

COGENT COMMUNICATIONS GROUP INC

Form SC 13D

August 11, 2003

SEC 1746 (11-02)	<b>Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.</b>
---------------------	--

**UNITED STATES  
SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**SCHEDULE 13D**

(Rule 13d-101)

**Under the Securities Exchange Act of 1934  
(Amendment No. )\***

OMB APPROVAL

OMB Number:  
3235-0145

Expires: December 31,  
2005

Estimated average burden  
hours per response. . 11

**Cogent Communications Group, Inc.**

(Name of Issuer)

**Common Stock, \$0.001 par value per share**

(Title of Class of Securities)

**19239V104**

(CUSIP Number)

**Michael Carus**

**Jerusalem Venture Partners**

**41 Madison Ave.**

**25th Floor**

**New York, NY 10010**

**(212) 479-5100**

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

**Copies to:**

**Sean Caplice, Esq.**

**Gunderson Dettmer Stough Villeneuve Franklin & Hachigian LLP**

**155 Constitution Dr.**

**Menlo Park, CA 94025**

**(650) 321-2400**

**July 31, 2003**

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. [  ]

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

---

1. **Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**  
 Jerusalem Venture Partners IV, L.P. ( JVP IV )

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**

- (a)  [ ]  
 (b)  [ X ]

3. **SEC Use Only**

4. **Source of Funds (See Instructions)**  
 WC

5. **Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)** [  ]

6. **Citizenship or Place of Organization**  
 Delaware

7. **Sole Voting Power**

33,030,188, except that Jerusalem Partners IV, L.P. ( JP IV ), the general partner of JVP IV, may be deemed to have sole power to vote these shares; JVP Corp. IV ( JVPCIV ), the general partner of JP IV, may be deemed to have the sole power to vote these shares; and Erel Margalit ( Margalit ), as an officer of JVPCIV, may be deemed to have sole power to vote these shares.

**Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With**

8. **Shared Voting Power**

See response to Row 7.

9. **Sole Dispositive Power**

33,030,188, except that JP IV, the general partner of JVP IV, may be deemed to have sole power to dispose of these shares; JVPCIV, the general partner of JP IV, may be deemed to have the sole power to dispose of these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to dispose of these shares.

10. **Shared Dispositive Power**

See response to Row 9.

11. **Aggregate Amount Beneficially Owned by Each Reporting Person**  
 33,030,188

12. **Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)** [  ]

13. **Percent of Class Represented by Amount in Row (11)**  
 9.79%\*

14. **Type of Reporting Person (See Instructions)**  
 PN

---

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding

1. **Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**  
 Jerusalem Venture Partners IV-A, L.P. ( JVP IV-A )

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**

- (a)  [ ]  
 (b)  [ X ]

3. **SEC Use Only**

4. **Source of Funds (See Instructions)**  
 WC

5. **Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)** [  ]

6. **Citizenship or Place of Organization**  
 Delaware

7. **Sole Voting Power**

282,102 shares, except that JP IV, the general partner of JVP IV-A, may be deemed to have sole power to vote these shares; JVPCIV, the general partner of JP IV, may be deemed to have sole power to vote these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to vote these shares.

**Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With**

8. **Shared Voting Power**

See response to Row 7.

9. **Sole Dispositive Power**

282,102 shares, except that JP IV, the general partner of JVP IV-A, may be deemed to have sole power to dispose of these shares; JVPCIV, the general partner of JP IV, may be deemed to have sole power to dispose of these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to dispose of these shares.

10. **Shared Dispositive Power**

See response to Row 9.

11. **Aggregate Amount Beneficially Owned by Each Reporting Person**  
 282,102

12. **Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)** [ X ]

13. **Percent of Class Represented by Amount in Row (11)**  
 0.08%\*

14. **Type of Reporting Person (See Instructions)**  
 PN

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding

1. **Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**

Jerusalem Venture Partners IV (Israel), L.P. ( JVP IV (Israel) )

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**

(a)

(b)

3. **SEC Use Only**

4. **Source of Funds (See Instructions)**

WC

5. **Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)**

6. **Citizenship or Place of Organization**

Israel

7. **Sole Voting Power**

794,696 shares, except that Jerusalem Partners IV Venture Capital L.P. ( JP IV VC ), the general partner of JVP IV (Israel), may be deemed to have sole power to vote these shares; JVPCIV, the general partner of JP IV VC, may be deemed to have sole power to vote these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to vote these shares.

**Number of  
Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person With**

8. **Shared Voting Power**

See response to Row 7.

9. **Sole Dispositive Power**

794,696 shares, except that JP IV VC, the general partner of JVP IV (Israel), may be deemed to have sole power to dispose of these shares; JVPCIV, the general partner of JP IV VC, may be deemed to have sole power to dispose of these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to dispose of these shares.

10. **Shared Dispositive Power**

See response to Row 9.

11. **Aggregate Amount Beneficially Owned by Each Reporting Person**

794,696

12. **Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)**

13. **Percent of Class Represented by Amount in Row (11)**

0.24%\*

14. **Type of Reporting Person (See Instructions)**

PN

---

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding



1. **Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**  
 Jerusalem Venture Partners Entrepreneurs Fund IV, L.P. ( JVP E-Fund IV )

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**

- (a)  [ ]  
 (b)  [ X ]

3. **SEC Use Only**

4. **Source of Funds (See Instructions)**  
 WC

5. **Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)** [  ]

6. **Citizenship or Place of Organization**  
 Delaware

7. **Sole Voting Power**

295,854 shares, except that JP IV, the general partner of JVP E-Fund IV, may be deemed to have sole power to vote these shares; JVPCIV, the general partner of JVP IV, may be deemed to have sole power to vote these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to vote these shares.

**Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With**

8. **Shared Voting Power**

See response to Row 7.

9. **Sole Dispositive Power**

295,854 shares, except that JP IV, the general partner of JVP E-Fund IV, may be deemed to have sole power to dispose of these shares; JVPCIV, the general partner of JVP IV, may be deemed to have sole power to dispose of these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to dispose of these shares.

10. **Shared Dispositive Power**

See response to Row 9.

11. **Aggregate Amount Beneficially Owned by Each Reporting Person**  
 295,854

12. **Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)** [  ]

13. **Percent of Class Represented by Amount in Row (11)**  
 0.09%\*

14. **Type of Reporting Person (See Instructions)**  
 PN

---

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding

1. **Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**  
 Jerusalem Venture Partners III, L.P. ( JVP III )

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**

- (a)  [ ]  
 (b)  [ X ]

3. **SEC Use Only**

4. **Source of Funds (See Instructions)**  
 WC

5. **Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)** [  ]

6. **Citizenship or Place of Organization**  
 Delaware

7. **Sole Voting Power**

41,283,683, except that Jerusalem Partners III, L.P. ( JP III ), the general partner of JVP III, may be deemed to have sole power to vote these shares; Jerusalem Venture Partners Corporation ( JVPC ), the general partner of JP III, may be deemed to have the sole power to vote these shares; and Margalit, as an officer of JVPC, may be deemed to have sole power to vote these shares.

**Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With**

8. **Shared Voting Power**

See response to Row 7.

9. **Sole Dispositive Power**

41,283,683, except that JP III, the general partner of JVP III, may be deemed to have sole power to dispose of these shares; JVPC, the general partner of JP III, may be deemed to have the sole power to dispose of these shares; and Margalit, as an officer of JVPC, may be deemed to have sole power to dispose of these shares.

10. **Shared Dispositive Power**

See response to Row 9.

11. **Aggregate Amount Beneficially Owned by Each Reporting Person**  
 41,283,683

12. **Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)** [  ]

13. **Percent of Class Represented by Amount in Row (11)**  
 12.24%\*

14. **Type of Reporting Person (See Instructions)**  
 PN

---

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding

1. **Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**  
 Jerusalem Venture Partners Entrepreneur Fund III, L.P. ( JVP E-Fund III )

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**

- (a)  [ ]  
 (b)  [ X ]

3. **SEC Use Only**

4. **Source of Funds (See Instructions)**  
 WC

5. **Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)** [  ]

6. **Citizenship or Place of Organization**  
 Delaware

7. **Sole Voting Power**

3,174,619, except that JP III, the general partner of JVP E-Fund III, may be deemed to have sole power to vote these shares; JVPC, the general partner of JP III, may be deemed to have the sole power to vote these shares; and Margalit, as an officer of JVPC, may be deemed to have sole power to vote these shares.

**Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With**

8. **Shared Voting Power**

See response to Row 7.

9. **Sole Dispositive Power**

3,174,619, except that JP III, the general partner of JVP E-Fund III, may be deemed to have sole power to dispose of these shares; JVPC, the general partner of JP III, may be deemed to have the sole power to dispose of these shares; and Margalit, as an officer of JVPC, may be deemed to have sole power to dispose of these shares.

10. **Shared Dispositive Power**

See response to Row 9.

11. **Aggregate Amount Beneficially Owned by Each Reporting Person**  
 3,174,619

12. **Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)** [  ]

13. **Percent of Class Represented by Amount in Row (11)**  
 0.94%\*

14. **Type of Reporting Person (See Instructions)**  
 PN

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding

1. **Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**  
 Jerusalem Venture Partners III (Israel), L.P. ( JVP III (Israel) )

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**

- (a)  [ ]  
 (b)  [ X ]

3. **SEC Use Only**

4. **Source of Funds (See Instructions)**  
 WC

5. **Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)** [  ]

6. **Citizenship or Place of Organization**  
 Israel

7. **Sole Voting Power**

1,153,992, except that JVP III (Israel) Mgmt, the general partner of JVP III (Israel), may be deemed to have sole power to vote these shares; and Margalit, as an officer of JVP III (Israel) Mgmt, may be deemed to have sole power to vote these shares.

**Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With**

8. **Shared Voting Power**

See response to Row 7.

9. **Sole Dispositive Power**

1,153,992, except that JVP III (Israel) Mgmt, the general partner of JVP III (Israel), may be deemed to have sole power to dispose of these shares; and Margalit, as an officer of JVP III (Israel) Mgmt, may be deemed to have sole power to dispose of these shares.

10. **Shared Dispositive Power**  
 See response to Row 9.

11. **Aggregate Amount Beneficially Owned by Each Reporting Person**  
 1,153,992

12. **Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)** [  ]

13. **Percent of Class Represented by Amount in Row (11)**  
 0.34%\*

14. **Type of Reporting Person (See Instructions)**  
 PN

---

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding





**1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**

Jerusalem Partners IV, L.P.( JP IV )

**2. Check the Appropriate Box if a Member of a Group (See Instructions)**

(a)

(b)

**3. SEC Use Only**

**4. Source of Funds (See Instructions)**

WC

**5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)**

**6. Citizenship or Place of Organization**

Delaware

**7. Sole Voting Power**

33,608,144 shares, of which 33,030,188 are directly owned by JVP IV, 295,854 are directly owned by JVP E-Fund IV and 282,102 are directly owned by JVP IV-A. JP IV, the general partner of JVP IV, JVP E-Fund IV and JVP IV-A, may be deemed to have sole power to vote these shares; JVPCIV, the general partner of JP IV, may be deemed to have sole power to vote these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to vote these shares.

**Number of Shares Beneficially Owned by Each Reporting Person With**

**8. Shared Voting Power**

See response to Row 7.

**9. Sole Dispositive Power**

33,608,144 shares, of which 33,030,188 are directly owned by JVP IV, 295,854 are directly owned by JVP E-Fund IV and 282,102 are directly owned by JVP IV-A. JP IV, the general partner of JVP IV, JVP E-Fund IV and JVP IV-A, may be deemed to have sole power to dispose of these shares; JVPCIV, the general partner of JP IV, may be deemed to have sole power to dispose of these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to dispose of these shares..

