

RECORDATI
TRADEMARKS ONLY

9-7-00

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID # _____
- Correction of PTO Error
Reel # _____ Frame # _____
- Corrective Document
Reel # _____ Frame # _____

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
- Merger
- Change of Name
- Other _____

Effective Date
Month Day Year
02 23 00

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name CSE Child Support Enforcement, Co.

02 22 00

Formerly _____

- Individual General Partnership Limited Partnership Corporation Association

Other _____

Citizenship/State of Incorporation/Organization Texas

Receiving Party

Mark if additional names of receiving parties attached

Name Supportkids, Inc.

DBA/AKA/TA _____

Composed of _____

Address (line 1) 4120 Freidrich Lane

Address (line 2) Suite 175

Address (line 3) Austin

Texas

State/Country

78744

Zip Code

- Individual General Partnership Limited Partnership

Corporation Association

Other _____

Citizenship/State of Incorporation/Organization Texas

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

FOR OFFICE USE ONLY

09/22/2000 DMGUYEN 00000343 75833552

01 FC:481 40.00 DP
02 FC:482 75.00 DP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK
REEL: 002146 FRAME: 0368

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text" value="75/833,552"/>	<input type="text" value="75/833,554"/>	<input type="text" value="75/833,553"/>	<input type="text" value="2,038,750"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

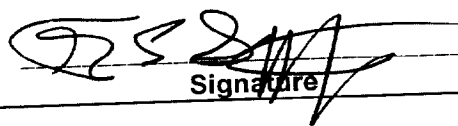
Authorization to charge additional fees:

Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Stephen L. Sapp
Name of Person Signing


Signature

9/7/00
Date Signed



The State of Texas

SECRETARY OF STATE

**CERTIFICATE OF RESTATED ARTICLES
OF INCORPORATION
OF**

**SUPPORTKIDS, INC.
FORMERLY: CSE CHILD SUPPORT ENFORCEMENT, CO.**

The undersigned, as Secretary of State of Texas, hereby certifies that the attached Restated Articles of Incorporation for the above named corporation have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Restated Articles of Incorporation.

Dated: February 23, 2000

Effective: February 23, 2000



TRADEMARK DLU
REEL: 002146 FRAME: 0370

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
CSE CHILD SUPPORT ENFORCEMENT, CO.

FEB 23 2000

Corporations Section

CSE Child Support Enforcement, Co., pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act ("TBCA"), does hereby certify the following:

1. Each amendment made by these Amended and Restated Articles of Incorporation to the Corporation's Articles of Incorporation has been effected in conformity with the provisions of the TBCA.

2. These Amended and Restated Articles of Incorporation were duly adopted by the Corporation's shareholders pursuant to a Unanimous Written Consent dated February 22, 2000. At the time of such adoption, the Corporation's total authorized capitalization consisted of 7,000,000 shares of common stock, par value \$.01 per share ("Common Stock"), and 3,000,000 shares of preferred stock, par value \$.01 per share ("Preferred Stock"). The number of shares of the Corporation outstanding and entitled to vote at the time of such adoption was 955,603 shares of Common Stock, 1,176,470 shares of Series A Preferred Stock and 497,807 shares of Series B Preferred Stock. The holders of all outstanding shares of Common Stock and Preferred Stock voted on and approved the adoption of these Amended and Restated Articles of Incorporation.

3. The Articles of Incorporation of the Corporation are hereby amended by these Amended and Restated Articles of Incorporation by amending each provision in its entirety to read as set forth herein.

4. These Amended and Restated Articles of Incorporation of this Corporation accurately copy the Corporation's Articles of Incorporation and all amendments thereto that are in effect to date and as further amended hereby and do not contain any other change in any provision thereof.

5. The Amended and Restated Articles of Incorporation are as follows:

**ARTICLE I
NAME**

The name of the Corporation is Supportkids, Inc. (the "Corporation").

**ARTICLE II
DURATION**

The Corporation's period of duration is perpetual.

ARTICLE III PURPOSES

The purposes for which the Corporation is organized are to transact any and all lawful business for which corporations may be incorporated under, and exercise the powers granted by, the Texas Business Corporation Act, as the same exists or may be hereafter amended from time to time (the "TBCA"), within or without the State of Texas, and to do such things as may be incident to, and necessary or appropriate to effect, any and all of the purposes for which the Corporation is organized.

ARTICLE IV CAPITAL STOCK

(a) The total number of shares of all classes of Capital Stock which the Corporation shall have the authority to issue is 10,000,000 shares of Capital Stock, consisting of 7,000,000 shares of Common Stock, par value \$.01 per share and 3,000,000 shares of Preferred Stock, par value \$.01 per share.

(b) Except as otherwise provided in this Amended and Restated Articles of Incorporation or by law or by the resolutions of the Board of Directors providing for the issue of any series of the Preferred Stock, each holder of Common Stock shall be entitled to one vote for each share held. Subject to all of the rights of the Preferred Stock or any series thereof, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of funds legally available therefor, dividends payable in cash, stock or otherwise. Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, and after the holders of the Preferred Stock of each series shall have been paid in full the amounts to which they respectively shall be entitled, or a sum sufficient for such payments in full shall have been set aside, the remaining net assets of the Corporation shall be distributed pro rata to the holders of the Common Stock in accordance with their respective rights and interest.

(c) Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby vested with the authority to fix by way of resolution the powers, designations, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, including, without limitation, the dividend rate, conversion rights, voting rights, redemption price and liquidation preference, and the qualifications, limitations or restrictions on such preferences and/or rights and to fix the number of shares constituting any such series. Unless otherwise provided by the resolutions adopted by the Board of Directors providing for the issuance of any shares of Preferred Stock, the number of shares comprising such series may be increased or decreased (but not below the number of shares then outstanding) from time to time by duly adopted resolutions of the Board of Directors.

(d) “Series A Convertible Preferred Stock and Series B Convertible Preferred Stock”

The voting powers, preferences and relative participation, optional or other special rights and qualifications, limitations or restrictions of (i) a series of 1,176,470 shares of Preferred Stock designated as “Series A Convertible Preferred Stock” (the “Series A Preferred Stock”) and (ii) a series of 1,556,589 shares of Preferred Stock designated as “Series B Convertible Preferred Stock” (the “Series B Preferred Stock”) are as follows:

Part 1. Dividends.

1A. (i) Prior to February 23, 2002, the holders of shares of Series A Preferred Stock and Series B Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, when, as and if declared by the Board of Directors.

