

FORM PTO-1595 (Rev. 3/01) OMD NO. 0651-0011 exp. 5/31/2002)	Recordation Form Cover Sheet PATENTS ONLY	U.S. DEPARTMENT OF COMMERCE Patent and Trademark Office
-------------------------------------------------------------------	------------------------------------------------------------	------------------------------------------------------------


To the Honorable Commissioner of Patents and Trademarks. Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): <u>FirstFloor Software, Inc.</u> Additional name(s) of conveying party(ies) attached? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	2. Name and address of receiving party(ies): Name: <u>Calico Technology, Inc.</u> Internal Address: _____ Street Address: <u>RiverPark Towers</u> <u>333 West San Carlos Street, Suite 300</u> City: <u>San Jose</u> State/Provence: <u>CA</u> Zip: <u>95110</u> Country: _____ Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3. Nature of Conveyance <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input checked="" type="checkbox"/> Other: Agreement Of Merger Execution Date(s): <u>08/21/1998</u>	

4. Application Number(s) or patent number(s) : If this document is being filed together with a new application, the execution date of the application is: _____	
A. Patent Application No.(s) <u>5,799,318</u>	B. Patent No.(s) _____
Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

5. Name and address of party to whom correspondence concerning document should be mailed: <u>James H. Salter</u> Name: <u>Blakely, Sokoloff, Taylor & Zafman LLP</u> Internal Address: _____ Street Address: <u>12400 Wilshire Boulevard, 7th Floor</u> City: <u>Los Angeles</u> State: <u>California</u> Zip: <u>90025</u>	6. Total number of applications and patents involved: 1 7. Total Fee (37 CFR 3.41).....\$ 0 40.00 <input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorization to charge additional fees 8. Deposit Account Number: <u>02-2666</u> (Attach duplicate copy of this page if paying by deposit account)
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

DO NOT USE THIS SPACE

9. Statement and signature. <i>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 the deposit account are authorized, as indicated herein.</i>		
<u>Sheryl Sue Holloway, Reg. No. 37,850</u> Name of Person Signing	 Signature	<u>JAN. 29, 2002</u> Date
Total number of pages including cover sheet, attachments, and document: 12		

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

Atty Docket No. 02408.P001C

00513233

ENDORSED
FILED
At the office of the Secretary of State
of the State of California

AGREEMENT OF MERGER

AUG 21 1998

This Agreement of Merger (the "Merger Agreement") is entered into this 21st day of August, 1998, by and among Calico Technology, Inc., a California corporation ("Calico"), Calico Acquisition Corporation, a California corporation and wholly-owned subsidiary of Calico ("Sub") and FirstFloor Software, Inc., a California corporation ("FirstFloor"). Unless otherwise defined herein, all capital terms have the same meaning as in the Agreement and Plan of Reorganization dated as of June 23, 1998 (the "Plan of Reorganization").

RECITALS

- A. The Board of Directors of Calico, Sub and FirstFloor have each determined that it is advisable and in the best interests of their respective shareholders for Sub to merge with and into FirstFloor, with FirstFloor continuing as the surviving corporation (the "Merger").
- B. The Board of Directors of Calico, Sub and FirstFloor have approved the Merger whereby the holders of capital stock of FirstFloor shall be entitled to receive capital stock of Calico and the holders of options to purchase FirstFloor Common Stock shall receive options to purchase Calico Common Stock.
- C. Calico, Sub and FirstFloor intend for the Merger to qualify as a tax-free reorganization undertaken pursuant to a plan of reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.
- D. Calico, Sub, FirstFloor and the shareholders of FirstFloor have entered into the Plan of Reorganization, setting forth certain representations, warranties and agreements in connection with the Merger and the transactions contemplated hereby.

AGREEMENT

NOW, THEREFORE, in reliance on the foregoing recitals and in and for the consideration and mutual covenants set forth herein, the parties agree as follows:

1. The Merger.

Subject to the terms and conditions of the Plan of Reorganization, Sub shall be merged with and into FirstFloor in accordance with the applicable provisions of the California General Corporation Law (the "CGCL") and with the terms and conditions of this Merger Agreement so that:

- (a) At the Effective Time (as defined in Section 4 below), Sub shall be merged with and into FirstFloor. As a result of the Merger, the separate corporate existence of Sub shall cease and FirstFloor shall continue as the surviving corporation (sometimes referred to herein as the "Surviving Corporation") and shall succeed to and assume all of the rights and obligations of Sub accordance with the laws of California.