**10. Shared Dispositive Power**

See response to Row 9.

**11. Aggregate Amount Beneficially Owned by Each Reporting Person**

33,608,144

**12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)**

**13. Percent of Class Represented by Amount in Row (11)**

9.96%\*

**14. Type of Reporting Person (See Instructions)**  
PN

---

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding

1. **Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**

Jerusalem Partners IV Venture Capital, L.P.( JP IV VC )

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**

(a)

(b)

3. **SEC Use Only**

4. **Source of Funds (See Instructions)**

WC

5. **Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)**

6. **Citizenship or Place of Organization**

Israel

7. **Sole Voting Power**

794,696 shares which are directly owned by JVP IV (Israel). JP IV VC, the general partner of JVP IV (Israel) may be deemed to have sole power to vote these shares; JVPCIV, the general partner of JP IV VC, may be deemed to have sole power to vote these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to vote these shares.

**Number of  
Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person With**

8. **Shared Voting Power**

See response to Row 7.

9. **Sole Dispositive Power**

794,696 shares which are directly owned by JVP IV (Israel). JP IV VC, the general partner of JVP IV (Israel) may be deemed to have sole power to dispose of these shares; JVPCIV, the general partner of JP IV VC, may be deemed to have sole power to dispose of these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to dispose of these shares.

10. **Shared Dispositive Power**

See response to Row 9.

11. **Aggregate Amount Beneficially Owned by Each Reporting Person**

794,696

12. **Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)**

13. **Percent of Class Represented by Amount in Row (11)**

0.24%\*

14. **Type of Reporting Person (See Instructions)**

PN

---

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding

**1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**

Jerusalem Partners III, L.P.( JP III )

**2. Check the Appropriate Box if a Member of a Group (See Instructions)**

(a)

(b)

**3. SEC Use Only**

**4. Source of Funds (See Instructions)**

WC

**5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)**

**6. Citizenship or Place of Organization**

Delaware

**7. Sole Voting Power**

44,458,302 shares, of which 41,283,683 are directly owned by JVP III and 3,174,619 are directly owned by JVP E-Fund III. JP III, the general partner of JVP III and JVP E-Fund III, may be deemed to have sole power to vote these shares; JVPC, the general partner of JP III, may be deemed to have sole power to vote these shares; and Margalit, as an officer of JVPC, may be deemed to have sole power to vote these shares.

**Number of Shares Beneficially Owned by Each Reporting Person With**

**8. Shared Voting Power**

See response to Row 7.

**9. Sole Dispositive Power**

44,458,302 shares, of which 41,283,683 are directly owned by JVP III and 3,174,619 are directly owned by JVP E-Fund III. JP III, the general partner of JVP III and JVP E-Fund III, may be deemed to have sole power to dispose of these shares; JVPC, the general partner of JP III, may be deemed to have sole power to dispose of these shares; and Margalit, as an officer of JVPC, may be deemed to have sole power to dispose of these shares.

**10. Shared Dispositive Power**

See response to Row 9.

**11. Aggregate Amount Beneficially Owned by Each Reporting Person**

44,458,302

**12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)**

**13. Percent of Class Represented by Amount in Row (11)**

13.18%\*

**14. Type of Reporting Person (See Instructions)**  
PN

---

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding

1. **Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**  
 Jerusalem Venture Partners III (Israel) Management Company Ltd. ( JVP III (Israel) Mgmt )

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**

- (a)  [ ]  
 (b)  [ X ]

3. **SEC Use Only**

4. **Source of Funds (See Instructions)**  
 WC

5. **Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)** [  ]

6. **Citizenship or Place of Organization**  
 Israel

7. **Sole Voting Power**

1,153,992 shares, all of which are directly owned by JVP III (Israel). JVP III (Israel) Mgmt, the general partner of JVP III (Israel), may be deemed to have sole power to vote these shares; and Margalit, as an officer of JVP III (Israel) Mgmt, may be deemed to have sole power to vote these shares.

**Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With**

8. **Shared Voting Power**

See response to Row 7.

9. **Sole Dispositive Power**

1,153,992 shares, all of which are directly owned by JVP III (Israel). JVP III (Israel) Mgmt, the general partner of JVP III (Israel), may be deemed to have sole power to dispose of these shares; and Margalit, as an officer of JVP III (Israel) Mgmt, may be deemed to have sole power to dispose of these shares.

10. **Shared Dispositive Power**

See response to Row 9.

11. **Aggregate Amount Beneficially Owned by Each Reporting Person**  
 1,153,992

12. **Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)** [  ]

13. **Percent of Class Represented by Amount in Row (11)**  
 0.34%\*

14. **Type of Reporting Person (See Instructions)**  
 CO

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding



1. **Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**  
 Jerusalem Venture Partners Corporation ( JVPC )

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**

- (a)  [ ]  
 (b)  [ X ]

3. **SEC Use Only**

4. **Source of Funds (See Instructions)**  
 WC

5. **Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)** [  ]

6. **Citizenship or Place of Organization**  
 Cayman Islands

7. **Sole Voting Power**

44,458,302 shares, of which 41,283,683 are directly owned by JVP III and 3,174,619 are directly owned by JVP E-Fund III. JVPC, is the general partner of JP III, the general partner of JVP III and JVP E-Fund III, and may be deemed to have sole power to vote these shares; and Margalit, as an officer of JVPC, may be deemed to have sole power to vote these shares.

**Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With**

8. **Shared Voting Power**

See response to Row 7.

9. **Sole Dispositive Power**

44,458,302 shares, of which 41,283,683 are directly owned by JVP III and 3,174,619 are directly owned by JVP E-Fund III. JVPC, is the general partner of JP III, the general partner of JVP III and JVP E-Fund III, and may be deemed to have sole power to dispose of these shares; and Margalit, as an officer of JVPC, may be deemed to have sole power to dispose of these shares.

10. **Shared Dispositive Power**

See response to Row 9.

11. **Aggregate Amount Beneficially Owned by Each Reporting Person**  
 44,458,302

12. **Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)** [  ]

13. **Percent of Class Represented by Amount in Row (11)**  
 13.18%\*

14. **Type of Reporting Person (See Instructions)**  
 CO

---

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding

**1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**

JVP Corp. IV ( JVPCIV )

**2. Check the Appropriate Box if a Member of a Group (See Instructions)**

- (a)  [ ]  
 (b)  [ X ]

**3. SEC Use Only**

**4. Source of Funds (See Instructions)**

WC

**5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) [ ]**

**6. Citizenship or Place of Organization**

Cayman Islands

**7. Sole Voting Power**

34,402,840 shares, of which 33,030,188 are directly owned by JVP IV, 282,102 are directly owned by JVP IV-A, 295,854 are directly owned by JVP E-Fund IV and 794,696 are directly owned by JVP IV (Israel). JVPCIV, is the general partner of JP IV, the general partner of JVP IV, JVP IV-A, and JVP E-Fund IV, and the general partner of JP IV VC the general partner of JVP IV (Israel), and may be deemed to have sole power to vote these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to vote these shares.

**Number of Shares Beneficially Owned by Each Reporting Person With**

**8. Shared Voting Power**

See response to Row 7.

**9. Sole Dispositive Power**

34,402,840 shares, of which 33,030,188 are directly owned by JVP IV, 282,102 are directly owned by JVP IV-A, 295,854 are directly owned by JVP E-Fund IV and 794,696 are directly owned by JVP IV (Israel). JVPCIV, is the general partner of JP IV, the general partner of JVP IV, JVP IV-A, and JVP E-Fund IV, and the general partner of JP IV VC the general partner of JVP IV (Israel), and may be deemed to have sole power to dispose of these shares; and Margalit, as an officer of JVPCIV, may be deemed to have sole power to dispose of these shares.

**10. Shared Dispositive Power**

See response to Row 9.

**11. Aggregate Amount Beneficially Owned by Each Reporting Person**

34,402,840

**12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) [ X ]**

**13. Percent of Class Represented by Amount in Row (11)**

10.20%\*

**14. Type of Reporting Person (See Instructions)**  
CO

---

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding

**1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).**

Erel Margalit ( Margalit )

**2. Check the Appropriate Box if a Member of a Group (See Instructions)**

(a)

(b)

**3. SEC Use Only**

**4. Source of Funds (See Instructions)**

WC

**5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)**

**6. Citizenship or Place of Organization**

Israeli Citizen

**7. Sole Voting Power**

80,015,134 shares, of which 33,030,188 are directly owned by JVP IV, 282,102 are directly owned by JVP IV-A, 295,854 are directly owned by JVP E-Fund IV, 794,696 are directly owned by JVP IV (Israel), 41,283,683 are directly owned by JVP III, 3,174,619 are directly owned by JVP E-Fund III, and 1,153,992 are directly owned by JVP III (Israel). Margalit is an officer of JVPCIV, which is the general partner of (i) JP IV, which is the general partner of JVP IV, JVP IV-A and JVP E-Fund IV, and JP IV VC which is the general partner of JVP IV (Israel), and (ii) an officer of JVPC which is the general partner of JP III, which is the general partner of JVP III and JVP E-Fund III, and (iii) an officer of JVP III (Israel) Mgmt, which is the general partner of JVP III (Israel), and may be deemed to have sole power to vote these shares.

**Number of Shares Beneficially Owned by Each Reporting Person With**

**8. Shared Voting Power**

See response to Row 7.

**9. Sole Dispositive Power**

80,015,134 shares, of which 33,030,188 are directly owned by JVP IV, 282,102 are directly owned by JVP IV-A, 295,854 are directly owned by JVP E-Fund IV, 794,696 are directly owned by JVP IV (Israel), 41,283,683 are directly owned by JVP III, 3,174,619 are directly owned by JVP E-Fund III, and 1,153,992 are directly owned by JVP III (Israel). Margalit is an officer of JVPCIV, which is the general partner of (i) JP IV, which is the general partner of JVP IV, JVP IV-A and JVP E-Fund IV, and JP IV VC which is the general partner of JVP IV (Israel), and (ii) an officer of JVPC which is the general partner of JP III, which is the general partner of JVP III and JVP E-Fund III, and (iii) an officer of JVP III (Israel) Mgmt, which is the general partner of JVP III (Israel), and may be deemed to have sole power to dispose of these shares.

**10. Shared Dispositive Power**

See response to Row 9.

- 11. Aggregate Amount Beneficially Owned by Each Reporting Person**  
80,015,134
- 12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) [ X ]**
- 13. Percent of Class Represented by Amount in Row (11)**  
23.72%\*
- 14. Type of Reporting Person (See Instructions)**  
IN

---

\* Please see Item 5 with respect to the determination of the number of shares of Common Stock deemed to be outstanding

Statement on Schedule 13D

This Statement on Schedule 13D relates to the beneficial ownership of common stock, par value \$0.001 per share (the Common Stock), of Cogent Communications Group, Inc., a Delaware corporation (the Company). This Schedule 13D is being filed on behalf of the Reporting Persons (as defined below).

**Item 1. Security and Issuer**

The class of equity securities to which this statement relates is the Common Stock of the Company. The principal executive offices of the Company are located at 1015 31st Street N.W., Suite 330, Washington, DC 20007.

