

ARTICLE V.

In furtherance and not in limitation of the powers conferred by statute, the by-laws of the Corporation may be made, altered, amended or repealed by the stockholders or by a majority of the entire Board of Directors.

ARTICLE VI.

Elections of directors need not be by written ballot.

ARTICLE VII.

1. Indemnification. The Corporation shall indemnify to the fullest extent permitted under and in accordance with the laws of the State of Delaware any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, incorporator, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, trustee, employee or agent of or in any other similar capacity with another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, shall not, of itself, create a presumption that the person had reasonable cause to believe that his conduct was unlawful.

2. Payment of Expenses. Expenses (including attorneys' fees) incurred in defending any civil, criminal, administrative or investigative action, suit or proceeding shall (in the case of any action, suit or proceeding against a director of the Corporation) or may (in the case of any action, suit or proceeding against an officer, trustee, employee or agent) be

paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors upon receipt of an undertaking by or on behalf of the indemnified person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VII.

3. Nonexclusivity of Provision. The indemnification and other rights set forth in this Article shall not be exclusive of any provisions with respect thereto in the by-laws or any other contract or agreement between the Corporation and any officer, director, employee or agent of the Corporation.

4. Effect of Repeal. Neither the amendment nor repeal of this Article VII, subparagraph 1, 2, or 3, nor the adoption of any provision of this Certificate of Incorporation inconsistent with Article VII, subparagraph 1, 2, or 3, shall eliminate or reduce the effect of this Article VII, subparagraphs 1, 2, and 3, in respect of any matter occurring before such amendment, repeal or adoption of an inconsistent provision or in respect of any cause of action, suit or claim relating to any such matter which would have given rise to a right of indemnification or right to receive expenses pursuant to this Article VII, subparagraph 1, 2, or 3, if such provision had not been so amended or repealed or if a provision inconsistent therewith had not been so adopted.

5. Limitation on Liability. No director or officer shall be personally liable to the Corporation or any stockholder for monetary damages for breach of fiduciary duty as a director or officer, except for any matter in respect of which such director or officer (A) shall be liable under Section 174 of the General Corporation Law of the State of Delaware or any amendment thereto or successor provision thereto, or (B) shall be liable by reason that, in addition to any and all other requirements for liability, he:

(i) shall have breached his duty of loyalty to the Corporation or its stockholders;

(ii) shall not have acted in good faith or, in failing to act, shall not have acted in good faith;

(iii) shall have acted in a manner involving intentional misconduct or a knowing violation of law or, in failing to act, shall have acted in a manner involving intentional misconduct or a knowing violation of law; or

(iv) shall have derived an improper personal benefit.

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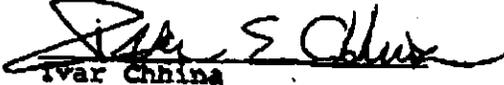
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If the General Corporation Law of the State of Delaware is amended after the date hereof to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended.

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IN WITNESS WHEREOF, said Corporation has caused this
Certificate to be signed by its President this first day of June
2000.


Ivar China
President

**CERTIFICATE OF INCORPORATION
OF
PASC ACQUISITION CORPORATION**

ARTICLE I.

The name of the corporation is PASC Acquisition Corporation.

ARTICLE II.

The address of the registered office of the corporation in the State of Delaware is 15 East North Street, County of Kent, Dover, Delaware 19903-0899. The name of its registered agent at such address is Incorporating Services, Ltd.

ARTICLE III.

The name and mailing address of the incorporator is Michael G. Rowles, Zeynik Horton Guibord McGovern Palmer & Fognani, L.L.P., 101 West Broadway, Seventeenth Floor, San Diego, California 92101.

ARTICLE IV.

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

ARTICLE V.

The corporation is authorized to issue one class of stock to be designated "Common Stock." The total number of shares which the corporation is authorized to issue is 1,000 shares, \$0.001 par value per share.

ARTICLE VI.

