

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT
CONVEYING PARTY DATA	
Name	Execution Date
Jean Christopher Shelton	01/07/2001
RECEIVING PARTY DATA	
Name:	AOptix Technologies, Inc.
Street Address:	695 Campbell Technology Parkway
City:	Campbell
State/Country:	CALIFORNIA
Postal Code:	95008
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	7171126
CORRESPONDENCE DATA	
Fax Number:	(650)352-0699
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	650-352-0524
Email:	copperman@reedsmith.com
Correspondent Name:	Craig P. Opperman / Reed Smith LLP
Address Line 1:	1510 Page Mill Road
Address Line 2:	Suite 110
Address Line 4:	Palo Alto, CALIFORNIA 94304
ATTORNEY DOCKET NUMBER:	(7,171,126) 361702.
NAME OF SUBMITTER:	Craig P. Opperman
Total Attachments: 36 source=Assignment#page1.tif source=Assignment#page2.tif source=Assignment#page3.tif source=Assignment#page4.tif	

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ZYOPTICS, INC.
EMPLOYEE CONFIDENTIALITY, NONCOMPETITION
AND INVENTIONS AGREEMENT

In consideration of my employment or continued employment by Zyoptics, Inc., a Delaware corporation (the "Company"), and the compensation now and hereafter paid to me, I hereby agree as follows:

1. Nondisclosure

Redacted

Employee Proprietary Agreement

LA_DOCS569120.2 [W97]

Redacted

2. Nonsolicitation

Redacted

3. Noncompetition

Redacted

4. Assignment of Inventions.

4.1 Proprietary Rights. The term "Proprietary Rights" shall mean all trade secret, trademark, patent, copyright, mask work and other intellectual property rights throughout the world.

4.2 Prior Inventions. Inventions, if any, patented or unpatented, which I made prior to the commencement of my employment with the Company are excluded from the scope

of this Agreement. To preclude any possible uncertainty, I have set forth on Exhibit B (Previous Inventions) attached hereto a complete list of all Inventions that I have, alone or jointly with others, conceived, developed or reduced to practice or caused to be conceived, developed or reduced to practice prior to the commencement of my employment with the Company, that I consider to be my property or the property of third parties and that I wish to have excluded from the scope of this Agreement (collectively referred to as "Prior Inventions"). If disclosure of any such Prior Invention would cause me to violate any prior confidentiality agreement, I understand that I am not to list such Prior Inventions in Exhibit B but am only to disclose a cursory name for each such invention, a listing of the party(ies) to whom it belongs and the fact that full disclosure as to such inventions has not been made for that reason. A space is provided on Exhibit B for such purpose. If no such disclosure is attached, I represent that there are no Prior Inventions. If, in the course of my employment with the Company, I incorporate a Prior Invention into a Company product, process or machine, the Company is hereby granted and shall have a nonexclusive, royalty free, irrevocable, perpetual, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to make, have made, modify, use and sell such Prior Invention. Notwithstanding the foregoing, I agree that I will not incorporate, or permit to be incorporated, Prior Inventions in any Company Inventions without the Company's prior written consent.

4.3 Assignment of Inventions. Subject to Sections 4.4 and 4.6, I hereby assign and agree to assign in the future (when any such Inventions or Proprietary Rights are first reduced to practice or first fixed in a tangible medium, as applicable) to the Company all my right, title and interest in and to any and all Inventions (and all Proprietary Rights with respect thereto), original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by me, either alone or jointly with others, during the period of my employment with the Company. Inventions assigned to the Company, or to a third party as directed by the Company pursuant to this Section 4, are hereinafter referred to as "Company Inventions."

4.4 Nonassignable Inventions. This Agreement does not apply to an Invention which qualifies fully as a nonassignable Invention under Section 2870 of the California Labor Code (hereinafter "Section 2870"). I have reviewed the notification on Exhibit A (Limited Exclusion Notification) and agree that my signature acknowledges receipt of the notification.

4.5 Obligation to Keep Company Informed. During the period of my employment and for three years after termination of my employment with the Company, I will promptly disclose to the Company fully and in writing all Inventions authored, conceived or reduced to practice by me, either alone or jointly with others. In addition, I will promptly disclose to the Company all patent applications filed by me or on my behalf within a three years after termination of employment. At the time of each such disclosure, I will advise the Company in writing of any Inventions that I believe fully qualify for protection under Section 2870; and I will at that time provide to the Company in writing all evidence necessary to substantiate that belief. The Company will keep in confidence and will not use for any purpose or disclose to third parties without my consent any confidential information disclosed in writing to the Company pursuant to this Agreement relating to Inventions that qualify fully for protection under the provisions of Section 2870. I will preserve the confidentiality of any Invention that does not fully qualify for protection under Section 2870.

Redacted

5. Records.

Redacted

6. No Conflicting Obligation.

Redacted

7. Return of Company Documents.
Redacted

8. Legal and Equitable Remedies.
Redacted

9. Notices.
Redacted

10. Notification of New Employer.
Redacted

11. General Provisions.
Redacted

Redacted

(Signature page follows)

This Agreement shall be effective as of the first day of my employment with the Company, namely: 22 January 2001

I have read this Agreement carefully and understand its terms. I have completely filled out Exhibit B to this Agreement.

Dated: 7 January 2001

Jean Christopher Sheldon
Signature

Accepted and Agreed to:
Zyoptics, Inc.

By: [Signature]

Title: Anthony Mazzarella
CEO, Zyoptics, Inc.

(Address)
233 Wilshire Blvd, Santa Monica, CA
904

S-1

Employee Proprietary Agreement

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Exhibit B

PREVIOUS INVENTIONS

TO: Zyoptics, Inc.

FROM: JEAN Christopher Shelton

DATE: 7 January 2001

SUBJECT: Previous Inventions

1. Except as listed in Section 2 below, the following is a complete list of all inventions or improvements relevant to the subject matter of my employment that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my engagement by Zyoptics, Inc.:

See below:

US Patent 4,682,025
Active Mirror Wavefront Sensor
ADAPT 1 High speed camera

2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to inventions or improvements generally listed below, the proprietary rights and duty of confidentiality with respect to which I owe to the following party(ies):

	<u>Invention or Improvement</u>	<u>Party(ies)</u>	<u>Relationship</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

Additional sheets attached.

B-1

Employee Proprietary Agreement
LA_DOCS569120.2 [W97]

ACKNOWLEDGEMENT OF RECEIPT OF FINAL PAYCHECK

I, Jean Christopher Shelton, acknowledge that I have received my final paycheck from AOptix Technologies in the net amount of [REDACTED].

Jean Christopher Shelton 1/21/04
Employee's Signature Date

[Signature] 1-25-05
AOptix Representative Date

Delaware

PAGE 1

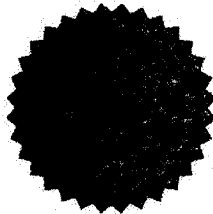
The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE RESTATED CERTIFICATE OF "AOPTIX TECHNOLOGIES, INC.", FILED IN THIS OFFICE ON THE TWENTY-SIXTH DAY OF FEBRUARY, A.D. 2002, AT 1:30 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

3191384 8100

020127549



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 1633170

DATE: 02-26-02

PATENT
REEL: 023401 FRAME: 0268

FOURTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

AOPTIX TECHNOLOGIES, INC.

