

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: 2000-12-29 | Period of Report: 2000-12-28
SEC Accession No. 0000912057-00-055229

(HTML Version on secdatabase.com)

FILER

MARCHFIRST INC

CIK: **1009403** | IRS No.: **363797833** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-28166** | Film No.: **799390**
SIC: **8742** Management consulting services

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): December 28, 2000

marchFIRST, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

0-28166

36-3797833

(State or Other Jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

311 South Wacker Drive, Suite 3500, Chicago, Illinois

60606-6618

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code (312) 922-9200

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Item 5. Other Events.

On December 28, 2000, pursuant to a Stock Purchase Agreement dated as of December 13, 2000, Francisco Partners, L.P., through an affiliate ("Francisco Partners"), invested \$150 million in marchFIRST, Inc. ("marchFIRST"). Francisco Partners purchased 63,053 shares of marchFIRST's Series A 8% Senior Convertible Participating Preferred Stock and 86,947 shares of marchFIRST's Series B 12% Senior Participating Preferred Stock for \$1,000 per share. A

detailed description of the terms of these securities is contained in marchFIRST's Current Report on Form 8-K dated December 13, 2000.

In connection with this transaction, the Company amended its Bylaws to specifically provide that the directors who are entitled to be elected by holders of preferred stock shall be elected to one year terms instead of the staggered three year terms applicable to the other board members. A copy of the Third Amended and Restated Bylaws of the Company is filed as Exhibit 4.1.

On December 28, 2000, the Company issued a press release related to the completion of the transaction. A copy of the press release is filed as Exhibit 99.1.

Item 7. Financial Statements, Pro Forma
Financial Information and Exhibits.

(c) Exhibits

<TABLE>

<S>	<C>
4.1	Third Amended and Restated By-Laws of the Company as amended as of December 11, 2000.
4.2	Conformed copy of the Certificate of Designations, Preferences and Rights of Series A 8% Senior Convertible Participating Preferred Stock of the Company.
4.3	Conformed copy of the Certificate of Designations, Preferences and Rights of Series B 12% Senior Participating Preferred Stock of the Company.
99.1	Press Release dated December 28, 2000.

</TABLE>

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

marchFIRST, Inc.

Dated: December 29, 2000

By: /s/ ROBERT F. BERNARD

Robert F. Bernard, Chairman, Chief
Executive Officer

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EXHIBIT INDEX

<TABLE>

<CAPTION>

Exhibit No.

Exhibit

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4.1

Third Amended and Restated By-Laws of the Company as amended as of December 11, 2000.

4.2

Conformed copy of the Certificate of Designations, Preferences and Rights of Series A 8% Senior Convertible Participating Preferred Stock of the Company.

4.3

Conformed copy of the Certificate of Designations, Preferences and Rights of Series B 12% Senior Participating Preferred Stock of the Company.

99.1

Press Release dated December 28, 2000.

</TABLE>

THIRD AMENDED AND RESTATED
BY-LAWS OF
marchFIRST, Inc.
AS AMENDED AS OF DECEMBER 11, 2000

ARTICLE I

OFFICES

SECTION 1. REGISTERED OFFICE. The registered office shall be in the City of Wilmington, State of Delaware.

SECTION 2. OTHER OFFICES. The corporation may also have an office in the City of Chicago, Illinois, and also offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. PLACE OF MEETING. All meetings of the stockholders for the election of directors shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 2. TIME OF ANNUAL MEETING. Annual meetings of stockholders shall be held on the second Wednesday in June if not a legal holiday, and if a legal holiday, then on the next business day following, at 10:00 a.m., or at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which the stockholders shall elect directors to succeed those whose terms then expire and transact such other business as may properly be brought before the meeting. No stockholder shall have cumulative voting rights.

SECTION 3. NOTICE OF ANNUAL MEETING. Written or printed notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten or more than sixty days before the date of the meeting.

SECTION 4. VOTING LISTS. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting

of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the

examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 5. SPECIAL MEETINGS. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the chairman of the board or the president.

SECTION 6. NOTICE OF SPECIAL MEETINGS. Written or printed notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

SECTION 7. BUSINESS TO BE TRANSACTED.

(a) Nominations of persons for election to the board of directors of the corporation and the proposal of business to be transacted by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the corporation's notice with respect to such meeting, (ii) by or at the direction of the board of directors or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 7, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this Section 7.

(b) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a) of this Section 7, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation and such business must be a proper matter for stockholder action under the General Corporation Law of the State of Delaware. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the corporation not less than sixty (60) days nor more than ninety (90) days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the

day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a

nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (A) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner and (B) the class and number of shares of the corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(c) Notwithstanding anything in the second sentence of paragraph (B) of this by-law to the contrary, in the event that the number of directors to be elected to the board of directors of the corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased board of directors made by the corporation at least seventy (70) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this by-law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the corporation.

(d) Only persons nominated in accordance with the procedures set forth in this Section 7 shall be eligible to serve as directors and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 7. The chair of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these by-laws and, if any proposed nomination or business is not in compliance with these by-laws to declare that such defective proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

(e) For purposes of this section, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section

13, 14 or 15(d) of the Exchange Act.

(f) Notwithstanding the foregoing provisions of this by-law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this by-law. Nothing in this Section 7 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

SECTION 8. QUORUM AND ADJOURNMENTS. A majority of the shares entitled to vote, present in person and represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation; provided, however, that with respect to any matter on which any class of stock is entitled to vote separately as a class, the holders of a majority of the voting power represented by the issued and outstanding shares of such class, present in person and represented by proxy, shall constitute a quorum for purposes of such matter. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been reacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 9. VOTE REQUIRED. When a quorum is present at any meeting, the vote of the holders of a majority of the voting power present in person or represented by proxy shall decide any question brought before such meeting, except for (i) the election of directors as provided for in Article III hereof, and (ii) any question upon which, by express provision of a statute or of the certificate of incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

SECTION 10. VOTING RIGHTS. Except to the extent required by statute or the certificate of incorporation or any amendments thereto, each holder of Common Stock shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of Common Stock held by such stockholder.

SECTION 11. PROXIES. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

ARTICLE III

DIRECTORS

SECTION 1. NUMBER AND TERM OF OFFICE. The number of directors shall be established from time to time by resolution of the board. The directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote in the election of directors. The directors shall be elected in this manner at the annual meeting of the stockholders, except as provided in

Section 2 of this Article III. Each director elected shall hold office until a successor is elected and qualified or until his earlier death, resignation or removal, as hereinafter provided. Except for directors who are entitled pursuant to the certificate of incorporation or certificates of designation to be elected by holders of preferred stock (and who shall be elected for one year terms), the directors shall be divided into three classes. The term of office of the first class shall expire at the annual meeting next ensuing; of the second class, one year thereafter; and of the third class, two years thereafter; and at each annual election held after such classification and election, directors shall be chosen for a full three-year term to succeed those whose terms expire. Directors need not be stockholders.

SECTION 2. VACANCIES. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until the next election of the class for which such directors shall have been chosen, and until their successors shall be duly elected and qualified. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

SECTION 3. GENERAL POWERS. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or these by-laws directed or required to be exercised or done by the stockholders.

ARTICLE IV

MEETINGS OF THE BOARD OF DIRECTORS

SECTION 1. PLACE OF MEETING. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

SECTION 2. REGULAR MEETINGS. A regular meeting of the board of directors shall be held without other notice than this by-law, immediately after, and at the same place as, the annual meeting of stockholders. At least one regular

meeting shall be held in each period of two calendar months. Regular meetings may be called by the board of directors or by any two members of the board of directors. The board of directors may provide, by resolution, the time and place, either within or without the State of Delaware, for the holding of additional regular meetings without other notice than such resolution.

SECTION 3. SPECIAL MEETINGS. Special meetings of the board may be called by the chairman of the board or the president on three days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of any two or more directors.

SECTION 4. QUORUM. Except as otherwise provided herein, a quorum urn at any meeting of the board of directors shall consist of a majority of the number of members of the board of directors then serving. A quorum shall be required for any action to be taken at a meeting of the board of directors. Except as otherwise provided in this Article, the affirmative vote of a majority of the members of the board of directors at a meeting at which a quorum is present shall be the act of the board of directors. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 5. RESIGNATIONS. Any director of the corporation may resign at any time by giving written notice to the board of directors, the chairman of the board, the president, or the secretary of the corporation. Such resignation shall take effect at the time specified therein; and, unless tendered to become effective only upon acceptance thereof., the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6. REMOVAL. At any meeting of the stockholders any director or directors may be removed from office for cause by a majority of the voting power entitled to vote in elections of directors.

SECTION 7. INFORMAL ACTION. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

SECTION 8. PRESUMPTION OF ASSENT. A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be conclusively presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a

director who voted in favor of such action.

ARTICLE V

COMMITTEES OF DIRECTORS

SECTION 1. APPOINTMENT AND POWERS. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation, including a Compensation Committee and an Audit Committee. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or

disqualified member at any meeting of a committee, to act at the meeting in the place of any such absent or disqualified member. Two (2) members of a committee must be present to constitute a quorum for any committee meeting and the unanimous vote of all committee members present shall be required to approve any matter presented to a committee. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the by-laws of the corporation; and, unless the resolution so provided, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

ARTICLE VI

COMPENSATION OF DIRECTORS

SECTION 1. COMPENSATION. The Compensation Committee of the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as a director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE VII

NOTICES

SECTION 1. MANNER OF NOTICE. Whenever, under the provisions of a statute or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram or facsimile transmission.

SECTION 2. WAIVER. Whenever any notice is required to be given under the provisions of a statute or of the certificate of incorporation or of these by-laws, a waiver

thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VIII

OFFICERS

SECTION 1. NUMBER AND QUALIFICATIONS. The officers of the corporation shall be chosen by the board of directors and shall be a chairman of the board, a chief executive officer, a chief operating officer, a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

SECTION 2. ELECTION. The board of directors, at its first meeting after each annual meeting of stockholders shall choose a chairman of the board, a chief executive officer, a chief operating officer, a president, one or more vice-presidents, a secretary, and a treasurer.

SECTION 3. OTHER OFFICERS AND AGENTS. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

SECTION 4. SALARIES. The salaries of all officers and agents of the corporation shall be fixed by the board of directors or a duly authorized committee of the board.

SECTION 5. TERM OF OFFICE. The officers of the corporation shall hold

office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the directors then in office. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

SECTION 6. THE CHAIRMAN OF THE BOARD. The chairman of the board shall preside at all meetings of the shareholders and of the board of directors, and in general shall perform all duties incident to the office of the chairman of the board and such other duties as from time to time may be assigned to the chairman of the board by the board of directors.

SECTION 7. THE CHIEF EXECUTIVE OFFICER. The chief executive officer shall be the chief executive officer of the corporation. The chief executive officer shall have executive authority to see that all orders and resolutions of the board of directors are carried into effect and, subject to the control vested in the board of directors by statute, by the certificate of incorporation or by these by-laws, shall administer and be responsible

for the overall management of the business and affairs of the corporation. The chief executive officer shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

SECTION 8. THE CHIEF OPERATING OFFICER. The chief operating officer shall perform all duties incident to the office of the chief operating officer, and such other duties from time to time to be assigned by the board of directors or the chief executive officer.

SECTION 9. THE PRESIDENT. The president shall perform such duties as may from time to time be assigned by the board of directors, and in the absence or disability of the chief executive officer, shall perform the duties of the chief executive officer.

SECTION 10. THE VICE-PRESIDENT. In the absence of the president or in the event of the president's inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the executive vice-president and then the other vice-president or vice-presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the chief executive officer or the board of directors may from time to time prescribe.

SECTION 11. THE SECRETARY. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the

proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or the chief executive officer, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of an assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

SECTION 12. THE ASSISTANT SECRETARY. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the chief executive officer or the board of directors may from time to time prescribe.

SECTION 13. THE TREASURER. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the chairman of the board, the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation. If required by the board of directors, he shall give the corporation a bond (which shall be renewed every six years) in the sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in the case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

SECTION 14. THE ASSISTANT TREASURER. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the chief executive officer or the board of directors may from time to time prescribe.