Except as otherwise provided herein, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the corporation is expressly authorized to make, repeal, alter, amend and rescind any or all of the bylaws of the corporation, but the stockholders may make additional bylaws and may repeal, alter, amend or rescind any bylaw whether adopted by them or otherwise.

ARTICLE VII.

The number of directors of the corporation shall be fixed from time to time by, or in the manner provided in, the bylaws or amendment thereof duly adopted by the Board of Directors or by the stockholders.

ARTICLE VIII.

Elections of directors need not be by written ballot except and to the extent provided in the bylaws of the corporation.

ARTICLE IX.

Meetings of the stockholders may be held within or without the State of Delaware, as the bylaws may provide. The books of the corporation may be kept (subject to any provisions contained in applicable statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the bylaws of the corporation.

ARTICLE X.

Directors and officers of the corporation shall, to the fullest extent permitted by the Delaware General Corporation Law as it now exists or as it may hereafter be amended, not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, except for liability (i) for any breach of duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director or officer derived any improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article X to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the personal liability of directors or officers of the corporation shall be further eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law. Any repeal or modification of any of the foregoing provisions by the stockholders of the corporation, or the adoption of any provision hereof inconsistent with this Article X, shall not adversely affect any right or protection of directors or officers of the corporation existing at the time of, or increase the liability of directors and officers of the corporation with respect to any acts or omissions of such director or officer occurring prior to, such repeal or modification.

ARTICLE XI.

Each person who is or was a director or officer of the corporation (including the heirs, executors, administrators or estate of such person) shall be indemnified (including, without limitation, advancement of expenses) by the corporation as of right, to the fullest extent permitted or authorized by the Delaware General Corporation Law as it now exists or as it may hereafter be amended, against any liability, cost or expense asserted against such director or officer and incurred by such director or officer in any such person's capacity as a director or officer, or arising out of any such person's status as a director or officer, in excess of the indemnification and advancement otherwise permitted by Section 145 of the Delaware General Corporation Law, subject only to the limits created by applicable Delaware law (whether statutory or non-statutory) with respect to actions for breach of duty to the corporation, its stockholders and others. The corporation may, but shall not be obligated to, maintain insurance,

at its expense, to protect itself and any such person against any such liability, cost or expense. Any repeal or modification of any of the foregoing provisions by the stockholders of the corporation, or the adoption of any provision hereof inconsistent with this Article XI, shall not adversely affect any right or protection of directors or officers of the corporation existing at the time of, or increase the liability of directors and officers of the corporation with respect to any acts or omissions of such director or officer occurring prior to, such repeal or modification.

ARTICLE XII.

The corporation reserves the right to amend, alter, change or repeal any provision contained herein in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders, directors and officers of the corporation herein are granted subject to such revision.

IN WITNESS WHEREOF, the undersigned hereby certifies under penalty of perjury that he has read the foregoing Certificate of Incorporation of PASC Acquisition Corporation and knows the contents thereof, that it is his act and deed and that the facts stated therein are true.

Dated: September 1, 1999.



Michael G. Rowles

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STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 04/28/2000
001219397 - 3091065

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
PASC ACQUISITION CORPORATION**

Pursuant to Section 242
of the
Delaware General Corporation Law

* * * * *

PASC ACQUISITION CORPORATION, a Delaware corporation, hereby certifies as follows:

The Certificate of Incorporation of PASC Acquisition Corporation (the "Corporation") was filed in the office of the Secretary of State of the State of Delaware on September 1, 1999, and is hereby amended and restated pursuant to Section 242 and Section 245 of the Delaware General Corporation Law and all amendments to the Certificate of Incorporation reflected herein have been duly proposed by the Board of Directors of the Corporation and duly adopted by the stockholder of the Corporation in accordance with the provisions of such Sections.

This Amended and Restated Certificate of Incorporation restates and integrates and further amends the Certificate of Incorporation of the Corporation. The text of the Certificate of Incorporation is amended to read as herein set forth in full:

ARTICLE I.