**Item 2. Identity and Background**

(a) This Schedule is filed by Jerusalem Venture Partners IV, L.P., a Delaware limited partnership ( JVP IV ), Jerusalem Venture Partners IV-A, L.P., a Delaware limited partnership ( JVP IV-A ), Jerusalem Venture Partners Entrepreneurs Fund IV, L.P., a Delaware limited partnership ( JVP E-Fund IV ), Jerusalem Venture Partners IV (Israel), L.P., an Israel limited partnership ( JVP IV (Israel) ), Jerusalem Venture Partners III, L.P., a Delaware limited partnership ( JVP III ), Jerusalem Venture Partners Entrepreneur Fund III, L.P., a Delaware limited partnership ( JVP E-Fund III ), Jerusalem Venture Partners III (Israel), L.P., an Israel limited partnership ( JVP III (Israel) ), Jerusalem Partners IV, L.P., a Delaware limited partnership ( JP IV ), Jerusalem Partners IV- Venture Capital, L.P., an Israeli limited partnership ( JP IV VC ), Jerusalem Partners III, L.P., a Delaware limited partnership ( JP III ), Jerusalem Venture Partners (Israel) III Management Company Ltd., an Israeli corporation ( JVP III (Israel) Mgmt ), Jerusalem Venture Partners Corporation, a Cayman Islands corporation ( JVPC ), JVP Corp. IV, a Cayman Islands corporation ( JVPCIV ) and Erel Margalit ( Margalit ).

JVP IV, JVP IV-A, JVP E-Fund IV, JVP IV (Israel), JVP III, JVP E-Fund III, JVP III (Israel), JP IV, JP IV VC, JP III, JVP III (Israel) Mgmt, JVPC and JVPCIV are collectively referred to as the JVP Entities. The JVP Entities and Margalit are collectively referred to as the Reporting Persons in this statement.

JP IV, the general partner of JVP IV, JVP IV-A and JVP E-Fund IV, may be deemed to have sole power to vote and sole power to dispose of shares of the issuer directly owned by JVP IV, JVP IV-A and JVP E-Fund IV. JP III, the general partner of JVP III and JVP E-Fund III, may be deemed to have sole power to vote and sole power to dispose of shares of the issuer directly owned by JVP III and JVP E-Fund III. JVPC, the general partner of JP III, may be deemed to have sole power to vote and sole power to dispose of shares of the issuer directly owned by JVP III and JVP E-Fund III. JP IV VC, the general partner of JVP IV (Israel) may be deemed to have sole power to vote and sole power to dispose of shares of the issuer directly owned by JVP IV (Israel). JVPCIV, the general partner of JP IV and JP IV VC, may be deemed to have sole power to vote and sole power to dispose of shares of the issuer directly owned by JVP IV, JVP IV-A, JVP E-Fund IV and JVP IV (Israel). JVP III (Israel) Mgmt, the general partner of JVP III (Israel) may be deemed to have sole power to vote and sole power to dispose of shares of the issuer directly owned by JVP III (Israel). Margalit, as an officer of JVPC, JVPCIV and JVP III (Israel) Mgmt, may be deemed to have sole power to vote and sole power to dispose of shares of the issuer directly owned by JVP IV, JVP IV-A, JVP E-Fund IV, JVP IV (Israel), JVP III, JVP E-Fund III, and JVP III (Israel).

By making this filing, the Reporting Persons acknowledge that they may be deemed to constitute a group within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the Exchange Act), in connection with the securities of the Company. Each Reporting Person

disclaims the existence of a group and disclaims beneficial ownership of all shares of Common Stock other than any shares reported herein as being owned by it, him or her, as the case may be.

The Agreement of Reporting Persons is attached hereto as Exhibit A.

(b) The principal executive offices of each of JVP IV, JVP IV-A, JVP E-Fund IV, JVP III, JVP E-Fund III, JP IV and JP III, and the business address of Margalit, is c/o Jerusalem Venture Partners, 41 Madison Ave., 25th Floor, New York, NY 10010. The principal executive offices for each of JVP IV (Israel), JVP III (Israel), JP IV VC and JVP III (Israel) Mgmt is Jerusalem Technology Park, Building 1, Malha, Jerusalem, L3 91487. The principal executive offices for both JVPC and JVPCIV is c/o Maple & Calder, P.O. Box 309 GT Grand Cayman E9.

(c) The principal business of JVP IV, JVP IV-A, JVP E-Fund IV, JVP IV (Israel), JVP III, JVP E-Fund III and JVP III (Israel) is to make investments in private and public companies. The principal business of JP IV is to act as general partner of JVP IV, JVP IV-A and JVP E-Fund IV. The principal business of JP IV VC is to act as general partner of JVP IV (Israel). The principal business of JP III is to act as general partner of JVP III and JVP E-Fund III. The principal business of JVP III (Israel) Mgmt is to act as general partner of JVP III (Israel). The principal business of JVPCIV is to act as general partner of JP IV and JP IV VC. The principal business of JVPC is to act as general partner of JP III. The principal business and occupation of Margalit is venture capitalist.

(d) None of the Reporting Persons has been convicted in a criminal proceeding in the past five years (excluding traffic violations or similar misdemeanors).

(e) During the past five years, none of the Reporting Persons was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) JVP IV, JVP IV-A, JVP E-Fund IV, JVP III, JVP E-Fund III, JP IV and JP III are Delaware limited partnerships. JVP IV (Israel), JVP III (Israel) and JP IV VC are Israeli limited partnerships. JVP III (Israel) Mgmt is an Israeli corporation. JVPC and JVPCIV are Cayman Islands corporations. Margalit is an Israeli citizen.

### Item 3.

#### Source and Amount of Funds or Other Consideration

As of June 26, 2003, JVP IV, JVP IV-A, JVP E-Fund IV, JVP IV (Israel), JVP III, JVP E-Fund III and JVP III (Israel) entered into a Participating Convertible Preferred Stock Purchase Agreement with the Company and certain other investors (the Purchase Agreement), listed as Exhibit C hereto, in connection with a private placement of securities by the Company. As contemplated by the Purchase Agreement, the Company issued several sub-series of Series G Participating Convertible Preferred Stock denominated as Series G-1, Series G-2, Series G-3, etc. (collectively, the Series G Preferred Stock). Each sub-series of Series G Preferred Stock are identical in all respects other than the conversion price for each such sub-series of Series G Preferred Stock.

Upon the satisfaction of the conditions to close set forth in the Purchase Agreement, on July 31, 2003, JVP III purchased 2,263 shares of Series G-3 Participating Convertible Preferred Stock, par value \$0.001 per share, of the Company (Series G-3 Preferred Stock) at a per share price of \$1,000, for an aggregate purchase price of \$2,263,000; JVP E-Fund III purchased 174 shares of Series G-4 Participating Convertible Preferred Stock, par value \$0.001 per share, of the Company (Series G-4 Preferred Stock) at a per share price of \$1,000, for an aggregate purchase price of \$174,000; JVP III (Israel) purchased 63 shares of Series G-5 Participating Convertible Preferred Stock, par value \$0.001 per share, of the Company (Series G-5 Preferred Stock) at a per share price of \$1,000, for an aggregate purchase price of



\$63,000; JVP IV purchased 9,601 shares of Series G-6 Participating Convertible Preferred Stock, par value \$0.001 per share, of the Company ( Series G-6 Preferred Stock ) at a per share price of \$1,000, for an aggregate purchase price of \$9,601,000; JVP IV-A purchased 82 shares of Series G-7 Participating Convertible Preferred Stock, par value \$0.001 per share, of the Company ( Series G-7 Preferred Stock ) at a per share price of \$1,000, for an aggregate purchase price of \$82,000; JVP E-Fund IV purchased 86 shares of Series G-8 Participating Convertible Preferred Stock, par value \$0.001 per share, of the Company ( Series G-8 Preferred Stock ) at a per share price of \$1,000, for an aggregate purchase price of \$86,000; and JVP IV (Israel) purchased 231 shares of Series G-9 Participating Convertible Preferred Stock, par value \$0.001 per share, of the Company ( Series G-9 Preferred Stock ) at a per share price of \$1,000, for an aggregate purchase price of \$231,000. No part of the purchase price was borrowed by such Reporting Persons for the purpose of acquiring such securities.

Each share of Series G-3 Preferred Stock will be convertible into Common Stock at an initial conversion price of \$0.05700800, or at an initial conversion rate of approximately 17,541.4 shares of Common Stock for each share of Series G-3 Preferred Stock converted. Each share of Series G-4 Preferred Stock will be convertible into Common Stock at an initial conversion price of \$0.05700079, or at an initial conversion rate of approximately 17,543.62 shares of Common Stock for each share of Series G-4 Preferred Stock converted. Each share of Series G-5 Preferred Stock will be convertible into Common Stock at an initial conversion price of \$0.05677867, or at an initial conversion rate of approximately 17,612.25 shares of Common Stock for each share of Series G-5 Preferred Stock converted. Each share of Series G-6 Preferred Stock will be convertible into Common Stock at an initial conversion price of \$0.30140335, or at an initial conversion rate of approximately 3,317.81 shares of Common Stock for each share of Series G-6 Preferred Stock converted. Each share of Series G-7 Preferred Stock will be convertible into Common Stock at an initial conversion price of \$0.29988385, or at an initial conversion rate of approximately 3,334.62 shares of Common Stock for each share of Series G-7 Preferred Stock converted. Each share of Series G-8 Preferred Stock will be convertible into Common Stock at an initial conversion price of \$0.29068376, or at an initial conversion rate of approximately 3,440.16 shares of Common Stock for each share of Series G-8 Preferred Stock converted. Each share of Series G-9 Preferred Stock will be convertible into Common Stock at an initial conversion price of \$0.29766226, or at an initial conversion rate of approximately 3,359.51 shares of Common Stock for each share of Series G-9 Preferred Stock converted.

All such conversion ratios are subject to antidilution adjustments (subject to certain exceptions) and certain other adjustments as set forth in the Certificates of Designations, Preferences and Rights of Series G-3 Preferred Stock through Series G-9 Preferred Stock of the Company listed as Exhibits D hereto (the Certificates of Designation ).

As a condition to the closing of the Purchase Agreement, the holders of at least two-thirds (2/3) of the outstanding shares of the Company's Series A Participating Convertible Preferred Stock, par value \$0.001 per share (the Series A Preferred Stock ), Series B Participating Convertible Preferred Stock, par value \$0.001 per share (the Series B Preferred Stock ), Series C Participating Convertible Preferred Stock, par value \$0.001 per share (the Series C Preferred Stock ), Series D Participating Convertible Preferred Stock, par value \$0.001 per share (the Series D Preferred Stock ), and Series E Participating Convertible Preferred Stock, par value \$0.001 per share (the Series E Preferred Stock ), voting together as a single class, elected to convert, and have in fact converted, all outstanding shares of such series of preferred stock into shares of Common Stock pursuant to Article 4(B)(3)(m) of the Company's Third Amended and Restated Certificate of Incorporation. Each share of Series A Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock was converted into 0.1 shares of Common Stock and each share of Series B Preferred Stock was converted into 0.129793275 shares of Common Stock. As a result of the conversion, (i) the 8,372,174 shares of Series A Preferred Stock, 2,983,847 shares of Series B Preferred Stock and 3,629,983 shares of Series C Preferred Stock directly owned by JVP III were converted into 837,217 shares, 387,283 shares and 362,998 shares of Common

Stock, respectively, (ii) the 234,472 shares of Series A Preferred Stock, 83,407 shares of Series B Preferred Stock and 101,468 shares of Series C Preferred Stock directly owned by JVP III (Israel) were converted into 23,447 shares, 10,826 shares and 10,147 shares of Common Stock, respectively, (iii) the 643,354 shares of Series A Preferred Stock, 229,450 shares of Series B Preferred Stock and 279,137 shares of Series C Preferred Stock directly owned by JVP E-Fund III were converted into 64,335 shares, 29,781 shares and 27,914 shares of Common Stock, respectively; (iv) the 11,758,643 shares of Series C Preferred Stock directly owned by JVP IV were converted into 1,175,864 shares of Common Stock; (v) the 86,629 shares of Series C Preferred Stock directly owned by JVP IV-A were converted into 8,663 shares of Common Stock; and (vi) the 186,492 shares of Series C Preferred Stock directly owned by JVP IV (Israel) were converted into 18,649 shares of Common Stock. This Item 3 (and the other Items of this statement) do not provide a complete description of the Purchase Agreement or the Certificates of Designation and each such description is qualified in its entirety by reference to the respective agreement or document, which are listed as Exhibits C and D hereto respectively.