AOptix Technologies, Inc., (the "Company") a corporation organized and existing under the laws of the State of Delaware hereby certifies as follows:

A. The undersigned is the duly elected and acting President and Chief Executive Officer of the Company.

B. The Company was originally incorporated under the name Zyoptics, Inc. The original Certificate of Incorporation of the Company was filed with the Secretary of State of the State of Delaware on March 13, 2000. The Amended and Restated Certificate of Incorporation of the Company was filed with the Secretary of State of the State of Delaware on August 31, 2000. The Second Amended and Restated Certificate of Incorporation of the Company was filed with the Secretary of State of the State of Delaware on November 21, 2000. The Third Amended and Restated Certificate of Incorporation of the Company was filed with the Secretary of State of the State of Delaware on January 25, 2002. All amendments to the Certificate of Incorporation reflected herein have been duly authorized and adopted by the Company's Board of Directors and stockholders in accordance with the provisions of Sections 242 and 245 of the Delaware General Corporation Law.

C. The text of the Third Amended and Restated Certificate of Incorporation is hereby amended and restated in its entirety to read as follows:

I

The name of the corporation is AOptix Technologies, Inc. (the "Company").

II

The address of the registered office of the Company in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington 19808, Delaware, and the name of its registered agent at such address is Corporation Service Company, county of New Castle.

III

The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

IV

The Company is authorized to issue two classes of stock to be designated Common Stock and Preferred Stock. The aggregate number of shares that the Company shall have authority to issue is 114,522,000 consisting of 66,500,000 shares of Common Stock, par value \$.01 per share, and 48,022,000 shares of Preferred Stock, par value \$.01 per share.

The shares of Preferred Stock may be issued from time to time in one or more series. The first series shall be designated "**Series A Preferred Stock**" and shall consist of 350,000 shares. The second series shall be designated "**Series A-1 Preferred Stock**" and shall consist of 12,500,000 shares. The third series shall be designated "**Series A-2 Preferred Stock**" and shall consist of 5,000,000 shares. The fourth series shall be designated "**Series B Preferred Stock**" and shall consist of 30,172,000 shares. The Series A Preferred Stock, the Series A-1 Preferred Stock and the Series A-2 Preferred Stock are collectively referred to herein as the "**Series Preferred Stock**". The Series Preferred Stock and the Series B Preferred Stock are collectively referred to herein as the "**Preferred Stock**". The rights, preferences, privileges and restrictions granted to and imposed upon the Preferred Stock are as follows:

1. **Definitions.** For purposes of this Article, the following definitions shall apply:

(a) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to subsection 4(d)(ii), deemed to be issued) by the Company after the Series B Issue Date, other than shares of Common Stock issued or issuable (or, pursuant to subsection 4(d)(ii), deemed to be issued):

- (i) upon conversion of shares of Series A Preferred Stock;
- (ii) upon the issuance and conversion of shares of Series A-1 Preferred Stock and shares of Series A-2 Preferred Stock;
- (iii) upon the issuance and conversion of the Notes;
- (iv) upon the issuance and conversion of the Next Stock issuable upon conversion of the Notes and upon exercise of the Warrants which are exercisable for Next Stock;
- (v) upon the issuance and exercise of the Warrants;
- (vi) upon the issuance and conversion of shares of Series B Preferred Stock;
- (vii) as a dividend or distribution on Preferred Stock or any event for which adjustment is made pursuant to subsection 4(d)(v), subsection 4(d)(vi) or subsection 4(d)(vii) hereof;
- (viii) in connection with acquisition transactions, to financial institutions or lessors in connection with commercial credit arrangements or equipment financings, in connection with strategic partnering arrangements and the like and to persons or entities with which the Company has bona fide business relationships, which issuances are approved by the Company's Board of Directors and are primarily for purposes other than equity financing and which are cumulatively not more than 175,000 shares (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like);
- (ix) pursuant to grants of options to purchase Common Stock or grants of restricted stock, in each case, to directors and employees of, and consultants to, the Company

in a manner determined by the Board of Directors and which are cumulatively not more than 10,313,250 shares (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like);

(x) in a Qualifying Public Offering or other registered public offering of the Common Stock prior to which or in connection with which all of the Preferred Stock shall have been converted to Common Stock; or

(xi) by way of dividend or other distribution on shares of Common Stock excluded from the definition of Additional Shares of Common Stock by the foregoing clause(s) (i)-(x) or this clause (xi).

(b) "Affiliate" shall mean, as to any person or entity, a person or entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such person or entity.

(c) "Common Stock" shall mean the Common Stock of the Company, par value \$.01 per share.

(d) "Convertible Securities" shall mean any evidences of indebtedness, shares or other securities (other than shares of Preferred Stock) convertible into or exchangeable for Common Stock.

(e) "Next Qualified Equity Financing" shall mean the next equity financing after January 25, 2002 involving the receipt by the Company of at least \$5,000,000 (excluding amounts received on conversion of the Notes) before April 30, 2002; provided that the term "Next Qualified Equity Financing" shall not include an equity financing that is made in connection with either: (i) any arrangement between the Company and any third party for any research or development involving the Company (including, without limitation, any arrangement that includes provision for research support, product development and/or testing support), (ii) any rights to commercialize any products resulting from the research or development programs of the Company (including, without limitation, rights to develop, make, use and/or sell any such products), or (iii) any other non-monetary consideration.

(f) "Next Stock" shall mean shares of the Company's preferred stock issued in the Next Qualified Equity Financing; provided if there is no Next Qualified Equity Financing before April 30, 2002, the term "Next Stock" shall mean Common Stock.

(g) "Notes" shall mean, collectively, that certain Convertible Secured Promissory Note issued to KPCB Holdings, Inc. which is convertible into shares of Next Stock; that certain Convertible Secured Promissory Note issued to Clearstone Venture Partners II-A, L.P. which is convertible in shares of Next Stock; that certain Convertible Secured Promissory Note issued to Clearstone Venture Partners II-B, L.P. which is convertible into shares of Next Stock; and that certain Convertible Secured Promissory Note issued to Clearstone Venture Partners II-C, L.P. which is convertible into shares of Next Stock.

(h) "Options" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(i) "Preference Amount" shall mean, with respect to the Series A Preferred Stock, the Series A Preference Amount, with respect to the Series A-1 Preferred Stock, the Series A-1 Preference Amount, with respect to the Series A-2 Preferred Stock, the Series A-2 Preference Amount and with respect to the Series B Preferred Stock, the Series B Preference Amount.

(j) "Series A Preference Amount" shall mean \$1.00 per share for the Series A Preferred Stock (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like).