The name of the Corporation is:

ChartOne, Inc.

ARTICLE II.

The address of its registered office in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III.

The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV.

The total number of shares of stock which the Corporation shall have authority to issue is 25,830,000, consisting of (i) 7,500,000 shares of Series A Convertible Preferred Stock, par value \$0.01 per share, of the Corporation (the "Series A Preferred Stock"), (ii) 2,130,000 shares of Series B Convertible Preferred Stock, par value \$0.01 per share, of the Corporation (the "Series B Preferred Stock"), (iii) 1,200,000 shares of Series C Convertible Preferred Stock, par value \$0.01 per share, of the Corporation (the "Series C Preferred Stock," and together with the Series A Preferred Stock and the Series B Preferred Stock, the "Preferred Stock") and (iv) 15,000,000 shares of Common Stock, \$0.001 par value per share (the "Common Stock").

The Common Stock shall be subject to the express terms of the Preferred Stock and any series thereof. Each share of Common Stock shall be equal to each other share of Common Stock. The holders of shares of Common Stock shall be entitled to one vote for each such share upon all questions presented to the stockholders.

The Corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation shall have notice thereof, except as expressly provided by applicable law.

The designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Preferred Stock are as follows:

SECTION 1. DESIGNATION AND AMOUNT.

(a) The shares of the Series A Preferred Stock shall be designated "Series A Convertible Preferred Stock" and the number of shares constituting such series shall be 7,500,000.

(b) The shares of the Series B Preferred Stock shall be designated "Series B Convertible Preferred Stock" and the number of shares constituting such series shall be 2,130,000.

(c) The shares of the Series C Preferred Stock shall be designated "Series C Convertible Preferred Stock" and the number of shares constituting such series shall be 1,200,000.

SECTION 2. DIVIDENDS.

(a) The holders of Series A Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors of the Corporation (the "Board of Directors"), out of the net profits of the Corporation, dividends per share equal to the greater of (i) 12% per annum of the Stated Value (as herein defined) of such Series A Preferred Stock before any dividends shall be declared, set apart for or paid upon any other stock ranking on liquidation junior to the Series A Preferred Stock (such stock being referred to hereinafter collectively as "Junior Stock") in any year or (ii) to the extent that a dividend is paid on the Common Stock before any dividends are declared, set apart for or paid upon the Series A Preferred Stock, the amount such holders would have received had such holder converted his or its Series A Preferred Stock into Common Stock immediately prior to the record date for such dividend. All dividends declared upon the Series A Preferred Stock shall be declared pro rata per share and compounded quarterly. For purposes hereof, the term "Stated Value" shall mean \$10.00 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, stock distribution or combination with respect to the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock, as the case may be. Dividends on the Series A Preferred Stock shall be payable solely in additional shares of Series A Preferred Stock. Neither the Series B Preferred Stock nor the Series C Preferred Stock shall be entitled to receive dividends.

(b) Dividends on the Series A Preferred Stock shall be cumulative, whether or not in any fiscal year there shall be net profits or surplus available for the payment of dividends in such fiscal year, so that if in any fiscal year or years, dividends in whole or in part are not paid upon the Series A Preferred Stock, unpaid dividends shall accumulate as against the holders of the Junior Stock.

(c) The number of shares of Series A Preferred Stock to be issued in payment of the dividend with respect to each outstanding share of Series A Preferred Stock shall be determined

by dividing the amount of the dividend per share that would have been payable had such dividend been paid in cash by the Stated Value. To the extent that any such dividend would result in the issuance of a fractional share of Series A Preferred Stock (which shall be determined with respect to the aggregate number of shares of Series A Preferred Stock held of record by each holder) then the amount of such fraction multiplied by the Stated Value shall be paid in cash (unless there are no legally available funds with which to make such cash payment, in which event such cash payment shall be made as soon as possible).