**Item 4. Purpose of Transaction**

Each of JVP IV, JVP IV-A, JVP E-Fund IV, JVP IV (Israel), JVP III, JVP E-Fund III and JVP III (Israel) holds the securities described in Item 5 of this statement for investment purposes only.

Depending on prevailing market, economic and other conditions, each of JVP IV, JVP IV-A, JVP E-Fund IV, JVP IV (Israel), JVP III, JVP E-Fund III and JVP III (Israel) may from time to time acquire additional shares of the capital stock of the Company or engage in discussions with the Company concerning further acquisitions of shares of the capital stock of the Company or further investments in the Company. Each of JVP IV, JVP IV-A, JVP E-Fund IV, JVP IV (Israel), JVP III, JVP E-Fund III and JVP III (Israel) intends to review its investment in the Company on a continuing basis and, depending upon the price and availability of shares of Common Stock, subsequent developments affecting the Company and the Company's business and prospects, other investment and business opportunities available to such Reporting Person, general stock market and economic conditions, tax considerations and other factors considered relevant, may decide at any time to increase or to decrease the size of its investment in the Company.

JVP IV, JVP IV-A, JVP E-Fund IV, JVP IV (Israel), JVP III, JVP E-Fund III and JVP III (Israel) entered into the Purchase Agreement pursuant to which the Company agreed to issue and sell, and each of JVP IV, JVP IV-A, JVP E-Fund IV, JVP IV (Israel), JVP III, JVP E-Fund III and JVP III (Israel) agreed to purchase, the number of shares of Series G Preferred Stock all as described in Item 3 above. As a condition to the closing under the Purchase Agreement, the Company was obligated to file the Certificates of Designation, which provides that the each sub-series of Series G Preferred Stock has certain weighted average antidilution protection with respect to the conversion price of each such sub-series of Series G Preferred Stock and certain liquidation, conversion and voting rights. Descriptions of such rights contained herein are qualified in their entirety by reference to the Certificates of Designation listed as Exhibit D hereto.

*Certificates of Designation - Conversion of Series G Preferred Stock.* Pursuant to the Certificate of Designation, all of the shares of Series G Preferred Stock shall be automatically converted into Common Stock upon the public offering by the Company of its Common Stock in which the cash proceeds are at least \$50,000,000. The Series G Preferred Stock may also be converted at any time at the election of each holder.

*Certificate of Designation - Dividends.* In the event that any dividend or other distribution payable in cash or other property is declared on the Common Stock or any security that is *pari passu* or

junior to the Series G Preferred Stock (other than dividends payable solely in shares of Common Stock), the shares of Series G Preferred Stock shall be entitled to receive an amount equal per share (on an as-if converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock or other security that is pari passu or junior to the Series G Preferred Stock. As of the date hereof, there are no dividends declared on the Series G Preferred Stock.

*Certificate of Designation - Voting.* As set forth in the Certificate of Designation, and except as otherwise provided by applicable law, the holders of Series G Preferred Stock (i) shall be entitled to vote with the holders of Common Stock on all matters submitted for a vote of holders of Common Stock except for a vote with respect to the election of directors and (ii) shall be entitled to one vote for each share of Common Stock such holder of Series G Preferred Stock would receive upon conversion of such share of Series G Preferred Stock into Common Stock.

*Certificate of Designation - Liquidation Preference.* In the event of the Company's liquidation, dissolution or winding up or upon a merger or acquisition of the Company by another company or person or any other change in control transaction, the holders of the Series G Preferred Stock will be entitled to a primary liquidation preference before any amounts are paid to the holders of Common Stock or any other equity securities of the Company (other than the primary liquidation preference of the Series F Participating Convertible Preferred Stock, par value \$0.001 per share (the Series F Preferred Stock)), which liquidation preference shall be pari passu with the primary liquidation preference of the Series G Preferred Stock). The primary liquidation preference of the Series G Preferred Stock is equal to the amount originally paid for the Series G Preferred Stock, or \$1,000 per share. In addition, the holders of the Series G Preferred Stock will be entitled to a secondary liquidation preference before any additional amounts are paid to the holders of the Common Stock or any other equity securities of the Company (other than the primary liquidation preference of the Series H Participating Convertible Preferred Stock, par value \$0.001 per share (the Series H Preferred Stock)), which liquidation preference shall be pari passu with the secondary liquidation preference of the Series G Preferred Stock). The secondary liquidation preference of the Series G Preferred Stock is equal to \$2,000 per share. In addition, the holders of the Series G Preferred Stock shall participate with the holders of the Common Stock, Series F Preferred Stock and Series H Preferred Stock ratably on an as-converted basis, in the distribution of the remaining assets of the Company available for distribution.

*Stockholders Agreement - Board Representation.* In connection with, and pursuant to, the Purchase Agreement, JVP IV, JVP IV-A, JVP E-Fund IV, JVP IV (Israel), JVP III, JVP E-Fund III and JVP III (Israel) entered into a Second Amended and Restated Stockholders Agreement, dated as of July 31, 2003, by and among the Company and certain stockholders of the Company (the Stockholders Agreement), listed as Exhibit E hereto. Pursuant to the terms of Stockholders Agreement, certain investors that are parties to the Purchase Agreement are entitled to nominate persons to the Board of Directors of the Company, and each of the stockholders that are a party to the Stockholders Agreement agree to vote his or its shares of Common Stock to elect such persons to the Board of Directors of the Company. Jerusalem Venture Partners (and its affiliates) is entitled to nominate two members to the current eight member Board of Directors of the Company.

*Stockholders Agreement - Protective Provisions.* Pursuant to the terms of the Stockholders Agreement, the Company may not, without first obtaining the approval of the holders of not less than two-thirds (2/3) of the issued and outstanding shares of Series G Preferred Stock, voting together as a single class, (i) designate, authorize, create, issue, sell, redeem or repurchase shares of any class or series of capital stock, (ii) declare or pay any dividends or make any distributions with respect to any outstanding equity securities, (iii) approve the merger, consolidation, dissolution or liquidation of the Company or any subsidiary, (iv) increase or decrease the number of authorized shares of Common Stock or preferred stock of the Company, (v) sell all or substantially all of the assets of the Company and its subsidiaries, (vi) cause a material change in the nature of the business or strategic direction of the

Company and its subsidiaries, (vii) approve the filing for bankruptcy or any decision not to take action to prevent a filing for bankruptcy or oppose an involuntary filing for bankruptcy, (viii) approve the establishment and maintenance of an Executive Committee of the Board of Directors or increase or decrease the number of directors composing the Board of Directors or (ix) amend, repeal or modify any provision of the Company's certificate of incorporation in a manner that adversely affects the rights, powers or preferences of the Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock.

*Stockholders Agreement - Right of First Offer With Respect to Additional Issuances of Securities by the Company.* Pursuant to the terms of the Stockholders Agreement, the Company is obligated to offer any additional sales or other issuances of securities of the Company first to the stockholders who are a party to the Stockholders Agreement and hold at least a certain number of shares of preferred stock of the Company as set forth in the Stockholders Agreement. As of the date hereof, each of JVP III and JVP IV (and their affiliated funds) are entitled to such right to first offer.

*Stockholders Agreement - Right of First Refusal and Right of Participation With Respect to Stock Held by David Schaeffer.* Pursuant to the terms of the Stockholders Agreement, the stockholders who are a party to the Stockholders Agreement have a right of first refusal and a right of participation with respect to certain dispositions of securities held by David Schaeffer.

*Registration Rights Agreement - Registration of Shares of Common Stock for Resale.* In connection with, and pursuant to, the Purchase Agreement, JVP IV, JVP IV-A, JVP E-Fund IV, JVP IV (Israel), JVP III, JVP E-Fund III and JVP III (Israel) entered into a Third Amended and Restated Registration Rights Agreement with the Company and certain other investors, dated as of July 31, 2003 (the Registration Rights Agreement), listed as Exhibit F hereto. Pursuant to the terms of the Registration Rights Agreement, at any time after the earlier of (i) the date which is three years after the date of the Registration Rights Agreement and (ii) the date that is 6 months after the first public offering of securities of the Company after the date of the Registration Rights Agreement, the holders of more than 50% of the Common Stock issued or issuable upon the conversion of the Series F Preferred Stock and Series G Preferred Stock (or otherwise distributed in respect of the Series F Preferred Stock and Series G Preferred Stock) may request the Company to register the Common Stock issued or issuable upon the conversion of the Series F Preferred Stock and Series G Preferred Stock (or otherwise distributed in respect of the Series F Preferred Stock and Series G Preferred Stock).

The foregoing summary of the Purchase Agreement, the Certificates of Designation, the Stockholders Agreement and the Registration Rights Agreement and the agreements and transactions contemplated thereby is qualified in its entirety by reference to the Purchase Agreement, the Certificate of Designation, the Stockholders Agreement and the Registration Rights Agreement, listed as Exhibits C, D, E and F hereto, respectively, and incorporated herein by reference.

Except as set forth above in this statement, none of the Reporting Persons has any present plans or proposals that relate to or would result in: (i) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; (ii) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries; (iii) a sale or transfer of a material amount of assets of the Company or any of its subsidiaries; (iv) any change in the present Board of Directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board; (v) any material change in the present capitalization or dividend policy of the Company; (vi) any other material change in the Company's business or corporate structure; (vii) changes in the Company's charter, by-laws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person; (viii) causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a

registered national securities association; (ix) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act; or (x) any action similar to any of those enumerated above.

**Item 5. Interest in Securities of the Issuer**

(a) and (b) The approximate percentages of shares of Common Stock reported as beneficially owned by the Reporting Persons is based upon 14,228,077 shares of Common Stock outstanding as of July 31, 2003, as reported by the Company to the Reporting Persons, plus 68,199,901 shares of Common Stock issuable upon the conversion of the Series F Preferred Stock and 254,942,365 shares of Common Stock issuable upon conversion of the Series G Preferred Stock.

In order to provide accurate disclosure with respect to the percentage of Common Stock reported as beneficially owned by each of the Reporting Persons, the percentage beneficially owned by each Reporting Person was calculated on a fully diluted, as converted basis of all of the Company's issued and outstanding Series F Preferred Stock and Series G Preferred Stock, including shares held by third parties. In the interests of full disclosure, if such percentage for each Reporting Person was based solely on the Common Stock outstanding plus the shares of Common Stock issuable upon conversion of the Series G Preferred Stock deemed to be beneficially owned by such Reporting Person, the percentages would be as follows: 76.56% for JVP III, 18.37% for JVP E-Fund III, 7.52% for JVP III (Israel) and JVP III (Israel) Mgmt, 71.68% for JVP IV, 1.95% for JVP IV-A, 2.04% for JVP E-Fund IV, 5.30% for JVP IV (Israel) and JP IV VC, 72.04% for JP IV, 78.03% for JP III and JVPC, 72.54% for JVPCIV and 84.90% for Margalit.

Amounts shown as beneficially owned by each of JVP III, JP III, JVPC and Margalit include (i) 1,587,499 shares of Common Stock directly owned by JVP III and (ii) 39,696,184 shares of Common Stock into which the shares of Series G-3 Preferred Stock purchased by JVP III may be initially converted.