(k) "Series A-1 Preference Amount" shall mean \$0.44 per share for the Series A-1 Preferred Stock (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like).

(l) "Series A-2 Preference Amount" shall mean \$0.60 per share for the Series A-2 Preferred Stock (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like).

(m) "Series B Issue Date" shall mean the date on which shares of Series B Preferred Stock were first issued.

(n) "Series B Preference Amount" shall mean \$0.603 per share for the Series B Preferred Stock (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like).

(o) "Stock Option Plan" means a stock option plan that has been approved by the Company's Board of Directors.

(p) "Transfer" or "Transferred" shall mean to sell or in any other way directly or indirectly transfer, assign, distribute, encumber or otherwise dispose of, either voluntarily or involuntarily.

(q) "Voting Shares" shall mean any shares of the Company's capital stock entitled to vote in any election of directors of the Company.

(r) "Warrants" shall mean, collectively, that certain Warrant to purchase shares of Next Stock issued to KPCB Holdings, Inc.; that certain Warrant to purchase shares of Next Stock issued to Clearstone Venture Partners II-A, L.P.; that certain Warrant to purchase shares of Next Stock issued to Clearstone Venture Partners II-B, L.P.; that certain Warrant to purchase shares of Next Stock issued to Clearstone Venture Partners II-C, L.P.; and that certain Preferred Stock Purchase Warrant to purchase \$162,500 of Series B Preferred Stock issued to Lighthouse Capital Partners IV, L.P.

2. *Dividends*

(a) *Dividend Preference.* The holders of outstanding shares of Preferred Stock shall be entitled to receive dividends out of any assets at the time legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common

Stock or other securities or rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock) on the Common Stock or any other security of the Company. Dividends on Series A Preferred Stock will accrue at the rate of 8% per annum, per share (calculated as a percentage of the Series A Preference Amount), on each outstanding share of Series A Preferred Stock (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like). Dividends on Series A-1 Preferred Stock will accrue at the rate of 8% per annum, per share (calculated as a percentage of the Series A-1 Preference Amount), on each outstanding share of Series A-1 Preferred Stock (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like). Dividends on Series A-2 Preferred Stock will accrue at the rate of 8% per annum, per share (calculated as a percentage of the Series A-2 Preference Amount), on each outstanding share of Series A-2 Preferred Stock (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like). Dividends on Series B Preferred Stock will accrue at the rate of 8% per annum, per share (calculated as a percentage of the Series B Preference Amount), on each outstanding share of Series B Preferred Stock (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like). The Preferred Stock will also participate in any dividend or distribution declared or paid on the Common Stock, pro rata, on the basis of the number of shares of Common Stock (as determined on an as-converted basis for the Preferred Stock) into which it is then convertible. Dividends shall be payable when, as and if declared by the Board of Directors of the Company (the "Board of Directors"); *provided, however*, that, the Board of Directors is under no obligation to pay dividends to such holders, and such dividends, if any, shall be noncumulative. No rights shall accrue to the holders of the Preferred Stock if dividends are not declared in any prior fiscal year. If and to the extent that after payment of the dividends provided for in the first sentence of this paragraph, the Board of Directors shall declare and set aside for payment any other and further amount of cash or property as a distribution (other than a distribution pursuant to Section 3 hereof), such distribution shall be made with equal priority to the Common Stock and the Preferred Stock, with each share of Preferred Stock being treated for such purpose as if it had been converted into Common Stock at the then effective applicable Conversion Rate (as defined in Section 4(a)) for such share. For the purpose of the preceding sentence, all shares of Preferred Stock held by each holder of Preferred Stock shall be aggregated, and any resulting fractional share of Common Stock shall be disregarded.

(b) *Priority of Dividends.* The Company shall make no Distribution (as defined below) to the holders of shares of Common Stock in any fiscal year unless and until dividends at the rate set forth in subsection (a) above shall have been paid upon applicable shares of Preferred Stock.

(c) *Distribution.* As used in this Section 2, "Distribution" means the transfer by the Company with respect to its Common Stock or Preferred Stock of cash or property without consideration, whether by way of dividend or otherwise (except a dividend in shares of Common Stock) or the purchase by the Company of shares of Common Stock or Preferred Stock (other than purchases in connection with the repurchase of shares of Common Stock issued to or held by employees, consultants, officers and directors upon termination of their employment or services pursuant to agreements providing for the right of said repurchase) for cash or property.

3. **Liquidation Rights.** In the event of any liquidation, dissolution, or winding up of the Company (or the deemed occurrence of such event pursuant to subsection 3(d) below), either voluntary or involuntary, distributions to the stockholders of the Company shall be made in the following manner:

(a) **Amount of Liquidation Preference.** The holders of the Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Common Stock by reason of their ownership of such stock, all declared but unpaid dividends, if any, plus the Series A Preference Amount per share on each outstanding share of Series A Preferred Stock. The holders of the Series A-1 Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Common Stock by reason of their ownership of such stock, all declared but unpaid dividends, if any, plus the Series A-1 Preference Amount per share on each outstanding share of Series A-1 Preferred Stock. The holders of the Series A-2 Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Common Stock by reason of their ownership of such stock, all declared but unpaid dividends, if any, plus the Series A-2 Preference Amount per share on each outstanding share of Series A-2 Preferred Stock. The holders of the Series B Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Common Stock by reason of their ownership of such stock, all declared but unpaid dividends, if any, plus the Series B Preference Amount per share on each outstanding share of Series B Preferred Stock. If the assets and funds thus available for distribution among the holders of the Preferred Stock shall be insufficient to permit the payment to such holders of their full aforesaid preferential amount, then the entire amount of the assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Preferred Stock in proportion to the aggregate preferential amount each holder is otherwise entitled to receive.

(b) **Distribution after Payment of Liquidation Preference.** After payment has been made to the holders of the Preferred Stock of the full preferential amounts set forth in Section 3(a) above, the entire remaining assets and funds of the Company legally available for distribution, if any, shall be distributed ratably among the holders of Common Stock and Preferred Stock (on an as-converted basis) until such time as each such holder of Preferred Stock shall have received an amount per share of such holder's Preferred Stock (including amounts paid pursuant to Section 3(a) above) equal to three times the applicable Preference Amount per share with respect to such holder's Preferred Stock, after which the remaining assets and funds of the Company legally available for distribution, if any, shall be distributed ratably among the holders of Common Stock.

(c) **Shares not Treated as Both Preferred Stock and Common Stock in any Distribution.** Shares of Preferred Stock shall not be entitled to be converted into shares of Common Stock in order to participate in any distribution, or series of distributions, as shares of Common Stock, without first foregoing participation in the distribution, or series of distributions, as shares of Preferred Stock pursuant to Section 3(a) and (b) above.

(d) *Deemed Liquidation.* For purposes of this Section 3 only, a merger or consolidation of the Company with or into any other corporation or corporations, unless the stockholders of the Company immediately prior to any such transaction are holders of at least a majority of the voting power of the surviving corporation, the acquiring corporation or the entity controlling the surviving corporation immediately thereafter, or a sale or other transfer of more than 50% of the assets of the Company (or any series of related transactions resulting in the sale or other transfer of all or substantially all of the assets of the Company), shall be treated as a liquidation, dissolution or winding up.