(d) For so long as the Series A Preferred Stock remains outstanding, without the consent of the holders of a majority of the shares of Series A Preferred Stock the Corporation shall not pay any dividend upon the Junior Stock, whether in cash or other property (other than shares of Junior Stock), or purchase, redeem or otherwise acquire any such Junior Stock unless, in addition to the payment of the dividend to the holders of the Series A Preferred Stock as described above, the Corporation has redeemed all shares of Series A Preferred Stock which it would theretofore have been required to redeem under Section 8 hereof. Notwithstanding the provisions of this Section 2(d), without declaring or paying dividends on the Series A Preferred Stock, the Corporation may, subject to applicable law, repurchase or redeem shares of capital stock of the Corporation from current or former officers or employees of the Corporation pursuant to the terms of repurchase or similar agreements in effect from time to time, provided that such agreements have been approved by the Board of Directors and the terms of such agreements provide for a repurchase or redemption price not in excess of the price per share paid by such employee for such share.

SECTION 3. LIQUIDATION, DISSOLUTION OR WINDING UP.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series A 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 all amounts required to be distributed to the holders of any other Preferred Stock of the Corporation ranking on liquidation prior and in preference to the Series A Preferred Stock (such Preferred Stock being referred to hereinafter as "Senior Preferred Stock"), if any, upon such liquidation, dissolution or winding up, but before any payment shall be made to the holders of Junior Stock, an amount in cash equal to the greater of (i) the Stated Value per share plus any dividends thereon accrued but unpaid or (ii) assuming conversion of the Series A Preferred Stock pursuant to Section 5, the amount such holder would have received had such holder converted its Series A Preferred Stock into Common Stock immediately prior to such distribution. If upon any such liquidation, dissolution or winding up of the Corporation the remaining assets of the

Corporation available for the distribution to its stockholders after payment in full of amounts required to be paid or distributed to holders of Senior Preferred Stock shall be insufficient to pay the holders of shares of Series A Preferred Stock the full amount to which they shall be entitled, the holders of shares of Series A Preferred Stock, and any class of stock ranking on liquidation on a parity with the Series A 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 to the shares held by them upon such distribution if all amounts payable on or with respect to said shares were paid in full.

(b) The Series B Preferred Stock shall rank on liquidation on a parity with the Series C Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series B Preferred Stock and Series C 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 all amounts required to be distributed to the holders of the Series A Preferred Stock and any other Preferred Stock of the Corporation ranking on liquidation prior and in preference to the Series B Preferred Stock and the Series C Preferred Stock, upon such liquidation, dissolution or winding up, but before any payment shall be made to the holders of any other stock ranking on liquidation junior to the Series B Preferred Stock and the Series C Preferred Stock, an amount in cash equal to the greater of (i) the Stated Value per share or (ii) assuming conversion of the Series B Preferred Stock or the Series C Preferred Stock, as the case may be, pursuant to Section 5, the amount such holder would have received had such holder converted its Series B Preferred Stock or Series C Preferred Stock into Common Stock immediately prior to such distribution. If upon any such liquidation, dissolution or winding up of the Corporation the remaining assets of the Corporation available for the distribution to its stockholders after payment in full of amounts required to be paid or distributed to holders of Series A Preferred Stock and Senior Preferred Stock shall be insufficient to pay the holders of shares of Series B Preferred Stock or the Series C Preferred Stock the full amount to which they shall be entitled, the holders of shares of Series B Preferred Stock and the holders of shares of Series C Preferred Stock, and any class of stock ranking on liquidation on a parity with the Series B Preferred Stock and the Series C 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 to the shares held by them upon such distribution if all amounts payable on or with respect to said shares were paid in full.

(c) After the payment of all preferential amounts required to be paid to the holders of the Series A Preferred Stock, any other Senior Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and any other series of Preferred Stock upon the dissolution, liquidation or winding up of the Corporation, the holders of shares of Common Stock then outstanding shall be entitled to receive the remaining assets and funds of the Corporation available for distribution to its stockholders.