Amounts shown as beneficially owned by each of JVP E-Fund III, JP III, JVPC and Margalit include (i) 122,030 shares of Common Stock directly owned by JVP E-Fund III and (ii) 3,052,589 shares of Common Stock into which the shares of Series G-4 Preferred Stock purchased by JVP E-Fund III may be initially converted.

Amounts shown as beneficially owned by each of JVP III (Israel), JVP III (Israel) Mgmt and Margalit include (i) 44,420 shares of Common Stock directly owned by JVP III (Israel) and (ii) 1,109,572 shares of Common Stock into which the shares of Series G-5 Preferred Stock purchased by JVP III (Israel) may be initially converted.

Amounts shown as beneficially owned by each of JVP IV, JP IV, JVPCIV and Margalit include (i) 1,175,864 shares of Common Stock directly owned by JVP IV and (ii) 31,854,324 shares of Common Stock into which the shares of Series G-6 Preferred Stock purchased by JVP IV may be initially converted.

Amounts shown as beneficially owned by each of JVP IV-A, JP IV, JVPCIV and Margalit include (i) 8,663 shares of Common Stock directly owned by JVP IV-A and (ii) 273,439 shares of Common Stock into which the shares of Series G-7 Preferred Stock purchased by JVP IV-A may be initially converted.

Amounts shown as beneficially owned by each of JVP E-Fund IV, JP IV, JVPCIV and Margalit include 295,854 shares of Common Stock into which the shares of Series G-8 Preferred Stock purchased by JVP E-Fund IV may be initially converted.

Amounts shown as beneficially owned by each of JVP IV (Israel), JP IV VC, JVPCIV and Margalit include (i) 18,649 shares of Common Stock directly owned by JVP IV (Israel) and (ii) 776,047 shares of Common Stock into which the shares of Series G-9 Preferred Stock purchased by JVP IV (Israel) may be initially converted.

By virtue of their potential status as a group with the stockholders of the Company that are parties to the Stockholders Agreement (which stockholders are set forth in Item 6 below) due to the voting agreement with respect to the appointment of directors set forth in the Stockholders Agreement, for purposes of Rule 13d-5, each of the Reporting Persons may be deemed to have shared voting and dispositive power over the shares owned by such stockholders. Except to the extent explicitly set forth herein, neither the filing of this statement nor any of its contents shall be deemed to constitute an admission that any Reporting Person is the beneficial owner of any Common Stock referred to in this statement for the purposes of Section 13(d) of the Securities Exchange Act of 1934 or for any other purpose, and such beneficial ownership is expressly disclaimed.

Please see Items 7, 8, 9, 10, 11, and 13 for each cover sheet for each Reporting Person.

(c) Except as set forth in Item 4 above, none of the Reporting Persons has effected any transaction in the Common Stock during the past 60 days.

(d) Except as set forth in this Item 5, no person other than each respective record owner referred to herein of securities is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities.

(e) Not applicable.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

Pursuant to Rule 13d-1(k) promulgated under the Exchange Act, the Reporting Persons have entered into an agreement attached hereto as Exhibit A, with respect to the joint filing of this statement and any amendment or amendments hereto.

The Purchase Agreement was entered into as of June 26, 2003. Certain terms and conditions of the Purchase Agreement and the Certificate of Designation are described in Items 3 - 5 above.

The Stockholders Agreement was entered into as of July 31, 2003 by the Company, Oak Investment Partners IX, Oak IX Affiliates Fund, Oak Investment Partners Affiliates Fund A, Jerusalem Venture Partners III, L.P., Jerusalem Venture Partners III (Israel), L.P., Jerusalem Venture Partners Entrepreneur Fund III, L.P., Jerusalem Venture Partners IV, L.P., Jerusalem Venture Partners IV (Israel), L.P., Jerusalem Venture Partners IV A, L.P., Jerusalem Venture Partners Entrepreneurs Fund IV, L.P., Worldview Technology Partners III, L.P., Worldview Technology International III, L.P., Worldview Strategic Partners III, L.P., Worldview III Carrier Fund, L.P., Worldview Technology Partners IV, L.P., Worldview Technology International IV, L.P., Worldview Strategic Partners IV, L.P., Broadview Capital Partners L.P., Broadview Capital Partners Qualified Purchaser Fund L.P., Broadview Capital Partners Affiliates Fund LLC, Boulder Ventures III, L.P., Boulder Ventures III (Annex), L.P., NAS Partners I L.L.C., Nassau Capital Partners IV, L.P., Cisco Systems Capital Corporation, David Schaeffer and certain other stockholders whose names are set forth on Schedule I to the Stockholders Agreement. Certain terms and conditions of the Stockholders Agreement are described in Item 4 above.

The Registration Rights Agreement was entered into as of July 31, 2003. Certain terms and conditions of the Registration Rights Agreement are described in Item 4 above.

**Item 7. Material to Be Filed as Exhibits**

Exhibit A Agreement of Reporting Persons, dated August 4, 2003, among the Reporting Persons.

Exhibit B [Intentionally Omitted.]

Exhibit C Participating Convertible Preferred Stock Purchase Agreement, dated as of June 26, 2003, by and among the Company and the investors named therein (filed as Exhibit 10.4 to the 8-K filed with the Commission by the Company on August 7, 2003, and incorporated herein by reference).

Exhibit D Certificates of Designations, Preferences and Rights of Series G-3 through G-9 Participating Convertible Preferred Stock of the Company.

Exhibit E Second Amended and Restated Stockholders Agreement, dated as of July 31, 2003, by and among the Company and the stockholders named therein (filed as Exhibit 10.1 to the 8-K filed with the Commission by the Company on August 7, 2003, and incorporated herein by reference).

Exhibit F Third Amended and Restated Registration Rights Agreement, dated as of July 31, 2003, by and among the Company and the stockholders named therein (filed as Exhibit 10.2 to the 8-K filed with the Commission by the Company on August 7, 2003, and incorporated herein by reference).

**Signature**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: August 11, 2003

JERUSALEM VENTURE PARTNERS IV, L.P., a  
Delaware Limited Partnership

By: Jerusalem Partners IV, L.P.  
its General Partner

By: JVP Corp. IV  
its General Partner

By: /s/ Erel Margalit  
Erel Margalit, Officer

Date: August 11, 2003

JERUSALEM VENTURE PARTNERS IV-A, L.P., a  
Delaware Limited Partnership

By: Jerusalem Partners IV, L.P.  
its General Partner

:

By: JVP Corp. IV  
its General Partner

By: /s/ Erel Margalit  
Erel Margalit, Officer

Date: August 11, 2003

JERUSALEM VENTURE PARTNERS  
ENTREPRENEURS FUND IV, L.P., a Delaware Limited  
Partnership

By: Jerusalem Partners IV, L.P.  
its General Partner

By: JVP Corp. IV

its General Partner

By:

/s/ Erel Margalit  
Erel Margalit, Officer



Date: August 11, 2003

JERUSALEM VENTURE PARTNERS IV (Israel), L.P.,  
an Israel Limited Partnership

By: Jerusalem Partners IV-Venture Capital, L.P.  
its General Partner

By: JVP Corp. IV  
its General Partner

By: /s/ Erel Margalit  
Erel Margalit, Officer

Date: August 11, 2003

JERUSALEM VENTURE PARTNERS III, L.P., a  
Delaware Limited Partnership

By: Jerusalem Partners III, L.P.  
its General Partner

By: Jerusalem Venture Partners Corporation  
its General Partner

By: /s/ Erel Margalit  
Erel Margalit, Officer

Date: August 11, 2003

JERUSALEM VENTURE PARTNERS  
ENTREPRENEUR FUND III, L.P., a Delaware Limited  
Partnership

By: Jerusalem Partners III, L.P.  
its General Partner

By: Jerusalem Venture Partners Corporation  
its General Partner

By: /s/ Erel Margalit  
Erel Margalit, Officer



Date: August 11, 2003

JERUSALEM VENTURE PARTNERS III (Israel), L.P.,  
an Israel Limited Partnership

By: Jerusalem Venture Partners III (Israel) Management  
Company Ltd.  
its General Partner

By: /s/ Erel Margalit  
Erel Margalit, Officer

Date: August 11, 2003

JERUSALEM PARTNERS IV, L.P., a Delaware Limited  
Partnership

By: JVP Corp. IV  
its General Partner

By: /s/ Erel Margalit  
Erel Margalit, Officer

Date: August 11, 2003

JERUSALEM PARTNERS IV- VENTURE CAPITAL,  
L.P., an Israeli Limited Partnership

By: JVP Corp. IV  
Its general partner

By: /s/ Erel Margalit  
Erel Margalit, Officer

Date: August 11, 2003

JERUSALEM VENTURE PARTNERS  
CORPORATION, a Cayman Islands Corporation

By: /s/ Erel Margalit  
Erel Margalit, Officer



Date: August 11, 2003

JVP CORP. IV, a Cayman Island Corporation

By: /s/ Erel Margalit  
Erel Margalit, Officer

Date: August 11, 2003

JERUSALEM VENTURE PARTNERS III (ISRAEL)  
MANAGEMENT COMPANY LTD., an Israel corporation

By: /s/ Erel Margalit  
Erel Margalit, Officer

Date: August 11, 2003

EREL MARGALIT

By: /s/ Erel Margalit  
Erel Margalit



INDEX TO EXHIBITS

Edgar Filing: COGENT COMMUNICATIONS GROUP INC - Form SC 13D

- EXHIBIT A Agreement of Reporting Persons, dated August 4, 2003, among the Reporting Persons.
- EXHIBIT B [Intentionally Omitted.]
- EXHIBIT C Participating Convertible Preferred Stock Purchase Agreement, dated as of June 26, 2003, by and among the Company and the investors named therein (filed as Exhibit 10.4 to the 8-K filed with the Commission by the Company on August 7, 2003, and incorporated herein by reference).
- EXHIBIT D Certificates of Designations, Preferences and Rights of Series G-3 through G-9 Participating Convertible Preferred Stock of the Company.
- EXHIBIT E Second Amended and Restated Stockholders Agreement, dated as of July 31, 2003, by and among the Company and the stockholders named therein (filed as Exhibit 10.1 to the 8-K filed with the Commission by the Company on August 7, 2003, and incorporated herein by reference).
- EXHIBIT F Third Amended and Restated Registration Rights Agreement, dated as of July 31, 2003, by and among the Company and the stockholders named therein (filed as Exhibit 10.2 to the 8-K filed with the Commission by the Company on August 7, 2003, and incorporated herein by reference).



Exhibit A

**Agreement of Reporting Persons**

Edgar Filing: COGENT COMMUNICATIONS GROUP INC - Form SC 13D

The undersigned hereby agree that a single Schedule 13D (or any amendment thereto) relating to the Common Stock of Cogent Communications, Inc. shall be filed on behalf of each of the undersigned and that this Agreement shall be filed as an exhibit to such Schedule 13D.

Signature

Dated: August 11, 2003

Entities:

JERUSALEM VENTURE PARTNERS IV, L.P.  
JERUSALEM VENTURE PARTNERS IV-A, L.P.  
JERUSALEM VENTURE PARTNERS ENTREPRENEURS FUND IV, L.P.  
JERUSALEM VENTURE PARTNERS IV (Israel), L.P.  
JERUSALEM VENTURE PARTNERS III, L.P.  
JERUSALEM VENTURE PARTNERS ENTREPRENEUR FUND III, L.P.  
JERUSALEM VENTURE PARTNERS III (Israel), L.P.  
JERUSALEM PARTNERS IV, L.P.  
JERUSALEM PARTNERS IV- VENTURE CAPITAL, L.P.  
JERUSALEM PARTNERS III, L.P.  
JERUSALEM VENTURE PARTNERS CORPORATION  
JVP CORP. IV  
JERUSALEM VENTURE PARTNERS III (ISRAEL) MANAGEMENT COMPANY LTD.