ARTICLE IX

CERTIFICATES OF STOCK, TRANSFERS, AND RECORD DATES

SECTION 1. FORM OF CERTIFICATES. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the board of directors, or the chairman of the board or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designation, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the Delaware General Corporation Law, in lieu of the foregoing requirements, there may be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests a statement of the powers, designations, preferences and relative,

participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

SECTION 2. FACSIMILE SIGNATURES. Where a certificate is countersigned (1) by a transfer agent other than the corporation or its employee, or (2) by a registrar other than the corporation or its employee, any other signature on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 3. LOST CERTIFICATES. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representatives, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sums it may

direct to indemnify against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 4. TRANSFERS OF STOCK. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

SECTION 5. FIXING RECORD DATE. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect or any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

SECTION 6. REGISTERED STOCKHOLDERS. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be

bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Delaware General Corporation Law.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. DIVIDENDS. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for

repairing or maintaining any property of the corporation, or for such other purpose as the directors, in their absolute discretion, think proper, and the directors may modify or abolish any such reserve in the manner in which it was created.

SECTION 2. CHECKS. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

SECTION 3. FISCAL YEAR. The fiscal year of the corporation, unless otherwise provided by resolution of the board of directors, shall begin on the first day of January in each year and end on the last day of December in each year.

SECTION 4. SEAL. The corporate seal shall be inscribed thereon with the name of the corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 5. STOCK IN OTHER CORPORATIONS. Shares of any other corporation which may from time to time be held by this corporation may be represented and voted at any meeting of shareholders of such corporation by the chairman of the board, president or vice-president, or by any proxy appointed in writing by the chairman of the board, president or a vice-president of the corporation, or by any other person or persons thereunto authorized by the board of directors. Shares represented by certificates standing in the name of the corporation may be endorsed for sale or transfer in the name of the corporation by the chairman of the board, president or any vice-president or by any other officer or officers thereunto authorized by the board of directors. Shares belonging to the corporation need not stand in the name of the corporation, but may be held for the benefit of the corporation in the individual name of the treasurer or of any other nominee designated for that purpose by the board of directors.

ARTICLE XI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. RIGHT TO INDEMNIFICATION. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by

the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment), against all, expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VII with respect to proceedings to enforce rights to indemnification, the corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the board of directors of the corporation.

SECTION 2. RIGHT TO ADVANCEMENT OF EXPENSES. The right to indemnification conferred in Section 1 of this Article VIII shall include the right to be paid by the corporation the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections 1 and 2 of this Article VIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

SECTION 3. RIGHT OF INDEMNITEE TO BRING SUIT. If a claim under Section 1 or 2 of this Article VIII is not paid in full by the corporation within sixty (60) days after a written claim has been received by the corporation, except in the case of a

claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (a) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (b) in any suit brought by the corporation to recover an advancement of

expenses pursuant to the terms of an undertaking, the corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its board of directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the corporation.

SECTION 4. NON-EXCLUSIVITY OF RIGHTS. The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the corporation's certificate of incorporation, by-laws, agreement, vote of stockholders or disinterested directors or otherwise.

SECTION 5. INSURANCE. The corporation may maintain insurance, at its expenses, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

SECTION 6. INDEMNIFICATION OF EMPLOYEES AND AGENTS OF THE CORPORATION. The corporation may, to the extent authorized from time to time by the board of directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the corporation.

ARTICLE XII

AMENDMENTS

These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or by the board of directors at any regular meeting of the board of directors or of the stockholders or at any special meeting of the board of directors or of the stockholders, if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such

special meeting of the stockholders.

ARTICLE XIII

CERTAIN BUSINESS COMBINATIONS

The corporation expressly elects to be governed by Section 203 of the General Corporation Law of the State of Delaware, provided that the amendment of these by-laws adopting this election shall not apply, to any business combination (as defined in said Section 203) between the corporation and any person who became an interested stockholder (as defined in said Section 203) of the corporation on or prior to the effective date of these by-laws.

(Conformed copy)

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF
SERIES A 8% SENIOR CONVERTIBLE
PARTICIPATING PREFERRED STOCK

of

marchFIRST, Inc.

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

We, the undersigned, Robert F. Bernard, Chief Executive Officer, and Edward V. Szofer, Secretary, of marchFIRST, Inc., a Delaware corporation (hereinafter called the "CORPORATION"), pursuant to the provisions of Sections 103 and 151 of the General Corporation Law of the State of Delaware, do hereby make this Certificate of Designations and do hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the Corporation by the Amended and Restated Certificate of Incorporation, the Board of Directors duly adopted the following resolutions:

RESOLVED, that, pursuant to Article FOURTH of the Amended and Restated Certificate of Incorporation (which authorizes 3,000,000 shares of preferred stock, \$.001 par value ("PREFERRED STOCK")), the Board of Directors hereby fixes the powers, designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions, of a series of Preferred Stock.

RESOLVED, that each share of such series of Preferred Stock shall rank equally in all respects and shall be subject to the following provisions:

1. NUMBER AND DESIGNATION. 430,000 shares of the Preferred Stock of the Corporation shall be designated as Series A 8% Senior Convertible Participating Preferred Stock (the "SERIES A PREFERRED STOCK").

2. DEFINITIONS. Unless the context otherwise requires, when used herein the following terms shall have the meaning indicated.

"20 DAY MARKET PRICE" means the average of the daily Market Prices of the Common Stock for the 20 consecutive trading days ending the day prior to the date for which such value is to be computed.

"ADJUSTED CONVERSION PRICE" means, at any time, the Initial Liquidation Preference divided by the Conversion Ratio in effect at such time.

"AFFILIATE" means, with respect to any specified Person, any other Person which, directly or indirectly, controls, is controlled by or is under direct or indirect common control with, such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "affiliated," "controlling," and "controlled" have meanings correlative to the foregoing.

"BOARD OF DIRECTORS" means the Board of Directors of the Corporation.

"BUSINESS DAY" means any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in New York City, New York generally are authorized or required by law or other governmental actions to close.

"COMMON STOCK" means the Corporation's common stock, par value \$.001 per share.

"CONVERSION RATIO" means 500 as of the Issue Date, subject to adjustment from time to time pursuant to paragraph 8(g) hereof.

"DISCLOSURE LETTER" means the Disclosure Letter dated December 13, 2000 setting forth exceptions to the Stock Purchase Agreement dated as of December 13, 2000 between the Corporation and the initial holder of the Series A Preferred Stock.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"FIRST CALL DATE" means the 1-year anniversary of the Issue Date.

"GROUP" means a group within the meaning of Section 13(d)(3) of the Exchange Act.

"INITIAL LIQUIDATION PREFERENCE" is an amount equal to \$1,000.00 per

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whole share of Series A Preferred Stock (as adjusted for stock splits, stock dividends and similar transactions).

"ISSUE DATE" means the first date of issuance of shares of Series A Preferred Stock.

"LIQUIDATION PREFERENCE" is an amount equal to \$1,000.00 per whole share of

Series A Preferred Stock as adjusted as provided in Section 4(b) for dividends not paid in full and as adjusted for stock splits, stock dividends and similar transactions.

"MARKET PRICE" means, with respect to the Common Stock, on any given day, (i) the price of the last trade, as reported on the Nasdaq National Market, not identified as having been reported late to such system, or (ii) if the Common Stock is so quoted, but not so traded, the average of the last bid and ask prices, as those prices are reported on the Nasdaq National Market, or (iii) if the Common Stock is not listed or authorized for trading on the Nasdaq National Market or any comparable system, the average of the closing bid and asked prices as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Corporation for that purpose; PROVIDED that, in connection with (i) or (ii), the Corporation may from time to time specify in advance the time at which the trade price or bid and ask prices, respectively, shall be determined for purposes of a particular calculation under this Certificate of Designations. If the Common Stock is not listed and traded in a manner that the quotations referred to above are available for the period required hereunder, the Market Price per share of Common Stock shall be deemed to be the fair value per share of such security as determined in good faith by the Board of Directors of the Corporation.

"MARKET VALUE" means with respect to some number of shares of Common Stock, the Market Price times such number of shares.

"MINIMUM CALL STOCK PRICE TEST" shall be satisfied with respect to a notice of redemption if the Market Price has been at least \$7.50 per share (subject to adjustment for stock splits, stock dividends and similar transactions) for 20 of the last 30, and each of the last 5, trading days immediately preceding the date of the notice of redemption.

"OUTSTANDING", when used with reference to shares of stock, means issued and outstanding shares, excluding shares held by the Corporation or a subsidiary.

"PERSON" means an individual, corporation, partnership, limited liability company, association, trust and any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"SECOND CALL DATE" means the 3-year anniversary of the Issue Date.

"STOCKHOLDER APPROVAL EVENT" means the approval by the stockholders of the Corporation at or before the next annual meeting of stockholders of the Corporation of the issuance of the Series A Preferred Stock and Series B Preferred Stock, the terms thereof and the exchange of shares of Series B Preferred Stock into shares of Series A Preferred Stock.

3. RANK. (a) Any class or series of stock of the Corporation shall be deemed to rank:

(i) prior to the Series A Preferred Stock, either as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, or both, if the holders of such class or series shall be entitled by the terms thereof to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up, in preference or priority to the holders of Series A Preferred Stock ("SENIOR SECURITIES");

(ii) on a parity with the Series A Preferred Stock, either as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, or both, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series A Preferred Stock, if such stock shall be Series B 12% Senior Participating Preferred Stock ("SERIES B PREFERRED STOCK") or if the holders of the Series A Preferred Stock and of such class of stock or series shall be entitled by the terms thereof to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, or both, in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences (including, but not limited to preferences as to payment of dividends or other amounts distributable upon liquidation), without preference or priority one over the other and such class of stock or series is not a class of Senior Securities ("PARITY SECURITIES"); and

(iii) junior to the Series A Preferred Stock, either as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, or both, if such stock or series shall be Common Stock or if the holders of the Series A Preferred Stock shall be entitled by the terms thereof to receipt of dividends, and of amounts distributable upon liquidation, dissolution or winding up, in preference or priority to the holders

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of shares of such stock or series (including, but not limited to preferences as to payment of dividends or other amounts distributable upon liquidation) ("JUNIOR SECURITIES").

(b) The respective definitions of Senior Securities, Junior Securities and Parity Securities shall also include any rights or options exercisable or exchangeable for or convertible into any of the Senior Securities, Junior Securities and Parity Securities, as the case may be.

(c) The Series A Preferred Stock shall be subject to the creation of Junior Securities and Parity Securities.

4. DIVIDENDS: (a) The holders of shares of Series A Preferred Stock shall be entitled to receive with respect to each share of Series A Preferred Stock, when, as and if declared by the Board of Directors, out of funds legally available for the payment of dividends, dividends at a rate per annum equal to eight percent (8%) of the Liquidation Preference per share, payable in accordance with the terms of this Section 4, at the election of the Corporation on or before each payment date, either (A) in cash or (B) in additional shares ("ADDITIONAL SHARES") of either (i) Series A Preferred Stock if a Stockholder Approval Event shall have occurred or (ii) Series B Preferred Stock if a Stockholder Approval Event shall not have occurred. Such dividends shall be cumulative from the Issue Date regardless of when actually paid (except that dividends on Additional Shares shall accrue pursuant to their terms from the date such Additional Shares are issued), whether or not in any Dividend Period (as defined below) or Dividend Periods there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable semi-annually in arrears on June 30 and December 31 of each year (unless such day is not a Business Day, in which event such dividends shall be payable on the next succeeding Business Day) (each such date being a "DIVIDEND PAYMENT DATE" and each such semi-annual period being a "DIVIDEND PERIOD"). Each such dividend shall be payable to the holders of record of shares of the Series A Preferred Stock as they appear on the share register of the Corporation on the corresponding Record Date. As used herein, the term "RECORD DATE" means, with respect to the dividend payable on June 30 and December 31, respectively of each year, the preceding June 15 and December 15, or such other record date, not more than 60 days nor less than 10 days preceding the payment dates thereof, as shall be fixed by the Board of Directors. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such record date, not more than 45 days preceding the payment date thereof, as may be fixed by the Board of Directors.