(d) The merger or consolidation of the Corporation into or with another corporation, the merger or consolidation of any other corporation into or with the Corporation, or the sale, conveyance, mortgage, pledge or lease of all or substantially all the assets of the Corporation shall not be deemed to be a liquidation, dissolution or winding up of the Corporation for purposes of this Section 3.

SECTION 4. VOTING.

(a) Except as provided in Section 4(g), each issued and outstanding share of Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which each such share of Preferred Stock is convertible (as adjusted from time to time pursuant to Section 5 hereof), at each meeting of stockholders of the Corporation (or pursuant to any action by written consent) 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 this Section 4 or by the provisions establishing any other series of Preferred Stock, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class.

(b) (i) As provided in and subject to the terms of this Section 4(b), so long as the holders of Series A Preferred Stock beneficially own shares of Series A Preferred Stock comprising at least twenty percent (20%) of the outstanding Common Stock (assuming conversion of all Preferred Stock), such holders shall have the exclusive right, voting separately as a class, to elect up to three directors (herein referred to as the "Series A Directors").

(ii) All Series A Directors shall be elected by the affirmative vote of the holders of record of a majority of the outstanding shares of Series A Preferred Stock either at meetings of stockholders at which directors are elected, a special meeting of holders of Series A Preferred Stock or by written consent without a meeting in accordance with the General Corporation Law of Delaware. Each Series A Director so elected shall serve for a term of one year and until his successor is elected and qualified. Any vacancy in the position of a Series A Director may be filled only by the holders of the Series A Preferred Stock. Each Series A Director may, during his or her term of office, be removed

at any time, with or without cause, by and only by the affirmative vote, at a special meeting of holders of Series A Preferred Stock called for such purpose, or the written consent, of the holders of record of a majority of the outstanding shares of Series A Preferred Stock. Any vacancy created by such removal may also be filled at such meeting or by such consent.

(c) So long as QuadraMed Corporation or an Affiliate thereof beneficially owns shares of Series B Preferred Stock comprising at least five percent (5%) of the outstanding Common Stock (assuming conversion of all Preferred Stock), the holders of Series B Preferred Stock shall have the exclusive right, voting separately as a class, to elect one director (herein referred to as the "Series B Director"). The Series B Director shall be elected by the affirmative vote of the holders of record of a majority of the outstanding shares of Series B Preferred Stock either at meetings of stockholders at which directors are elected, a special meeting of holders of Series B Preferred Stock or by written consent without a meeting in accordance with the General Corporation Law of Delaware. The Series B Director so elected shall serve for a term of one year and until his or her successor is elected and qualified. Any vacancy in the position of a Series B Director may be filled only by the holders of the Series B Preferred Stock. The Series B Director may, during his or her term of office, be removed at any time, with or without cause, by and only by the affirmative vote, at a special meeting of holders of Series B Preferred Stock called for such purpose, or the written consent, of the holders of record of a majority of the outstanding shares of Series B Preferred Stock. Any vacancy created by such removal may also be filled at such meeting or by such consent.

(d) So long as the holders of Series A Preferred Stock beneficially own shares of Series A Preferred Stock comprising at least ten percent (10%) of the outstanding Common Stock (assuming conversion of all Preferred Stock), in addition to any other rights provided by law, the Corporation shall not, without first obtaining the affirmative vote or written consent of the holders of a majority of the outstanding shares of Series A Preferred Stock:

(i) amend or repeal any provision of the Corporation's Certificate of Incorporation or By-Laws in a manner adversely affecting the holders of Series A Preferred Stock;

(ii) authorize or effect the payment of dividends or the redemption or repurchase of any capital stock of the Corporation or rights to acquire capital stock of the Corporation (other than the repurchase of stock from employees of the Corporation or its subsidiaries pursuant to

repurchase rights under vesting provisions related to the length of period of employment of such employees at purchase prices initially paid by such employees for such shares);

(iii) enter into any transaction, other than employment agreements on a basis consistent with past practice, with any officer, director or beneficial owner of five percent (5%) or more of the Common Stock or any Affiliate of any of the foregoing;