(ii) From and after February 23, 2002, (a) the holders of shares of Series A Preferred Stock shall be entitled to receive out of any funds legally available therefor, cumulative dividends at the annual rate of \$.3808 per share (as adjusted for any stock dividends, combinations or splits with respect to such shares after the date of initial issuance of the Series A Preferred Stock), and (b) the holders of shares of Series B Preferred Stock shall be entitled to receive out of any funds legally available therefor, cumulative dividends at the annual rate of \$.4632 per share (as adjusted for any stock dividends, combinations or splits with respect to such shares after the date of initial issuance of the Series B Preferred Stock). Dividends on the Series A Preferred Stock and Series B Preferred Stock shall accumulate and accrue on each such share from February 23, 2002 and shall accumulate and accrue from day to day thereafter, whether or not earned or declared. Dividends accruing on each share of Series A Preferred Stock and Series B Preferred Stock shall be added to the Series A Liquidation Preference or Series B Liquidation Preference, respectively, (as defined below) of such share as they accrue and will remain a part thereof until such dividends are paid as provided herein. Accrued dividends on each share of Series A Preferred Stock and Series B Preferred Stock shall be payable in cash upon the liquidation, dissolution or winding up of the Corporation, as provided in part 2 hereof, or upon the redemption of the Series A Preferred Stock or Series B Preferred Stock, as applicable, as provided in part 3 hereof, and upon any conversion, as provided in part 5 hereof.

1B. No dividends shall be paid on or declared and set apart for any other class or series of stock of the Corporation during any fiscal year of the Corporation until (i) dividends in the total amount of \$.3808 per share (as adjusted for any stock dividends, combinations or splits with respect to such shares) on the Series A Preferred Stock and (ii) dividends in the total amount of \$.4632 per share (as adjusted for any stock dividends, combinations or splits with respect to such shares) on the Series B Preferred Stock, shall have been paid or declared and set apart for payment during that fiscal year and any prior year in which dividends have accumulated but remain unpaid.

1C. So long as any shares of Series A Preferred Stock or Series B Preferred Stock are outstanding, (i) no dividend (other than a dividend payable solely in Common Stock) shall be declared or paid, and no distribution shall be made, on any Common Stock and (ii) no shares of Common Stock shall be purchased, redeemed or acquired by the Corporation and no monies shall be paid into or set aside or made available for a sinking fund for the purchase, redemption or acquisition thereof; provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock from directors or employees of or consultants or advisers to the Corporation or any Subsidiary pursuant to agreements under which the Corporation has the option to repurchase such shares upon the occurrence of certain events, including without limitation the termination of employment by or service to the Corporation or any Subsidiary.

Part 2. Liquidation Preference

2A. In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, the holders of the Series A Preferred Stock and Series B Preferred Stock shall be entitled to receive, prior and in preference to any payment or distribution and setting apart for payment or distribution of any of the assets or surplus funds of the Corporation to the holders of Common Stock, (i) an amount (the "Series A Liquidation Preference") for each share of Series A Preferred Stock then held by them equal to \$4.76 (as adjusted for any stock dividends, combinations or splits with respect to such shares), plus any accrued and unpaid dividends on the Series A Preferred Stock, whether or not earned or declared, to and including the date of full payment of such amount, and (ii) an amount (the "Series B Liquidation Preference") for each Share of Series B Preferred Stock then held by them equal to \$5.7853 (as adjusted for any stock dividends, combinations or splits with respect to such shares), plus any accrued and unpaid dividends on the Series B Preferred Stock, whether or not earned or declared, to and including the date of full payment of such amount. If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Series A Preferred Stock and Series B Preferred Stock shall be insufficient to permit the payment to such holders of the full Series A Liquidation Preference and Series B Liquidation Preference due with respect to the shares held by each such holder, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock and Series B Preferred Stock, based upon the aggregate Series A Liquidation Preference and Series B Liquidation Preference payable to such holders.

2B. If the assets and funds of the Corporation available for distribution to the Corporation's shareholders exceed the aggregate Series A Liquidation Preferences and Series B Liquidation Preferences payable to the holders of Series A Preferred Stock and Series B Preferred Stock pursuant to paragraph 2A hereof, then after the payments required by paragraph 2A hereof shall have been made or irrevocably set apart for payment to the holders of Series A Preferred Stock and Series B Preferred Stock, respectively, the remaining assets and funds of the Corporation available for distribution to the Corporation's shareholders shall be distributed ratably (i) first among the holders of Series A Preferred Stock and Series B Preferred Stock (as if fully converted into Common Stock pursuant to part 5 hereof; provided, however, that solely for purposes of this paragraph, the Series B Preferred Stock shall be deemed to be converted into a number of shares equal to (A) the number of shares of Common Stock such preferred stock is then convertible into, multiplied by (B) 1.216) and the holders of Common Stock, on a per share basis, until the aggregate

amount of the payments made or irrevocably set apart for payment to the holders of Series A Preferred Stock pursuant to paragraph 2A hereof and this clause (i) equals \$14.28 per share (as adjusted for any stock dividends, combinations or splits with respect to such shares) of Series A Preferred Stock and to the holders of Series B Preferred Stock pursuant to Paragraph 2A hereof and this clause (i) equals \$17.37 per share (as adjusted for stock dividends, combinations or splits with respect to such shares) of Series B Preferred Stock, and (ii) any remaining assets and funds of the Corporation available for distribution to the Corporation's shareholders shall thereafter be distributed among the holders of Common Stock, on a per share basis.

2C. At the election of the holders of a majority of the Series B Preferred Stock then outstanding, voting as a single class, (i) a consolidation or merger of the Corporation or any of its significant Subsidiaries with or into one or more other corporations or other business organizations, (ii) the sale, lease or transfer of all or substantially all of the assets of the Corporation or any of its significant Subsidiaries, or (iii) any other form of corporate reorganization in which outstanding shares of the Corporation are exchanged for or converted into cash, securities or another corporation or business organization or other property, shall be treated as a liquidation, dissolution or winding up of the Corporation within the meaning of this part 2, and the holders of Series A Preferred Stock and Series B Preferred Stock shall be entitled to receive at the closing of such transaction, in cash, securities or other property (valued at Fair Market Value), amounts as specified in paragraphs 2A and 2B hereof.

2D. The Corporation will give written notice of any liquidation, dissolution or winding up (or any transaction which might be deemed to be a liquidation, dissolution or winding up pursuant to paragraph 2C hereof) to each record holder of Series A Preferred Stock and Series B Preferred Stock not less than 20 days prior to the date stated therein for the distribution and payment of the amounts provided in this part 2. Each holder of Series A Preferred Stock and Series B Preferred Stock may convert all or any portion of the Series A Preferred Stock and Series B Preferred Stock into Common Stock pursuant to part 5 hereof at any time on or prior to the date fixed in such notice for distribution and payment or the date of a merger, consolidation or sale of assets deemed to be a liquidation, dissolution or winding up of the Corporation as described in paragraph 2C.