(e) *Non-Cash Distribution.* Whenever the distribution provided for in this Section 3 shall be payable in securities or property other than cash, the value of such distribution shall be the fair market value of such securities or other property as determined in good faith by the unanimous vote of the Board of Directors. Any securities shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability (which cases are covered by (ii) below):

(A) If traded on a securities exchange or through the Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such quotation system over the thirty (30) day period ending three (3) days prior to the closing;

(B) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the closing; and

(C) If there is no active public market, the value shall be the fair market value thereof, as determined by the unanimous vote of the Board of Directors in good faith.

(ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (i)(A), (B) or (C) to reflect the approximate fair market value thereof, as determined by the unanimous vote of the Board of Directors in good faith.

(f) The Company shall give each holder of record of Preferred Stock written notice of an impending transaction contemplated by Section 3(d) in the manner set forth in Section 4(g) and Section 7 below.

(g) In the event the requirements of Sections 3(d), (e) and (f) are not complied with, the Company shall forthwith either:

(i) cause such closing to be postponed until such time as the requirements of Sections 3(d), (e) and (f) have been complied with; or

(ii) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in Section 3(f) hereof.

(h) The provisions of this Section 3 are in addition to the protective provisions of Section 5(d) hereof.

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

(a) **Right to Convert.** Subject to Section 4(c), each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the issuance of such share at the office of the Company or any transfer agent for the Preferred Stock, into that number of fully paid and nonassessable shares of Common Stock as it is then convertible in accordance with the terms hereof. The number of shares of Common Stock into which each share of Series A Preferred Stock may be converted shall be determined by dividing the Series A Preference Amount by the appropriate conversion price for the Series A Preferred Stock then in effect at the time of conversion (such conversion price referred to herein as the "Series A Conversion Price"). The initial Series A Conversion Price shall be \$1.00 per share and shall be subject to adjustment as provided herein. The number of shares of Common Stock into which each share of Series A-1 Preferred Stock may be converted shall be determined by dividing the Series A-1 Preference Amount by the appropriate conversion price for the Series A-1 Preferred Stock then in effect at the time of conversion (such conversion price referred to herein as the "Series A-1 Conversion Price"). The initial Series A-1 Conversion Price shall be \$0.44 per share and shall be subject to adjustment as provided herein. The number of shares of Common Stock into which each share of Series A-2 Preferred Stock may be converted shall be determined by dividing the Series A-2 Preference Amount by the appropriate conversion price for the Series A-2 Preferred Stock then in effect at the time of conversion (such conversion price referred to herein as the "Series A-2 Conversion Price"). The initial Series A-2 Conversion Price shall be \$0.60 per share and shall be subject to adjustment as provided herein. The number of shares of Common Stock into which each share of Series B Preferred Stock may be converted shall be determined by dividing the Series B Preference Amount by the appropriate conversion price for the Series B Preferred Stock then in effect at the time of conversion (such conversion price referred to herein as the "Series B Conversion Price"). The initial Series B Conversion Price shall be \$0.603 per share and shall be subject to adjustment as provided herein. The number of shares of Common Stock into which each share of Series A Preferred Stock may be converted is referred to as the "Series A Conversion Rate," the number of shares of Common Stock into which each share of Series A-1 Preferred Stock may be converted is referred to as the "Series A-1 Conversion Rate", the number of shares of Common Stock into which the Series A-2 Preferred Stock may be converted is referred to as the "Series A-2 Conversion Rate" and the number of shares of Common Stock into which the Series B Preferred Stock may be converted is referred to as the "Series B Conversion Rate". The Series A Conversion Price, the Series A-1 Conversion Price and the Series A-2 Conversion Price are collectively referred to herein as the "Series Preferred Conversion Price" and the Series Preferred Conversion Price and the Series B Conversion Price are collectively referred to herein as the "Conversion Price". The Series A Conversion Rate, the Series A-1 Conversion Rate and the Series A-2 Conversion Rate are collectively referred to

herein as the "Series Preferred Conversion Rate" and the Series Preferred Conversion Rate and the Series B Conversion Rate are collectively referred to herein as the "Conversion Rate"). Each Conversion Rate shall be subject to adjustment as described in this Section 4.

(b) *Automatic Conversion.*

(i) Each share of Series Preferred Stock shall automatically be converted into shares of Common Stock at the then effective applicable Series Preferred Conversion Rate for such share immediately upon the earlier of (i) the consummation of the Company's first firmly underwritten public offering of the Company's Common Stock registered under the Securities Act of 1933, as amended (the "Securities Act"), provided that the public offering price per share is at least equal to the product obtained by multiplying (A) five by (B) the Series B Preference Amount and the aggregate gross proceeds to the Company exceed \$25,000,000 (before deducting underwriting discounts or commissions) (a "Qualifying Public Offering") or (ii) the date specified by written consent or agreement of the holders of at least 75% of the then outstanding shares of Series Preferred Stock, voting together as a single class.

(ii) Each share of Series B Preferred Stock shall automatically be converted into shares of Common Stock at the then effective Series B Conversion Rate for such share immediately upon the earlier of (i) a Qualifying Public Offering or (ii) the date specified by written consent or agreement of the holders of at least 75% of the then outstanding shares of Series B Preferred Stock.

(c) *Mechanics of Conversion.* No fractional shares of Common Stock shall be issued upon conversion of Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then fair market value of such fractional shares as determined by the Board of Directors of the Company. Before any holder of Preferred Stock shall be entitled to convert the same into full shares of Common Stock, and to receive certificates therefor, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent for the Preferred Stock, and shall give written notice to the Company at such office that he elects to convert the same; *provided, however*, that in the event of an automatic conversion pursuant to Section 4(b), the outstanding shares of Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; *provided, further*, that the Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such automatic conversion unless either the certificates evidencing such shares of Preferred Stock are delivered to the Company or its transfer agent as provided above, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement and provides, if requested by the Company, a bond satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates.

The Company shall, as soon as practicable after such delivery, or after such agreement and indemnification, issue and deliver at such office to such holder of Preferred Stock, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts

payable as the result of a conversion into fractional shares of Common Stock, plus all declared and unpaid dividends, if any, on the converted Preferred Stock. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date; *provided, however*, that if the conversion is in connection with the consummation of the first firmly underwritten public offering of the Company's Common Stock registered under the Securities Act (an "IPO") or any liquidation, dissolution or winding up of the Company (or deemed occurrence of such event pursuant to subsection 3(d) above) (a "Liquidation Event"), the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing of the sale of securities pursuant to such IPO or Liquidation Event, in which event the person(s) entitled to receive the Common Stock issuable upon such conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing or consummation of the IPO or Liquidation Event, subject to each Conversion Price adjustment, if any, pursuant to Section 4(d)(iii) below.