(iv) amend, alter or repeal the preferences, special rights or other powers of the Series A Preferred Stock so as to affect adversely the Series A Preferred Stock. For this purpose, the authorization or issuance of any series of Preferred Stock with preference or priority over, or being on a parity with the Series A Preferred Stock as to the right to receive either dividends or amounts distributable upon liquidation, dissolution or winding up of the Corporation shall be deemed so to affect adversely the Series A Preferred Stock;

(v) distribute money or other property in respect of any stock other than Series A Preferred Stock; issue debt that is convertible into stock of the Corporation; or issue stock that enjoys a priority as to dividends or on liquidation;

(vi) authorize or effect the issuance by the Corporation of any shares of capital stock or rights to acquire capital stock other than (x) pursuant to options, warrants, conversion or subscription rights in existence on the initial date of issuance of the Series A Preferred Stock or (y) pursuant to stock option, stock bonus or other employee stock plans for the benefit of the employees of the Corporation or its subsidiaries in existence as of such date or thereafter approved with the consent of the holders of a majority of the then outstanding shares of Series A Preferred Stock;

(vii) authorize or effect (a) any sale, lease, transfer or other disposition of all or substantially all the assets of the Corporation; (b) any merger or consolidation or other reorganization of the Corporation with or into another corporation, (c) the acquisition by the Corporation of another corporation by means of a purchase of all or substantially all of the capital stock or assets of such corporation, or (d) a liquidation, winding up, dissolution or adoption of any plan for the same; or

(viii) authorize or effect the election or removal of any officer of the Corporation.

(e) In addition to any other rights provided by law, the Corporation shall not, without first obtaining the

affirmative vote or written consent of the holders of a majority of the outstanding shares of Series B Preferred Stock:

(i) amend or repeal any provision of the Corporation's Certificate of Incorporation or By-Laws in a manner adversely affecting the holders of Series B Preferred Stock;

(ii) authorize or effect the payment of dividends (other than dividends on the Series A Preferred Stock in accordance with Section 2 hereof) or the redemption or repurchase of any capital stock of the Corporation (other than a redemption of the Series A Preferred Stock in accordance with Section 8 hereof) or rights to acquire capital stock of the Corporation (other than the repurchase of stock from employees of the Corporation or its subsidiaries pursuant to repurchase rights under vesting provisions related to the length of period of employment of such employees at purchase prices initially paid by such employees for such shares);

(iii) enter into any transaction, other than employment agreements on a basis consistent with past practice, with any officer, director or beneficial owner of five percent (5%) or more of the Common Stock (assuming conversion of all Preferred Stock) or any Affiliate of any of the foregoing;

(iv) amend, alter or repeal the preferences, special rights or other powers of the Series B Preferred Stock so as to affect adversely the Series B Preferred Stock; or

(v) except for dividends on the Series A Preferred Stock in accordance with Section 2 hereof, distribute money or other property in respect of any stock other than Series E Preferred Stock.

(f) In addition to any other rights provided by law, the Corporation shall not, without first obtaining the affirmative vote or written consent of the holders of a majority of the outstanding shares of Series C Preferred Stock:

(i) amend or repeal any provision of the Corporation's Certificate of Incorporation or By-Laws in a manner adversely affecting the holders of Series C Preferred Stock;

(ii) authorize or effect the payment of dividends (other than dividends on the Series A Preferred Stock in accordance with Section 2 hereof) or the redemption or repurchase of any capital stock of the Corporation (other than a redemption of the Series A Preferred Stock in accordance with Section 8 hereof) or rights to acquire capital stock of the Corporation (other than the repurchase

of stock from employees of the Corporation or its subsidiaries pursuant to repurchase rights under vesting provisions related to the length of period of employment of such employees at purchase prices initially paid by such employees for such shares);

(iii) enter into any transaction, other than employment agreements on a basis consistent with past practice, with any officer, director or beneficial owner of five percent (5%) or more of the Common Stock (assuming conversion of all Preferred Stock) or any Affiliate of any of the foregoing;

(iv) amend, alter or repeal the preferences, special rights or other powers of the Series C Preferred Stock so as to affect adversely the Series C Preferred Stock; or

(v) except for dividends on the Series A Preferred Stock in accordance with Section 2 hereof, distribute money or other property in respect of any stock other than Series C Preferred Stock.