Part 3. Redemptions

3A. Any holder of at least 400,000 shares of the outstanding Series A Preferred Stock or Series B Preferred Stock (each a "Requisite Holder"), may elect to require the Corporation to redeem (a "Mandatory Redemption") the outstanding Series A Preferred Stock and/or Series B Preferred Stock held by such holder on the dates specified below (each a "Scheduled Redemption Date") by giving written notice (the "Redemption Notice") to the Corporation of such election any time after February 23, 2004. Within 5 days after receiving a Redemption Notice, the Corporation shall give written notice (the "Second Notice") to the other holders of Series A and Series B Preferred Stock that a Redemption Notice was received. The other holders of Series A and Series B Preferred Stock may elect to require the Corporation to redeem the outstanding Series A and/or Series B Preferred Stock held by such holders on the same dates specified below by giving written notice to the Corporation of such election within 25 days after receiving the Second Notice. If the holders of at least 90% of the outstanding shares of Series A Preferred

Stock or Series B Preferred Stock elect to require the Corporation to redeem their shares of preferred stock, then all remaining shares of the class of which holders of at least 90% of the outstanding shares so consented shall be redeemed by the Corporation on the dates specified below. The Corporation shall effect the Mandatory Redemptions on each Scheduled Redemption Date by paying in cash (i) for each share of Series A Preferred Stock to be redeemed on such Scheduled Redemption Date an amount equal to the greater of (a) the Series A Liquidation Preference or (b) the Fair Market Value per share of Series A Preferred Stock on such Scheduled Redemption Date (the "Series A Redemption Price") and (ii) for each share of Series B Preferred Stock to be redeemed on such Scheduled Redemption Date an amount equal to the greater of (a) the Series B Liquidation Preference or (b) the Fair Market Value per share of the Series B Preferred Stock on such Scheduled Redemption Date (the "Series B Redemption Price"). Upon receipt of such notice, the Corporation will be obligated to redeem from each holder of Series A Preferred Stock and/or Series B Preferred Stock that is to be redeemed on each Scheduled Redemption Date the corresponding percentage specified below of the shares of Series A Preferred Stock or Series B Preferred Stock held by such holder as of the Scheduled Redemption Date, at a price per share equal to the Series A Redemption Price or the Series B Redemption Price, as applicable, on such Scheduled Redemption Date:

<u>Scheduled Redemption Date</u>	<u>Percentage of Shares to be Redeemed</u>
120 days after delivery of the Redemption Notice	50%
One year after delivery of the Redemption Notice	100%

Any redemption effected pursuant to this paragraph 3A shall be made pro rata on the basis of the number of shares of Series A Preferred Stock and Series B Preferred Stock then held by such holders. If any date fixed for redemption of shares pursuant to this paragraph 3A is a Saturday, Sunday or legal holiday, then such redemption shall occur on the first business day thereafter.

3B. Not less than 15 nor more than 30 days prior to a Scheduled Redemption Date, the Corporation shall give written notice by first class mail, postage prepaid, to each holder of record (at the close of business on the business day next preceding the day on which notice is given) of the Series A Preferred Stock and Series B Preferred Stock to be redeemed, at the address of such holder last shown on the records of the Corporation, notifying such holder of the redemption to be effected, specifying the number of shares to be redeemed from such holder on such Scheduled Redemption Date, the Scheduled Redemption Date, the Series A Redemption Price or the Series B Redemption Price, as applicable, and the place at which payment may be obtained and calling upon such holder to surrender to the Corporation in the manner and at the place designated, its certificate or certificates representing the shares of Series A Preferred Stock and Series B Preferred Stock to be redeemed on such Scheduled Redemption Date (the "Redemption Notice"). Except as provided in paragraph 3A hereof, on or after the Scheduled Redemption Date, each holder of Series A Preferred Stock and Series B Preferred Stock to be redeemed on such Scheduled Redemption Date shall surrender to the Corporation the certificate or certificates

representing such shares, in the manner and at the place designated in the Redemption Notice, and thereupon the Series A Redemption Price or the Series B Redemption Price, as applicable, of such shares shall be payable to the order of the Person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be canceled. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

3C. If the funds of the Corporation legally available for redemption of Series A Preferred Stock and Series B Preferred Stock on any Scheduled Redemption Date are insufficient to redeem the total number of shares of Series A Preferred Stock and Series B Preferred Stock to be redeemed on such Scheduled Redemption Date, those funds that are legally available will be used to redeem the maximum possible number of shares of Series A Preferred Stock and Series B Preferred Stock, ratably among the holders of the shares of Series A Preferred Stock and Series B Preferred Stock to be redeemed on such Scheduled Redemption Date based upon the aggregate Series A Redemption Price and Series B Redemption Price of such shares held by each such holder. At any time and from time to time thereafter when additional funds of the Corporation are legally available for redemption of shares of Series A Preferred Stock and Series B Preferred Stock, such funds immediately will be used to redeem the balance of the shares of Series A Preferred Stock and Series B Preferred Stock which the Corporation has become obligated to redeem on any Scheduled Redemption Date but which it has not redeemed and such funds will not be used for any other purpose, including to redeem any shares of Series A Preferred Stock or Series B Preferred Stock which the Corporation is obligated to redeem on any subsequent Scheduled Redemption Date.

3D. No share of Series A Preferred Stock or Series B Preferred Stock shall be entitled to any dividends accruing after the date on which the Redemption Price of such share of Series A Preferred Stock or Series B Preferred Stock, as applicable, is paid. On such date, all rights of the holder of such share of Series A Preferred Stock or Series B Preferred Stock will cease, and such share of Series A Preferred Stock or Series B Preferred Stock will not be deemed to be outstanding.

3E. Any shares of Series A Preferred Stock or Series B Preferred Stock which are redeemed or otherwise acquired by the Corporation will be cancelled and will not be reissued, sold or transferred. If fewer than the total number of shares of Series A Preferred Stock or Series B Preferred Stock represented by any certificate are redeemed, a new certificate representing the number of unredeemed shares of Series A Preferred Stock or Series B Preferred Stock will be issued to the holder thereof without cost to such holder within three business days after surrender of the certificate representing the redeemed shares.

3F. Neither the Corporation nor any Subsidiary will redeem or otherwise acquire any shares of Series A Preferred Stock or Series B Preferred Stock except as expressly authorized herein, in the Shareholders Agreement or pursuant to a purchase offer made pro rata to all holders of shares of Series A Preferred Stock and Series B Preferred Stock on the basis of the number of shares of Series A Preferred Stock and Series B Preferred Stock, as applicable, owned by each such holder.