(b) The Articles of Incorporation of the Surviving Corporation shall be amended and restated to read in their entirety as set forth on Exhibit A hereto, and such Articles of Incorporation as amended and restated shall be the Articles of Incorporation of the Surviving Corporation until thereafter amended in accordance with the CGCL and such Articles of Incorporation. The Bylaws of Sub in effect immediately prior to the Effective Time shall be the bylaws of Surviving Corporation after the Effective Time unless and until further amended as provided by law or by such Bylaws.

(c) The directors and officers of Sub immediately prior to the Effective Time shall be the directors and officers of the Surviving Corporation after the Effective Time. Such directors and officers shall hold their positions until the election and qualification of their respective successors or until their tenure is otherwise terminated in accordance with the Bylaws of Surviving Corporation.

2. Effect on Capital Stock

(a) At the Effective Time (as defined below), each share of FirstFloor Common Stock and each share of FirstFloor Preferred Stock shall, by virtue of the Merger and at the Effective Time, automatically and without further action on the part of any holder thereof, be converted into the right to receive shares of Calico Series D Preferred as determined by the Preferred Stock Exchange Ratio and Common Stock Exchange Ratio defined in the Merger Consideration Schedule. Pursuant to the Common Stock Exchange Ratio, each share of outstanding FirstFloor Common Stock shall be converted into 0.0630587 shares of Calico Series D Preferred Stock. Each share of outstanding FirstFloor Preferred Stock shall be converted into the number of shares of Calico Series D Preferred Stock determined as follows:

(i) The Series A exchange ratio shall be determined by dividing 20,929 by the total number of outstanding shares of FirstFloor Series A Preferred Stock and rights to acquire Series A Preferred Stock. Based upon the number of outstanding shares as represented by FirstFloor to be outstanding as of the date of the Merger Agreement, 0.0279 shares of Calico Series D Preferred Stock will be exchanged per share of FirstFloor Series A Preferred Stock.

(ii) The Series B exchange ratio shall be determined by dividing 85,113 by the total number of outstanding shares of FirstFloor Series B Preferred Stock and rights to acquire Series B Preferred Stock. Based upon the number of outstanding shares as represented by FirstFloor to be outstanding as of the date of the Merger Agreement, 0.0474 shares of Calico Series D Preferred Stock will be exchanged per share of FirstFloor Series B Preferred Stock.

(iii) The Series C exchange ratio shall be determined by dividing 41,859 by the total number of outstanding shares of FirstFloor Series C Preferred Stock and rights to acquire Series C Preferred Stock. Based upon the number of outstanding shares as represented by FirstFloor to be outstanding as of the date of the Merger

Agreement, 0.0140 shares of Calico Series D Preferred Stock will be exchanged per share of FirstFloor Series C Preferred Stock.

(iv) The Series D exchange ratio shall be determined by dividing 285,432 by the total number of outstanding shares of FirstFloor Series D Preferred Stock. Based upon the number of outstanding shares as represented by FirstFloor to be outstanding as of the date of the Merger Agreement, 0.0795 shares of Calico Series D Preferred Stock will be exchanged per share of FirstFloor Series D Preferred Stock.

(b) At the Effective Time, the FirstFloor 1993 Stock Option/Stock Issuance Plan (the "FirstFloor Stock Option Plan") and each outstanding FirstFloor Option under the FirstFloor Stock Option Plan ("FirstFloor Options"), whether vested or unvested, shall be assumed by Calico. FirstFloor has delivered to Calico a schedule (the "Option Schedule") which sets forth a true and complete list as of the date of the Plan of Reorganization of all holders of outstanding FirstFloor Options under the FirstFloor Stock Option Plan including the number of shares of FirstFloor Common Stock subject to each such option, the vesting schedule, the exercise price per share and the term of each such option. On the Closing Date, FirstFloor shall deliver to Calico an updated Option Schedule current as of such date. Each such FirstFloor Option so assumed by Calico under this Merger Agreement shall continue to have, and be subject to, the same terms and conditions set forth in the FirstFloor Stock Option Plan and the applicable option agreement immediately prior to the Effective Time, except that (i) such option shall be exercisable for that number of whole shares of Calico Series D Preferred equal to the product of the number of shares of FirstFloor Common Stock that were issuable upon exercise of such option immediately prior to the Effective Time multiplied by the Common Stock Exchange Ratio and rounded down to the nearest whole number of shares of Calico Series D Preferred, and (ii) the per share exercise price for the shares of Calico Series D Preferred issuable upon exercise of such assumed option shall be equal to the quotient determined by dividing the exercise price per share of FirstFloor Common Stock at which such option was exercisable immediately prior to the Effective Time by the Common Stock Exchange Ratio, rounded up to the nearest whole cent. It is the intention of the parties that the options so assumed by Calico qualify following the Effective Time as incentive stock options as defined in Section 422 of the Code to the extent such options qualified as incentive stock options prior to the Effective Time and such assumption satisfies the conditions of Section 424(a) of the Code. Within twenty (20) business days after the Effective Time, Calico will issue to each person who, immediately prior to the Effective Time was a holder of an outstanding FirstFloor Option under the FirstFloor Stock Option Plan a document in form and substance reasonably satisfactory to FirstFloor evidencing the foregoing assumption of such option by Calico.