(b) The amount of dividends payable for each full Dividend Period for the Series A Preferred Stock shall be computed by dividing the annual eight percent (8%) rate by two. The amount of dividends payable for the initial

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Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series A Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock that may be in arrears; PROVIDED that if dividends are not paid in full on any Dividend Payment Date, dividends will cumulate as if the Corporation elected to pay the unpaid dividends in cash and the Liquidation Preference had been increased by the amount of unpaid dividends until paid.

(c) So long as any shares of the Series A Preferred Stock are

outstanding, no dividend, except as described in the next succeeding sentence, shall be declared or paid or set apart for payment on any Parity Securities, nor shall any Parity Securities be redeemed, purchased or otherwise acquired for any consideration (or moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Securities), unless in each case full cumulative dividends have been or contemporaneously are declared and paid or declared and consideration sufficient for the payment thereof set apart for such payment on the Series A Preferred Stock for all Dividend Periods terminating on or prior to the date of payment of the dividend on such class or series of Parity Securities or the redemption, purchase or other acquisition thereof. When dividends are not paid in full or consideration sufficient for such payment is not set apart, as aforesaid, all dividends declared upon shares of the Series A Preferred Stock and all dividends declared upon any other class or series of Parity Securities shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series A Preferred Stock and accumulated and unpaid on such Parity Securities.

(d) So long as any shares of the Series A Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of, or to effectuate a stock split on, or options, warrants or rights to subscribe for or purchase shares of, Junior Securities) shall be declared or paid or set apart for payment or other distribution declared or made upon Junior Securities, nor shall any Junior Securities be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) (any such dividend, distribution, redemption or purchase being hereinafter referred to as a "JUNIOR SECURITIES DISTRIBUTION") for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Securities), unless in each case (i) the full cumulative dividends on all outstanding shares of the Series A Preferred Stock and accrued and unpaid dividends on any other Parity Securities shall have been paid or set apart for payment for all past Dividend

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Periods with respect to the Series A Preferred Stock and all past dividend periods with respect to such Parity Securities and (ii) sufficient consideration shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series A Preferred Stock and the current dividend period with respect to such Parity Securities.

(e) If the Corporation elects to pay dividends in Additional Shares, the number of Additional Shares to be issued as dividends will equal the cash amount of the dividend that would have been payable if dividends were paid in cash, divided by the Initial Liquidation Preference.

(f) In case the Corporation shall fix a record date for the making of any dividend or distribution to holders of Common Stock (including distributions of stock of the Corporation or its subsidiaries other than dividends or distributions payable solely in Common Stock), the holder of each share of Series A Preferred Stock on such record date shall be entitled to receive an equivalent dividend or distribution based on the number of shares of Common Stock into which such share of Series A Preferred Stock is convertible on such record date.

5. LIQUIDATION PREFERENCE. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Securities, the holders of the shares of Series A Preferred Stock shall be entitled to receive with respect to each share of Series A Preferred Stock an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders plus an amount in cash equal to the Liquidation Preference. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Series A Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any Parity Securities, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series A Preferred Stock and any such other Parity Securities ratably in accordance with the respective amounts that would be payable on such shares of Series A Preferred Stock and any such other Parity Securities if all amounts payable thereon were paid in full.

(b) Upon the completion of the distribution required by Section 5(a) and any other distribution that may be required with respect to any other series of Preferred Stock that may from time to time come into existence, subject to the rights of any other series of Preferred Stock that may from time to time come into existence, the holders of Series A Preferred Stock and the holders of Series B Preferred Stock shall participate with the Common Stock ratably on an as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A Preferred Stock) in the distribution of

assets, or the proceeds thereof, until the holders of Series A Preferred Stock shall have received (including amounts paid pursuant to Section 5(a)) an aggregate of \$1,500.00 per share of Series A Preferred Stock (in each case as adjusted for any stock splits, stock dividends, recapitalizations or the like); thereafter, subject to the rights of any other series of Preferred Stock that may from time to time come into existence, if assets remain in the Corporation, the holders of the Common Stock of the Corporation shall receive the distribution of assets, or the proceeds thereof, until such time as the

holders of Common stock shall have received, in the aggregate, distributions equal to their pro-rata percentage of the shares of the Corporation as if the holders of Series A Preferred Stock and the holders of Series B Preferred Stock were participating with the Common Stock (and were not entitled to any preference thereto) on an as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A Preferred Stock) beginning with the first dollar paid in such liquidation, dissolution or winding up; thereafter, subject to the rights of any other series of Preferred Stock that may from time to time come into existence, if assets remain in the Corporation the holders of the Common Stock, the Series A Preferred Stock and the Series B Preferred Stock shall participate in the remaining distributions on as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A Preferred Stock).

(c) Notwithstanding anything else in this Certificate of Designation, a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation shall be deemed to have occurred upon (A) (i) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation, whether of the Corporation with or into any other corporation or corporations or of any other corporation or corporations with or into the Corporation, but excluding any merger effected exclusively for the purpose of changing the domicile of the Corporation); or (ii) a sale of all or substantially all of the assets of the Corporation; PROVIDED that a consolidation or merger as a result of which the holders of capital stock of the Corporation immediately prior to such merger or consolidation possess (by reason of such holdings) 50% or more of the voting power of the corporation surviving such merger or consolidation (or other corporation which is the issuer of the capital stock into which the capital stock of the Corporation is converted or exchanged in such merger or consolidation) shall not be treated as a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation within the meaning of this paragraph 5 or (B) a transaction or series of transactions in which a person or group of persons (as defined in Rule 13d-5(b)(1) of the Exchange Act) (excluding the initial holder of the Series A Preferred Stock or any of its Affiliates) acquires beneficial ownership (as determined in accordance with Rule 13d-3 of the Exchange Act) of more than 50% of the Common Stock or the voting power of the Corporation. Notwithstanding the foregoing, in the event of a deemed

liquidation, dissolution or winding up pursuant to this Section 5(c) as a result of a transaction in which substantially all of the consideration received by the Corporation's stockholders is capital stock of the surviving corporation or the parent thereof (such issuer, the "New Issuer"), if the Board of Directors of the surviving corporation determines that the payment of cash pursuant to Section 5(a) would have a material adverse effect on the surviving corporation, the parent thereof or the transaction, each holder of

the Series A Preferred Stock shall have the right to receive, in exchange for its shares of Series A Preferred Stock and in lieu of payments otherwise payable pursuant to Sections 5(a) and 5(b), at its election, either (x) capital stock in such amounts and in such form as would have been received had such holder converted all of its Series A Preferred Stock immediately prior to such transaction or (y) securities of the New Issuer equivalent in rights and preferences to the Series A Preferred Stock.

6. REDEMPTION. (a) The Series A Preferred Stock shall not be redeemable by the Corporation prior to the First Call Date. All shares of Series A Preferred Stock shall be redeemable at the option of the Corporation to the extent the Corporation shall have funds legally available for such payment, at any time in whole or from time to time in part, (i) on and after the Second Call Date, or, (ii) if the Minimum Call Stock Price Test has been satisfied, on and after the First Call Date, at a redemption price per share equal to the Liquidation Preference, plus accrued and unpaid dividends thereon to the date fixed for redemption.

(b) Shares of Series A Preferred Stock which have been issued and reacquired in any manner, including shares purchased or redeemed, shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of the class of Preferred Stock undesignated as to series and may be redesignated and reissued as part of any series of the Preferred Stock; PROVIDED that no such issued and reacquired shares of Series A Preferred Stock shall be reissued or sold as Series A Preferred Stock.

7. PROCEDURE FOR REDEMPTION. (a) In the event that fewer than all the outstanding shares of Series A Preferred Stock are to be redeemed, the number of shares to be redeemed shall be determined by the Board of Directors and the shares to be redeemed shall be selected by lot or pro rata (with any fractional shares being rounded to the nearest whole share) as may be determined by the Board of Directors.

(b) In the event the Corporation shall redeem shares of Series A Preferred Stock, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed at such holder's address as the same appears on the stock register of the Corporation; PROVIDED that neither the failure to give such notice nor any defect therein shall

affect the validity of the giving of notice for the redemption of any share of Series A Preferred Stock to be redeemed except as to the holder to whom the Corporation has failed to give said notice or except as to the holder whose notice was defective. Each such notice shall state: (i) the redemption date (which shall be a date on or after the First Call Date); (ii) the number

of shares of Series A Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder (which if less than all of the shares outstanding, must be on a pro-rata basis); (iii) the redemption price formula; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(c) Notice having been mailed as aforesaid, from and after the redemption date, dividends on the shares of Series A Preferred Stock so called for redemption shall cease to accrue, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price as aforesaid. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

8. CONVERSION. (a) Subject to the provisions of this paragraph 8, the holders of the shares of Series A Preferred Stock shall have the right, at any time and from time to time, at such holder's option, to convert any or all outstanding shares (and fractional shares) of Series A Preferred Stock, in whole or in part, into fully paid and non-assessable shares of Common Stock. The number of shares of Common Stock deliverable upon conversion of a share of Series A Preferred Stock as of any date shall be an amount equal to the Liquidation Preference divided by the Adjusted Conversion Price. Notwithstanding any call for redemption pursuant to paragraph 6, the right to convert shares so called for redemption shall terminate at the close of business on the date immediately preceding the date fixed for such redemption unless the Corporation shall default in making payment of the amount payable upon such redemption.

(b) (i) In order to exercise the conversion privilege, the holder of the shares of Series A Preferred Stock to be converted shall surrender the certificate representing such shares at the office of the Corporation, with a written notice of election to convert completed and signed, specifying the number of shares to be converted. Unless the shares issuable on conversion are to be issued in the same name as the name in

which such shares of Series A Preferred Stock are registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or the holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax.

(ii) As promptly as practicable after the surrender by a holder of certificates for shares of Series A Preferred Stock as aforesaid, the Corporation shall issue and shall deliver to such holder, or on the holder's written order to the holder's transferee, (w) a certificate or certificates for the whole number of shares of Common Stock issuable upon the conversion of such shares in accordance with the provisions of this paragraph 8, (x) any cash adjustment required pursuant to paragraph 8(f) and (y) in the event of a conversion in part, a certificate or certificates for the whole number of shares of Series A Preferred Stock not being so converted.

(iii) Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Series A Preferred Stock shall have been surrendered and such notice received by the Corporation as aforesaid, and the person in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder of record of the shares of Common Stock represented thereby at such time on such date and such conversion shall be into a number of shares of Common Stock equal to the product of the number of shares of Series A Preferred Stock surrendered times the Liquidation Preference divided by the Adjusted Conversion Price in effect at such time on such date. All shares of Common Stock delivered upon conversion of the Series A Preferred Stock will upon delivery be duly and validly issued and fully paid and non-assessable, free of all liens and charges and not subject to any preemptive rights. Upon the surrender of certificates representing shares of Series A Preferred Stock, such shares shall no longer be deemed to be outstanding and all rights of a holder with respect to such shares surrendered for conversion shall immediately terminate except the right to receive the Common Stock and other amounts payable pursuant to this paragraph 8 and a certificate or certificates representing shares of Series A Preferred Stock not converted.

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(c) (i) Upon delivery to the Corporation by a holder of shares of Series A Preferred Stock of a notice of election to convert, the right of the Corporation to redeem such shares of Series A Preferred Stock shall terminate, regardless of whether a notice of redemption has been mailed as aforesaid.

(ii) Except as provided above and in paragraph 8(g), the Corporation shall make no payment or adjustment for accrued and unpaid dividends on shares of Series A Preferred Stock, whether or not in arrears, on conversion of such shares or for dividends in cash on the shares of Common Stock issued upon such conversion.

(d) (i) The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, such number of its authorized but unissued shares of Common Stock as shall be required for the purpose of effecting conversions of the Series A Preferred Stock.

(ii) Prior to the delivery of any securities which the Corporation shall be obligated to deliver upon conversion of the Series A Preferred Stock, the Corporation shall comply with all applicable federal and state laws and regulations which require action to be taken by the Corporation.

(e) The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversion of the Series A Preferred Stock pursuant hereto; PROVIDED that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the Series A Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(f) In connection with the conversion of any shares of Series A Preferred Stock, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the Market Price per share of Common Stock on the business day on which such shares of Series A Preferred Stock are deemed to have been converted.