(d) *Adjustments to Conversion Price for Diluting Issues.* Each Conversion Price shall be subject to adjustment from time to time as follows:

(i) *No Adjustment of Conversion Price.* No adjustment in any Series Preferred Conversion Price shall be made in respect of the issuance of Additional Shares of Common Stock, unless the consideration per share for the Additional Shares of Common Stock issued or deemed to be issued by the Company is less than the Series A-1 Conversion Price in effect on the date of, and immediately prior to, the issue of such Additional Shares of Common Stock. No adjustment in the Series B Conversion Price shall be made in respect of the issuance of Additional Shares of Common Stock, unless the consideration per share for the Additional Shares of Common Stock issued or deemed to be issued by the Company is less than the Series B Conversion Price in effect on the date of, and immediately prior to, the issue of such Additional Shares of Common Stock.

(ii) *Deemed Issuances of Additional Shares of Common Stock.*

(A) *Options and Convertible Securities.* In the event the Company at any time or from time to time after the Series B Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in the case such a record date shall have been fixed, as of the close of business on such record date, provided that (i) Additional Shares of Common Stock shall not be deemed to have been issued with respect to an adjustment of any Series Preferred Conversion Price unless the consideration per share (determined pursuant to Section 4(d)(iv) hereof) of such Additional Shares of Common Stock would be less than the Series A-1 Conversion Price in effect on the date of and immediately prior to such issue, or such

record date, as the case may be, and (ii) Additional Shares of Common Stock shall not be deemed to have been issued with respect to an adjustment of the Series B Conversion Price unless the consideration per share (determined pursuant to Section 4(d)(iv) hereof) of such Additional Shares of Common Stock would be less than the Series B Conversion Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

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

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

(3) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, each Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto) and any subsequent adjustments based thereon shall, upon such expiration, be recomputed as if:

a. in the case of Convertible Securities or Options for Common Stock, the only Additional Shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

b. in the case of Options for Convertible Securities only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Common Stock deemed to have been then issued was the consideration actually received by the Company for the issue of such Options, whether or not exercised, plus the consideration deemed to have been received by the Company (determined pursuant to Section 4(d)(iv)) upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(4) no readjustment pursuant to clause (2) or (3) above shall have the effect of increasing any Conversion Price to an amount which exceeds the lower of (i) such Conversion Price on the original adjustment date, or (ii) such Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date;

(5) in the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of any Conversion Price shall be made until the expiration or exercise of all such Options issued on the same date, whereupon such adjustment shall be made in the same manner provided in clause (3) above; and

(6) if such record date shall have been fixed and such Options or Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in any Conversion Price which became effective on such record date shall be canceled as of the close of business on such record date, and thereafter such Conversion Price shall be adjusted pursuant to this Section 4(d)(ii) as of the actual date of their issuance.

(B) *Stock Dividends, Stock Distributions and Subdivisions.* In the event the Company at any time or from time to time after the Series B Issue Date shall declare or pay any dividend or make any other distribution on the Common Stock payable in Common Stock or effect a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then and in any such event, Additional Shares of Common Stock shall be deemed to have been issued:

(1) in the case of any such dividend or distribution, immediately after the close of business on the record date for the determination of holders of any class of securities entitled to receive such dividend or distribution, or

(2) in the case of any such subdivision, at the close of business on the date immediately prior to the date upon which such corporate action becomes effective.

If such record date shall have been fixed and such dividend shall not have been paid on the payment date fixed therefor, the adjustment previously made in any Conversion Price which became effective on such record date shall be canceled as of the close of business on such record date, and thereafter such Conversion Price shall be adjusted pursuant to this Section 4(d)(ii) as of the time of actual payment of such dividend, if any.

(iii) *Adjustment of Conversion Price.*

(A) *Adjustment of Series Preferred Conversion Price Upon Issuance of Additional Shares of Common Stock.* In the event the Company shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4(d)(ii), but excluding Additional Shares of Common Stock issued pursuant to Section 4(d)(ii)(B), which event is dealt with in Section 4(d)(v) hereof), without consideration or for a consideration per share less than the Series A-1 Conversion Price in effect on the date of and immediately prior to such issue, then and in such event, each Series Preferred Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the

nearest cent) determined by multiplying such Series Preferred Conversion Price by a fraction (x) the numerator of which shall be (1) the number of shares of Common Stock outstanding immediately prior to such issue, plus (2) the number of shares of Common Stock which the aggregate consideration received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at such Series Preferred Conversion Price, and (y) the denominator of which shall be (1) the number of shares of Common Stock outstanding immediately prior to such issue plus (2) the number of such Additional Shares of Common Stock so issued, provided that for the purposes of this Section 4(d)(iii)(A), all shares of Common Stock issuable upon exercise, conversion or exchange of outstanding Options, Convertible Securities and shares of Preferred Stock, as the case may be, shall be deemed to be outstanding, and immediately after any Additional Shares of Common Stock are deemed issued pursuant to Section 4(d)(ii) above, such Additional Shares of Common Stock shall be deemed to be outstanding, and provided further that such Series Preferred Conversion Price shall not be so reduced at such time if the amount of such reduction would be an amount less than \$0.01, but any such amount shall be carried forward and reduction with respect thereto made at the time of and together with any subsequent reduction which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.01 or more.

(B) *Adjustment of Series B Conversion Price Upon Issuance of Additional Shares of Common Stock.* In the event the Company shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4(d)(ii), but excluding Additional Shares of Common Stock issued pursuant to Section 4(d)(ii)(B), which event is dealt with in Section 4(d)(v) hereof), without consideration or for a consideration per share less than the Series B Conversion Price in effect on the date of and immediately prior to such issue, then and in such event, the Series B Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) equal to the net consideration per share for such Additional Stock, provided that the Series B Conversion Price shall not be so reduced at such time if the amount of such reduction would be an amount less than \$0.01, but any such amount shall be carried forward and reduction with respect thereto made at the time of and together with any subsequent reduction which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.01 or more.

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

(A) *Cash and Property.* Such consideration shall:

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

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

(3) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (1) and (2) above, as determined in good faith by the Board of Directors.

(B) *Options and Convertible Securities.* The consideration per share received by the Company for Additional Shares of Common Stock deemed to have been issued pursuant to Section 4(d)(ii)(A), relating to Options and Convertible Securities, shall be determined by dividing:

(1) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(2) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(v) *Adjustments for Subdivisions, Combinations or Consolidation of Common Stock.* In the event the outstanding shares of Common Stock shall be subdivided (by stock split, or otherwise), into a greater number of shares of Common Stock, each Conversion Price then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, each Conversion Price then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(vi) *Adjustments for Other Distributions.* In the event the Company at any time or from time to time makes, or fixes a record date for the determination of holders of Common Stock entitled to receive any distribution payable in securities of the Company other than shares of Common Stock and other than as otherwise adjusted in this Section 4(d), then and in each such event provision shall be made so that the holders of Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Company which they would have received had their Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the date of conversion, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section 4(d) with respect to the rights of the holders of the Preferred Stock.