(c) Calico shall comply with the terms of the FirstFloor Stock Option Plan and ensure, to the extent required by, and subject to the provisions of, such FirstFloor Stock Option Plan, and to the extent that the assumption of the FirstFloor Options pursuant to this Section 2 satisfies the conditions of Section 424(a) of the Code, that FirstFloor Stock Options which qualified as incentive stock options prior to the Effective Time continue to qualify as incentive stock options after the Effective Time.

(d) Calico shall take all corporate action necessary to reserve and make available for issuance a sufficient number of shares of Calico Series D Preferred for delivery under FirstFloor Stock Options assumed in accordance with this Section 2.

(e) Each share held in the treasury of FirstFloor and each share owned by Calico, Sub or any direct or indirect wholly owned subsidiary of FirstFloor or Calico immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, cease to be outstanding, be canceled and retired without payment of any consideration therefor and cease to exist.

(f) Each share of common stock of Sub issued and outstanding immediately prior to the Effective Time shall be exchanged for one share of FirstFloor common stock and shall thereafter represent all of the outstanding capital stock of the Surviving Corporation.

(g) The Exchange Ratios shall be adjusted to reflect fully the effect of any stock split, reverse split, stock dividend (including any dividend or distribution of securities convertible into Calico Common Stock, Calico Series D Preferred, FirstFloor Common Shares or FirstFloor Preferred Shares), reorganization, recapitalization or other like change with respect to Calico Common Stock, Calico Series D Preferred, FirstFloor Common Shares or FirstFloor Preferred Shares occurring after the date hereof and prior to the Effective Time.

3. Fractional Shares. No fractional shares of Calico Series D Preferred will be issued in connection with the Merger, but in lieu thereof, each holder of FirstFloor Shares who would otherwise be entitled to receive a fraction of a share of Calico Series D Preferred will receive from Calico, promptly after the Effective Time, an amount of cash equal to the fair market value of a share of Calico Series D Preferred as determined in good faith by the Board of Directors of Calico multiplied by the fraction of a share of Calico Series D Preferred to which such holder would otherwise be entitled.

4. The Closing; Effective Time. The closing of the transactions contemplated hereby (the "Closing") shall take place as soon as practicable after the satisfaction or waiver of each of the conditions set forth in Sections 9 ("Conditions to FirstFloor's Obligations") and 10 ("Conditions to Calico's and Sub's Obligations") of the Plan of Reorganization or at such other time as the parties thereto may agree (the date on which the Closing shall occur, the "Closing Date"). The Closing shall take place at the offices of Gray Cary Ware & Freidenrich LLP, 400 Hamilton Avenue, Palo Alto, California, or at such other location as the parties hereto agree. On the Closing Date, the parties hereto shall cause the Merger to be consummated by filing this Merger Agreement, together with the required officers' certificates, with the Secretary of State of the State of California, in accordance with the relevant provisions of the CGCL (the time and date of such filing being the "Effective Time" and the "Effective Date," respectively).

5. Miscellaneous.

(a) It is the intention of the parties hereto that the internal laws of the State of California (without regard to of its choice of law principles) shall govern the validity of this

Merger Agreement, the construction of its terms, and the interpretation and enforcement of the rights and duties of the parties hereto.

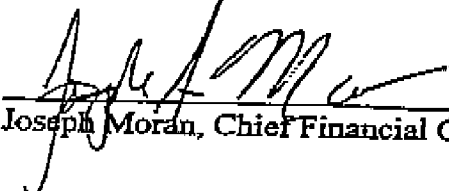
(b) Subject to, and unless otherwise provided in, this Merger Agreement, each and all of the covenants, terms, provisions, and agreements contained herein shall be binding upon, and inure to the benefit of, the permitted successors, executors, heirs, representatives, administrators and assigns of the parties hereto.