(g) (i) In case the Corporation shall at any time after the date of issue of the Series A Preferred Stock (A) declare a dividend or make a distribution on Common Stock payable in Common Stock, (B) subdivide or split the outstanding Common Stock, (C) combine or

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reclassify the outstanding Common Stock into a smaller number of shares, (D) issue any shares of its capital stock in a reclassification of Common Stock (including any such reclassification in connection with a consolidation or merger in which the Corporation is the continuing corporation), or (E) consolidate with, or merge with or into, any other Person, the Conversion Ratio in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, split, combination, consolidation, merger or reclassification shall be proportionately adjusted so that the conversion of the Series A Preferred Stock after such time shall entitle the holder to receive the aggregate number of shares of Common Stock or other securities of the Corporation (or shares of any security into which such shares of Common Stock have been combined, consolidated, merged or reclassified pursuant to clause

8(g) (i) (C), 8(g) (i) (D) or 8(g) (i) (E) above) which, if this Series A Preferred Stock had been converted immediately prior to such time, such holder would have owned upon such conversion and been entitled to receive by virtue of such dividend, distribution, subdivision, split, combination, consolidation, merger or reclassification, assuming such holder of Common Stock of the Corporation (x) is not a Person with which the Corporation consolidated or into which the Corporation merged or which merged into the Corporation or to which such recapitalization, sale or transfer was made, as the case may be ("CONSTITUENT PERSON"), or an affiliate of a constituent person and (y) failed to exercise any rights of election as to the kind or amount of securities, cash and other property receivable upon such reclassification, change, consolidation, merger, recapitalization, sale or transfer (PROVIDED, that if the kind or amount of securities, cash and other property receivable upon such reclassification, change, consolidation, merger, recapitalization, sale or transfer is not the same for each share of Common Stock of the Corporation held immediately prior to such reclassification, change, consolidation, merger, recapitalization, sale or transfer by other than a constituent person or an affiliate thereof and in respect of which such rights of election shall not have been exercised ("NON-ELECTING SHARE"), then for the purpose of this subparagraph 8(g) the kind and amount of securities, cash and other property receivable upon such reclassification, change, consolidation, merger, recapitalization, sale or transfer by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such adjustment shall be made successively whenever any event listed above shall occur.

(ii) In case the Corporation shall issue or sell any Common Stock (other than Common Stock issued (A) pursuant to the Corporation's stock option plans or pursuant to any other Common Stock related employee compensation plans of the

Corporation approved by the Corporation's Board of Directors or its predecessors (including such plans under Section 423 of the Internal Revenue Code of 1986, as amended) (collectively, "STOCK PLANS") or pursuant to obligations of the Corporation existing prior to the Issue Date to issue shares of Common Stock, other than obligations under Employee Retention Agreements (as defined below) ("EXISTING OBLIGATIONS") or (B) upon exercise or conversion of any security the issuance of which caused an adjustment under paragraphs 8(g) (iii) or 8(g) (iv) hereof) without consideration or for a consideration per share less than the then Trigger Value, the Conversion Ratio to be in effect after such issuance or sale shall be determined by multiplying the Conversion Ratio in effect immediately prior to such issuance or sale by a fraction, (1) the numerator of which shall be the product of (I) the aggregate number of shares of Common Stock outstanding immediately after such issuance or sale plus the number of shares of

Common Stock into which the outstanding shares of Series A Preferred Stock and Series B Preferred Stock are convertible (assuming the Series B Preferred Stock were convertible into Common Stock at the same rate as the Series A Preferred Stock) immediately prior to such issuance or sale (the "CONVERT TOTAL") and (II) the Current Valuation Per Common Share (as defined in paragraph 8(g)(vi)) immediately prior to such issuance or sale and (2) the denominator of which shall be the sum of (x) the product of (I) the number of shares of Common Stock outstanding immediately prior to the time of such issuance or sale plus the Convert Total and (II) the Current Valuation Per Common Share immediately prior to such issuance or sale and (y) the aggregate consideration, if any, to be received by the Corporation upon such issuance or sale, but in no event will such fraction be less than one. In case any portion of the consideration to be received by the Corporation shall be in a form other than cash, the fair market value of such noncash consideration shall be utilized in the foregoing computation. Such fair market value shall be determined by the Board of Directors of the Corporation; PROVIDED that if the holders of a majority of the Series A Preferred Stock shall object to any such determination, the Board of Directors shall retain an independent appraiser reasonably satisfactory to such holders to determine such fair market value. The holders shall be notified promptly of any consideration other than cash to be received by the Corporation and furnished with a description of the consideration and the fair market value thereof, as determined by the Board of Directors.

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(iii) In case the Corporation shall fix a record date for the issuance of rights, options or warrants to the holders of its Common Stock or other securities entitling such holders to subscribe for or purchase shares of Common Stock (or securities convertible into shares of Common Stock) at a price per share of Common Stock (or having a conversion price per share of Common Stock, if a security convertible into shares of Common Stock) less than the then Trigger Value on such record date, the maximum number of shares of Common Stock issuable upon exercise of such rights, options or warrants (or conversion of such convertible securities) shall be deemed to have been issued and outstanding as of such record date and the Conversion Ratio shall be adjusted pursuant to paragraph 8(g)(ii) hereof, as though such maximum number of shares of Common Stock had been so issued for an aggregate consideration payable by the holders of such rights, options, warrants or convertible securities prior to their receipt of such shares of Common Stock. In case any portion of such consideration shall be in a form other than cash, the fair market value of such noncash consideration shall be determined as set forth in paragraph 8(g)(ii) hereof. Such adjustment shall be made successively whenever such record date is fixed; and in the event that such rights, options or warrants are not so issued or expire unexercised, or in the event of a

change in the number of shares of Common Stock to which the holders of such rights, options or warrants are entitled (other than pursuant to adjustment provisions therein comparable to those contained in this paragraph 8(g)), the Conversion Ratio shall again be adjusted to be the Conversion Ratio which would then be in effect if such record date had not been fixed, in the former event, or the Conversion Ratio which would then be in effect if such holder had initially been entitled to such changed number of shares of Common Stock, in the latter event.

(iv) In case the Corporation shall issue rights, options (other than options issued pursuant to a Stock Plan) or warrants entitling the holders thereof to subscribe for or purchase Common Stock (or securities convertible into shares of Common Stock) or shall issue convertible securities, and the price per share of Common Stock of such rights, options, warrants or convertible securities (including, in the case of rights, options or warrants, the price at which they may be exercised) is less than the then Trigger Value, the maximum number of shares of Common Stock issuable upon exercise of such rights, options or warrants or upon conversion of such convertible securities shall be deemed to have

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been issued and outstanding as of the date of such sale or issuance, and the Conversion Ratio shall be adjusted pursuant to paragraph 8(g)(ii) hereof as though such maximum number of shares of Common Stock had been so issued for an aggregate consideration equal to the aggregate consideration paid for such rights, options, warrants or convertible securities and the aggregate consideration payable by the holders of such rights, options, warrants or convertible securities prior to their receipt of such shares of Common Stock. In case any portion of such consideration shall be in a form other than cash, the fair market value of such noncash consideration shall be determined as set forth in paragraph 8(g)(ii) hereof. Such adjustment shall be made successively whenever such rights, options, warrants or convertible securities are issued; and in the event that such rights, options or warrants expire unexercised, or in the event of a change in the number of shares of Common Stock to which the holders of such rights, options, warrants or convertible securities are entitled (other than pursuant to adjustment provisions therein comparable to those contained in this paragraph 8(g)), the Conversion Ratio shall again be adjusted to be the Conversion Ratio which would then be in effect if such rights, options, warrants or convertible securities had not been issued, in the former event, or the Conversion Ratio which would then be in effect if such holders had initially been entitled to such changed number of shares of Common Stock, in the latter event. No adjustment of the Conversion Ratio shall be made pursuant to this paragraph 8(g)(iv) to the extent that the Conversion Ratio shall have been adjusted pursuant to paragraph 8(g)(iii) upon the setting of any

record date relating to such rights, options, warrants or convertible securities and such adjustment fully reflects the number of shares of Common Stock to which the holders of such rights, options, warrants or convertible securities are entitled and the price payable therefor.

(v) In case the Corporation shall fix a record date for the making of a distribution to holders of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Corporation is the continuing corporation) of evidences of indebtedness, assets or other property (other than dividends payable in Common Stock or rights, options or warrants referred to in, and for which an adjustment is made pursuant to, paragraph 8(g)(iii) hereof), the Conversion Ratio to be in effect after such record date shall be determined by multiplying the Conversion Ratio in effect immediately prior to such record date by a fraction, (A) the numerator of which shall be the Current

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Valuation Per Common Share on such record date, and (B) the denominator of which shall be the Current Valuation Per Common Share on such record date, less the fair market value (determined as set forth in paragraph 8(g)(ii) hereof) of the portion of the assets, other property or evidence of indebtedness so to be distributed which is applicable to one share of Common Stock. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Conversion Ratio shall again be adjusted to be the Conversion Ratio which would then be in effect if such record date had not been fixed.

(vi) In the event that the Corporation, directly or indirectly, pays consideration of more than \$25 million, in the aggregate, in excess of any insurance coverage or other right of recovery or set-off against any third party, to the extent such right of recovery or set-off has been finally agreed to in a binding settlement or finally determined by a court of competent jurisdiction without a right to appeal (such consideration, an "EXCESS PAYMENT"), in settlement or payment of any or all damages, losses, liabilities, expenses or claims of any kind (including, without limitation, expenses of investigation and attorney's fees and expenses) ("DAMAGES") relating to, arising under or resulting from any action, suit or proceeding brought by any party other than a holder or purchaser of the Series A Preferred Stock or Series B Preferred Stock and relating to or arising out of a misstatement or alleged misstatement of a material fact, or omission or alleged omission of a material fact (including, without limitation, any claim pursuant to Rule 10b-5 under the Securities Exchange Act of 1934 or pursuant to any comparable state law or regulation) that relates to events or circumstances occurring in whole or in part on or prior to December 13, 2000 and was made in connection with the

purchase of, failure to purchase, sale of, failure to sell, conversion of, failure to convert, redemption of, failure to redeem, exchange of or failure to exchange the Corporation's or its Affiliates' (or any of its or their predecessor or successor entity's) securities, such Excess Payment shall be deemed an issuance of stock for which the Conversion Ratio shall be subject to adjustment pursuant to paragraph 8(g)(ii) (regardless of whether the Excess Payment is actually paid in stock or is paid in cash or any other asset or security), and the aggregate consideration received by the Corporation in connection with such issuance shall be deemed to be \$0.00. Any Excess Payment made in the form of cash or any other asset or security shall be treated for purposes of

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the Section 8(g)(ii) computation as a deemed issuance of stock in which the number of shares issued equals the quotient of the fair market value of the Excess Payment divided by the Current Valuation Per Common Share. The adjustment of the Conversion Ratio pursuant to this Section 8(g)(vi) shall be the sole remedy of a holder of Series A Preferred Stock relating to an Excess Payment in respect of such Series A Preferred Stock.