Part 4. Voting Rights

4A. Each holder of shares of Series A Preferred Stock or Series B Preferred Stock shall be entitled to vote on all matters to come before the shareholders of the Corporation and, except as otherwise expressly provided herein, shall be entitled to the number of votes equal to the largest number of full shares of Common Stock into which all shares of Series A Preferred Stock or Series B Preferred Stock, as applicable, held of record by such holder could then be converted pursuant to part 5 hereof, at the record date for the determination of the shareholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is first executed. The holders of Series A Preferred Stock and Series B Preferred Stock shall be entitled to notice of any shareholders' meeting in accordance with the Bylaws of the Corporation. Except as otherwise expressly provided herein or as required by law, the holders of Series A Preferred Stock, Series B Preferred Stock and the holders of Common Stock shall vote together as a single class on all matters to come before the shareholders of the Corporation.

4B. So long as any shares of Series A Preferred Stock or Series B Preferred Stock remain outstanding, the Corporation shall not, without the vote or written consent by the holders of at least a majority of the then outstanding shares of the Series A Preferred Stock and at least a majority of the then outstanding shares of Series B Preferred Stock, each of the Series A Preferred Stock and the Series B Preferred Stock voting or acting, as the case may be, separately and not as a single class:

(i) Redeem, purchase or otherwise acquire for value (or pay into or set aside for a sinking fund for such purpose) any shares of Preferred Stock other than by redemption of shares of Series A Preferred Stock or Series B Preferred Stock in accordance with part 3 hereof or by conversion in accordance with part 5 hereof;

(ii) Redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any of the Common Stock; provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock from employees, officers, directors, consultants or other persons performing services for the Corporation or any Subsidiary pursuant to agreements under which the Corporation has the option to repurchase such shares, such as the termination of employment or services to the Corporation or any Subsidiary;

(iii) Effect any sale, lease, assignment, transfer or other conveyance of all or substantially all of the assets of the Corporation or any of its Subsidiaries, or any consolidation, merger or share exchange involving the Corporation or any of its Subsidiaries or any reclassification or other change of any stock, or any recapitalization, or any dissolution, liquidation or winding up of the Corporation or any of its Subsidiaries or, unless the obligations of the Corporation under an agreement are expressly conditional upon the requisite approval of the holders of Series A Preferred Stock and Series B Preferred Stock as provided for herein, make any agreement, or become obligated to do so;

(iv) Acquire any interest in any Person (whether by purchase of assets, purchase of stock or other securities, merger, share exchange or otherwise) other than a wholly-owned Subsidiary;

(v) Authorize or issue, or obligate itself to issue, any Equity Securities senior to or on a parity with the Series A Preferred Stock or Series B Preferred Stock as to dividend or redemption rights, liquidation preferences, conversion rights, voting rights or otherwise;

(vi) Declare or pay any dividends or declare or make any other distribution, direct or indirect (other than a dividend payable solely in shares of Common Stock) on account of the Common Stock or set apart any sum for any such purpose;

(vii) Permit any Subsidiary to issue or sell, or obligate itself to issue or sell, except to the Corporation or any wholly owned Subsidiary, any stock of such Subsidiary;

(viii) Increase or decrease (other than by the redemption or conversion of the Series A Preferred Stock or Series B Preferred Stock as permitted under subparagraph (i) hereof) the total number of authorized shares of Preferred Stock or Common Stock; or

(ix) Adopt any stock option, stock purchase, stock issuance or similar incentive plan or arrangement other than an Approved Plan or amend or modify any Approved Plan to increase the number of shares of Common Stock issuable pursuant to such Approved Plan.

4C. The Corporation shall not amend its Articles of Incorporation or Bylaws, without the approval, by vote or written consent, by the holders of at least a majority of the Series A Preferred Stock if such amendment would change any of the rights, preferences or privileges provided for herein for the benefit of any shares of the Series A Preferred Stock. Without limiting the generality of the preceding sentence, the Corporation will not amend its Articles of Incorporation or Bylaws without the approval of the holders of at least a majority of the Series A Preferred Stock if such amendment would:

(i) Reduce the dividend rates on the Series A Preferred Stock provided for herein, or if cumulative, make such dividends noncumulative, or defer the date from which dividends will accrue, or cancel accrued and unpaid dividends, or change the seniority priority or rights of the holders of the Series A Preferred Stock as to the payment of dividends relative to the holders of any other capital stock of the Corporation;

(ii) Reduce the amount payable to the holders of the Series A Preferred Stock upon the voluntary or involuntary liquidation, dissolution, or winding up of the Corporation, or change the liquidation preferences of the holders of the Series A Preferred Stock relative to the rights upon liquidation of the holders of any other capital stock of the Corporation;

(iii) Reduce the Series A Redemption Price specified in part 3 hereof with respect to the Series A Preferred Stock, or change the relative rights of the holders of Series A Preferred Stock and Series B Preferred Stock upon redemption pursuant to part 3 hereof;

(iv) Delay any Scheduled Redemption Date provided for in part 3 hereof;

(v) Make the Series A Preferred Stock redeemable at the option of the Corporation;

(vi) Cancel or modify the conversion rights of the Series A Preferred Stock provided for in part 5 hereof; or

(vii) Change the authorized number of directors of the Corporation.

4D. The Corporation shall not amend its Articles of Incorporation or Bylaws, without the approval, by vote or written consent, by the holders of at least a majority of the Series B Preferred Stock if such amendment would change any of the rights, preferences or privileges provided for herein for the benefit of any shares of the Series B Preferred Stock. Without limiting the generality of the preceding sentence, the Corporation will not amend its Articles of Incorporation or Bylaws without the approval of the holders of at least a majority of the Series B Preferred Stock if such amendment would:

(i) Reduce the dividend rates on the Series B Preferred Stock provided for herein, or if cumulative, make such dividends noncumulative, or defer the date from which dividends will accrue, or cancel accrued and unpaid dividends, or change the relative seniority or rights of the holders of the Series B Preferred Stock as to the payment of dividends relative to the holders of any other capital stock of the Corporation;

(ii) Reduce the amount payable to the holders of the Series B Preferred Stock upon the voluntary or involuntary liquidation, dissolution, or winding up of the Corporation, or change the liquidation preferences of the holders of the Series B Preferred Stock relative to the rights upon liquidation of the holders of any other capital stock of the Corporation;

(iii) Reduce the Series B Redemption Price specified in part 3 hereof with respect to the Series B Preferred Stock, change relative rights of the holders of Series A Preferred Stock and Series B Preferred Stock upon redemption pursuant to part 3 hereof;

(iv) Delay any Scheduled Redemption Date provided for in part 3 hereof;

(v) Make the Series B Preferred Stock redeemable at the option of the Corporation;

(vi) Cancel or modify the conversion rights of the Series B Preferred Stock provided for in part 5 hereof; or

(vii) Change the authorized number of directors of the Corporation.