(g) Except as provided by law or in Section 4(f), (i) the holders of Series C Preferred Stock shall have no voting rights and (ii) any reference in this Section 4 to voting rights of holders of Preferred Stock, to holders of Preferred Stock voting separately as a class, or to holders of Preferred Stock voting together with the holders of Common Stock as a single class shall be construed as excluding the holders of the shares of Series C Preferred Stock from any such vote.

SECTION 5. OPTIONAL CONVERSION.

Each share of Preferred Stock may be converted at any time, at the option of the holder thereof, into the number of fully-paid and nonassessable shares of Common Stock obtained by dividing the Stated Value by the Conversion Price then in effect (the "Conversion Rate"), provided, however, that on any redemption of any Preferred Stock or any liquidation of the Corporation, the right of conversion shall terminate at the close of business on the full business day next preceding the date fixed for such redemption or for the payment of any amounts distributable on liquidation to the holders of such Preferred Stock.

(a) The initial conversion price, subject to adjustment as provided herein, is equal to \$10.00 (the "Conversion Price"). The initial Conversion Rate for the Preferred Stock shall be one share of Common Stock for each one share of Preferred Stock surrendered for conversion. The applicable Conversion Rate and Conversion Price from time to time in effect is subject to adjustment as hereinafter provided.

(b) The Corporation shall not issue fractions of shares of Common Stock upon conversion of Preferred Stock or scrip in lieu thereof. If any fraction of a share of Common Stock would, except for the provisions of this Section 5(b), be issuable upon conversion of Preferred Stock, the Corporation shall in lieu thereof pay to the person entitled thereto an amount in cash equal to the current value of such fraction, calculated to the nearest one-hundredth (1/100) of a share, to be computed (i) if the Common Stock is listed on any national securities exchange, on the basis of the last sales price of the Common Stock on such exchange (or the quoted closing bid price if there shall have been no sales) on the date of conversion, or (ii) if the Common Stock shall not be listed, on the basis of the mean between the closing bid and asked prices for the Common Stock on the date of conversion as reported by NASDAQ, or its successor, and if there are not such closing bid and asked prices, on the basis of the fair market value per share as determined by the Board of Directors.

(c) Whenever the Conversion Rate and Conversion Price shall be adjusted as provided in Section 6 hereof, the Corporation shall forthwith file at each office designated for the conversion of Preferred Stock, a statement, signed by the Chairman of the Board, the President, any Vice President or Treasurer of the Corporation, showing in reasonable detail the facts requiring such adjustment and the Conversion Rate that will be effective after such adjustment. The Corporation shall also cause a notice setting forth any such adjustments to be sent by mail, first class, postage prepaid, to each record holder of Preferred Stock at his or its address appearing on the stock register. If such notice relates to an adjustment resulting from an event referred to in Section 6(g) hereof, such notice shall be included as part of the notice required to be mailed and published under the provisions of Section 6(g) hereof.

(d) In order to exercise the conversion privilege, the holder of Preferred Stock to be converted shall surrender his or its certificate or certificates therefore to the principal office of the transfer agent for the Preferred Stock (or if no transfer agent be at the time appointed, then the Corporation at its principal office), and shall give written notice to the Corporation at such office that the holder elects to convert the Preferred Stock represented by such certificates, or any number thereof. Such notice shall also state the name or names (with address) in which the certificate or certificates for shares of Common Stock which shall be issuable on such conversion shall be issued, subject to any restrictions on transfer relating to shares of the Preferred Stock or shares of Common Stock upon conversion thereof. 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 authorized in writing. The date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of the

certificates and notice shall be the conversion date. As soon as practicable after receipt of such notice and the surrender of the certificate or certificates for Preferred Stock as aforesaid, the Corporation shall cause to be issued and delivered at such office 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, cash as provided in Section 5(b) hereof in respect of any fraction of a share of Common Stock otherwise issuable upon such conversion and, if less than all shares of Preferred Stock represented by the certificate or certificates so surrendered are being converted, a residual certificate or certificates representing the shares of Preferred Stock not converted.