By: /s/ Erel Margalit  
Erel Margalit, as  
General Partner or  
Officer for the  
above-listed entities

Individuals:

By: /s/ Erel Margalit  
Erel Margalit

**EXHIBIT D**

The following Certificates of Designations, Preferences and Rights of Series G Participating Convertible Preferred Stock are attached:

<b>Name of JVP Entity directly holding Series G Participating Convertible Preferred Stock:</b>	<b>Sub-series of Preferred Stock</b>
Jerusalem Venture Partners III, L.P.	G-3
Jerusalem Venture Partners Entrepreneur Fund III, L.P.	G-4
Jerusalem Venture Partners III (Israel), L.P.	G-5
Jerusalem Venture Partners IV, L.P.	G-6
Jerusalem Venture Partners IV-A, L.P.	G-7
Jerusalem Venture Partners Entrepreneurs Fund IV, L.P.	G-8
Jerusalem Venture Partners IV (Israel), L.P.	G-9

---

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND  
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS  
AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS

OF

SERIES G-3 PARTICIPATING CONVERTIBLE PREFERRED STOCK

OF

COGENT COMMUNICATIONS GROUP, INC.

---

Pursuant to Section 151 of the

General Corporation Law of the State of Delaware

---

Cogent Communications Group, Inc., a Delaware corporation (the "Corporation"), hereby certifies that, pursuant to the authority contained in Article IV of its Certificate of Incorporation (the "Certificate of Incorporation") and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation (the "Board"), by unanimous written consent dated June 12, 2003 duly adopted resolutions, which resolutions remain in full force and effect as of the date hereof, establishing, in accordance with the provisions set forth in Article IV of the Corporation's Certificate of Incorporation, a series of authorized preferred stock of the Corporation having a par value of \$0.001 per share, which series shall (i) pursuant to separate Certificates of Designations be issuable in sub-series denominated as Series G-1, Series G-2, Series G-3, etc. and be collectively designated as Series G Participating Convertible Preferred Stock (the Series G Preferred Stock), (ii) consist of a total of Forty One Thousand Thirty (41,030) shares, of which Two Thousand Two Hundred Sixty Three (2,263) shares shall be Series G-3 Participating Convertible Preferred Stock (the Series G-3 Preferred Stock) and (iii) have the following voting powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof:

**1. CERTAIN DEFINITIONS.**

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings herein specified.

Common Stock shall mean the common stock, par value \$0.001 per share, of the Corporation.

Junior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

---

Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference and the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock shall mean the Junior Stock - Primary and the Junior Stock-Secondary, collectively.

Pari Passu Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Pari Passu Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference.

Pari Passu Stock shall mean the Pari Passu Stock - Primary and the Pari Passu Stock -Secondary, collectively.

Participating Preferred Stock shall mean the Series F, G and H Participating Convertible Preferred Stock, par value \$.001 per share, and any other series of Preferred Stock of the Corporation that participates with the Common Stock in liquidation after payment of all liquidation preferences.

Preferred Stock shall mean the preferred stock, par value \$.001 per share, of the Corporation, however designated.

Senior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary



Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable.

Senior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Senior Stock shall mean the Senior Stock - Primary and the Senior Stock - Secondary, collectively.

Series F Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Secondary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Secondary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series G Controlling Adjustment Factor shall mean the smallest fraction designated as Adjustment Factor in the various Certificates of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of each of the sub-series of the Series G Preferred Stock.

Series H Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.

Series H Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series H Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.



2. Voting.

(a) Except as otherwise required by the General Corporation Law or provided in this Certificate, the shares of Series G Preferred Stock shall be voted together with the shares of the Common Stock without distinction as to class or series at each annual or special meeting of stockholders of the Corporation, and may act by written consent in the same manner as the Common Stock, upon the following basis: each holder of a share of Series G Preferred Stock will be entitled to one vote for each share of Common Stock such holder of Series G Preferred Stock would receive upon conversion of such share of Series G Preferred Stock held by such stockholder into Common Stock. Such determination shall be made (1) with respect to a meeting of the stockholders of the Corporation on the record date fixed for meeting, or (2) with respect to a written consent of the stockholders of the Corporation, on the effective date of such written consent.

(b) Notwithstanding the provisions of Article 2(a) hereof, shares of Series G Preferred Stock shall not be entitled to a vote with respect to the election of directors of the Corporation.

(c) For so long as at least 20% of the shares of Series G Preferred Stock outstanding as of the Original Issue Date remains outstanding, the Corporation shall not make an underwritten public offering of its stock pursuant to an effective registration statement under the Securities Act of 1933, as amended, other than a Qualified Offering (as defined herein) without the consent of holders of at least 80% of the Series G Preferred Stock then outstanding.

3. Preferences on Liquidation, Dissolution etc.

(a) Liquidation Preference.

(i) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of all amounts owing to holders of any Senior Stock - Primary, the holders of outstanding shares of the Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock, the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference, the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference, or any other Junior Stock - Primary or Pari-Passu Stock - Secondary, an amount equal to \$1,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Primary Liquidation Preference). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary shall be insufficient to permit the payment in full to them of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Primary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based

upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary.

(ii) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other amounts owing to holders of any other Pari Passu Stock - Primary and Senior Stock - Secondary, the holders of outstanding shares of Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock or any Junior Stock, an amount equal to \$2,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Secondary Liquidation Preference and together with the Primary Liquidation Preference, the Liquidation Preferences). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary shall be insufficient to permit the payment in full to them of the Secondary Liquidation Preference, the Series H Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Secondary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary.

(b) Remaining Liquidating Distributions. After payment has been made in full to the holders of Series G Preferred Stock, the Senior Stock, the Pari Pasu Stock and any Junior Stock of their liquidation preferences, all remaining assets of the Corporation available for distribution shall be distributed ratably to the holders of the Participating Preferred Stock and the holders of the Common Stock, assuming for purposes of such calculation that all outstanding shares of Participating Preferred Stock are converted into shares of Common Stock at their then applicable conversion rates.

(c) Assets other than Cash. If assets other than cash are to be distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the amount received by such holders upon receipt of those assets shall be deemed to be the fair market value of such assets as determined in good faith by the Board of Directors of the Corporation in accordance with sound financial practice. If shares of stock or other securities are distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the fair market value shall mean per share or unit of such security, at any date, the average of the daily market prices for the twenty trading business days ending on the second trading day immediately preceding the date of distribution. The market price for each such business day shall be the last sales price on such day as reported on the consolidated transaction reporting system for the principal securities exchange on which the shares of stock or other securities being distributed pursuant to Article 3 hereof is then listed or admitted to trading (or, if applicable, the last sale price reported by the National Association of Securities Dealers

Automated Quotation Service ( NASDAQ ) National Market System), or, if no sale takes place on such day on any such exchange or no such sale is quoted on such system, the average of the closing bid and asked prices on such day as so reported, or, if such securities are not then listed or admitted to trading on any stock exchange, the market price for each such business day shall be the average of the reported closing bid and asked prices on such day in the over-the-counter market, as reported by NASDAQ. If no market prices are reported, then the market price shall be the fair market value as determined in good faith by the Board of Directors. If such securities are subject to an agreement or other restriction limiting their free marketability, the loss of that marketability shall be considered by the Board of Directors in making its determination of fair market value.

(d) Amount Payable in Mergers, etc. The following events shall be treated as a liquidation, dissolution or winding up within the meaning of this Article 3: (i) a consolidation, merger or reorganization of the Corporation with or into any other corporation or corporations in which the stockholders of the Corporation immediately before such event shall own fifty percent (50%) or less (calculated on an as converted basis, fully diluted) of the voting securities of the surviving corporation, (ii) any transaction or series of related transactions in which at least fifty percent (50%) of the Corporation's voting power is transferred, (iii) the sale, transfer or lease of all or substantially all of the assets of the Corporation or (iv) any acquisition of shares of capital stock of the Corporation (whether through a direct issuance by the Company, negotiated stock purchase, a tender for such shares, merger, consolidation or otherwise) by any party or group that did not beneficially own a majority of the voting power of the outstanding shares of capital stock of the Corporation immediately prior to such purchase, the effect of which is that such party or group beneficially owns at least a majority of such voting power immediately after such event (each a Change of Control Transaction ). All consideration payable to the stockholders of the Corporation in connection with any such Change of Control Transaction, or all consideration payable to the Corporation and distributable to its stockholders, together with all other available assets of the Corporation (net of obligations owed by the Corporation that are senior to the Series G Preferred Stock), in connection with any such Change of Control Transaction, shall be, as applicable, paid by the purchaser to the holders of, or distributed by the Corporation in redemption (out of funds legally available therefor) of, the Series G Preferred Stock, the Pari Passu Stock and any Junior Stock in accordance with the preferences and priorities set forth in Articles 3(a) and 3(b) above, with such preferences and priorities specifically intended to be applicable in any such Change of Control Transaction as if such transaction were a liquidation, dissolution or winding up within the meaning of this Article 3. In furtherance of the foregoing, the Corporation shall take such actions as are necessary to give effect to the provisions of this Article 3(d), including causing the definitive agreement relating to such Change of Control Transaction to provide for a rate at which the shares of Series G Preferred Stock are converted into or exchanged for cash, new securities or other property that gives effect to the provisions of this Article 3, or otherwise causing such shares to be redeemed in a manner consistent with the provisions of this Article 3. The amount deemed distributed to the holders of Series G Preferred Stock upon any such transaction shall be the cash or the value of the property, rights or securities distributed to such holders by the Corporation or the acquiring person, firm or other entity, as applicable. The provisions of this Article 3(d) shall not apply to any reorganization, merger or consolidation involving (1) only a change in the state of incorporation of the Corporation or (2) a merger of the Corporation with or into a wholly-owned subsidiary of the Corporation which is incorporated in

the United States of America which does not change the rights, privileges or preferences or the relative proportions of the stockholders as to each other as to before such event.

(e) Election to Convert. Notwithstanding anything contained herein to the contrary, a holder of shares of Series G Preferred Stock may elect to convert any or all of such shares of Series G Preferred Stock into Common Stock at any time prior to close of business of the Company on the date prior to the day on which any liquidation preference provided for in this Article 3 is to be paid. Any such conversion shall be at the then Applicable Conversion Rate and on the other terms and conditions set forth in Article 4 below.

4. Conversion Rights. Conversion of the Series G-3 Preferred Stock into shares of Common Stock shall be subject to the following provisions:

(a) Optional Conversion. Subject to and in compliance with the provisions of this Article 4, any shares of Series G-3 Preferred Stock may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series G-3 Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the Conversion Rate then in effect (determined as provided in Article 4(b)) by the number of shares of Series G-3 Preferred Stock being converted.

(b) Conversion Rates. The conversion rate in effect at any time for conversion of the Series G-3 Preferred Stock (the Conversion Rate) shall be the quotient obtained by dividing \$1,000 by the Conversion Price, calculated as provided in Article 4(c).

(c) Applicable Conversion Prices. The Conversion Price shall initially be \$0.05700800 (the Conversion Price). The initial Conversion Price shall be adjusted from time to time in accordance with this Article 4. All references to a Conversion Price herein shall mean the Conversion Price as so adjusted.