(vii) *Adjustments for Reclassification, Exchange and Substitution.* If the Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for above), each Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted such that the Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Preferred Stock immediately before that change.

(viii) *Reorganization, Mergers, Consolidations, or Sales of Assets.* To the extent that Section 3 hereof does not apply or the holders of Preferred Stock waive their rights under Section 3, if at any time or from time to time, there shall be a capital reorganization of the Common Stock (other than a subdivision, combination, reclassification, or exchange of shares provided for elsewhere in this Section 4) or a merger or consolidation of the Company with or into another corporation, or the sale of all or substantially all of the Company's properties and assets to any other person, then, as a part of such reorganization, merger, consolidation, or sale, provision shall be made so that the holders of the Preferred Stock shall thereafter be entitled to receive upon conversion of the Preferred Stock held by them, the number of shares of stock or other securities or property of the Company, or of the successor Company resulting from such merger or consolidation or sale, to which a holder of Common Stock deliverable upon conversion would have been entitled upon such capital reorganization, merger, consolidation, or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of the Preferred Stock after the reorganization, merger, consolidation, or sale to the end that the provisions of this Section 4 (including adjustment of each Conversion Price then in effect and the number of shares purchasable upon conversion of the Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(e) *No Impairment.* The Company will not, by amendment of its Certificate of Incorporation or through any reorganization, recapitalization, transfer of assets, merger, consolidation, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company but will at all times in good faith assist in the carrying out of all the provisions of this Section 4 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Preferred Stock against impairment.

(f) *Certificate as to Adjustments.* Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Section 4, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such

adjustments and readjustments, (ii) the applicable Conversion Price at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of Preferred Stock.

(g) *Notices of Record Date.* In the event that the Company shall propose at any time:

(i) to declare any dividend or distribution upon its Common Stock, whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus;

(ii) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or any other securities or property, or to receive any other rights;

(iii) to effect any reclassification or recapitalization of its Common Stock outstanding involving a change in the Common Stock; or

(iv) to merge with or into any other corporation, or sell, lease or convey all or substantially all its property or business, or to liquidate, dissolve or wind up, including without limitation, any deemed liquidation events as defined in Section 3(d) above;

then, in connection with each such event, this Company shall send to the holders of the Preferred Stock at least 30 days' prior written notice of the date on which a record shall be taken for such dividend, distribution or subscription rights (and specifying the date on which the holders of Common Stock shall be entitled thereto) or for determining rights to vote in respect of the matters referred to in (iii) and (iv) above. With regard to the matters referenced in (iii) and (iv) above, such written notice shall describe the material terms and conditions of the proposed transaction and the Company shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than 30 days after the Company has given the first notice provided for herein or sooner than 10 days after the Company has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the holders of the Preferred Stock that are entitled to such notice rights or similar notice rights and that represent at least a majority of the voting power of all then outstanding shares of the Preferred Stock, voting together as single class.

Each such written notice shall be given as provided in Section 7 below.

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

including without limitation using its best efforts to obtain the requisite stockholder approval for any necessary amendment to this certificate.

5. *Voting.* The holders of Preferred Stock and the holders of Common Stock shall vote as a single class for all matters of which holders of Common Stock have the right to vote except as otherwise provided herein in this Section 5.

(a) *Preferred Stock.* Each holder of shares of Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Preferred Stock held by such holder of Preferred Stock could then be converted. The holders of shares of the Preferred Stock shall be entitled to vote on all matters on which the Common Stock shall be entitled to vote. The holders of the Preferred Stock shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Company (the "Bylaws"). Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Preferred Stock held by each holder could be converted), shall be rounded to the nearest whole number (with one-half being rounded upward).

(b) *Common Stock.* Except as otherwise required by law, each holder of shares of Common Stock shall be entitled to one vote for each share thereof held.

(c) *Election of Directors.* The authorized number of directors shall be seven. So long as at least 4,462,500 shares of Series Preferred Stock (subject to appropriate adjustment for any subsequent stock splits, stock dividends, recapitalizations and the like) remain outstanding, the holders of the Series Preferred Stock, voting together as a single class, shall be entitled to elect two (2) directors. So long as at least 6,034,389 shares of Series B Preferred Stock (subject to appropriate adjustment for any subsequent stock splits, stock dividends, recapitalizations and the like) remain outstanding, the holders of the Series B Preferred Stock, voting together as a single class, shall be entitled to elect two (2) directors. The holders of Common Stock shall be entitled to elect one (1) director. The holders of Preferred Stock and Common Stock, voting together as a single class and on an as-converted basis, shall be entitled to elect any remaining directors of the Company. Any vacancies on the Board of Directors shall be filled by vote of the holders of that class or series of stock originally entitled to elect the director whose absence or resignation created such vacancy.

(d) *Amendments and Changes.*

(i) *No Series Voting.* Other than as provided herein or by law, there shall be no voting by any series of Preferred Stock as a separate class.

(ii) *Separate Vote of Series Preferred Stock.* So long as at least 4,462,500 shares of Series Preferred Stock (subject to appropriate adjustment for any subsequent stock splits, stock dividends, recapitalizations and the like) remain outstanding, the Company shall not, without first obtaining the approval (by vote or written consent as provided by law) of the holders of at least 75% of the then outstanding shares of Series Preferred Stock, voting together as a single class:

(A) take any action to alter or change the rights, preferences or privileges of the shares of the Series Preferred Stock so as to affect adversely any rights, preferences or privileges of such shares;

(B) authorize or issue any security (including options, warrants, rights and other securities exercisable for or convertible into equity securities) with rights, preferences and privileges senior to or on a parity with those of the holders of the Series Preferred Stock; or

(C) change the authorized number of shares of Series Preferred Stock.

(iii) *Separate Vote of Series B Preferred Stock.* So long as 3,017,194 shares of Series B Preferred Stock (subject to appropriate adjustment for any subsequent stock splits, stock dividends, recapitalizations and the like) remain outstanding, the Company shall not, without first obtaining the approval (by vote or written consent as provided by law) of the holders of at least 75% of the then outstanding shares of Series B Preferred Stock:

(A) take any action to alter or change the rights, preferences or privileges of the shares of Series B Preferred Stock so as to affect adversely any rights, preferences or privileges of the shares of such series;

(B) authorize or issue any security (including options, warrants, rights and other securities exercisable for or convertible into equity securities) with rights, preferences and privileges senior to or on a parity with those of the holders of the Series B Preferred Stock; or

(C) change the authorized number of shares of the Series B Preferred Stock.

(iv) *Separate Vote of Preferred Stock.* So long as at least 4,802,194 shares of Preferred Stock (subject to appropriate adjustment for any subsequent stock splits, stock dividends, recapitalizations and the like) remain outstanding, the Company shall not, without first obtaining the approval (by vote or written consent as provided by law) of the holders of at least 66 2/3% of the then outstanding shares of Preferred Stock, voting together as a single class:

(A) incur any indebtedness which has equity participation rights or is issued in conjunction with any equity securities, including any security exercisable for or convertible into an equity security, representing in excess of 5% of the Company's outstanding capital stock;

(B) sell, transfer or encumber any technology or intellectual property of the Company or its subsidiaries, other than the granting of non-exclusive licenses in the ordinary course of the Company's business and unanimously approved by the Board of Directors;

(C) grant or award any registration rights, anti-dilution rights or redemption rights which are pari passu or superior to the rights of the holders of the Preferred Stock;

(D) repurchase or redeem shares of the equity securities of the Company (other than purchases of shares of Common Stock issued to or held by employees, consultants, officers and directors upon termination of their employment or services pursuant to agreements providing for the right of said repurchase or pursuant to the redemption obligations contained herein in this Fourth Amended and Restated Certificate of Incorporation);

(E) consummate any merger, consolidation, recapitalization, reorganization or similar transaction that results in the holders of the Company's capital stock prior to the transaction owning less than 50% of the voting power of the surviving corporation (and for purposes of this calculation equity securities which any stockholder of the Company owned immediately prior to such merger, consolidation, recapitalization, reorganization or similar transaction as a stockholder of another party to the transaction shall be disregarded), the acquiring corporation or the entity controlling the surviving entity after the transaction;

(F) consummate the sale, transfer, lease or other conveyance of more than 50% of the Company's assets or the liquidation or dissolution of the Company, whether in a single transaction or series of related transactions, or voluntarily file for bankruptcy;

(G) increase the number of shares issuable or issued under the Company's stock option plans in an aggregate amount not to exceed 10,313,250 shares (except by stock splits, recapitalizations and the like);

(H) declare or pay dividends on any class of the Company's equity securities;

(I) enter into or amend any agreement or compensation arrangement with any of its officers or directors or any transaction or agreement with any Affiliate of the Company, other than in the ordinary course of the Company's business;

(J) permit any subsidiary of the Company to issue or sell, or obligate itself to issue or sell, any stock of such subsidiary;

(K) amend this Fourth Amended and Restated Certificate of Incorporation or the Bylaws;

(L) change the authorized number of directors of the Company;
or

(M) amend this Section 5(d)(iv).

6. *Redemption.*

(a) *Series B Redemption Date and Price.* If the Company shall receive, at any time on or after the fifth anniversary of the Series B Issue Date, a written request (the "Series B

Redemption Election") from the holders of not less than a majority of the then outstanding Series B Preferred Stock that the shares of such series be redeemed, the Company shall redeem at the applicable Series B Redemption Price (as defined below), to the extent it may lawfully do so, the Series B Preferred Stock in accordance with the procedures set forth in this Section 6 by paying in cash therefor a redemption price per share equal to the Series B Preference Amount per share of Series B Preferred Stock (as adjusted for any stock dividends, combinations or splits with respect to such shares) plus all declared but unpaid dividends, if any, on such shares (the **"Series B Redemption Price"**). Such redemption shall be made in three annual installments, the first of which shall occur on the date which is forty five (45) days after receipt by the Company of the Series B Redemption Election, with the second and third installments to occur on the first and second anniversary of such date, respectively. The date of each installment is referred to as a **"Series B Redemption Date."** The number of shares of Series B Preferred Stock that the Company shall be required to redeem on any one Series B Redemption Date shall be equal to the amount determined by dividing (A) the aggregate number of shares of Series B Preferred Stock outstanding immediately prior to the Series B Redemption Date by (B) the number of remaining Series B Redemption Dates (including the Series B Redemption Date to which such calculation applies). Shares subject to redemption pursuant to this Section 6 shall be redeemed from each holder of Preferred Stock on a pro rata basis.

(b) **Series Preferred Redemption Date and Price.** If the Company shall receive, at any time on or after the fifth anniversary of the Series B Issue Date, a written request (the **"Series Preferred Redemption Election"**) from the holders of not less than a majority of the then outstanding Series Preferred Stock that the shares of such series be redeemed, the Company shall redeem at the applicable Series Preferred Redemption Price (as defined below) to the extent it may lawfully do so, the Series Preferred Stock in accordance with the procedures set forth in this Section 6 by paying in cash therefor a redemption price per share as set forth in this Section 6(b). The redemption price for each share of Series A Preferred Stock repurchased shall be equal to the Series A Preference Amount (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like) with respect to such shares of Series A Preferred Stock, plus any declared but unpaid dividends, if any (the **"Series A Redemption Price"**). The redemption price for each share of Series A-1 Preferred Stock repurchased shall be equal to the Series A-1 Preference Amount (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like) with respect to such shares of Series A-1 Preferred Stock, plus any declared but unpaid dividends, if any (the **"Series A-1 Redemption Price"**). The redemption price for each share of Series A-2 Preferred Stock repurchased shall be equal to the Series A-2 Preference Amount (as appropriately adjusted for any subsequent stock splits, stock dividends, recapitalizations and the like) with respect to such shares of Series A-2 Preferred Stock, plus any declared but unpaid dividends, if any (the **"Series A-2 Redemption Price"**). The Series A Redemption Price, the Series A-1 Redemption Price and the Series A-2 Redemption Price are sometimes referred to herein individually as the applicable **"Series Preferred Redemption Price"**. Such redemption shall be made in three annual installments, the first of which shall occur on the date which is forty five (45) days after receipt by the Company of the Series Preferred Redemption Election, with the second and third installments to occur on the first and second anniversary of such date, respectively. The date of each installment is referred to as a **"Series Preferred Redemption Date."** The number of shares of Series Preferred Stock that the Company shall be required to redeem on any one Series Preferred Redemption Date shall be equal to the amount determined by dividing (A) the aggregate number of shares of

Series Preferred Stock outstanding immediately prior to the Series Preferred Redemption Date by (B) the number of remaining Series Preferred Redemption Dates (including the Series Preferred Redemption Date to which such calculation applies). Shares subject to redemption pursuant to this Section 6 shall be redeemed from each holder of Preferred Stock on a pro rata basis.

(c) *Procedure.* Within fifteen (15) days following its receipt of the Series B Redemption Election or Series Preferred Redemption Election, the Company shall mail a written notice, first class 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 Series B Preferred Stock and Series Preferred Stock at the address last shown on the records of the Company for such holder, notifying such holder of the redemption to be effected, specifying the number of shares to be redeemed from such holder, the dates of each Series B Redemption Date or Series Preferred Redemption Date, as applicable, the applicable Series B Redemption Price or Series Preferred Redemption Price (each, a "Redemption Price"), the place at which payment may be obtained and calling upon such holder to surrender to the Company, in the manner and at the place designated, such holder's certificate or certificates representing the shares to be redeemed (the "Series B Redemption Notice" or "Series Preferred Redemption Notice", as applicable). Any holder of the series of Preferred Stock not being redeemed shall have ten (10) days to notify the Company that such holder intends for the Company to redeem its Preferred Stock, at the applicable Series B Redemption Price if such holder holds Series B Preferred Stock or the applicable Series Preferred Redemption Price if such holder holds Series Preferred Stock, on the Redemption Date for the other series, and the Company shall, upon timely receipt of such notice, be required to effect such redemption ratably among all holders of Preferred Stock requesting redemption. Except as provided in Section 6(d), on or after each Redemption Date, each holder of Series B Preferred Stock and/or Series Preferred Stock to be redeemed shall surrender to the Company the certificate or certificates representing such shares, in the manner and at the place designated in the Series B Redemption Notice or Series Preferred Redemption Notice, and thereupon the Series B Redemption Price or Series Preferred 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.