4E. If the Corporation fails to pay on or prior to a Scheduled Redemption Date the full Series A Redemption Price or Series B Redemption Price, as applicable, of any shares of Series A Preferred Stock or Series B Preferred Stock to be redeemed on such Scheduled Redemption Date (whether or not such payment is legally permissible) and such failure continues for at least 15 days, the number of directors constituting the Corporation's Board of Directors shall, at the request of a majority of the Series B Preferred Stock, then outstanding, be increased by one member, and the holders of Series B Preferred Stock will have the special right, voting as a single class (with each share being entitled to one vote) and to the exclusion of all other classes of the Corporation's stock, to elect a person to fill such newly created directorship and to fill any vacancy of such directorship. The director elected by the holders of the Series B Preferred Stock will be entitled to cast a number of votes equal to the sum of the number of votes entitled to be cast by all of the other directors plus one, but solely on matters considered by the Board of Directors relating in any manner to the Sale of the Company (as defined in the Shareholders Agreement) and will not have a vote on any other matters. This special right of the holders of Series B Preferred Stock to elect a director pursuant to this paragraph 4E may be exercised at the special meeting called pursuant to this paragraph 4E, at any annual or special meeting of shareholders and, to the extent and in the manner permitted by applicable law, pursuant to a written consent in lieu of a meeting of shareholders. At any time when this special right has vested in the holders of Series B Preferred Stock, a proper officer of the Corporation shall, upon the written request of the holders of at least 10% of the Series B Preferred Stock then outstanding, addressed to the President or the Secretary of the Corporation, call a special meeting of the holders of Series B Preferred Stock for the purpose of electing a director pursuant to this paragraph 4E. Such meeting will be held at the earliest legally permissible date at the principal office of the Corporation or at such other place designated by the holders of at least 10% of the Series B Preferred Stock, then outstanding. If such meeting has not been called by a proper officer of the Corporation within 10 days after personal service of such written request upon the President or the Secretary of the Corporation or within 20 days after mailing the same to the President or the Secretary of the Corporation at its principal office, then the holders of at least 10% of the Series B Preferred Stock, then outstanding, may designate in writing one of their number to call such meeting at the expense of the Corporation, and such meeting may be called by such Person so designated upon the notice required for annual meetings of shareholders and will be held at the Corporation's principal office, or at such other place designated by the holders of at least 10% of the Series B Preferred Stock, then outstanding. Any holder of Series B Preferred Stock so designated will be given access to the stock record books of the Corporation for the purpose of causing a meeting of shareholders to be called pursuant to this paragraph 4E. At any meeting or at any adjournment thereof at which the holders of Series B Preferred Stock have the special right to elect a director, the presence, in person or by proxy, of the holders of a majority of the outstanding shares of Series B Preferred Stock, will be required to constitute a quorum for the election or removal of the director by the holders of the shares exercising such special right. The vote of a majority of such quorum will be required to elect or remove any such director.

Part 5. Conversion.

5A. (i) Any holder of shares of Series A Preferred Stock may at any time convert all or from time to time convert any of the shares of Series A Preferred Stock (including any fraction of a share) held by such holder into a number of shares of Common Stock computed by multiplying the number of shares of Series A Preferred Stock to be converted by an amount equal to \$4.76 and dividing the result by the "Series A Conversion Price" (as defined below) then in effect. Any holder of shares of Series B Preferred Stock may at any time convert all or from time to time convert any of the shares of Series B Preferred Stock (including any fraction of a share) held by such holder into a number of shares of Common Stock computed by multiplying the number of shares of Series B Preferred Stock to be converted by \$5.79 and dividing the result by the "Series B Conversion Price" (as defined below) then in effect.

(ii) Each conversion of shares of Series A Preferred Stock or Series B Preferred Stock under this paragraph 5A will be deemed to have been effected as of the close of business on the date on which the certificate or certificates representing the shares of such Series A Preferred Stock or Series B Preferred Stock, to be converted, together with properly executed conversion instructions or powers, have been surrendered for conversion at the principal office of the Corporation. At such time as such conversion has been effected, the rights of the holder of such shares of Series A Preferred Stock or Series B Preferred Stock, as such holder, will cease and the Person or Persons in whose name or names any certificate or certificates for shares of Common Stock are to be issued upon such conversion will be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby.

(iii) As soon as possible after a conversion has been effected (but in any event within three business days in the case of clause (a) below), the Corporation will deliver to the converting holder:

(a) a certificate or certificates representing the number of shares of Common Stock issuable by reason of such conversion in such name or names and such denomination or denominations as the converting holder has specified; and

(b) a certificate representing any shares of Series A Preferred Stock or Series B Preferred Stock which were represented by the certificate or certificates delivered to the Corporation in connection with such conversion but which were not converted.

(iv) The issuance of certificates for shares of Common Stock upon conversion of shares of Series A Preferred Stock or Series B Preferred Stock will be made without charge to the holders of such shares for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such conversion and the related issuance of shares of Common Stock. Upon conversion of each share of Series A Preferred Stock or Series B Preferred Stock, the Corporation will take all such actions as are necessary in order to insure that the Common Stock issuable with respect to such conversion will be validly issued, fully paid and nonassessable.

(v) If any fractional interest in a share of Common Stock would, except for the provisions of this subparagraph (v), be deliverable upon any conversion of shares of Series A

Preferred Stock or Series B Preferred Stock, the Corporation, in lieu of delivering the fractional share therefor, will pay an amount to the holder thereof equal to the Fair Market Value of such fractional interest as of the date of conversion.

(vi) All accrued and unpaid dividends on shares of Series A Preferred Stock or Series B Preferred Stock to be converted shall be payable upon conversion of such shares in cash.

5B. (i) The initial Series A Conversion Price will be \$4.76 per share of Series A Preferred Stock. In order to prevent dilution of the conversion rights granted under this subdivision, the Series A Conversion Price also will be subject to adjustment from time to time pursuant to this part 5B.

(ii) The initial Series B Conversion Price will be \$5.7853 per share of Series B Preferred Stock. In order to prevent dilution of the conversion rights granted under this subdivision, the Series B Conversion Price also will be subject to adjustment from time to time pursuant to this part B.

(iii) If and whenever on or after the original date of issuance of the shares of Series A Preferred Stock, the Corporation issues or sells, or is deemed to have issued or sold, any shares of its Common Stock or other securities convertible into or exercisable for Common Stock for consideration per share less than the Series A Conversion Price in effect immediately prior to the time of such issue or sale, then immediately upon such issue or sale the Series A Conversion Price will be reduced to the price determined by multiplying the Series A Conversion Price then in effect by a fraction, the numerator of which shall be (a) the number of shares of Common Stock outstanding immediately prior to such issue or sale, plus (b) the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of additional shares of Common Stock so issued or sold would purchase at such Series A Conversion Price, and the denominator of which shall be the (x) number of shares of Common Stock outstanding immediately prior to such issue or sale plus (y) the number of additional shares of Common Stock so issued. For example, if after the original date of issuance of the shares of Series A Preferred Stock, the Corporation issues 100,000 shares of Common Stock for consideration per share of \$3.00, the Series A Conversion Price immediately would be reduced to the price determined by multiplying \$4.76, the Series A Conversion Price then in effect, by the following fraction:

$$\begin{aligned}
& \frac{600,000 + \frac{\$300,000}{\$4.76}}{600,000 + 100,000} \\
&= \frac{600,000 + 63,025}{700,000} \\
&= \frac{663,025}{700,000} \\
&= 0.9472,
\end{aligned}$$

resulting in an adjusted Series A Conversion Price of \$4.51 (.9472 x \$4.76).

(iv) If and whenever on or after the original date of issuance of the shares of Series B Preferred Stock, the Corporation issues or sells, or is deemed to have issued or sold, any shares of its Common Stock for consideration per share less than the Series B Conversion Price in effect immediately prior to the time of such issue or sale, then immediately prior to the time of such issue or sale, the Series B Conversion Price will be reduced to the price determined by multiplying the Series B Conversion Price then in effect by a fraction, the numerator of which shall be (a) the number of shares of Common Stock outstanding immediately prior to such issue or sale, plus (b) the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of additional shares of Common Stock so issued or sold would purchase at such Series B Conversion Price, and the denominator of which shall be (x) the number of shares of Common Stock outstanding immediately prior to such issue or sale plus (y) the number of additional shares of Common Stock so issued. For example, if after the original date of issuance of the shares of Series B Preferred Stock, the Corporation issues 100,000 Shares of Common Stock for consideration per share of \$3.00, the Series B Conversion Price immediately would be reduced to the price determined by multiplying \$5.79, the Series B Conversion Price then in effect by the following fraction:

$$\begin{aligned}
& \frac{600,000 + \frac{\$300,000}{\$5.7853}}{600,000 + 100,000} \\
&= \frac{600,000 + 51,856}{700,000} \\
&= \frac{651,856}{700,000} \\
&= 0.9312,
\end{aligned}$$

resulting in an adjusted Series B Conversion Price of \$5.39 (\$5.7853 x 0.9312).

(v) The following transactions shall not result in any adjustment of the Series A Conversion Price or the Series B Conversion Price: (i) the issuance of Common Stock and the grant of options, warrants or rights and the issuance of Common Stock upon exercise thereof pursuant to any Approved Plan; or (ii) the grant of warrants and the issuance of Common Stock upon exercise thereof pursuant to equipment leases or other equipment financing approved by the Board of Directors.

5C. (i) For purposes of calculating adjustments to the Series A Conversion Price or the Series B Conversion Price, if the Corporation in any manner grants any Options to purchase Common Stock or Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such Options will be deemed to be outstanding and to have been issued and sold by the Corporation for the price per share determined as set forth in this paragraph 5C(i). For purposes of paragraphs 5B(ii), 5B(iii) and 5B(iv), the "price per share for which Common Stock is issuable" will be determined by dividing (a) 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 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 to the Corporation upon the issuance of sale or such Convertible Securities and the conversion or exchange thereof, by (b) the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options. No further adjustment of the Series A Conversion Price or Series B Conversion Price will be made when Convertible Securities are actually issued upon the exercise of such Options or when Common Stock is actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(ii) If the Corporation in any manner issues or sells any Convertible Securities, then the maximum number of shares of Common Stock issuable upon conversion or exchange of such Convertible Securities will be deemed to be outstanding and to have been issued and sold by the Corporation for a price per share determined as set forth in this paragraph 5C(ii). For purposes of paragraphs 5B(ii), 5B(iii) and 5B(iv), the "price per share for which Common Stock is issuable" will be determined by dividing (a) the total amount received or receivable by the Corporation as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange thereof, by (b) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities. No further adjustment of the Series A Conversion Price or Series B Conversion Price will be made when Common Stock is actually issued upon the conversion or exchange of such Convertible Securities, and if any such issue or sale of such Convertible Securities is made upon exercise of any Options for which adjustments of the Series A Conversion Price or Series B Conversion Price had been or are to be made pursuant to other provisions of this part 5, no further adjustment of the Series A Conversion Price or Series B Conversion Price will be made by reason of such issue or sale.

(iii) If the purchase price provided for in any Options, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock changes at any time, the Series A Conversion Price or Series B Conversion Price, as applicable, in effect at the time of such change will be readjusted to the Series A Conversion Price or Series B Conversion Price, as applicable, that would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or changed conversion rate, as the case may be, at the time initially granted, issued or sold.

(iv) Upon the expiration of any Option or the termination of any right to convert or exchange any Convertible Security without the exercise of any such Option or right, the Series A Conversion Price or Series B Conversion Price, as applicable, then in effect hereunder will be adjusted to the Series A Conversion Price which would have been in effect at the time of such expiration or termination had such Option or Convertible Security, to the extent outstanding immediately prior to such expiration or termination, never been issued.

(v) If any Common Stock, Option or Convertible Security is issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the net amount received by the Corporation therefor. In case any Common Stock, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Corporation will be the Fair Market Value thereof as of the date of receipt. If any Common Stock, Option or Convertible Security is issued in connection with any merger in which the Corporation is the surviving corporation, the amount of consideration therefor will be deemed to be the Fair Market Value of such portion of the net assets and business of the non-surviving corporation as is attributable to such Common Stock, Options or Convertible Securities, as the case may be.

(vi) In case any Option is issued in connection with the issue or sale of other securities of the Corporation, together comprising one integrated transaction in which no specific consideration is allocated to such Option by the parties thereto, the Option will be deemed to have been issued for a consideration of \$0.01.

(vii) The number of shares of Common Stock outstanding at any given time does not include shares owned or held by or for the account of the Corporation or any Subsidiary, and the disposition of any shares so owned or held will be considered an issue or sale of Common Stock.

(viii) If the Corporation takes a record of the holders of Common Stock for the purpose of entitling them (a) to receive a dividend or other distribution payable in Common Stock, Options or Convertible Securities or (b) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date will be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or upon the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

5D. If the Corporation at any time subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Series A Conversion Price and Series B Conversion Price in effect immediately prior to such subdivision will be proportionately reduced, and if the Corporation at any time combines (by reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Series A Conversion Price and Series B Conversion Price in effect immediately prior to such combination will be proportionately increased.

5E. If any event occurs of the type contemplated by the provisions of this part 5 but not expressly provided for by such provisions, then the Board of Directors will make an appropriate adjustment in the Series A Conversion Price and Series B Conversion Price so as to protect the rights of the holders of shares of Series A Preferred Stock and Series B Preferred Stock; provided that no such adjustment will increase the Series A Conversion Price or Series B Conversion Price as otherwise determined pursuant to this part 5 or decrease the number of shares of Common Stock issuable upon conversion of each share of Series A Preferred Stock.