(d) Mechanics of Conversion. Each holder of Series G-3 Preferred Stock who wishes to convert the same into shares of Common Stock pursuant to this Article 4 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for the Series G-3 Preferred Stock, and shall give written notice to the Corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series G-3 Preferred Stock being converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay in cash or, to the extent sufficient funds are not available therefor, in Common Stock (at the Common Stock's fair market value as determined by the Board of Directors as of the date of such conversion) any declared and unpaid dividends on the shares of Series G-3 Preferred Stock being converted. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series G-3 Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date. Upon conversion of only a portion of the number of shares of

Series G-3 Preferred Stock represented by a certificate surrendered for conversion, the Corporation shall issue and deliver to or upon the written order of the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate covering the number of shares of Series G-3 Preferred Stock representing the unconverted portion of the certificate so surrendered.

(e) Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the date that the first share of the Series G-3 Preferred Stock is issued (the Original Issue Date ) effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series G-3 Preferred Stock, the Conversion Price in effect immediately before that subdivision with respect to the Series G-3 Preferred Stock shall be proportionately decreased. Conversely, if the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series G-3 Preferred Stock, the Conversion Price in effect immediately before the combination with respect to the Series G-3 Preferred Stock shall be proportionately increased. Any adjustment under this Article 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-3 Preferred Stock in respect of such stock, the Conversion Prices that are then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, to the price determined by multiplying each Conversion Price then in effect by a fraction (1) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, each Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter each Conversion Price shall be adjusted pursuant to this Article 4(f) to reflect the actual payment of such dividend or distribution; and provided further, that if an adjustment has been made to any Conversion Price on the fixing of the record date for a dividend or distribution, no additional adjustment shall be made when such dividend is paid or distribution is made.

(g) Adjustments for Other Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-3 Preferred Stock in respect of such stock, provision shall be made so that the holders of Series G-3 Preferred Stock shall

receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of other securities of the Corporation which they would have received had their shares of Series G-3 Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Article 4 with respect to the rights of the holders of such shares of Series G-3 Preferred Stock or with respect to such other securities by their terms; provided, however, that if such a provision has been made on the fixing of the record date for a dividend or distribution, no additional provision shall be made when such dividend is paid or distribution is made.

(h) Adjustment for Reclassification. Exchange and Substitution. If at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the conversion of the Series G-3 Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Article 4), in any such event each holder of shares of Series G-3 Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such Series G-3 Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(i) Sale of Shares Below Applicable Conversion Price.

(1) If at any time or from time to time after the Original Issue Date, the Corporation issues or sells, or is deemed by the express provisions of this subsection (j) to have issued or sold, Additional Shares of Common Stock (as hereinafter defined), other than (i) pursuant to a transaction described in Articles 4(e)-(i) above for which adjustment was made as provided in the applicable Article or (ii) the issuance of Common Stock, or options or warrants to purchase Common Stock, issued to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions, as approved by the two-thirds (2/3rds) of the then sitting members of the Board of Directors, in any event for an Effective Price (as hereinafter defined) less than the then-effective Conversion Price, then in each such case the then existing Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale (or such deemed issuance or sale), to a price determined by multiplying the then Conversion Price by a fraction (the Adjustment Factor ) (i) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock which the Aggregate Consideration received (as defined in subsection (j)(2)) by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price and (ii) the denominator of which shall be the number of shares of Common Stock deemed



outstanding (as defined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued. For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of Common Stock actually outstanding and (B) the number of shares of Common Stock issuable upon conversion of the then outstanding Preferred Stock and the exercise of all outstanding rights, warrants and options to purchase Common Stock or Convertible Securities (as defined below). Notwithstanding the foregoing, if at any time or from time to time after the Original Issue Date, the Corporation adjusts the conversion price of the Series F or Series H Participating Convertible Preferred Stock or another sub-series of the Series G Preferred Stock pursuant to Article 4(i)(1) of the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of such Preferred Stock, the Conversion Price shall be reduced (in lieu of any applicable adjustment pursuant to the first sentence of this subsection (j)(1)), as of the opening of business on the date of such adjustment, to a price determined by multiplying the Conversion Price in effect prior to the applicable issue or sale (or deemed issue or sale) by the smallest of the Adjustment Factor, the Series F Adjustment Factor, the Series G Controlling Adjustment Factor or the Series H Adjustment Factor, as applicable.

(2) For the purpose of making any adjustment required under this Article 4(i), the Aggregate Consideration received by the Corporation for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the Corporation after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Corporation in connection with such issue or sale but without deduction of any expenses payable by the Corporation, (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Corporation for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(3) For the purpose of the adjustment required under this Article 4(i), if the Corporation issues or sells any rights or options for the purchase of, or stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as Convertible Securities ) and if the Effective Price of such Additional Shares of Common Stock is less than the effective Conversion Price, the Corporation shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Corporation for the issuance of

such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Corporation upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Corporation upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Corporation shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities. No readjustment in respect of any rights, options or Convertible Securities pursuant to this Article 4(i) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price that was in effect on the original adjustment date or (ii) the Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and the date of such readjustment for which no adjustment was made. No further adjustment of the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Corporation upon such exercise, plus the consideration, if any, actually received by the Corporation for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, provided that such readjustment shall not apply to prior conversions of Series G-3 Preferred Stock.

(4) Additional Shares of Common Stock shall mean, with respect to any shares of Series G Preferred Stock, all shares of Common Stock issued by the

Corporation or deemed to be issued pursuant to this Article 4(i), whether or not subsequently reacquired or retired by the Corporation other than (1) shares of Common Stock issued upon conversion of any Preferred Stock, (2) up to 10,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to employees, officers or directors of, or consultants or advisors to the Corporation or any Subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors, (3) up to 2,000,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to investors in or lenders to the Corporation, and (4) additional convertible debt or equity issued in exchange for, upon conversion of, or as paid-in-kind interest payment on, the 7.50% convertible notes due 2007 of Allied Riser Communications Corporation outstanding on the Original Issue Date and in accordance with the terms of such convertible notes as in effect on the Original Issue Date.

(5) The Effective Price of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Article 4(i), into the Aggregate Consideration received, or deemed to have been received by the Company for such issue under this Article 4(i), for such Additional Shares of Common Stock.

(j) Accountants Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series G Preferred Stock, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of shares of Series G Preferred Stock at the holder's address as shown in the Corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (1) the consideration received or deemed to be received by the Corporation for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (2) the Applicable Conversion Price for such series in effect prior to and after giving effect to such adjustment or readjustment, (3) the number of Additional Shares of Common Stock and (4) the type and amount, if any, of other property which at the time would be received upon conversion of such shares of such Series G Preferred Stock.

(k) Notices of Record Date. Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation with or into any other Corporation, any Change of Control Transaction, any sale of all or substantially all of the Corporation's assets or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the

Corporation shall mail to each holder of Series G-3 Preferred Stock at least twenty (20) days prior to the record date specified therein a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (2) the date on which any such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up is expected to become effective, and the material terms of such transaction, and (3) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up.

(l) Automatic Conversion.

(1) Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock, based on the Conversion Price, at any time upon the affirmative election of the holders of at least eighty percent (80%) of the outstanding shares of the Series G Preferred Stock voting as a single class. Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock based on the Conversion Price immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Corporation in which (i) the aggregate pre-money valuation of the Corporation is at least five hundred million dollars (\$500,000,000); and (ii) the gross cash proceeds (before underwriting discounts, commissions and fees) are at least fifty million dollars (\$50,000,000)(a Qualified Offering ). Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Article 5.

(2) Upon the occurrence of an event specified in paragraph (1) above, the outstanding shares of Series G Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series G Preferred Stock are either delivered to the Corporation or its transfer agent as provided below, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series G Preferred Stock the holders of Series G Preferred Stock shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the Series G Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which such shares of Series G Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred, and the Corporation shall promptly pay in cash or, at the option of the Corporation,

Common Stock (at the Common Stock's fair market value determined by the Board as of the date of such conversion), or, at the option of the Corporation, both, all declared and unpaid dividends on such shares of Series G Preferred Stock being converted, to and including the date of such conversion.

(m) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series G Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series G Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Corporation shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board) on the date of conversion.

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

(o) Notices. Any notice required by the provisions of this Article 4 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, having specified next day of delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation.

(p) Payment of Taxes. The Corporation shall pay all taxes imposed by the State of Delaware (or any other jurisdiction in which the Company is then located or conducting business) (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of any shares of Preferred Stock.

(q) Dilution or Impairment. The Corporation shall not, without the appropriate vote of the stockholders under the General Corporation Law of the State of Delaware and Article 7 of this Certificate, amend its Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but

shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series G Preferred Stock against dilution or other impairment.

5. Dividend Rights

(a) In the event dividends are paid on any share of Common Stock, Pari Passu Stock or Junior Stock, the Company shall pay an additional dividend on all outstanding shares of Series G Preferred Stock in an amount equal per share (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock, Pari Passu Stock or Junior Stock.

(b) The provisions of Article 5(a) shall not apply to a dividend payable in Common Stock.

6. Residual Rights

All rights accruing to the outstanding shares of this Corporation not expressly provided for to the contrary herein or in Article IV of the Certificate of Incorporation shall be vested in the Common Stock.

7. Amendment

No provision of this Certificate may be amended, modified or waived without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of the Series G Preferred Stock.

\* \* \* \* \*

IN WITNESS WHEREOF, Cogent Communications Group, Inc. has caused this Certificate of Designations to be executed and delivered in its name and on its behalf on July 31, 2003.

COGENT COMMUNICATIONS GROUP, INC.

/s/David Schaeffer  
David Schaeffer, President

---



CERTIFICATE OF DESIGNATIONS, PREFERENCES AND  
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS  
AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS

OF

SERIES G-4 PARTICIPATING CONVERTIBLE PREFERRED STOCK

OF

COGENT COMMUNICATIONS GROUP, INC.

---

Pursuant to Section 151 of the

General Corporation Law of the State of Delaware

---

Cogent Communications Group, Inc., a Delaware corporation (the "Corporation"), hereby certifies that, pursuant to the authority contained in Article IV of its Certificate of Incorporation (the "Certificate of Incorporation") and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation (the "Board"), by unanimous written consent dated June 12, 2003 duly adopted resolutions, which resolutions remain in full force and effect as of the date hereof, establishing, in accordance with the provisions set forth in Article IV of the Corporation's Certificate of Incorporation, a series of authorized preferred stock of the Corporation having a par value of \$0.001 per share, which series shall (i) pursuant to separate Certificates of Designations be issuable in sub-series denominated as Series G-1, Series G-2, Series G-3, etc. and be collectively designated as Series G Participating Convertible Preferred Stock (the Series G Preferred Stock), (ii) consist of a total of Forty One Thousand Thirty (41,030) shares, of which One Hundred Seventy Four (174) shares shall be Series G-4 Participating Convertible Preferred Stock (the "Series G-4 Preferred Stock") and (iii) have the following voting powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof:

**1. CERTAIN DEFINITIONS.**

## Edgar Filing: COGENT COMMUNICATIONS GROUP INC - Form SC 13D

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings herein specified.

Common Stock shall mean the common stock, par value \$0.001 per share, of the Corporation.

Junior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

---

Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference and the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock shall mean the Junior Stock - Primary and the Junior Stock-Secondary, collectively.

Pari Passu Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Pari Passu Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference.

Pari Passu Stock shall mean the Pari Passu Stock - Primary and the Pari Passu Stock -Secondary, collectively.

Participating Preferred Stock shall mean the Series F, G and H Participating Convertible Preferred Stock, par value \$.001 per share, and any other series of Preferred Stock of the Corporation that participates with the Common Stock in liquidation after payment of all liquidation preferences.

Preferred Stock shall mean the preferred stock, par value \$.001 per share, of the Corporation, however designated.