(vii) For purposes of any computation under paragraphs 8(g)(ii), 8(g)(iii), 8(g)(iv), 8(g)(v) or 8(g)(vi) hereof, on any determination date, if the computation is being made with respect to any issuance of stock in connection with any agreement (including any amendment, modification or replacement thereof whenever made) (an "EMPLOYEE RETENTION AGREEMENT") referred to in paragraph 7 of Section 3.5(b) of the Disclosure Letter, or any substantially similar agreement (including any amendment, modification or replacement thereof) entered into by the Corporation, its predecessors or successors or its or their respective Affiliates on or prior to December 13, 2000, obligating the Corporation to deliver Common Stock to any of the Corporation's or its Affiliates' (or any of its or their predecessor or successor entity's) current or former employees or consultants in respect of an agreement by such employee or consultant to remain in the employ of, or as a consultant to, the Corporation following an acquisition transaction, then both the "TRIGGER VALUE" and the "CURRENT VALUATION PER COMMON SHARE" shall be the greater of the 20 Day Market Price and \$4.00 (as adjusted for any stock splits, stock dividends, recapitalization or the like) and the Corporation will be deemed to have received aggregate consideration equal to the product of the number of shares of Common Stock issued and the Market Price. In the event that the Corporation satisfies an obligation to deliver stock pursuant to an Employee Retention Agreement by delivering cash or cash equivalents, and the Corporation has sold stock (or any securities issuable upon conversion or exchange thereof) (other than the issuance by the Corporation of the Series A Preferred Stock or the

Series B Preferred Stock (or any securities issuable upon conversion or exchange thereof) or any issuance pursuant to a Stock Plan or an Existing Obligation) within the six months prior to the date of such cash delivery and as to which less than all of the proceeds have previously been applied pursuant to this Section 8(g)(vii) then, to the extent of the proceeds of such offering(s) (the "SUBSTITUTE OFFERING(S)") which have not previously been applied for purposes of this Section (which shall be applied on a LIFO

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basis with the proceeds of the most recent offering being applied first), the Corporation shall be deemed to have issued, in connection with such Employee Retention Agreement, the number of shares of Common Stock in exchange for which the Corporation received proceeds in an amount equal to the cash delivered pursuant to such Employee Retention Agreement, and the Conversion Ratio will be adjusted for such issuance pursuant to this Section 8(g)(vii) as if such adjustment had occurred at the time of the issuance by the Corporation of such shares and no prior adjustment (if any) with respect to such issuance had occurred. If the Conversion Ratio had previously been adjusted as a consequence of such Substitute Offering, the adjustment of the Conversion Ratio under this Section shall be reduced to the extent necessary so that the adjustments shall not be duplicative. For purposes of any computation under paragraphs 8(g)(ii), 8(g)(iii), 8(g)(iv), 8(g)(v) or 8(g)(vi) hereof, on any determination date, if the computation is not being made with respect to any issuance of stock in connection with an Employee Retention Agreement as provided above, the "CURRENT VALUATION PER COMMON SHARE" shall be the greater of the 20 Day Market Price and the Adjusted Conversion Price, and the "TRIGGER VALUE" shall be the 20 Day Market Price, and the aggregate consideration received by the Corporation shall equal the fair market value of any consideration received by the Corporation for such issuance.

(viii) No adjustment to the Conversion Ratio pursuant to paragraphs 8(g)(ii), 8(g)(iii), 8(g)(iv) and 8(g)(v) above shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Ratio; PROVIDED HOWEVER, that any adjustments which by reason of this paragraph 8(g)(viii) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this paragraph 8(g) shall be made to the nearest four decimal points.

(ix) In the event that, at any time as a result of the provisions of this paragraph 8(g), the holder of this Series A Preferred Stock upon subsequent conversion shall become entitled to receive any shares of capital stock of the Corporation other than Common Stock, the

number of such other shares so receivable upon conversion of this Series A Preferred Stock shall thereafter be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions contained herein.

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(h) All adjustments pursuant to this paragraph 8 shall be notified to the holders of Series A Preferred Stock and Series B Preferred Stock and such notice shall be accompanied by a Schedule of Computations of the adjustments.

(i) Notwithstanding anything to the contrary contained herein, the Corporation shall not be obligated to issue any shares of Common Stock upon conversion of the Series A Preferred Stock if the issuance of such shares of Common Stock would exceed that number of shares of Common Stock which the Corporation may issue upon conversion of the Series A Preferred Stock without breaching the Corporation's obligations under the rules or regulations of The Nasdaq Stock Market (the "Exchange Cap"), except that such limitation shall not apply in the event that the Corporation (a) obtains the approval of its stockholders as required by the applicable rules of The Nasdaq Stock Market (or any successor rule or regulation) for issuances of Common Stock in excess of such amount ("Stockholder Approval"), or (b) obtains a written opinion from outside counsel to the Corporation that such approval is not required, which opinion shall be reasonably satisfactory to the holders of a majority of the shares of Series A Preferred Stock then outstanding (an "Opinion"). Until Stockholder Approval or an Opinion is obtained, no holder of shares of Series A Preferred Stock shall be issued, upon conversion of shares of Series A Preferred Stock, any shares of Common Stock which, together with all other shares of Common Stock issued prior thereto upon conversion of Series A Preferred Stock, would exceed the Exchange Cap (such shares of Common Stock which would cause the Exchange Cap to be exceeded being hereinafter referred to as "Excess Shares"). To the extent any such holder submits any share of Series A Preferred Stock (or portion thereof) for conversion into Common Stock pursuant to this Section 8, which would, but for such limitation, cause the Company to issue Excess Shares, the Company shall immediately issue to such holder in exchange for such share of Series A Preferred, one share (or an equivalent portion thereof) of Series B Preferred Stock, and the Corporation shall promptly deliver to such holder a certificate representing all shares of Series B Preferred Stock which are issued to such holder thereby. In the event that more than one holder of Series A Preferred Stock submits shares of Series A Preferred Stock for conversion on the same date and the Corporation can convert some, but not all, of such shares of Series A Preferred Stock, to the extent the Company can convert such shares into Common Stock without exceeding the Exchange Cap, the Company shall convert into Common Stock from each holder of Preferred Stock electing to have Series A Preferred Stock converted at such time a pro rata amount of such holder's shares of Series A Preferred Stock

submitted for conversion based on the number of Shares of Series A Preferred Stock submitted for conversion on such date by such holder relative to the total number of shares of Series A Preferred Stock submitted for conversion on such date, and the remainder of such holder's shares of Series A Preferred Stock submitted for conversion shall be exchanged for Series B

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Preferred Stock as provided in the preceding sentence.

9. VOTING RIGHTS. (a) Except as otherwise provided by applicable law, the holders of the shares of Series A Preferred Stock (i) shall be entitled to vote with the holders of the Common Stock on all matters submitted for a vote of holders of Common Stock, (ii) shall be entitled to a number of votes equal to the number of votes to which shares of Common Stock issuable upon conversion of such shares of Series A Preferred Stock would have been entitled if such shares of Common Stock had been outstanding at the time of the applicable vote and related record date and (iii) shall be entitled to notice of any stockholders' meeting in accordance with the certificate of incorporation and bylaws of the Corporation. Notwithstanding the foregoing, in the event that, at any time before Stockholder Approval or an Opinion is obtained, the outstanding shares of Series A Preferred Stock, plus any shares of Common Stock previously issued upon conversion of Series A Preferred Stock, would represent greater than the number of votes that would be held by the number of shares of Common Stock constituting the Exchange Cap, then for voting purposes the number of votes per share of Series A Preferred Stock shall be automatically reduced so that the outstanding shares of Series A Preferred Stock, plus any shares of Common Stock previously issued upon conversion of Series A Preferred Stock, represent the number of votes that would be held by the number of shares of Common Stock constituting the Exchange Cap.

(b) So long as any shares of Series A Preferred Stock are outstanding, the Corporation shall not, without the written consent or affirmative vote at a meeting called for that purpose of the holders of a majority of the shares of Series A Preferred Stock then outstanding, amend, alter or repeal, whether by merger, consolidation, combination, reclassification or otherwise, the Amended and Restated Certificate of Incorporation or By-laws of the Corporation or of any provision thereof (including the adoption of a new provision thereof) which would result in an alteration or circumvention of the voting powers, designation and preferences and relative participating, optional and other special rights, and qualifications, limitations and restrictions of the Series A Preferred Stock; PROVIDED that any such amendment or alteration that changes the dividend payable on, or the liquidation preference or the par value of, the Series A Preferred Stock shall require the affirmative vote at a meeting of holders of Series A Preferred Stock duly called for such purpose, or the written consent, of the holder of each share of Series A Preferred Stock.

(c) The Corporation shall not, without first obtaining the approval of

the holders of not less than a majority of the total number of shares of Series A Preferred Stock then outstanding:

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(i) issue any additional shares of Series A Preferred Stock (other than as dividends on Series A Preferred Stock or upon conversion of the Series B Preferred Stock);

(ii) authorize, create or issue shares of any class or series of stock having any preference or priority superior to or on a parity with any such preference or priority of the Series A Preferred Stock;

(iii) take any step resulting in the redemption of shares of Parity Securities or Junior Securities, except as set forth in paragraphs 4(c) and 4(d) of this Certificate of Designations; or

(iv) amend this paragraph 9.

(d) The consent or votes required in paragraph 9(b) and 9(c) above shall be in addition to any approval of stockholders of the Corporation which may be required by law or pursuant to any provision of the Corporation's certificate of incorporation or bylaws, which approval shall be obtained by vote of the stockholders of the Corporation in the manner provided in paragraph 9(a) above.

(e) On each of the Issue Date and the date of a Stockholder Approval Event, if any, the number of directors then constituting the Board of Directors shall be increased by one and the holders of shares of Series A Preferred Stock, voting as a single class, shall be entitled to elect one, or if a Stockholder Approval Event has occurred, two directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Series A Preferred Stock called as hereinafter provided. Whenever a majority of the shares of Series A Preferred Stock issued on the Issue Date have been converted into Common Stock pursuant to this Certificate of Designation or have been transferred by the initial holder thereof to a Person that is not an Affiliate of the initial holder, then the right of the holders of the Series A Preferred Stock to elect such additional director(s) shall cease, and the term of office of any person elected as director by the holders of the Series A Preferred Stock shall forthwith terminate and the number of the Board of Directors shall be reduced accordingly. At any time after voting power to elect a director shall have become vested and be continuing in the holders of Series A Preferred Stock pursuant to this paragraph, or if a vacancy shall exist in the office of a director elected by the holders of Series A Preferred Stock, a proper officer of the Corporation may, and upon the written request of the holders of record of at least twenty-five percent (25%) of the shares of Series A Preferred Stock then outstanding addressed to the Secretary of the Corporation shall, call a special meeting of the holders of Series A Preferred Stock, for the purpose of electing

the director which such holders are entitled to elect. If such meeting shall

not be called by a proper officer of the Corporation within twenty (20) days after personal service of said written request upon the Secretary of the Corporation, or within twenty (20) days after mailing the same within the United States by certified mail, addressed to the Secretary of the Corporation at its principal executive offices, then the holders of at least twenty-five percent (25%) of the outstanding shares of Series A Preferred Stock may designate in writing one of their number to call such meeting at the expense of the Corporation, and such meeting may be called by the person so designated upon the notice required for the annual meeting of stockholders of the Corporation and shall be held at the place for holding the annual meetings of stockholders. Any holder of Series A Preferred Stock so designated shall have, and the Corporation shall provide, access to the lists of stockholders to be called pursuant to the provisions hereof.

10. RECLASSIFICATION, SUBDIVISION OR COMBINATION. The Series A Preferred Stock may not be reclassified, subdivided or combined unless the Series B Preferred Stock is reclassified, subdivided or combined (as the case may be) simultaneously and in the same proportion.

11. REPORTS. The Corporation shall mail to all holders of Series A Preferred Stock those reports, proxy statements and other materials that it mails to all of its holders of Common Stock. In the event the Corporation is not required to file quarterly and annual financial reports with the Securities and Exchange Commission pursuant to Section 13 or Section 15(d) of the Exchange Act, the Corporation will furnish the holders of the Series A Preferred Stock with reports containing the same information as would be required in such reports.

12. QUOTATION. So long as any of the Series A Preferred Stock is outstanding, the Corporation shall use commercially reasonable efforts to maintain the quotation of the Common Stock on the Nasdaq National Market.

13. GENERAL PROVISIONS.

(a) The headings of the paragraphs, subparagraphs, clauses and subclauses of this Certificate of Designations are for convenience of reference only and shall not define, limit or affect any of the provisions hereof.

(b) Each holder of Series A Preferred Stock, by acceptance thereof, acknowledges and agrees that payments of dividends, interest, premium and principal on, and exchange, redemption and repurchase of, such securities by the Corporation are subject to restrictions on the Corporation contained in certain credit and financing agreements.

IN WITNESS WHEREOF, marchFIRST, Inc. has caused this Certificate of Designations to be signed and attested by the undersigned this 27th day of December, 2000.

marchFIRST, Inc.

By: /s/ ROBERT F. BERNARD

Name: Robert F. Bernard
Title: Chief Executive Officer

ATTEST:

By: /s/ EDWARD V. SZOFER

Name: Edward V. Szofer
Title: Secretary

(Conformed copy)

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF
SERIES B 12% SENIOR PARTICIPATING PREFERRED STOCK

of

marchFIRST, Inc.

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

We, the undersigned, Robert F. Bernard, Chief Executive Officer, and Edward V. Szofer, Secretary, of marchFIRST, Inc., a Delaware corporation (hereinafter called the "CORPORATION"), pursuant to the provisions of Sections 103 and 151 of the General Corporation Law of the State of Delaware, do hereby make this Certificate of Designations and do hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the Corporation by the Amended and Restated Certificate of Incorporation, the Board of Directors duly adopted the following resolutions:

RESOLVED, that, pursuant to Article FOURTH of the Amended and Restated Certificate of Incorporation (which authorizes 3,000,000 shares of preferred stock, \$.001 par value ("PREFERRED STOCK")), the Board of Directors hereby fixes the powers, designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions, of a series of Preferred Stock.

RESOLVED, that each share of such series of Preferred Stock shall rank equally in all respects and shall be subject to the following provisions:

1. NUMBER AND DESIGNATION. 375,000 shares of the Preferred Stock of the Corporation shall be designated as Series B 12% Senior Participating Preferred Stock (the "SERIES B PREFERRED STOCK").

2. DEFINITIONS. Unless the context otherwise requires, when used herein the following terms shall have the meaning indicated.

"AFFILIATE" means, with respect to any specified Person, any other Person which, directly or indirectly, controls, is controlled by or is under direct or indirect common control with, such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or

indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "affiliated," "controlling," and "controlled" have meanings correlative to the foregoing.

"BOARD OF DIRECTORS" means the Board of Directors of the Corporation.

"BUSINESS DAY" means any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in New York City, New York generally are authorized or required by law or other governmental actions to close.

"CAPITAL STOCK" means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting and/or non-voting) of such Person's capital stock, whether outstanding on the Issue Date or issued after the Issue Date, and any and all rights (other than any evidence of indebtedness), warrants or options exchangeable for or convertible into such capital stock.

"CHANGE OF CONTROL" means the occurrence of any of the following events: (a) any Person or Group is or becomes the beneficial owner (as defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that a Person shall be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total Voting Stock of the Corporation; or (b) the Corporation consolidates with, or merges with or into, another Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person, or any Person consolidates with, or merges with or into the Corporation, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Corporation is converted into or exchanged for cash, securities or other property, other than any such transaction where (i) the outstanding Voting Stock of the Corporation is converted into or exchanged for Voting Stock of the surviving or transferee corporation or its parent corporation and/or cash, securities or other property in an amount which could be paid by the Corporation under the terms of the Corporation's credit and financing agreements and (ii) immediately after such transaction no Person or Group is the beneficial owner (as defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that a Person shall be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total Voting Stock of the surviving or transferee corporation, as applicable; or (c) during any consecutive two-year period, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election by the Board of Directors or whose nomination for election by the stockholders of the Corporation was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office.

"COMMON STOCK" means the Corporation's common stock, par value \$.001 per share.

"DELAWARE LAW" means the General Corporation Law of the State of Delaware.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"FIRST CALL DATE" means the 1-year anniversary of the Issue Date.

"FIRST PUT CONVERTED DATE" means the 1-year anniversary of the Issue Date.

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"FIRST PUT SALE DATE" means the 2-year anniversary of the Issue Date.

"GROUP" means a group within the meaning of Section 13(d)(3) of the Exchange Act.

"INITIAL LIQUIDATION PREFERENCE" is an amount equal to \$1,000 per whole share of Series B Preferred Stock (as adjusted for stock splits, stock dividends and similar transactions).

"ISSUE DATE" means the first date of issuance of shares of Series B Preferred Stock.

"LIQUIDATION PREFERENCE" is an amount equal to \$1,000.00 per whole share of Series B Preferred Stock as adjusted as provided in Section 4(b) for dividends not paid in full and as adjusted for stock splits, stock dividends and similar transactions.

"MARKET PRICE" means, with respect to the Common Stock, on any given day, (i) the price of the last trade, as reported on the Nasdaq National Market, not identified as having been reported late to such system, or (ii) if the Common Stock is so quoted, but not so traded, the average of the last bid and ask prices, as those prices are reported on the Nasdaq National Market, or (iii) if the Common Stock is not listed or authorized for trading on the Nasdaq National Market or any comparable system, the average of the closing bid and asked prices as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Corporation for that purpose; PROVIDED that, in connection with (i) or (ii), the Corporation may from time to time specify in advance the time at which the trade price or bid and ask prices, respectively, shall be determined for purposes of a particular calculation under this Certificate of Designations. If the Common Stock is not listed and traded in a manner that the quotations referred to above are available for the period required hereunder, the Market Price per share of

Common Stock shall be deemed to be the fair value per share of such security as determined in good faith by the Board of Directors of the Corporation.

"MARKET VALUE" means with respect to some number of shares of Common Stock, the Market Price times such number of shares.

"MINIMUM CALL STOCK PRICE TEST" shall be satisfied with respect to a notice of redemption if the Market Price has been at least \$7.50 per share (subject to adjustment for stock splits, stock dividends and similar transactions) for 20 of the last 30, and each of the last 5, trading days immediately preceding the date of the notice of redemption.

"OUTSTANDING", when used with reference to shares of stock, means issued and outstanding shares, excluding shares held by the Corporation or a subsidiary.

"PERSON" means an individual, corporation, partnership, limited liability company, association, trust and any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"SECOND CALL DATE" means the 3-year anniversary of the Issue Date.

"SECOND PUT DATE" means the 7-year anniversary of the Issue Date.

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"STOCKHOLDER APPROVAL EVENT" means the approval by the stockholders of the Corporation at or before the next annual meeting of stockholders of the Corporation of the issuance of the Series A Preferred Stock and Series B Preferred Stock, the terms thereof and the exchange of shares of Series B Preferred Stock into shares of Series A Preferred Stock.

"VOTING STOCK" means, with respect to any Person, the Capital Stock of any class or kind (other than the Series B Preferred Stock) ordinarily having the power to vote for the election of directors or other members of the governing body of such Person.

3. RANK. (a) Any class or series of stock of the Corporation shall be deemed to rank:

(i) prior to the Series B Preferred Stock, either as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, or both, if the holders of such class or series shall be entitled by the terms thereof to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up, in preference or priority to the holders of Series B Preferred Stock ("SENIOR SECURITIES");

(ii) on a parity with the Series B Preferred Stock, either as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, or both, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series B Preferred Stock, if such stock shall be Series A 8% Senior Convertible Participating Preferred Stock ("SERIES A PREFERRED STOCK") or if the holders of the Series B Preferred Stock and of such class of stock or series shall be entitled by the terms thereof to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, or both, in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences (including, but not limited to preferences as to payment of dividends or other amounts distributable upon liquidation), without preference or priority one over the other and such class of stock or series is not a class of Senior Securities ("PARITY SECURITIES"); and

(iii) junior to the Series B Preferred Stock, either as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, or both, if such stock or series shall be Common Stock or if the holders of the Series B Preferred Stock shall be entitled by the terms thereof to receipt of dividends, and of amounts distributable upon liquidation, dissolution or winding up, in preference or priority to the holders of shares of such stock or series (including, but not limited to preferences as to payment of dividends or other amounts distributable upon liquidation) ("JUNIOR SECURITIES").

(b) The respective definitions of Senior Securities, Junior Securities and Parity Securities shall also include any rights or options exercisable or exchangeable for or convertible into any of the Senior Securities, Junior Securities and Parity Securities, as the case may be.

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(c) The Series B Preferred Stock shall be subject to the creation of Junior Securities and Parity Securities.

4. DIVIDENDS. (a) The holders of shares of Series B Preferred Stock shall be entitled to receive with respect to each share of Series B Preferred Stock, when, as and if declared by the Board of Directors, out of funds legally available for the payment of dividends, dividends at a rate per annum equal to twelve percent (12%) of the Liquidation Preference per share, payable in accordance with the terms of this Section 4, at the election of the Corporation on or before each payment date, either (A) in cash or (B) in additional shares ("ADDITIONAL SHARES") of Series B Preferred Stock. Such dividends shall be cumulative from the Issue Date regardless of when actually paid (except that dividends on Additional Shares shall accrue pursuant to their terms from the

date such Additional Shares are issued), whether or not in any Dividend Period (as defined below) or Dividend Periods there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable semi-annually in arrears on June 30 and December 31 of each year (unless such day is not a Business Day, in which event such dividends shall be payable on the next succeeding Business Day) (each such date being a "DIVIDEND PAYMENT DATE" and each such semi-annual period being a "DIVIDEND PERIOD"). Each such dividend shall be payable to the holders of record of shares of the Series B Preferred Stock as they appear on the share register of the Corporation on the corresponding Record Date. As used herein, the term "RECORD DATE" means, with respect to the dividend payable on June 30 and December 31, respectively of each year, the preceding June 15 and December 15, or such other record date, not more than 60 days nor less than 10 days preceding the payment dates thereof, as shall be fixed by the Board of Directors. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such record date, not more than 45 days preceding the payment date thereof, as may be fixed by the Board of Directors.

(b) The amount of dividends payable for each full Dividend Period for the Series B Preferred Stock shall be computed by dividing the annual twelve percent (12%) rate by two. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series B Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series B Preferred Stock that may be in arrears; PROVIDED that if dividends are not paid in full on any Dividend Payment Date, dividends will cumulate as if the Corporation elected to pay the unpaid dividends in cash and the Liquidation Preference had been increased by the amount of unpaid dividends until paid.

(c) So long as any shares of the Series B Preferred Stock are outstanding, no dividend, except as described in the next succeeding sentence, shall be declared or paid or set apart for payment on any Parity Securities, nor shall any Parity Securities be redeemed, purchased or otherwise acquired for any consideration (or moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Securities), unless in each case full cumulative dividends have been or contemporaneously are declared and paid or declared and consideration sufficient for the payment thereof set apart for such payment on the Series B Preferred Stock for all Dividend Periods terminating on or prior to the date of payment

of the dividend on such class or series of Parity Securities or the redemption, purchase or other acquisition thereof. When dividends are not paid in full or consideration sufficient for such payment is not set apart, as aforesaid, all dividends declared upon shares of the Series B Preferred Stock and all dividends

declared upon any other class or series of Parity Securities shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series B Preferred Stock and accumulated and unpaid on such Parity Securities.

(d) So long as any shares of the Series B Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of, or to effectuate a stock split on, or options, warrants or rights to subscribe for or purchase shares of, Junior Securities) shall be declared or paid or set apart for payment or other distribution declared or made upon Junior Securities, nor shall any Junior Securities be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) (any such dividend, distribution, redemption or purchase being hereinafter referred to as a "JUNIOR SECURITIES DISTRIBUTION") for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Securities), unless in each case (i) the full cumulative dividends on all outstanding shares of the Series B Preferred Stock and accrued and unpaid dividends on any other Parity Securities shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series B Preferred Stock and all past dividend periods with respect to such Parity Securities and (ii) sufficient consideration shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series B Preferred Stock and the current dividend period with respect to such Parity Securities.

(e) If the Corporation elects to pay dividends in Additional Shares, the number of Additional Shares to be issued as dividends will equal the cash amount of the dividend that would have been payable if dividends were paid in cash, divided by the Initial Liquidation Preference.

(f) In case the Corporation shall fix a record date for the making of any dividend or distribution to holders of Common Stock (including distributions of stock of the Corporation or its subsidiaries other than dividends or distributions payable solely in Common Stock), the holder of each share of Series B Preferred Stock on such record date shall be entitled to receive an equivalent dividend or distribution based on the number of shares of Common Stock into which one share of Series A Preferred Stock is convertible on such record date.

5. LIQUIDATION PREFERENCE. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Securities, the holders of the shares of Series B Preferred Stock shall be entitled to receive with respect to each share of Series B Preferred Stock an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders plus an amount in cash equal to the Liquidation Preference. If, upon any liquidation,

dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Series B

Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any Parity Securities, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series B Preferred Stock and any such other Parity Securities ratably in accordance with the respective amounts that would be payable on such shares of Series B Preferred Stock and any such other Parity Securities if all amounts payable thereon were paid in full.

(b) Upon the completion of the distribution required by Section 5(a) and any other distribution that may be required with respect to any other series of preferred stock that may from time to time come into existence, subject to the rights of any other series of preferred stock that may from time to time come in to existence, the holders of Series A Preferred Stock and the holders of Series B Preferred Stock shall participate with the Common Stock ratably on an as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A Preferred Stock) in the distribution of assets, or the proceeds thereof, until the holders of Series B Preferred Stock shall have received (including amounts paid pursuant to Section 5(a)) an aggregate of \$1,500.00 per share of Series B Preferred Stock (in each case as adjusted for any stock splits, stock dividends, recapitalizations or the like); thereafter, subject to the rights of any other series of Preferred Stock that may from time to time come into existence, if assets remain in the Corporation, the holders of the Common Stock of the Corporation shall receive the distribution of assets, or the proceeds thereof, until such time as the holders of Common stock shall have received, in the aggregate, distributions equal to their pro-rata percentage of the shares of the Corporation as if the holders of Series A Preferred Stock and the holders of Series B Preferred Stock were participating with the Common Stock (and were not entitled to any preference thereto) on an as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A Preferred Stock) beginning with the first dollar paid in such liquidation, disqualification or winding-up; thereafter, subject to the rights of any other series of Preferred Stock that may from time to time come into existence, if assets remain in the Corporation the holders of the Common Stock, the Series A Preferred Stock and the Series B Preferred Stock shall participate in the remaining distributions on an as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A Preferred Stock).

(c) Notwithstanding anything else in this Certificate of Designation, a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation shall be deemed to have occurred upon (A) (i) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation, whether of the Corporation with or into any other corporation

or corporations or of any other corporation or corporations with or into the Corporation, but excluding any merger effected exclusively for the purpose of changing the domicile of the Corporation); or (ii) a sale of all or substantially all of the assets of the Corporation; PROVIDED that a consolidation or merger as a result of which the holders of capital stock of the Corporation immediately prior to such merger or consolidation possess (by reason of such holdings) 50% or more of the voting power of the corporation surviving such merger or consolidation (or other corporation which is the issuer of the capital stock into which the capital stock of the Corporation is converted or exchanged in such merger or consolidation) shall not be treated as a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation within the meaning of this paragraph 5 or (B) a transaction or series of transactions in which a

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person or group of persons (as defined in Rule 13d-5(b)(1) of the Exchange Act) (excluding the initial holder of the Series A Preferred Stock or any of its Affiliates) acquires beneficial ownership (as determined in accordance with Rule 13d-3 of the Exchange Act) of more than 50% of the Common Stock or the voting power of the Corporation. Notwithstanding the foregoing, in the event of a deemed liquidation, dissolution or winding up pursuant to this Section 5(c) as a result of a transaction in which substantially all of the consideration received by the Corporation's stockholders is capital stock of the surviving corporation or the parent thereof (such issuer, the "New Issuer"), if the Board of Directors of the surviving corporation determines that the payment of cash pursuant to Section 5(a) would have a material adverse effect on the surviving corporation, the parent thereof, or the transaction, each holder of the Series B Preferred Stock shall have the right to receive, in exchange for its shares of Series B Preferred Stock and in lieu of payments otherwise payable pursuant to Sections 5(a) and 5(b), at its election, either (x) capital stock in such amounts and in such form as would have been received had such holder converted all of its Series B Preferred Stock into Common Stock immediately prior to such transaction (assuming that each share of Series B Preferred Stock were convertible into Common Stock at the same rate as Series A Preferred Stock) or (y) securities of the New Issuer equivalent in rights and preferences to the Series B Preferred Stock.

6. REDEMPTION. (a) The Series B Preferred Stock shall not be redeemable by the Corporation prior to the First Call Date. All shares of Series B Preferred Stock shall be redeemable at the option of the Corporation to the extent the Corporation shall have funds legally available for such payment, at any time in whole or from time to time in part, (i) on and after the Second Call Date, or, (ii) if the Minimum Call Stock Price Test has been satisfied, on and after the First Call Date, at a redemption price per share equal to the greater of (i) the Liquidation Preference, plus accrued and unpaid dividends thereon to the date fixed for redemption, and (ii) the Market Value on the redemption date of the number of shares of Common Stock into which one share of Series A Preferred Stock is convertible on such date.

(b) Shares of Series B Preferred Stock which have been issued and reacquired in any manner, including shares purchased or redeemed, shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of the class of Preferred Stock undesignated as to series and may be redesignated and reissued as part of any series of the Preferred Stock; PROVIDED that no such issued and reacquired shares of Series B Preferred Stock shall be reissued or sold as Series B Preferred Stock.

7. PROCEDURE FOR REDEMPTION. (a) In the event that fewer than all the outstanding shares of Series B Preferred Stock are to be redeemed, the number of shares to be redeemed shall be determined by the Board of Directors and the shares to be redeemed shall be selected by lot or pro rata (with any fractional shares being rounded to the nearest whole share) as may be determined by the Board of Directors.

(b) In the event the Corporation shall redeem shares of Series B Preferred Stock, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed at such holder's address as the same appears on the stock register of the Corporation; PROVIDED that neither the failure to give such notice nor any defect therein shall

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affect the validity of the giving of notice for the redemption of any share of Series B Preferred Stock to be redeemed except as to the holder to whom the Corporation has failed to give said notice or except as to the holder whose notice was defective. Each such notice shall state: (i) the redemption date (which shall be a date on or after the First Call Date); (ii) the number of shares of Series B Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder (which if less than all the shares outstanding, must be on a pro-rate basis); (iii) the redemption price formula; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(c) Notice having been mailed as aforesaid, from and after the redemption date, dividends on the shares of Series B Preferred Stock so called for redemption shall cease to accrue, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price as aforesaid. In case fewer than all the

shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

8. PUT RIGHTS. (a) The holders of the Series B Preferred Stock shall have the right to put their shares to the Corporation (the "PUT RIGHTS") only to the extent provided for in this paragraph 8. On or after the Second Put Date, the Put Rights shall be exercisable on all shares of Series B Preferred Stock. On or after the earlier to occur of (A) a Change of Control and (B) the First Put Sale Date, but prior to the Second Put Date, the Put Rights shall be exercisable for that number of shares of Series B Preferred Stock equal to the product of (x) the total number of shares of Series B Preferred Stock that the Corporation has issued plus the number it is then obligated to issue in the form of dividends on the Series A Preferred Stock or Series B Preferred Stock (the "TOTAL B SHARES"), times (y) the quotient of (i) the number of shares of Series A Preferred Stock that have been converted into Common Stock plus the number of shares of Series A Preferred Stock that have been sold or otherwise transferred by the initial holder thereof to a third party divided by (ii) the total number of shares of Series A Preferred Stock that the Corporation has issued plus the number it is then obligated to issue in the form of dividends on the Series A Preferred Stock (the "TOTAL A SHARES"). If a Change of Control has not occurred, on or after the First Put Converted Date but prior to the earlier to occur of (A) a Change of Control and (B) the First Put Sale Date, the Put Rights shall be exercisable for that number of shares of Series B Preferred Stock equal to the product of (i) the Total B Shares, times (y) the quotient of (i) the number of shares of Series A Preferred Stock that have been converted into Common Stock divided by (ii) the Total A Shares.

With respect to that number of shares of Series B Preferred Stock for which Put Rights are exercisable as provided above in this paragraph 8, less the number of shares for which Put Rights have already been exercised (the "PUTTABLE SHARES"), the holders of the shares of Series B Preferred Stock shall have the right, at any time and from time to time, at such holder's option, to put any or all such shares to the Corporation. With respect to each share duly put to the Corporation pursuant to this paragraph 8, the Corporation shall pay an amount (the "PUT

CONSIDERATION") equal to the Market Value on the date the Put Right is exercised of the number of Common Shares into which one share of Series A Preferred Stock is convertible, (or would have been convertible had any Series A Preferred Stock then been outstanding), as such number may have been adjusted, plus any amount of cash payable on such conversion for fractional shares.

Notwithstanding the foregoing, at the Corporation's election, the Corporation may pay the Put Consideration, in whole or in part, in the form of shares of Common Stock valued at the Market Price on the date the Put Rights are exercised. Notwithstanding the foregoing, in the event of any exercise of Put Rights that would require the Corporation to pay in cash in excess of \$25

million pursuant to this paragraph 8 in any 3-month period, in lieu of the cash portion of the Put Consideration constituting such excess (the "NOTE AMOUNT"), the holder exercising such Put Rights shall at the election of the Corporation, be issued a promissory note (a "NOTE") by the Corporation in the amount of the Note Amount if (i) federal or state law requires a vote of the stockholders of the Corporation in order for the Corporation to issue Common Shares in payment of the Put Consideration, (ii) stockholders of the Corporation have voted in favor of issuing Notes rather than Common Stock in connection with Put Right exercises and (iii) the Board of Directors of the Corporation determines that the issuance of cash would have a material adverse effect on the financial condition of the Corporation and its subsidiaries taken as a whole. Any such Note shall be secured to the fullest extent, and have the highest priority, permitted under the Corporation's then existing debt instruments, shall have a two-year term, shall bear interest at the lesser of (i) the then applicable U.S. Treasuries rate plus 850 basis points and (ii) the highest rate permitted by applicable law, and shall be subject to documentation reasonably acceptable to holders of a majority of the Series B Preferred Stock.

Notwithstanding any call for redemption pursuant to paragraph 6, the right to put shares so called for redemption shall terminate at the close of business on the date immediately preceding the date fixed for such redemption unless the Corporation shall default in making payment of the amount payable upon such redemption.

With respect to each holder of Series B Preferred Stock, the "HOLDER SHARE TOTAL" shall equal the number of shares of Series B Preferred Stock that such Holder currently holds (the "CURRENT SHARE TOTAL") plus the number of shares of Series B Preferred Stock that such Holder has previously put pursuant to this paragraph 8 (the "PRIOR PUT TOTAL"). Each holder of Series B Preferred Stock shall have the right to exercise Put Rights only with respect to (i) that proportion of its Holder Share Total that equals the proportion of the number of shares of Series B Preferred Stock for which Put Rights are exercisable as provided above in this paragraph 8 over the Total B Shares, less (ii) the Prior Put Total.

(b) (i) In order to exercise the Put Rights, the holder of the shares of Series B Preferred Stock to be put shall surrender the certificate representing such shares at the office of the Corporation, with a written notice of election to put completed and signed, specifying the number of shares to be put. Unless the shares issuable on the put, if any, are to be issued in the same name as the name in which such shares of Series B Preferred Stock are registered, each share surrendered for the put shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or the holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax.

(ii) As promptly as practicable after the surrender by a

holder of certificates for shares of Series B Preferred Stock as aforesaid, the Corporation shall issue and shall deliver to such holder, or on the holder's written order to the holder's transferee, (v) the cash portion of the Put Consideration, (w) a certificate or certificates for the whole number of shares of Common Stock issuable upon the put as part of the Put Consideration and (x) in the event of a put in part, a certificate or certificates for the whole number of shares of Series B Preferred Stock not being put.

(iii) Each put shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Series B Preferred Stock shall have been surrendered and such notice received by the Corporation as aforesaid, and the person in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such put, if any, shall be deemed to have become the holder of record of the shares of Common Stock represented thereby at such time on such date. All shares of Common Stock delivered pursuant to this paragraph 8 will upon delivery be duly and validly issued and fully paid and non-assessable, free of all liens and charges and not subject to any preemptive rights. Upon the surrender of certificates representing shares of Series B Preferred Stock, such shares shall no longer be deemed to be outstanding and all rights of a holder with respect to such shares surrendered for the put shall immediately terminate except the right to receive the Common Stock and other amounts payable pursuant to this paragraph 8 and a certificate or certificates representing shares of Series B Preferred Stock not put.

