset Transfer (as defined in *Section 3(c)*), or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the Corporation shall mail to each holder of Series A Preferred Stock at least twenty (20) days prior to the record date specified therein a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (2) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, (3) 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 such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(o) **Notices.** Any notice required by the provisions of this *Section 5* 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 telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) 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 such holder appearing on the books of the Corporation.

Section 6. Residual Rights. Subject to applicable law, all rights accruing to the outstanding shares of the Corporation not expressly provided for to the contrary herein shall be vested in the Common Stock.

Section 7. No Redemption. The Corporation shall be under no obligation to redeem all or any portion of the Series A Preferred Stock at any time.

Section 8. No Reissuance of Series A Preferred Stock. No share or shares of Series A Preferred Stock acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued.