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File Number

5485-727-6

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DEPT-01 RECORDING \$59.50
 T4003 TRAN 1067 06/28/96 12:54:00
 16056 & RB #-96-500052
 COOK COUNTY RECORDER

State of Illinois
 Office of
 The Secretary of State

Whereas, ARTICLES OF AMENDMENT RESTATING THE ARTICLES OF INCORPORATION OF PACKAGING SYSTEMS, INC. INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS HAVE BEEN FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE BUSINESS CORPORATION ACT OF ILLINOIS IN FORCE JULY 1, A.D. 1984.

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Now Therefore, I, George H. Ryan, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate and attach hereto a copy of the Application of the aforesaid corporation.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, at the City of Springfield, this 14TH day of JUNE A.D. 19 96 and of the Independence of the United States the two hundred and 20TH



George H. Ryan

Secretary of State

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Seal of Cook County

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RESTATED

Form **BCA-10.30**

ARTICLES OF AMENDMENT

(Rev. Jan. 1995)

File # 5485-727-6

George H. Ryan
Secretary of State
Department of Business Services
Springfield, IL 62756
Telephone (217) 782-1832

FILED

SUBMIT IN DUPLICATE

This space for use by
Secretary of State

Date 6/14/96
Franchise Tax \$
Filing Fee \$ 100.00
Penalty \$
Approved [Signature]

Remit payment in check or money order, payable to "Secretary of State."

JUN 14 1996

GEORGE H. RYAN
SECRETARY OF STATE

*The filing fee for articles of amendment - \$25.00

PACKAGING SYSTEMS, INC.

1. CORPORATE NAME:

(Note 1)

2. MANNER OF ADOPTION OF AMENDMENT:

The following amendment of the Articles of Incorporation was adopted on May 24, 1996

19 ____ in the manner indicated below. ("X" one box only)

By a majority of the incorporators, provided no directors were named in the articles of incorporation and no directors have been elected;

(Note 2)

By a majority of the board of directors, in accordance with Section 10.10, the corporation having issued no shares as of the time of adoption of this amendment;

(Note 2)

By a majority of the board of directors, in accordance with Section 10.15, shares having been issued but shareholder action not being required for the adoption of the amendment;

(Note 3)

By the shareholders, in accordance with Section 10.20, a resolution of the board of directors having been duly adopted and submitted to the shareholders. At a meeting of shareholders, not less than the minimum number of votes required by statute and by the articles of incorporation were voted in favor of the amendment;

(Note 4)

By the shareholders, in accordance with Sections 10.20 and 7.10, a resolution of the board of directors having been duly adopted and submitted to the shareholders. A consent in writing has been signed by shareholders having not less than the minimum number of votes required by statute and by the articles of incorporation. Shareholders who have not consented in writing have been given notice in accordance with Section 7.10;

(Notes 4 & 5)

By the shareholders, in accordance with Sections 10.20 and 7.10, a resolution of the board of directors having been duly adopted and submitted to the shareholders. A consent in writing has been signed by all the shareholders entitled to vote on this amendment.

(Note 5)

3. TEXT OF AMENDMENT:

a. When amendment effects a name change, insert the new corporate name below. Use Page 2 for all other amendments.

Article 1: The name of the corporation is:

EXPEDITED

(NEW NAME)

JUN 14 1996

SECRETARY OF STATE

All changes other than name, include on page 2
(over)

96:CC052

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Text of Amendment

- b. *(If amendment affects the corporate purpose, the amended purpose is required to be set forth in its entirety. If there is not sufficient space to do so, add one or more sheets of this size.)*

This filing restates but does not further amend the Articles of Incorporation of the corporation. See Exhibit A hereto for the text of the restatement.

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EXHIBIT A TO FORM BCA-10.30 RESTATED ARTICLES OF AMENDMENT

PACKAGING SYSTEMS, INC.

ARTICLE ONE: The name of the Corporation is PACKAGING SYSTEMS, INC. The Corporation was formed on November 3, 1987 under the name Packaging Systems, Inc.

ARTICLE TWO: The address of the registered office of the Corporation on the date hereof is 3500 Three First National Plaza, Chicago, Illinois 60602, in Cook County. The name of the registered agent of the Corporation at that address is James T. Easterling.

ARTICLE THREE: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Illinois Business Corporation Act of 1983, as the same now exists or may be hereafter amended, including, but not limited to, the manufacturing, marketing, and selling of packaging machines, packaging systems and plastic bags and corrugated box packaging materials and design services and providing project management related thereto.

ARTICLE FOUR: The authorized shares of the Corporation are as follows:

Paragraph 4.1. The total number of shares of all classes of stock which the Corporation shall have authority to issue is One Million Forty Thousand (1,040,000), One Million (1,000,000) of which shares are of a class designated "Common Stock", without par value, and Forty Thousand (40,000) of which shares are of a class designated "Preferred Stock", having a par value of \$100.00 per share. Forty Thousand (40,000) of the shares of the class designated Preferred Stock shall be of a series designated "Series A Preferred Stock".

Paragraph 4.2. The preferences, qualifications, limitations, restrictions and special or relative rights of the Common Stock are as follows:

4.2.1 Voting Rights. Except as otherwise required by law or expressly provided herein, each share of Common Stock shall entitle the holder thereof to one vote on each matter submitted to a vote of the shareholders of the Corporation.

4.2.2 Dividend Rights. Subject to the provisions of law and of the rights of holders of the Preferred Stock, the holders of the Common Stock shall be entitled to receive dividends at such times and in such amounts as may be determined from time to time by the Board of Directors of the Corporation.

4.2.3 Liquidation Rights. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (a "Liquidation"), after payment or provision for payment of the debts and other liabilities of the Corporation and the preferential

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amounts to which the holders of any outstanding Preferred Stock now or hereafter authorized shall be entitled upon such Liquidation, the holders of the Common Stock shall be entitled to share ratably in the remaining assets of the Corporation based upon the number of shares of Common Stock then held by such holders.

Paragraph 4.3. The preferences, qualifications, limitations, restrictions and special or relative rights of the Series A Preferred Stock are as follows:

4.3.1 Rank. As to distributions upon Liquidation, the Series A Preferred Stock shall rank senior to the Common Stock.

4.3.2 Voting Rights.

(a) Except as otherwise required by law or expressly provided herein, each share of Series A Preferred Stock shall entitle the holder thereof to vote on all matters submitted to a vote of the shareholders of the Corporation and to have the number of votes equal to the number of shares of Common Stock into which such share of Series A Preferred Stock is then convertible pursuant to the provisions hereof assuming for this purpose only that shares of Series A Preferred Stock are convertible into fractional shares, at the record date for the determination of shareholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited. Except as otherwise required by law or expressly provided herein, the holders of shares of Series A Preferred Stock and Common Stock shall vote together and not as separate classes.

(b) On and after the second anniversary of the date of the original issuance of Series A Preferred Stock pursuant to the Series A Purchase Agreement, the holders of the Series A Preferred Stock shall be entitled, voting as a separate class, to elect one director of the Corporation at each annual election of directors by the affirmative vote or consent of the holders of a majority of the outstanding shares of Series A Preferred Stock. The holders of the Series A Preferred Stock and the Common Stock, voting together as a single class as hereinbefore described, shall be entitled to elect the remaining directors of the Corporation. In the case of a vacancy in the office of the director elected by the holders of the Series A Preferred Stock, voting as a single class as hereinbefore described, such vacancy may be filled by the holders of a majority of the Series A Preferred Stock at a special meeting of the holders of the Series A Preferred Stock duly called for that purpose or pursuant to a written consent of a majority of such shareholders. Any director who shall have been elected by the holders of a class of stock (with the Series A Preferred Stock and Common Stock being treated as a single class (voting as hereinbefore described) and the Series A Preferred Stock being treated as another class) may be removed either with or without cause, by, and only by, the affirmative vote of the holders of a majority of the shares of the class of stock who elected such director or directors, given either at a special meeting of such shareholders duly called for the purpose or pursuant to a written consent of a majority of shareholders, and any vacancy thereby created may be filled by the holders of that class of stock represented at such meeting or pursuant to such written consent.

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4.3.3 Dividend Rights.

(a) The holders of shares of Series A Preferred Stock shall be entitled to receive, out of any assets legally available therefor and prior and in preference to the payment or declaration and setting aside for payment of any dividends on the Common Stock, preferential dividends on each share of Series A Preferred Stock (the "Series A Dividends"). The Series A Dividends shall accrue at an annual rate of 8% per annum of the Series A Cost (as hereinafter defined) thereof from and including the second anniversary of the date of issuance of each such share of Series A Preferred Stock and shall be paid if, as and when declared by the Board of Directors of the Corporation. The Series A Dividends shall accrue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends. The Series A Dividends shall be cumulative such that all such accrued and unpaid dividends shall be fully paid or declared with funds irrevocably set apart for payment before any dividend, distribution or payment may be made with respect to the Common Stock. Notwithstanding anything herein to the contrary, all accrued and unpaid Series A Dividends shall be paid in full in cash upon the conversion of the Series A Preferred Stock into Common Stock pursuant to Paragraph 4.3.6 hereof. The date on which the Corporation initially issues any share of Series A Preferred Stock shall be deemed to be its "date of issuance" regardless of the number of times transfer of such share is made or the stock records maintained by or for the Corporation and regardless of the number of certificates which may be issued to evidence such share.

(b) Except as otherwise provided herein, if at any time the Corporation pays less than the total amount of the Series A Dividends then accrued or declared and payable with respect to the Series A Preferred Stock, such payment shall be distributed ratably among the holders of the Series A Preferred Stock based upon the number of shares of such series held by each such holder.

4.3.4 Liquidation Rights.

(a) In the event of any Liquidation, each holder of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation legally available for distribution to its shareholders, before any payment or declaration and setting apart for payment of any amount shall be made in respect of the Common Stock, an amount equal to the Series A Liquidation Price (as hereinafter defined) per share of Series A Preferred Stock held by such holder. If upon any Liquidation, the assets to be distributed to the holders of the Series A Preferred Stock shall be insufficient to permit the payment in full to such holders of the aforesaid preferential amounts, then all of the assets of the Corporation available for distribution to the holders of the Series A Preferred Stock shall be distributed to such holders ratably in proportion to the full preferential amount each such holder is otherwise entitled to receive.

(b) If any of the assets of the Corporation are to be distributed other than in cash under this Paragraph 4.3.4 or for any other purpose, then the Board of Directors of the Corporation shall promptly engage independent competent appraisers to determine the value of the assets to be distributed to the holders of the Series A Preferred Stock or the Common Stock. The Corporation shall, upon receipt of such appraiser's valuation, give prompt written notice to each holder of shares of the Series A Preferred Stock of the appraiser's valuation.

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(c) A Change in Ownership (as hereinafter defined in Section 4.3.7), Fundamental Change (as hereinafter defined Section 4.3.7) or other reorganization in which the shareholders of this Corporation immediately prior to the transaction possess less than 50% of the voting power of the surviving entity (or its parent) immediately after the transaction shall be deemed to be a Liquidation within the meaning of this Paragraph 4.3.4, unless the holders of a majority of the Series A Preferred Stock elect by written notice to the Corporation that such Change in Ownership, Fundamental Change or reorganization shall not be deemed a Liquidation.

(d) The Corporation will also give written notice to the holders of shares of Series A Preferred Stock as soon as possible but in any event at least twenty (20) days prior to the date on which any such Change in Ownership, Fundamental Change or reorganization will take place.

(e) Nothing contained in this Paragraph 4.3.4 shall be deemed to prevent any holder of the Series A Preferred Stock from exercising such holder's right of conversion pursuant to Paragraph 4.3.6 hereof with respect to any share of Series A Preferred Stock at any time prior to a Liquidation, including the giving of any notice of such Liquidation.

4.3.5 Redemption.

(a) The holders of a majority of the Series A Preferred Stock may elect, upon ninety (90) days prior written notice, to require the Corporation to redeem, at any time on or after the third anniversary of the date of the original issuance of Series A Preferred Stock pursuant to the terms of the Series A Purchase Agreement, all of the Series A Preferred Stock at a price per share equal to the Series A Liquidation Price by giving written notice to the Corporation of such election (the "Series A Put Notice"). Within five (5) days of receipt of the Series A Put Notice, the Corporation shall give written notice of such election to all other holders of Series A Preferred Stock. The Corporation shall be obligated to redeem all shares of Series A Preferred Stock at a price per share equal to the Series A Liquidation Price, payable in full in cash upon the ninetieth day after the date of the Series A Put Notice or such later date as the holders of a majority of the Series A Preferred Stock may designate in the Series A Put Notice (the "Put Date"). If the funds of the Corporation legally available for redemption of shares of Series A Preferred Stock on the Put Date are insufficient to redeem all shares of Series A Preferred Stock on such date, then those funds which are legally available shall be used to redeem the maximum possible number of shares of Series A Preferred Stock, allocated ratably among the holders of all shares of Series A Preferred Stock based upon the number of such shares held by such holders. At the end of any subsequent calendar quarter, if additional funds of the Corporation are legally available for the redemption of shares of Series A Preferred Stock, then such funds shall immediately be used to redeem the balance of the shares of Series A Preferred Stock which the Corporation has become obligated to redeem on the Put Date but which it has not redeemed.

(b) The Corporation may elect ("Call Option"), upon ninety (90) days prior written notice to the holders of Series A Preferred Stock, to redeem, at any time on or after the third anniversary of the date of the original issuance of Series A Preferred Stock pursuant to the terms of

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the Series A Purchase Agreement, all of the Series A Preferred Stock at a price per share equal to the Series A Liquidation Price (the "Series A Call Notice"). If the Corporation gives the Series A Call Notice, the Corporation shall be obligated to redeem all shares of Series A Preferred Stock at a price per share equal to the Series A Liquidation Price, payable in full in cash on the ninetieth day after the date of the Series A Call Notice or such later date as the Company may designate in the Series A Call Notice (the "Call Date"). Notwithstanding the foregoing, in the event the holders of a majority of the Series A Preferred Stock makes an Initial Offer (pursuant to and as defined in Section 9(a) of the Shareholders Agreement), the Corporation's Call Option right shall terminate and have no further force or effect.

(c) So long as any shares of Series A Preferred Stock are outstanding, no shares of Common Stock will be redeemed, purchased or otherwise acquired for any consideration and no moneys shall be paid to or made available for a sinking fund for the redemption of any shares of such stock by the Corporation. The Corporation will not permit any Subsidiary to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation would be permitted, pursuant to this Paragraph 4.3.5, to purchase or otherwise acquire such shares at such time and in such manner.

(d) Nothing contained in this Paragraph 4.3.5 shall be deemed to prevent any holder of the Series A Preferred Stock from exercising such holder's right of conversion pursuant to Paragraph 4.3.6 hereof with respect to any share of Series A Preferred Stock at any time prior to the redemption of shares of Series A Preferred Stock, including after the giving of any notice of such repurchase.

(e) The Corporation shall not, and shall not permit any Subsidiary of the Corporation to, purchase or acquire any shares of Series A Preferred Stock other than pursuant to the terms of this Paragraph 4.3.5 or pursuant to an offer made on the equivalent terms to all holders of Series A Preferred Stock at the time outstanding or pursuant to the Shareholders Agreement.

4.3.6 Conversion.

(a) Conversion Procedure.

(i) Any holder of shares of Series A Preferred Stock may at any time convert all or any number of such shares held by such holders into a number of shares of Common Stock computed by multiplying the number of such shares to be converted by the Series A Cost and dividing the result by the Series A Conversion Price (as hereinafter defined) then in effect.

(ii) Each conversion of shares of Series A Preferred Stock will be deemed to have been effected as of the close of business on the date on which the certificate or certificates representing such shares to be converted have been surrendered at the principal office of the Corporation. At such time as such conversion has been effected, the rights of each converting holder of such shares of Series A Preferred Stock as a holder will cease and the person (or entity) or persons (or entities) in whose name or names any certificate or certificates for shares of Common

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Stock are to be issued upon such conversion will be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby.

(iii) As soon as possible after a conversion has been effected, the Corporation will deliver to the converting holder:

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

(B) payment in an amount equal to all accrued or declared and unpaid Series A Dividends, if any, with respect to each share converted, plus the amount payable under subparagraph (vii) below with respect to such conversion; and

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

(iv) If for any reason the Corporation is unable to pay any accrued or declared and unpaid Series A Dividends with respect to the shares of Series A Preferred Stock being converted, the Corporation will pay such dividends to the converting holder as soon thereafter as funds of the Corporation are legally available for such payment with interest thereon at the Prime Rate. At the request of any such converting holder, the Corporation will provide such holder with written evidence of its obligation to such holder.

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

(vi) The Corporation will not close its books against the transfer of shares of Series A Preferred Stock or of Common Stock issued or issuable upon conversion of shares of Series A Preferred Stock in any manner which interferes with the timely conversion of shares of Series A Preferred Stock.

(vii) If any fractional interest in a share of Common Stock would, except for the provisions of this subsection (vii), be deliverable upon any conversion of shares of Series A Preferred Stock, the Corporation, in lieu of delivering the fractional share therefor, will pay an amount to the holder thereof equal to the Market Price of such fractional interest as of the date of conversion. "Market Price" of any security means the average of the closing prices of such security's sales on all securities exchanges on which such security may at the time be listed, or, if

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there has been no sale on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day such security is not so listed, the average of the closing prices quoted in The NASDAQ Market as of 4:00 P.M., New York time, or, if on any day such security is not quoted in The NASDAQ Market, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, in each such case averaged over a period of 21 days consisting of the day as of which "Market Price" is being determined and the 20 consecutive business days prior to such day. If at any time such security is not listed on any securities exchange or quoted in The NASDAQ Market or the over-the-counter market, the "Market Price" will be the fair value thereof reasonably determined in good faith by the Board of Directors of the Corporation.

(b) Series A Conversion Price.

(i) The initial Series A Conversion Price for the Series A Preferred Stock will be \$100. In order to prevent dilution of the conversion rights granted under this Paragraph 4.3.6, the Series A Conversion Price will be subject to adjustment from time to time pursuant to this Paragraph 4.3.6. Notwithstanding anything herein to the contrary, the Series A Conversion Price shall in no event be adjusted to greater than \$100 (such amount to be adjusted proportionately in the event shares of Series A Preferred Stock are subdivided into a greater number or combined into a lesser number).

(ii) If and whenever on or after the original date of issuance of shares of Series A Preferred Stock the Corporation issues or sells, or in accordance with Paragraph 4.3.6(c) is deemed to have issued or sold, any share of its Common Stock for a consideration per share less than the Series A Conversion Price in effect immediately prior to the time of such issue or sale, then forthwith upon such issue or sale, or deemed issuance or sale, the Series A Conversion Price will be reduced, in order to increase the number of shares of Common Stock into which the Series A Preferred Stock is convertible, to that price per share determined by multiplying the Series A Conversion Price in effect immediately prior to such issuance or sale, or deemed issuance or sale, by a fraction (x) the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance or deemed issuance of such Common Stock plus the number of shares of Common Stock which the aggregate consideration (if any) received by the Corporation for the total number of such shares of Common Stock so issued or sold or deemed issued or sold would purchase at the then effective Series A Conversion Price, and (y) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue or sale or deemed issuance or sale plus the number of such shares of Common Stock so issued or sold or deemed issued or sold; provided, however, that additional shares of Common Stock issued or sold (or deemed issued or sold) without consideration shall be deemed to have been issued or sold for \$0.001 per share.

(c) Effect on Series A Conversion Price of Certain Events. For purposes of determining the adjusted Series A Conversion Price under Paragraph 4.3.6(b), the following will be applicable:

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(i) Issuance of Options. If the Corporation in any manner grants any rights or options to subscribe for or to purchase Common Stock or any stock or other securities convertible into or exchangeable for Common Stock (such rights or options being herein called "Options" and such convertible or exchangeable stock or securities being herein called "Convertible Securities") and the price per share for which Common Stock is issuable upon the exercise of such Options or upon conversion or exchange of such Convertible Securities is less than the Series A Conversion Price in effect immediately prior to the time of the granting of such Options, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of such Convertible Securities will be deemed to be outstanding and to have been issued and sold by the Corporation for such price per share. For purposes of this Paragraph 4.3.6(c)(i), the "price per share for which Common Stock is issuable" will be determined by dividing (A) the total amount, if any, received or receivable by the Corporation as consideration for the granting of such Options, plus the minimum aggregate amount of additional consideration payable to the Corporation upon exercise of all such Options, plus in the case of such Options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the issuance or sale of such Convertible Securities and the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the exercise of Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options. No further adjustment of the Series A Conversion Price will be made when Convertible Securities are actually issued upon the exercise of such Options or when Common Stock is actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities. If the Corporation in any manner issues or sells any Convertible Securities and the price per share for which Common Stock is issuable upon such conversion or exchange is less than the Series A Conversion Price in effect immediately prior to the time of such issue or sale, then the maximum number of shares of Common Stock issuable upon conversion or exchange of such Convertible Securities will be deemed to be outstanding and to have been issued and sold by the Corporation for such price per share. For the purposes of this Paragraph 4.3.6(c)(ii), the "price per share for which Common Stock is issuable" will be determined by dividing (A) the total amount received or receivable by the Corporation as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities. No further adjustment of the Series A Conversion Price will be made when Common Stock is actually issued upon the conversion or exchange of such Convertible Securities, and if any such issue or sale of such Convertible Securities is made upon exercise of any Options for which adjustments of the Series A Conversion Price had been or are to be made pursuant to other provisions of this Paragraph 4.3.6, no further adjustment of the Series A Conversion Price will be made by reason of such issue or sale.

(iii) Change in Option Price or Conversion Rate. If the purchase price provided for in any Options, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities, or the rate at which any Convertible Securities are

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convertible into or exchangeable for Common Stock change at any time, and such change is not due solely to the operation of anti-dilution provisions similar in nature to those set forth in this Paragraph 4.3.6, the Series A Conversion Price in effect at the time of such change will be readjusted to the Series A Conversion Price which would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or changed conversion rate, as the case may be, at the time initially granted, issued or sold; provided that if such adjustment would result in an increase of the Series A Conversion Price then in effect, such adjustment will not be effective until thirty (30) days after written notice thereof has been given by the Corporation to all holders of shares of Series A Preferred Stock (except no notice need be given and no delay in such adjustment shall occur if such adjustment is made pursuant to the terms of such Options or Convertible Securities upon their original issuance)

(iv) Treatment of Expired Options and Unexercised Convertible Securities. Upon the expiration of any Option or the termination of any right to convert or exchange any Convertible Security without the exercise of any such Option or right, the Series A Conversion Price then in effect hereunder will be adjusted to the Series A Conversion Price which would have been in effect at the time of such expiration or termination had such Option or Convertible Security, to the extent outstanding immediately prior to such expiration or termination, never been issued. No adjustment made pursuant to this Paragraph 4.3.6(c)(iv) shall have the effect of increasing the Series A Conversion Price by an amount in excess of the amount of the adjustment made in respect of the issuance of such Options or Convertible Securities.

(v) Calculation of Consideration Received. If any Common Stock, Option or Convertible Security is issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the net amount received by the Corporation therefor. In case any Common Stock, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Corporation will be the fair value of such consideration, except where such consideration consists of securities, in which case the amount of consideration received by the Corporation will be the Market Price thereof as of the date of receipt. If any Common Stock, Option or Convertible Security is issued in connection with any merger in which the Corporation is the surviving Corporation, the amount of consideration therefor will be deemed to be the fair value of such portion of the net assets and business of the non-surviving Corporation as is attributable to such Common Stock, Options or Convertible Securities, as the case may be. The fair value of any consideration other than cash and securities will be reasonably determined in good faith by the Board of Directors of the Corporation.

(vi) Integrated Transactions. In case any Option is issued in connection with the issue or sale of other securities of the Corporation, together comprising one integrated transaction in which no specific consideration is allocated to such Option by the parties thereto, the Option will be deemed to have been issued without consideration.

(vii) Treasury Shares. The number of shares of Common Stock outstanding at any given time does not include shares owned or held by or for the account of the

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Corporation or any subsidiary, and the disposition of any shares so owned or held will be considered an issue or sale of Common Stock.

(viii) Record Date. If the Corporation takes a record of the holders of Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock, Options or in Convertible Securities or (B) to subscribe for or purchase Common Stock, Options or Convertible Securities, then for purposes of this Paragraph 4.3.6 such record date will be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or upon the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(ix) Certain Events. If any event occurs of the type contemplated by the provisions of this Paragraph 4.3.6 but not expressly provided for by such provisions (including, without limitation, the granting of stock or capital appreciation rights, phantom stock rights or other rights with equity features), then the Board of Directors of the Corporation shall make an appropriate adjustment in the Series A Conversion Price so as to protect the rights of the holders of Series A Preferred Stock; provided that no such adjustment shall increase the Series A Conversion Price as otherwise determined pursuant to this Paragraph 4.3.6 or decrease the number of shares of Common Stock issuable upon conversion of each share of Series A Preferred Stock.

(x) Certain Exceptions. Anything herein to the contrary notwithstanding, no adjustment will be made to the Series A Conversion Price by reason of (i) the issuance of shares of Series A Preferred Stock pursuant to the Series A Purchase Agreement, (ii) the issuance of shares of Common Stock upon conversion of the Series A Preferred Stock and (iii) the issuance of shares of Common Stock upon a subdivision or combination of the Common Stock for which an adjustment to the Series A Conversion Price is made pursuant to Paragraph 4.3.6(d).

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

(e) Reorganization, Reclassification, Consolidation, Merger or Sale. Any capital reorganization, reclassification, consolidation or merger (other than a Liquidation within the meaning of Paragraph 4.3.4) which is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as an "Organic Change." Prior to the consummation of any Organic Change, the Corporation will make appropriate provisions (in form and substance satisfactory to the holders of a majority of the shares of Series A Preferred Stock then outstanding) to insure that each of the holders of Series A Preferred Stock with respect to all or any of the shares of Series A Preferred Stock held thereby will thereafter have the right to

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acquire and receive, in lieu of or in addition to the shares of Common Stock immediately theretofore acquirable and receivable upon the conversion of such holder's shares of Series A Preferred Stock, such shares of stock, securities or assets as such holder would have received in connection with such Organic Change if such holder had converted his Series A Preferred Stock immediately prior to such Organic Change. In any such case, the Corporation will make appropriate provisions (in form and substance satisfactory to the holders of a majority of the shares of Series A Preferred Stock then outstanding) to insure that the provisions of this Paragraph 4.3.6 will thereafter be applicable to Series A Preferred Stock (including, in the case of any such consolidation, merger or sale in which the successor corporation or purchasing corporation is other than the Corporation, an immediate adjustment of the Series A Conversion Price to the value for the Common Stock reflected by the terms of such Organic Change, and a corresponding immediate adjustment in the number of shares of Common Stock acquirable and receivable upon conversion of shares of Series A Preferred Stock, if the value so reflected is less than the Series A Conversion Price in effect immediately prior to such Organic Change. The Corporation will not effect any such Organic Change, unless prior to the consummation thereof, the successor Corporation resulting from such Organic Change assumes by written instrument (in form reasonably satisfactory to the holders of a majority of the shares of Series A Preferred Stock then outstanding), the obligation to deliver to each such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to acquire.

(f) Notices.

(i) Immediately upon any adjustment of the Series A Conversion Price, the Corporation will give written notice thereof to all holders of shares of Series A Preferred Stock, setting forth in reasonable detail and certifying the calculation of such adjustment.

(ii) The Corporation will give written notice to all holders of shares of Series A Preferred Stock as soon as possible but in any event at least twenty (20) days prior to the date on which the Corporation closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Stock, (B) with respect to any pro rata subscription offer to holders of the Common Stock or (C) for determining rights to vote with respect to any Organic Change or Liquidation.

(iii) The Corporation will also give written notice to the holders of shares of Series A Preferred Stock as soon as possible but in any event at least twenty (20) days prior to the date on which any Organic Change or Liquidation will take place.

(g) Purchase Rights. If at any time the Corporation grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of Common Stock ("Purchase Rights"), then each holder of shares of Series A Preferred Stock will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such holder could have acquired if such holder had held the number of shares of Common Stock acquirable upon conversion of such holder's shares of Series A Preferred Stock immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the

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record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

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

(i) **Taxes and Charges.** The Corporation will pay all taxes and other governmental charges that may be imposed in respect of the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock.

(j) **Protection of Conversion Rights.** The Corporation shall not amend its Articles of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or take any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Paragraph 4.3.6 and will take all actions that may be necessary or appropriate in order to protect the rights of the holders of shares of Series A Preferred Stock to convert such shares against impairment.

(k) **Automatic Conversion.** The shares of Series A Preferred Stock shall automatically be converted into shares of Common Stock at the Series A Conversion Price then in effect upon the closing of a Qualified Public Offering without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless certificates evidencing such shares of Series A Preferred Stock being converted are either delivered to the Corporation or any transfer agent or the holder notifies the Corporation or any transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection therewith. Upon the automatic conversion of Series A Preferred Stock, (i) the holders of such Series A Preferred Stock shall surrender the certificates representing such shares at the office of the Corporation or of any transfer agent for the Common Stock, and (ii) the Corporation shall pay to such holders in full and in cash the accrued or declared and unpaid Series A Dividends payable with respect to such shares. Thereupon, there shall be issued and delivered to such holder, promptly at such office and in his name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series A Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred.

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4.3.7 **Definitions.** As used in this Paragraph 4.3, the following terms have the following meanings:

"Change in Ownership" means any sale or issuance or series of sales and/or issuances of shares of the Corporation's capital stock by the Corporation or any holders thereof which results in any Person or group of affiliated Persons (other than the holders of the Common Stock and the Preferred Stock as of the date of the Series A Purchase Agreement) owning capital stock of the Corporation possessing the voting power (under ordinary circumstances) to elect a majority of the Corporation's Board of Directors.

"Fundamental Change" means (a) a sale or transfer of all or substantially all of the assets of the Corporation, or of the Corporation and its Subsidiaries on a consolidated basis, in any transaction or series of transactions and (b) any merger or consolidation to which the Corporation is a party, except for a merger in which the Corporation is the surviving Corporation and, after giving effect to such merger, the holders of the Corporation's outstanding capital stock immediately prior to the merger shall own the Corporation's outstanding capital stock possessing the voting power (under ordinary circumstances) to elect a majority of the Corporation's Board of Directors after such merger.

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

"Public Offering" means a firm commitment underwritten public offering of Common Stock to the public pursuant to a registration statement declared effective under the Securities Act of 1933, as amended, other than an offering made in connection with a business acquisition or combination or an employee benefit plan.

"Qualified Public Offering" means a Public Offering in which:

- (i) the aggregate net proceeds received by the Corporation in such Public Offering, equals or exceeds 20 Million Dollars (\$20,000,000);
- (ii) the price per share received by the Corporation in such Public Offering is equal to or greater than two times the Series A Conversion Price; and
- (iii) upon the closing of such Public Offering, the Common Stock will either be quoted on the National Association of Securities Dealers Automated Quotation System/National Market Systems ("NASDAQ System") or listed on the American Stock Exchange or the New York Stock Exchange.

"Prime Rate" means the prime rate as listed in *The Wall Street Journal* "Money Rates" section from time to time.

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"Series A Cost" means \$100 per share (such amount to be proportionately decreased in the event the Series A Preferred Stock is subdivided into a greater number or increased in the event the Series A Preferred Stock is combined into a lesser number).

"Series A Liquidation Price" means with respect to a share of Series A Preferred Stock the sum of the Series A Cost plus accrued or declared but unpaid Series A Dividends on such share.

"Series A Purchase Agreement" means that certain Series A Preferred Stock Purchase Agreement by and between the Corporation and Scholle Corporation, as such agreement may from time to time be amended in accordance with its terms.

"Shareholders Agreement" means that certain Shareholders Agreement, by and among the Corporation, Scholle Corporation, and the other Persons identified therein.

"Subsidiary" means any Corporation, association or other business entity of which securities or other ownership interests representing more than fifty percent (50%) of the ordinary voting power are, at the time as of which any determination is being made, owned or controlled by the Corporation or one or more Subsidiaries of the Corporation or by the Corporation and one or more Subsidiaries of the Corporation.

4.3.8 Miscellaneous.

(a) Notices. Except as otherwise expressly provided herein, all notices referred to in this Paragraph 4.3 shall be in writing and shall be delivered personally or by registered or certified mail, return receipt requested and postage prepaid, or by reputable overnight courier services, charges prepaid, and shall be deemed to have been given when personally delivered to such holder, one (1) business day after the same is delivered to such an overnight courier service, charges prepaid, or three (3) business days after the same has been so deposited in the United States mail, certified or registered mail, return receipt requested, postage prepaid, and addressed (i) to the Corporation, at its principal executive offices and (ii) to any holder of the Series A Preferred Stock, at such holder's address as it appears in the stock records of the Corporation (unless otherwise indicated by any such holder).

(b) Registration of Transfer. The Corporation shall keep at its principal office a register for the registration of the Series A Preferred Stock. Upon the surrender of any certificate representing the Series A Preferred Stock at such place, the Corporation shall, at the request of the record holder of such certificate, execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefor representing in the aggregate the number of shares of Series A Preferred Stock represented by the surrendered certificate. Each such new certificate shall be registered in such name and shall represent such number of shares of Series A Preferred Stock as is requested by the holder of the surrendered certificate and shall be substantially identical in form to the surrendered certificate.

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(c) Replacement of Certificates. Upon receipt of an affidavit of the registered holder of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing shares of Series A Preferred Stock, and, in the case of any such loss, theft or destruction, upon receipt of an indemnity, or, in the case of any such mutilation upon surrender of such certificate, the Corporation shall (at its expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares of Series A Preferred Stock represented by such lost, stolen, destroyed or mutilated certificate."

ARTICLE FIVE: The number of shares of each class of the Corporation issued on the date hereof and the amount of paid-in capital of the Corporation are as follows:

<u>Class</u>	<u>Par Value Per Share</u>	<u>Number of Shares Issued</u>	<u>Paid-In Capital</u>
Common	No par value	1,054.6	\$194,860.00
Series A Preferred Stock	\$100.00	-0-	-0-

ARTICLE SIX: N/A

ARTICLE SEVEN: N/A

ARTICLE EIGHT:

Paragraph 8.1: Amendments. The Articles of Incorporation of the Corporation, as now in effect, shall not be further amended, altered or repealed in any manner which would adversely alter or change the powers, preferences or special rights of any series of Preferred Stock without the affirmative vote or consent of the holders of a majority of the outstanding shares of such series, voting separately as a series; provided, however, that the powers, preferences or special rights of the Series A Preferred Stock may not be amended without the affirmative vote or consent of the holders of not less than 90% of the outstanding shares of the Series A Preferred Stock, voting as a class.

Paragraph 8.2: By-Laws. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is, by action of the full Board of Directors, expressly authorized to adopt, amend or repeal the by-laws of the Corporation.

Paragraph 8.3: Elections of Directors. Election of directors need not be by written ballot unless the by-laws of the Corporation so provide.

Paragraph 8.4: Indemnification of Directors and Officers. Each person who is or was a director or officer of the Corporation and each person who serves or served at the request of the Corporation as a director, officer or partner of another enterprise shall be indemnified by the Corporation in accordance with, and to the fullest extent authorized by, the Illinois Business Corporation Act of 1983, as the same now exists or may be hereafter amended. No amendment to or repeal of this Paragraph 8.4 shall apply to or have any effect on the rights of any individual

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referred to in this Paragraph 8.4 for or with respect to acts or omissions of such individual occurring prior to such amendment or repeal.

Paragraph 8.5: Limitation of Liability. To the fullest extent permitted by the Illinois Business Corporation Act of 1983, as the same now exists or may be hereafter amended, a director of the Corporation shall not be liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Paragraph 8.5 shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to the effective date of such amendment or repeal.

Paragraph 8.6: Denial of Cumulative Voting. The right of a holder of shares to cumulate his votes in elections of directors hereby is denied.

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4. The manner, if not set forth in Article 3b, in which any exchange, reclassification or cancellation of issued shares, or a reduction of the number of authorized shares of any class below the number of issued shares of that class, provided for or effected by this amendment, is as follows: (If not applicable, insert "No change")

No change

5. (a) The manner, if not set forth in Article 3b, in which said amendment effects a change in the amount of paid-in capital (Paid-in capital replaces the terms Stated Capital and Paid-in Surplus and is equal to the total of these accounts) is as follows: (If not applicable, insert "No change")

No change

(b) The amount of paid-in capital (Paid-in Capital replaces the terms Stated Capital and Paid-in Surplus and is equal to the total of these accounts) as changed by this amendment is as follows: (If not applicable, insert "No change")

No change

Before Amendment After Amendment

Paid-in Capital

\$ _____ \$ _____

(Complete either Item 6 or 7 below. All signatures must be in BLACK INK.)

6. The undersigned corporation has caused this statement to be signed by its duly authorized officers, each of whom affirms, under penalties of perjury, that the facts stated herein are true.

Dated 6/11/96, 19 96 PACKAGING SYSTEMS, INC.
attested by Beverly Schwan, Secretary and John H. Schwan, President

7. If amendment is authorized pursuant to Section 10.10 by the incorporators, the incorporators must sign below, and type or print name and title.

OR

If amendment is authorized by the directors pursuant to Section 10.10 and there are no officers, then a majority of the directors or such directors as may be designated by the board, must sign below, and type or print name and title.

The undersigned affirms, under the penalties of perjury, that the facts stated herein are true.

Dated _____, 19 _____

Four horizontal lines for signatures and names.

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NOTES and INSTRUCTIONS

- NOTE 1:** State the true exact corporate name as it appears on the records of the office of the Secretary of State, BEFORE any amendments herein reported.
- NOTE 2:** Incorporators are permitted to adopt amendments ONLY before any shares have been issued and before any directors have been named or elected. (§ 10.10)
- NOTE 3:** Directors may adopt amendments without shareholder approval in only seven instances, as follows:
- (a) to remove the names and addresses of directors named in the articles of incorporation;
 - (b) to remove the name and address of the initial registered agent and registered office, provided a statement pursuant to § 5.10 is also filed;
 - (c) to increase, decrease, create or eliminate the par value of the shares of any class, so long as no class or series of shares is adversely affected.
 - (d) to split the issued whole shares and unissued authorized shares by multiplying them by a whole number, so long as no class or series is adversely affected thereby;
 - (e) to change the corporate name by substituting the word "corporation", "incorporated", "company", "limited", or the abbreviation "corp.", "inc.", "co.", or "ltd." for a similar word or abbreviation in the name, or by adding a geographical attribution to the name;
 - (f) to reduce the authorized shares of any class pursuant to a cancellation statement filed in accordance with § 9.05,
 - (g) to restate the articles of incorporation as currently amended. (§ 10.15)
- NOTE 4:** All amendments not adopted under § 10.10 or § 10.15 require (1) that the board of directors adopt a resolution setting forth the proposed amendment and (2) that the shareholders approve the amendment.
- Shareholder approval may be (1) by vote at a shareholders' meeting (either annual or special) or (2) by consent, in writing, without a meeting.
- To be adopted, the amendment must receive the affirmative vote or consent of the holders of at least 2/3 of the outstanding shares entitled to vote on the amendment (or, if class voting applies, then also at least a 2/3 vote within each class is required).
- The articles of incorporation may supersede the 2/3 vote requirement by specifying any smaller or larger vote requirement not less than a majority of the outstanding shares entitled to vote and not less than a majority within each class when class voting applies. (§ 10.20)
- NOTE 5:** When shareholder approval is by consent, all shareholders must be given notice of the proposed amendment at least 5 days before the consent is signed. If the amendment is adopted, shareholders who have not signed the consent must be promptly notified of the passage of the amendment. (§§ 7.10 & 10.20)

C-173.9



AFTER RECORDING, PLEASE MAIL TO:

P.M. FUNKENBUSCH
Coffield Ungaretti & Harris
3500 Three First National Plaza
Chicago, Illinois 60602

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