5F. (i) Immediately upon any adjustment of the Series A Conversion Price or Series B Conversion Price, the Corporation will give written notice thereof to all holders of shares of Series A Preferred Stock and Series B Preferred Stock.

(ii) The Corporation will give written notice to all holders of shares of Series A Preferred Stock and Series B Preferred Stock at least 10 days prior to the date on which the Corporation closes its books or takes a record (a) with respect to any dividend or distribution upon Common Stock, (b) with respect to any pro rata subscription offer to holders of Common Stock or (c) for determining rights to vote with respect to any matter referred to in paragraph 4B hereof.

5G. All of the outstanding shares of Series A Preferred Stock shall be converted into Common Stock at the Series A Conversion Price then in effect without any further action on the part of the Corporation or any holder of Series A Preferred Stock (i) at the time of and subject to the closing and funding of a Qualified Public Offering or (ii) upon the date that a cumulative total of at least 90% of the shares of Series A Preferred Stock issued pursuant to the Series A Purchase Agreement have been converted into Common Stock pursuant to this Part 5. All of the outstanding shares of Series B Preferred Stock shall be converted into Common Stock at the Series B Conversion Price then in effect without any further action on the part of the Corporation or any holder of Series B Preferred Stock (i) at the time of and subject to the closing and funding of a Qualified Public Offering or (ii) upon the date that a cumulative total of at least 90% of the shares of Series B Preferred Stock issued pursuant to the Series B Purchase Agreement have been converted into Common Stock pursuant to this Part 5.

Part 6. Registration of Transfer.

The Corporation will keep at its principal office a register for the registration of shares of Series A Preferred Stock and Series B Preferred Stock. Upon the surrender of any certificate representing shares of Series A Preferred Stock or Series B Preferred Stock, the Corporation will, at the request of the record holder of such certificate, execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefor representing in the aggregate the

number of shares of Series A Preferred Stock or Series B Preferred Stock represented by the surrendered certificate. Each such new certificate will be registered in such name and will represent such number of shares of Series A Preferred Stock or Series B Preferred Stock as is requested by the holder of the surrendered certificate and will be substantially identical in form to the surrendered certificate, and dividends will accrue on the shares of Series A Preferred Stock or Series B Preferred Stock represented by such new certificate from the date to which dividends have been fully paid on such shares of Series A Preferred Stock or Series B Preferred Stock represented by the surrendered certificate.

Part 7. Replacement.

Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit of the registered holder will be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing shares of Series A Preferred Stock or Series B Preferred Stock, and in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Corporation or, in the case of any mutilation, upon surrender of such certificate, the Corporation will (at its expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares of Series A Preferred Stock or Series B Preferred Stock represented by such lost, stolen, destroyed or mutilated certificate, and dividends will accrue on the shares of Series A Preferred Stock or Series B Preferred Stock represented by such new certificate from the date to which dividends have been fully paid on such lost, stolen, destroyed or mutilated certificate.

Part 8. Definitions.

“Approved Plan” means the Corporation's 1997 Stock Option Plan, as amended, and any other written stock option, stock purchase or similar incentive plan approved by a majority of the Board of Directors with all the Investor Directors concurring.

“Board of Directors” shall mean the board of directors of the Corporation.

“Convertible Securities” means securities convertible into or exchangeable for Common Stock or other Equity Securities.

“Equity Security” means any stock or similar security, including without limitation, securities containing equity features and securities containing profit participation features, or any security convertible or exchangeable, with or without consideration, into or for any stock or similar security, or any security carrying any warrant or right to subscribe for or purchase any stock or similar security, or any such warrant or right.

“Fair Market Value” means the fair market value as determined in good faith by a majority of the Board of Directors with all the Investor Directors concurring. If the Board of Directors cannot agree on a Fair Market Value, a majority of the Board of Directors with the Investor Director concurring will select an independent appraiser to determine such value. If the Board of Directors cannot agree upon an independent appraiser, each of the Company and the holders of a majority of the outstanding Series B Preferred Stock will each select an independent appraiser

within ten days after the date of the meeting of the Board of Directors and the two independent appraisers selected thereby shall then have 15 days to select a third independent appraiser. The independent appraiser or appraisers selected shall make the appropriate determination of Fair Market Value and deliver an opinion in writing to the Company within 30 days after the engagement of such appraiser or appraisers. The determination of the appraiser or appraisers shall be final. The Company and the holders of the Series A Preferred Stock and Series B Preferred Stock will equally bear the cost of the appraisal.

“Investor Directors” means the director designated by Austin Ventures, as a holder of the Series A Preferred Stock, and the director designated by J. H. Whitney, as a holder of Series B Preferred Stock, pursuant to the Shareholders Agreement.

“Options” means any rights or options to subscribe for or to purchase Common Stock or other Equity Securities.

“Person” means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Qualified Public Offering” means any underwritten offering by the Corporation of shares of Common Stock to the public pursuant to an effective registration statement under the Securities Act of 1933, then in effect, or any comparable statement under any similar federal statute then in force, in which the aggregate cash proceeds to be received by the Corporation and selling shareholders from such offering (without deducting underwriting discounts, expenses and commissions) are at least \$15,000,000.

“Series A Purchase Agreement” means the Series A Preferred Stock Purchase Agreement, dated as of November 25, 1997, by and among the Corporation and certain purchasers of shares of Series A Preferred Stock named therein, as such agreement may from time to time be amended in accordance with its terms.

“Series B Purchase Agreement” means the Amended and Restated Series B Preferred Stock Purchase Agreement, dated as of February 23, 2000, by and among the Corporation and certain purchasers of shares of Series B Preferred Stock named therein, as such agreement may from time to time be amended, in accordance with its terms.

“Shareholders Agreement” means the Second Amended and Restated Shareholders Agreement, dated as of February 23, 2000, entered into pursuant to the Series B Purchase Agreement, as such agreement may from time to time be amended in accordance with its terms.

“Subsidiary” means any corporation more than 50% of the outstanding voting securities of which are owned by the Corporation or any Subsidiary, directly or indirectly, or a partnership or limited liability company in which the Corporation or any Subsidiary is a general partner or manager or holds interests entitling it to receive more than 50% of the profits or losses of the partnership or limited liability company.”

**ARTICLE V
MINIMUM CAPITAL**

The Corporation will not commence business until it has received for the issuance of shares consideration of the value of at least One Thousand Dollars (\$1,000), consisting of money, labor done or property actually received.

**ARTICLE VI
NOT CLOSE CORPORATION**

This Corporation is not intended to qualify or function as a close corporation, as that term is defined by the TBCA.