(e) The Corporation shall at all times when the Preferred Stock shall be outstanding reserve and keep available out of its authorized but unissued stock, for the purposes of effecting the conversion of the 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 Preferred Stock. Before taking any action that would cause an adjustment reducing the Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Preferred Stock, the Corporation will take any corporate action that may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully-paid and nonassessable shares of such Common Stock at such adjusted conversion price.

(f) All shares of 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 forthwith cease and terminate except only the right of the holder thereof to receive shares of Common Stock in exchange therefor and, with respect to shares of Preferred Stock that surrendered for conversion, payment of any accrued and unpaid dividends thereon. Any shares of Preferred Stock so converted shall be retired and canceled and shall not be reissued, and the Corporation may from time to time take such appropriate action as may be necessary to reduce the authorized Preferred Stock accordingly.

SECTION 6. ANTI-DILUTION PROVISIONS.

(a) In order to prevent dilution of the right granted hereunder, the Conversion Price shall be subject to adjustment from time to time in accordance with this Section 6(a). For purposes of this Section 6, the term "Number of Common Shares Deemed Outstanding" at any given time shall mean the sum of (x) the number of shares of Common Stock outstanding at such time, (y) the number of shares of Common Stock issuable assuming conversion at such time of the Preferred Stock and (z) the number

of shares of the Common Stock deemed to be outstanding under paragraphs 6(b)(1) to (9), inclusive, at such time.

(b) Except as provided in Section 6(c) or 6(f) hereof, if and whenever on or after the date of initial issuance of the Series A Preferred Stock (the "Initial Issuance Date"), the Corporation shall issue or sell, or shall in accordance with paragraphs 6(b)(1) to (9), inclusive, be deemed to have issued or sold any shares of its Common Stock for a consideration per share less than the Conversion Price in effect immediately prior to the time of such issue or sale, then forthwith upon such issue or sale (the "Triggering Transaction"), the Conversion Price shall, subject to paragraphs (1) to (9) of this Section 6(b), be reduced to the Conversion Price (calculated to the nearest tenth of a cent) determined by dividing:

(i) an amount equal to the sum of (x) the product derived by multiplying the Number of Common Shares Deemed Outstanding immediately prior to such Triggering Transaction by the Conversion Price then in effect, plus (y) the consideration, if any, received by the Corporation upon consummation of such Triggering Transaction, by

(ii) an amount equal to the sum of (x) the Number of Common Shares Deemed Outstanding immediately prior to such Triggering Transaction plus (y) the number of shares of Common Stock issued (or deemed to be issued in accordance with paragraphs 6(b)(1) to (9)) in connection with the Triggering Transaction.

For purposes of determining the adjusted Conversion Price under this Section 6(b), the following paragraphs (1) to (9), inclusive, shall be applicable:

(1) In case the Corporation at any time shall in any manner grant (whether directly or by assumption in a merger or otherwise) any rights to subscribe for or to purchase, or any options for the purchase of, Common Stock or any stock or other securities convertible into or exchangeable for Common Stock (such rights or options being herein called "Options" and such convertible or exchangeable stock or securities being herein called "Convertible Securities"), whether or not such Options or the right to convert or exchange any such Convertible Securities are immediately exercisable and the price per share for which the Common Stock is issuable upon exercise, conversion or exchange (determined by dividing (x) the total amount, if any, received or receivable by the Corporation as consideration for the granting of such Options, plus the minimum aggregate amount of additional consideration payable to the Corporation upon the exercise of all such Options, plus, in the case of such Options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable upon the issue or sale of