(c) (i) Upon delivery to the Corporation by a holder of shares of Series B Preferred Stock of a notice of election to put, the right of the Corporation to redeem such shares of Series B Preferred Stock shall terminate, regardless of whether a notice of redemption has been mailed as aforesaid.

(d) Prior to the delivery of any securities which the Corporation shall elect to deliver upon the put of the Series B Preferred Stock, the Corporation shall comply with all applicable federal and state laws and regulations which require action to be taken by the Corporation.

(e) The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on the put of the Series B Preferred Stock pursuant hereto; PROVIDED that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the Series B Preferred Stock to be put and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

9. CONVERSION TO SERIES A PREFERRED STOCK. If a Stockholder Approval Event shall occur, each outstanding share of Series B Preferred Stock, and fractions thereof, shall automatically and immediately convert, on a one-for-one basis, into shares of Series A Preferred

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Stock and (ii) any right to obtain any then accrued but unpaid dividends on each share of Series B Preferred Stock shall automatically and immediately attach to the resulting converted share, provided that the dividend rate on the Series B Preferred Stock shall be applicable and dividends will accrue at such rate until the date of such conversion. After such conversion, upon surrender to the Corporation for cancellation of a certificate previously representing outstanding shares of Series B Preferred Stock, together with instruments of transfer in form satisfactory to the Corporation, the holder of such certificate shall be entitled to receive in exchange therefor a certificate representing the same number of shares of Series A Preferred Stock as the number of shares of Series B Preferred Stock previously represented by the surrendered certificate. Until so surrendered, each outstanding certificate that, prior to the time of the conversion of the Series B Preferred Stock into Series A Preferred Stock (the "Conversion Time"), represented outstanding shares of Series B Preferred Stock will be deemed from and after the Conversion Time, for all corporate purposes, to evidence the ownership of the same number of shares of Series A Preferred Stock.

10. VOTING RIGHTS. (a) Except as otherwise required by Delaware law, the holders of shares of Series B Preferred Stock shall not be entitled to any voting rights. Except as expressly required under Delaware Law, on any matter on which holders of shares of Series B Preferred Stock shall be entitled to vote, they shall be entitled to one vote per share, voting as a single class.

(b) So long as any shares of Series B Preferred Stock are outstanding, the Corporation shall not, without the written consent or affirmative vote at a meeting called for that purpose of the holders of a majority of the shares of Series B Preferred Stock then outstanding, amend, alter or repeal, whether by merger, consolidation, combination, reclassification or otherwise, the Amended and Restated Certificate of Incorporation or By-laws of the Corporation or of any provision thereof (including the adoption of a new provision thereof) which would result in an alteration or circumvention of the voting powers, designation and preferences and relative participating, optional and other special rights, and qualifications, limitations and restrictions of the Series B Preferred Stock; PROVIDED that any such amendment or alteration that changes the dividend payable on, or the liquidation preference or the par value of, the Series B Preferred Stock shall require the affirmative vote at a meeting of holders of Series B Preferred Stock duly called for such purpose, or the written consent, of the holder of each share of Series B Preferred Stock.

(c) The Corporation shall not, without first obtaining the approval

of the holders of not less than a majority of the total number of shares of Series B Preferred Stock then outstanding:

(i) issue any additional shares of Series B Preferred Stock (other than as dividends on Series A Preferred Stock or Series B Preferred Stock or in exchange for Series A Preferred Stock pursuant to Section 8(i) of the Certificate of Designations, Preferences and Rights of the Series A Preferred Stock);

(ii) authorize, create or issue shares of any class or series of stock having any preference or priority superior to or on a parity with any such preference or priority of the Series B Preferred Stock;

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(iii) take any step resulting in the redemption of shares of Parity Securities or Junior Securities, except as set forth in paragraphs 4(c) and 4(d) of this Certificate of Designations; or

(iv) amend this paragraph 10.

(d) The consent or votes required in paragraph 10(b) and 10(c) above shall be in addition to any approval of stockholders of the Corporation which may be required by law or pursuant to any provision of the Corporation's certificate of incorporation or bylaws.

(e) On the Issue Date, the number of directors then constituting the Board of Directors shall be increased by one and the holders of shares of Series B Preferred Stock, voting as a single class, shall be entitled to elect one additional director to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Series B Preferred Stock called as hereinafter provided. Whenever a Stockholder Approval Event has occurred or majority of the shares of Series B Preferred Stock issued on the Issue Date have been put to the Corporation pursuant to paragraph 8 or have been transferred by the initial holder thereof to a Person that is not an Affiliate of the initial holder, then the right of the holders of the Series B Preferred Stock to elect such additional director shall cease, and the term of office of any person elected as director by the holders of the Series B Preferred Stock shall forthwith terminate and the number of the Board of Directors shall be reduced accordingly. At any time after voting power to elect a director shall have become vested and be continuing in the holders of Series B Preferred Stock pursuant to this paragraph, or if a vacancy shall exist in the office of a director elected by the holders of Series B Preferred Stock, a proper officer of the Corporation may, and upon the written request of the holders of record of at least twenty-five percent (25%) of the shares of Series B Preferred Stock then outstanding addressed to the Secretary of the Corporation shall, call a special meeting of the holders of Series B Preferred Stock, for the purpose of electing

the director which such holders are entitled to elect. If such meeting shall not be called by a proper officer of the Corporation within twenty (20) days after personal service of said written request upon the Secretary of the Corporation, or within twenty (20) days after mailing the same within the United States by certified mail, addressed to the Secretary of the Corporation at its principal executive offices, then the holders of at least twenty-five percent (25%) of the outstanding shares of Series B Preferred Stock may designate in writing one of their number to call such meeting at the expense of the Corporation, and such meeting may be called by the person so designated upon the notice required for the annual meeting of stockholders of the Corporation and shall be held at the place for holding the annual meetings of stockholders. Any holder of Series B Preferred Stock so designated shall have, and the Corporation shall provide, access to the lists of stockholders to be called pursuant to the provisions hereof.

11. REPORTS. The Corporation shall mail to all holders of Series B Preferred Stock those reports, proxy statements and other materials that it mails to all of its holders of Common Stock. In the event the Corporation is not required to file quarterly and annual financial reports with the Securities and Exchange Commission pursuant to Section 13 or Section 15(d) of the Exchange Act, the Corporation will furnish the holders of the Series B Preferred Stock with reports containing the same information as would be required in such reports.

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12. QUOTATION. So long as any of the Series B Preferred Stock is outstanding, the Corporation shall use commercially reasonable efforts to maintain the quotation of the Common Stock on the Nasdaq National Market.

13. GENERAL PROVISIONS. (a) The headings of the paragraphs, subparagraphs, clauses and subclauses of this Certificate of Designations are for convenience of reference only and shall not define, limit or affect any of the provisions hereof.

(b) Each holder of Series B Preferred Stock, by acceptance thereof, acknowledges and agrees that payments of dividends, interest, premium and principal on, and exchange, redemption and repurchase of, such securities by the Corporation are subject to restrictions on the Corporation contained in certain credit and financing agreements.

14. RECLASSIFICATION, SUBDIVISION OR COMBINATION. The Series B Preferred Stock may not be reclassified, subdivided or combined unless the Series A Preferred Stock is reclassified, subdivided or combined (as the case may be) simultaneously and in the same proportion.

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IN WITNESS WHEREOF, marchFIRST, Inc. has caused this Certificate of

Designations to be signed and attested by the undersigned this 27th day of December, 2000.

marchFIRST, Inc.

By: /s/ ROBERT F. BERNARD

Name: Robert F. Bernard
Title: Chief Executive Officer

ATTEST:

By: /s/ EDWARD V. SZOFER

Name: Edward V. Szofer
Title: Secretary

FOR IMMEDIATE RELEASE

marchFIRST COMPLETES \$150 MILLION INVESTMENT FROM
FRANCISCO PARTNERS

CHICAGO (DECEMBER 28, 2000) -- marchFIRST, Inc. (Nasdaq: MRCH), a leading global professional services company, today announced the completion of the \$150 million investment from Francisco Partners. The transaction closed and the investment proceeds have been transferred to marchFIRST today.

"We are pleased to finalize this transaction in an expeditious manner. We believe that this capital, coupled with our operating cash flow, will provide us with the financial flexibility necessary to execute our year 2001 business plan and our global client relationship model," said Robert Bernard, marchFIRST Chairman and Chief Executive Officer. "We intend to focus on driving operational excellence and leveraging our core capabilities to help our clients get closer to their customers while maximizing their operational efficiencies."

Francisco Partners purchased 63,053 shares of marchFIRST's Series A, 8% convertible preferred stock and 86,947 shares of marchFIRST's Series B, 12% preferred stock for \$1,000 per share. The Series A shares will be convertible at any time into shares of marchFIRST common stock at a price of \$2 per share. Upon approval by marchFIRST stockholders, the Series B shares would convert into Series A shares on a one-for-one basis. A detailed description of the terms of these securities is contained in marchFIRST's Current Report on Form 8-K dated December 13, 2000.

ABOUT marchFIRST

marchFIRST creates and delivers innovative, distinctive customer outreach and enterprise improvement solutions for Global 3000 corporations and leading emerging companies. marchFIRST helps its clients connect with their customers, optimize their business infrastructure and maximize their existing assets to drive better business results. The Company serves seven industry sectors: manufacturing; financial services; high tech and telecommunications; consumer products/retail; health care; media, entertainment and communications, and transportation/travel and leisure. Headquartered in Chicago, marchFIRST has offices in 16 countries worldwide. Its Web site is WWW.marchFIRST.COM.

ABOUT FRANCISCO PARTNERS

Francisco Partners, a \$2.5 billion private equity firm focused on structured investments in technology companies, was formed by David M. Stanton, Sanford R. Robertson, Benjamin H. Ball, Dipanjan Deb and Neil M. Garfinkel. Francisco Partners targets public companies, divisions of public companies and private companies with transaction values ranging from \$50 million to in excess of \$2

billion. In total, the principals have made substantial investments in over 25 technology companies. Their investments include the purchase of Globespan, Inc. and Paradyne from Lucent Technology; the purchase of Legerity from Advanced Micro Devices; the purchase of XcelleNet from Sterling Commerce; the pending purchase of American Microsystems, Inc. from Japan Energy Corporation; the purchases of GT Com and Zilog, and the \$1.8 billion purchase of ON

Semiconductor from Motorola. In addition to its internal resource base, Francisco Partners has an exclusive long-term relationship with Sequoia Capital, one of the most prominent and successful venture capital firms in Silicon Valley. Founded in 1972, Sequoia Capital has provided early stage capital to over 350 technology companies including 3Com Corp., Apple Computer, Cisco Systems, Inc., Oracle Corp., and Yahoo! Inc.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This news release includes forward-looking statements that reflect marchFIRST's current expectations about its future results, performance, prospects and opportunities. marchFIRST has tried to identify these forward-looking statements by using words such as "believe" "intend," and similar expressions. These forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause marchFIRST's actual results, performance, prospects or opportunities in 2001 and beyond to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the development of the marketplace for e-commerce solutions and other factors affecting market demand, changes in business plans and financial models that may result from the transaction discussed in this news release and any other financing or strategic transactions entered into by marchFIRST, marchFIRST's ability to meet its future cash needs, marchFIRST's ability to manage its growth and expansion into new geographic areas and service lines, foreign currency exchange rate fluctuations and other risks associated with international business, difficulties in attracting and retaining highly skilled employees, marchFIRST's ability to accurately estimate the cost, scope and duration of fixed-price client engagements, marchFIRST's ability to collect amounts billed for client engagements, risks related to marchFIRST's investments in equity securities, risks related to possible acquisitions, competitive factors, integration and other risks related to the merger with USWeb/CKS and possible consequences of stockholder lawsuits against marchFIRST. For further information about these and other risks, uncertainties and factors, please review the disclosure included under the caption "Risk Factors" in marchFIRST's Quarterly Report on Form 10-Q for the period ended September 30, 2000 and Annual Report on Form 10-K for the year ended December 31, 1999, as filed with the Securities and Exchange Commission. marchFIRST undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or changed circumstances or for any other reason.

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NOTE TO EDITORS: The name marchFIRST is one word, with lowercase march and

uppercase FIRST.

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