**ARTICLE VII
NO PREEMPTIVE RIGHTS**

No shareholder shall have a preemptive right or otherwise be entitled, as a matter of right, to subscribe for, purchase or otherwise acquire additional, unissued or treasury shares of any type or class of the Corporation, or any bonds, debentures or other securities convertible into or carrying a right to subscribe to or acquire shares, but any shares or other securities may be issued or disposed of by the Board of Directors to such persons and on such terms as in its discretion it deems advisable.

**ARTICLE VIII
SHAREHOLDER ACTION**

A. At each election of directors, every shareholder entitled to vote at such election shall have the right to vote in person or by proxy the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote. The shareholder shall have the right to cumulate his votes in any election of directors. Directors shall be elected by a plurality of the votes cast by the holders of shares entitled to vote in the election of directors at a meeting of shareholders at which a quorum is present.

B. Special meetings of the shareholders of the Corporation may be called (a) by the chairman of the Board of Directors or the president of the Corporation, the Board of Directors, or such other person or persons as may be authorized in the Corporation's bylaws, or (b) by the holders of at least fifty (50%) of all the shares entitled to vote at the proposed special meeting.

C. Subject to subsections (2) through (5) of Section A of Article 9.10 of the TBCA, any action required by the TBCA to be taken at any annual or special meeting of shareholders, or any action which may be taken at any annual or special meeting of shareholders, may be taken without a meeting, without prior notice, and without a vote, if a consent(s) in writing, setting forth the action so taken, shall be signed by the holder(s) of shares having not less than the minimum number of votes that would be necessary to take such action at a meeting at which the holder(s) of all shares entitled to vote on the action were present and voted. Prompt notice of the taking of any

action by shareholders without a meeting by less than unanimous written consent shall be given to those shareholders who did not consent in writing to the taking of such action.

ARTICLE IX BYLAW AMENDMENTS

The Board of Directors is expressly authorized to adopt, alter, amend or repeal the bylaws of the Corporation or to adopt new bylaws.

ARTICLE X LIMITED DIRECTOR LIABILITY

No director of the Corporation shall be liable to the Corporation or its shareholders for monetary damages for an act or omission (or an alleged act or omission) in a director's capacity as a director, except that this Article X does not eliminate or limit the liability of a director to the extent the director is found liable for:

- (a) a breach of a director's duty of loyalty to the Corporation or its shareholders;
- (b) an act or omission not in good faith which constitutes a breach of duty of the director to the Corporation, or an act or omission which involves intentional misconduct or a knowing violation of the law;
- (c) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office;
- (d) an act or omission for which the liability of a director is expressly provided for by an applicable statute; or
- (e) an act related to an unlawful (1) stock repurchase or redemption, (2) distribution or (3) share dividend.

If the Texas Miscellaneous Corporation Laws Act or any other applicable law is amended or adopted 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 such law(s), as so amended or adopted. No amendment to or repeal of this Article X shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of the director occurring prior to such amendment or repeal.

ARTICLE XI INDEMNIFICATION

Each person who at any time is or was a director or officer of the Corporation, and who was, is or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (a "Proceeding,"

which shall include any appeal in such a Proceeding, and any inquiry or investigation that could lead to such a Proceeding), by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Corporation to the fullest extent authorized by the TBCA, or any other applicable law as may from time to time be in effect (but, in the case of any such amendment or enactment, only to the extent that such amendment or law permits the Corporation to provide broader indemnification rights than such law prior to such amendment or enactment permitted the Corporation to provide), against judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including court costs and attorneys' fees) actually incurred by such person in connection with such Proceeding. The Corporation's obligations under this Article XI include, but are not limited to, the convening of any meeting, and the consideration of any matter thereby, required by statute in order to determine the eligibility of any person for indemnification. Expenses incurred in defending a Proceeding shall be paid by the Corporation in advance of the final disposition of such Proceeding to the fullest extent permitted, and only in compliance with, the TBCA or any other applicable laws as may from time to time be in effect. The Corporation's obligation to indemnify or to prepay expenses under this Article XI shall arise, and all rights granted hereunder shall vest, at the time of the occurrence of the transaction or event to which such proceeding relates, or at the time that the action or conduct to which such proceeding relates was first taken or engaged in (or omitted to be taken or engaged in), regardless of when such proceeding is first threatened, commenced or completed. Notwithstanding any other provision of these Articles of Incorporation or the bylaws of the Corporation, no action taken by the Corporation, either by amendment of these Articles of Incorporation or the bylaws of the Corporation or otherwise, shall diminish or adversely affect any rights to indemnification or prepayment of expenses granted under this Article XI which shall have become vested as aforesaid prior to the date that such amendment or other corporate action is taken. The rights to indemnification and prepayment of expenses which are conferred to the Corporation's directors and officers by this Article XI may be conferred upon any employee or agent of the Corporation if, and to the extent, authorized by the Board of Directors.

ARTICLE XII REGISTERED OFFICE AND AGENT

The street address of the Corporation's registered office in the State of Texas is 4120 Friedrich Lane, Suite 175, Austin, Texas 78744. The name of its registered agent at such address is Anne Milligan.

ARTICLE XIII BOARD OF DIRECTORS

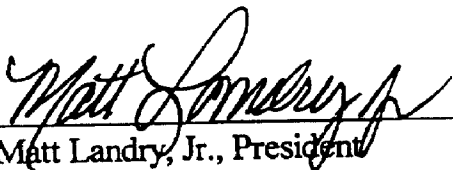
Except as otherwise provided by law, the business and affairs of the Corporation shall be managed by, or under the direction of, its Board of Directors. The number of directors constituting the Corporation's current Board of Directors is five. The number of directors constituting each subsequent Board of Directors shall be fixed by, or determined in the manner provided in, the Corporation's bylaws, except that no decrease shall have the effect of shortening the term of any

incumbent director. The directors need not be residents of the State of Texas or shareholders of the Corporation. The names and addresses of the persons who are currently serving as directors until the next annual meeting of shareholders or until their successors shall have been elected and qualified are:

Name	Address
Richard C. Hoffman	4120 Friedrich Lane, Suite 175 Austin, Texas 78744
Robert Romanow	4120 Friedrich Lane, Suite 175 Austin, Texas 78744
Kenneth P. DeAngelis	4120 Friedrich Lane, Suite 175 Austin, Texas 78744
Roy Spence	4120 Friedrich Lane, Suite 175 Austin, Texas 78744
Peter J. Huff	4120 Friedrich Lane, Suite 175 Austin, Texas 78744

Dated: February 22, 2000

SUPPORTKIDS, INC.
(formerly, CSE Child Support Enforcement, Co.)

By: 
Matt Landry, Jr., President