(d) *Effect of Redemption; Insufficient Funds.* From and after each Series B Redemption Date or Series Preferred Redemption Date, as applicable, unless there shall have been a default in payment of the Series B Redemption Price or Series Preferred Redemption Price, all rights of the holders of shares of Series B Preferred Stock or Series Preferred Stock, as applicable (except the right to receive the applicable Redemption Price without interest upon surrender of their certificate or certificates), shall cease with respect to the shares redeemed on such Series B Redemption Date or Series Preferred Redemption Date, and such shares shall not thereafter be transferred on the books of the Company or be deemed to be outstanding for any purpose whatsoever. If the funds of the Company legally available for redemption of shares of Series B Preferred Stock or Series Preferred Stock on any Series B Redemption Date or Series Preferred Redemption Date, as applicable, are insufficient to redeem the total number of shares of Series B Preferred Stock or Series Preferred Stock to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of such shares ratably among the holders of such shares to be redeemed based upon the total Series B

Redemption Price or Series Preferred Redemption Price applicable to each such holder's shares of Series B Preferred Stock or Series Preferred Stock which are subject to redemption on such Series B Redemption Date or Series Preferred Redemption Date, as applicable. The shares of Series B Preferred Stock or Series Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein. At any time thereafter when additional funds of the Company are legally available for the redemption of shares of Series B Preferred Stock or Series Preferred Stock, such funds will immediately be used to redeem the balance of the shares which the Company has become obliged to redeem on any Series B Redemption Date or Series Preferred Redemption Date, as applicable, but which it has not redeemed.

(e) *Redemption Fund.* On or prior to each Series B Redemption Date or Series Preferred Redemption Date, as applicable, the Company shall deposit the Series B Redemption Price or Series Preferred Redemption Price of all shares of Series B Preferred Stock or Series Preferred Stock, as applicable, designated for redemption on such Series B Redemption Date or Series Preferred Redemption Date, and not yet redeemed or converted, with a bank or trust corporation having aggregate capital and surplus in excess of \$100,000,000 as a trust fund for the benefit of the respective holders of the shares designated for redemption and not yet redeemed, with irrevocable instructions and authority to the bank or trust corporation to publish the notice of redemption thereof and pay the applicable Series B Redemption Price or Series Preferred Redemption Price for such shares to their respective holders on or after the Series B Redemption Date or Series Preferred Redemption Date, upon receipt of notification from the Company that such holder has surrendered such holder's share certificate to the Company pursuant to Section 6(c) above. As of the date of such deposit (even if prior to the applicable Series B Redemption Date or Series Preferred Redemption Date), the deposit shall constitute full payment of the shares to their holders, and from and after the date of the deposit the shares so called for redemption shall be redeemed and shall be deemed to be no longer outstanding, and the holders thereof shall cease to be stockholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust corporation payment of the applicable Series B Redemption Price or Series Preferred Redemption Price of the shares, without interest, upon surrender of their certificates therefor, and the right to convert such shares as provided in Section 4 hereof. Such instructions shall also provide that any monies deposited by the Company pursuant to this Section 6(e) for the redemption of shares thereafter converted into shares of the Company's Common Stock pursuant to Section 4 hereof prior to the Series B Redemption Date or Series Preferred Redemption Date shall be returned to the Company forthwith upon such conversion. The balance of any monies deposited by the Company pursuant to this Section 6(e) remaining unclaimed at the expiration of one (1) year following the applicable Series B Redemption Date or Series Preferred Redemption Date shall thereafter be returned to the Company upon its request expressed in a resolution of its Board of Directors.

7. *Notices.* Any notice, demand, offer, request or other communication required or permitted to be given by the Company to the holders of Preferred Stock pursuant to this Article IV shall be in writing and shall be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) upon confirmed transmission of delivery by facsimile, (iv) one (1) business day after being deposited with an overnight courier (with receipt of appropriate delivery) service or (v) four (4) days after being deposited in the U.S. mail, First Class with postage prepaid, and addressed to each holder of record at such holder's address appearing on the books of the Company.

8. *Status of Converted and Redeemed Stock.* In case any shares of Preferred Stock shall be converted pursuant to Section 4 hereof or redeemed pursuant to Section 6 hereof, the shares so converted or redeemed shall be cancelled and may not be reissued.

V

Common Stock. In addition to any other vote required by law, the affirmative vote of at least a majority of the then outstanding shares of Common Stock, voting together as a class, shall be required to:

1. consummate the liquidation, dissolution or winding up of the Company; or
2. amend this Article V.

VI

Perpetual Existence. The Company is to have perpetual existence.

VII

Amendment, Repeal of Bylaws. In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors of the Company is expressly authorized to adopt, amend or repeal the Bylaws of the Company.

VIII

1. *Limitation of Directors' and Officers' Liability.* To the fullest extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended, a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exception from liability or limitation thereof is not permitted under the Delaware General Corporation Law as the same exists or may hereafter be amended. Neither any amendment nor repeal of this Article, nor the adoption of any provisions of this Fourth Amended and Restated Certificate of Incorporation inconsistent with this Article, shall eliminate or reduce the effect of this Article in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

To the fullest extent permitted by applicable law, this Company is authorized to provide indemnification of (and advancement of expenses to) directors, officers, employees and other agents of this Company (and any other persons to which Delaware law permits this Company to provide indemnification), through bylaw provisions, agreements with any such director, officer, employee or other agent or other person, vote of stockholders or disinterested directors, or otherwise, in excess of the indemnification and advancement otherwise permitted by the Delaware General Corporation Law, subject only to limits created by applicable Delaware law (statutory or nonstatutory), with respect to actions for breach of duty to a corporation, its stockholders and others.

2. ***Repeal or Modification.*** Neither any amendment, repeal or modification of the foregoing provisions of this Article IX by the stockholders of this Company, nor the adoption of any provision of this Company's Fourth Amended and Restated Certificate of Incorporation inconsistent with this Article IX, shall adversely affect any right or protection of an agent of the Company existing at the time of such amendment, repeal or modification.

IN WITNESS WHEREOF, AOptix Technologies, Inc. has caused this Fourth Amended and Restated Certificate of Incorporation to be signed by its President and Chief Executive Officer on this 24th day of February, 2002.

AOPTIX TECHNOLOGIES, INC.

By F. Shakib
Name: Farshad Shakib
Title: President and Chief Executive Officer

[Signature Page to Fourth Amended and Restated Certificate of Incorporation]