(c) This Merger Agreement may be executed in any number of counterparts, each of which shall be an original as against any party whose signature appears thereon and all of which together shall constitute one and the same instrument. This Merger Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as signatories.

IN WITNESS WHEREOF, the parties hereto have executed this Merger Agreement as of the date first written above.

"CALICO"

Calico Technology, Inc.

By: 
Joseph Moran, Chief Financial Officer

By: _____
Gregory M. Gallo, Assistant Secretary

"FIRSTFLOOR"

FirstFloor Software, Inc.

By: 
David Cardinal, President

By: _____
Robert V. Gunderson, Secretary

"SUB"

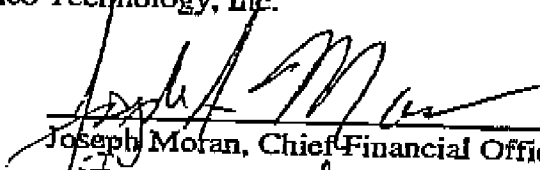
Calico Acquisition Corporation

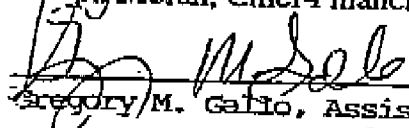
By: 
Joseph Moran, Vice President and Secretary

IN WITNESS WHEREOF, the parties hereto have executed this Merger Agreement as of the date first written above.

"CALICO"

Calico Technology, Inc.

By: 
Joseph Moran, Chief Financial Officer

By: 
Gregory M. Gallo, Assistant Secretary

"FIRSTFLOOR"

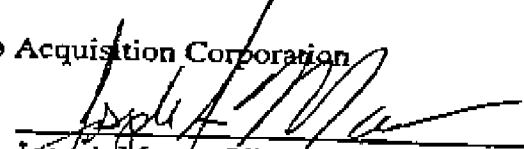
FirstFloor Software, Inc.

By: _____
David Cardinal, President

By: _____
Robert V. Gunderson, Secretary

"SUB"

Calico Acquisition Corporation

By: 
Joseph Moran, Vice President and Secretary

IN WITNESS WHEREOF, the parties hereto have executed this Merger Agreement as of the date first written above.

"CALICO"

Calico Technology, Inc.

By: _____
Joseph Moran, Chief Financial Officer

By: _____
Gregory M. Gallo, Assistant Secretary

"SUB"

Calico Acquisition Corporation

By: _____
Joseph Moran, Vice President and Secretary

"FIRSTFLOOR"

FirstFloor Software, Inc.

By: _____
David Cardinal, President

By: _____
Robert V. Gunderson, Secretary

EXHIBIT A

**AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
FIRSTFLOOR SOFTWARE, INC.**

ARTICLE I

NAME

The name of the corporation is FirstFloor Software, Inc.

ARTICLE II

PURPOSES

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE III

STOCK

The corporation is authorized to issue one class of shares designated "Common Stock." The number of shares of Common Stock authorized to be issued is one thousand (1,000).

ARTICLE IV

DIRECTORS' LIABILITY AND INDEMNIFICATION OF AGENTS

The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with agents, vote of shareholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the applicable limits set forth in Section 204 of the California Corporations Code with respect to actions for breach of duty to the corporation and its shareholders.

Any amendment, repeal or modification of any provision of this Article V shall not adversely affect any right or protection of a director or officer of the corporation existing at the time of such amendment, repeal or modification.

CALICO ACQUISITION CORPORATION
(surviving corporation)

OFFICER'S CERTIFICATE

Joseph Moran certifies that:

1. He is the Vice President and Secretary of Calico Acquisition Corporation, a California corporation (the "Corporation").
2. The Agreement of Merger in the form attached was duly approved by the Board of Directors of the Corporation.
3. The Corporation has one class of stock outstanding, designated "Common Stock," of which 1,000,000 shares were outstanding and entitled to vote on the merger of the Corporation with FirstFloor Software, Inc., a California corporation.
4. The principal terms of the Agreement of Merger were approved by the sole stockholder of the Corporation.
5. Pursuant to Section 1201(b) of California General Corporation Law, no approval of the outstanding shares of the parent corporation of the Corporation, Calico Technology, Inc., a California corporation ("Calico"), were needed to approve the issuance of shares of Calico Series D Preferred Stock pursuant to the Agreement of Merger.

I further declare under penalty of perjury under the laws of the state of California that the matters set forth in this certificate are true and correct of our knowledge.

DATE: August 13, 1998



Joseph Moran, Vice President and Secretary