Senior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable.

Senior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Senior Stock shall mean the Senior Stock - Primary and the Senior Stock -Secondary, collectively.

Series F Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Secondary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Secondary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series G Controlling Adjustment Factor shall mean the smallest fraction designated as Adjustment Factor in the various Certificates of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of each of the sub-series of the Series G Preferred Stock.

Series H Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.

Series H Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series H Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.



2. Voting.

(a) Except as otherwise required by the General Corporation Law or provided in this Certificate, the shares of Series G Preferred Stock shall be voted together with the shares of the Common Stock without distinction as to class or series at each annual or special meeting of stockholders of the Corporation, and may act by written consent in the same manner as the Common Stock, upon the following basis: each holder of a share of Series G Preferred Stock will be entitled to one vote for each share of Common Stock such holder of Series G Preferred Stock would receive upon conversion of such share of Series G Preferred Stock held by such stockholder into Common Stock. Such determination shall be made (1) with respect to a meeting of the stockholders of the Corporation on the record date fixed for meeting, or (2) with respect to a written consent of the stockholders of the Corporation, on the effective date of such written consent.

(b) Notwithstanding the provisions of Article 2(a) hereof, shares of Series G Preferred Stock shall not be entitled to a vote with respect to the election of directors of the Corporation.

(c) For so long as at least 20% of the shares of Series G Preferred Stock outstanding as of the Original Issue Date remains outstanding, the Corporation shall not make an underwritten public offering of its stock pursuant to an effective registration statement under the Securities Act of 1933, as amended, other than a Qualified Offering (as defined herein) without the consent of holders of at least 80% of the Series G Preferred Stock then outstanding.

3. Preferences on Liquidation, Dissolution etc.

(a) Liquidation Preference.

(i) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of all amounts owing to holders of any Senior Stock - Primary, the holders of outstanding shares of the Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock, the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference, the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference, or any other Junior Stock - Primary or Pari-Passu Stock - Secondary, an amount equal to \$1,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Primary Liquidation Preference). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary shall be insufficient to permit the payment in full to them of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Primary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based

upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary.

(ii) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other amounts owing to holders of any other Pari Passu Stock - Primary and Senior Stock - Secondary, the holders of outstanding shares of Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock or any Junior Stock, an amount equal to \$2,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Secondary Liquidation Preference and together with the Primary Liquidation Preference, the Liquidation Preferences). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary shall be insufficient to permit the payment in full to them of the Secondary Liquidation Preference, the Series H Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Secondary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary.

(b) Remaining Liquidating Distributions. After payment has been made in full to the holders of Series G Preferred Stock, the Senior Stock, the Pari Passu Stock and any Junior Stock of their liquidation preferences, all remaining assets of the Corporation available for distribution shall be distributed ratably to the holders of the Participating Preferred Stock and the holders of the Common Stock, assuming for purposes of such calculation that all outstanding shares of Participating Preferred Stock are converted into shares of Common Stock at their then applicable conversion rates.

(c) Assets other than Cash. If assets other than cash are to be distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the amount received by such holders upon receipt of those assets shall be deemed to be the fair market value of such assets as determined in good faith by the Board of Directors of the Corporation in accordance with sound financial practice. If shares of stock or other securities are distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the fair market value shall mean per share or unit of such security, at any date, the average of the daily market prices for the twenty trading business days ending on the second trading day immediately preceding the date of distribution. The market price for each such business day shall be the last sales price on such day as reported on the consolidated transaction reporting system for the principal securities exchange on which the shares of stock or other securities being distributed pursuant to Article 3 hereof is then listed or admitted to trading (or, if applicable, the last sale price reported by the National Association of Securities Dealers



Automated Quotation Service ( NASDAQ ) National Market System), or, if no sale takes place on such day on any such exchange or no such sale is quoted on such system, the average of the closing bid and asked prices on such day as so reported, or, if such securities are not then listed or admitted to trading on any stock exchange, the market price for each such business day shall be the average of the reported closing bid and asked prices on such day in the over-the-counter market, as reported by NASDAQ. If no market prices are reported, then the market price shall be the fair market value as determined in good faith by the Board of Directors. If such securities are subject to an agreement or other restriction limiting their free marketability, the loss of that marketability shall be considered by the Board of Directors in making its determination of fair market value.

(d) Amount Payable in Mergers, etc. The following events shall be treated as a liquidation, dissolution or winding up within the meaning of this Article 3: (i) a consolidation, merger or reorganization of the Corporation with or into any other corporation or corporations in which the stockholders of the Corporation immediately before such event shall own fifty percent (50%) or less (calculated on an as converted basis, fully diluted) of the voting securities of the surviving corporation, (ii) any transaction or series of related transactions in which at least fifty percent (50%) of the Corporation's voting power is transferred, (iii) the sale, transfer or lease of all or substantially all of the assets of the Corporation or (iv) any acquisition of shares of capital stock of the Corporation (whether through a direct issuance by the Company, negotiated stock purchase, a tender for such shares, merger, consolidation or otherwise) by any party or group that did not beneficially own a majority of the voting power of the outstanding shares of capital stock of the Corporation immediately prior to such purchase, the effect of which is that such party or group beneficially owns at least a majority of such voting power immediately after such event (each a Change of Control Transaction ). All consideration payable to the stockholders of the Corporation in connection with any such Change of Control Transaction, or all consideration payable to the Corporation and distributable to its stockholders, together with all other available assets of the Corporation (net of obligations owed by the Corporation that are senior to the Series G Preferred Stock), in connection with any such Change of Control Transaction, shall be, as applicable, paid by the purchaser to the holders of, or distributed by the Corporation in redemption (out of funds legally available therefor) of, the Series G Preferred Stock, the Pari Passu Stock and any Junior Stock in accordance with the preferences and priorities set forth in Articles 3(a) and 3(b) above, with such preferences and priorities specifically intended to be applicable in any such Change of Control Transaction as if such transaction were a liquidation, dissolution or winding up within the meaning of this Article 3. In furtherance of the foregoing, the Corporation shall take such actions as are necessary to give effect to the provisions of this Article 3(d), including causing the definitive agreement relating to such Change of Control Transaction to provide for a rate at which the shares of Series G Preferred Stock are converted into or exchanged for cash, new securities or other property that gives effect to the provisions of this Article 3, or otherwise causing such shares to be redeemed in a manner consistent with the provisions of this Article 3. The amount deemed distributed to the holders of Series G Preferred Stock upon any such transaction shall be the cash or the value of the property, rights or securities distributed to such holders by the Corporation or the acquiring person, firm or other entity, as applicable. The provisions of this Article 3(d) shall not apply to any reorganization, merger or consolidation involving (1) only a change in the state of incorporation of the Corporation or (2) a merger of the Corporation with or into a wholly-owned subsidiary of the Corporation which is incorporated in

the United States of America which does not change the rights, privileges or preferences or the relative proportions of the stockholders as to each other as to before such event.

(e) Election to Convert. Notwithstanding anything contained herein to the contrary, a holder of shares of Series G Preferred Stock may elect to convert any or all of such shares of Series G Preferred Stock into Common Stock at any time prior to close of business of the Company on the date prior to the day on which any liquidation preference provided for in this Article 3 is to be paid. Any such conversion shall be at the then Applicable Conversion Rate and on the other terms and conditions set forth in Article 4 below.

4. Conversion Rights. Conversion of the Series G-4 Preferred Stock into shares of Common Stock shall be subject to the following provisions:

(a) Optional Conversion. Subject to and in compliance with the provisions of this Article 4, any shares of Series G-4 Preferred Stock may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series G-4 Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the Conversion Rate then in effect (determined as provided in Article 4(b)) by the number of shares of Series G-4 Preferred Stock being converted.

(b) Conversion Rates. The conversion rate in effect at any time for conversion of the Series G-4 Preferred Stock (the Conversion Rate) shall be the quotient obtained by dividing \$1,000 by the Conversion Price, calculated as provided in Article 4(c).

(c) Applicable Conversion Prices. The Conversion Price shall initially be \$0.05700079 (the Conversion Price). The initial Conversion Price shall be adjusted from time to time in accordance with this Article 4. All references to a Conversion Price herein shall mean the Conversion Price as so adjusted.

(d) Mechanics of Conversion. Each holder of Series G-4 Preferred Stock who wishes to convert the same into shares of Common Stock pursuant to this Article 4 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for the Series G-4 Preferred Stock, and shall give written notice to the Corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series G-4 Preferred Stock being converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay in cash or, to the extent sufficient funds are not available therefor, in Common Stock (at the Common Stock's fair market value as determined by the Board of Directors as of the date of such conversion) any declared and unpaid dividends on the shares of Series G-4 Preferred Stock being converted. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series G-4 Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date. Upon conversion of only a portion of the number of shares of

Series G-4 Preferred Stock represented by a certificate surrendered for conversion, the Corporation shall issue and deliver to or upon the written order of the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate covering the number of shares of Series G-4 Preferred Stock representing the unconverted portion of the certificate so surrendered.

(e) Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the date that the first share of the Series G-4 Preferred Stock is issued (the Original Issue Date ) effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series G-4 Preferred Stock, the Conversion Price in effect immediately before that subdivision with respect to the Series G-4 Preferred Stock shall be proportionately decreased. Conversely, if the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series G-4 Preferred Stock, the Conversion Price in effect immediately before the combination with respect to the Series G-4 Preferred Stock shall be proportionately increased. Any adjustment under this Article 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-4 Preferred Stock in respect of such stock, the Conversion Prices that are then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, to the price determined by multiplying each Conversion Price then in effect by a fraction (1) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, each Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter each Conversion Price shall be adjusted pursuant to this Article 4(f) to reflect the actual payment of such dividend or distribution; and provided further, that if an adjustment has been made to any Conversion Price on the fixing of the record date for a dividend or distribution, no additional adjustment shall be made when such dividend is paid or distribution is made.

(g) Adjustments for Other Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-4 Preferred Stock in respect of such stock, provision shall be made so that the holders of Series G-4 Preferred Stock shall

receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of other securities of the Corporation which they would have received had their shares of Series G-4 Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Article 4 with respect to the rights of the holders of such shares of Series G-4 Preferred Stock or with respect to such other securities by their terms; provided, however, that if such a provision has been made on the fixing of the record date for a dividend or distribution, no additional provision shall be made when such dividend is paid or distribution is made.

(h) Adjustment for Reclassification. Exchange and Substitution. If at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the conversion of the Series G-4 Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Article 4), in any such event each holder of shares of Series G-4 Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such Series G-4 Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(i) Sale of Shares Below Applicable Conversion Price.

(1) If at any time or from time to time after the Original Issue Date, the Corporation issues or sells, or is deemed by the express provisions of this subsection (j) to have issued or sold, Additional Shares of Common Stock (as hereinafter defined), other than (i) pursuant to a transaction described in Articles 4(e)-(i) above for which adjustment was made as provided in the applicable Article or (ii) the issuance of Common Stock, or options or warrants to purchase Common Stock, issued to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions, as approved by the two-thirds (2/3rds) of the then sitting members of the Board of Directors, in any event for an Effective Price (as hereinafter defined) less than the then-effective Conversion Price, then in each such case the then existing Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale (or such deemed issuance or sale), to a price determined by multiplying the then Conversion Price by a fraction (the Adjustment Factor ) (i) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock which the Aggregate Consideration received (as defined in subsection (j)(2)) by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price and (ii) the denominator of which shall be the number of shares of Common Stock deemed

outstanding (as defined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued. For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of Common Stock actually outstanding and (B) the number of shares of Common Stock issuable upon conversion of the then outstanding Preferred Stock and the exercise of all outstanding rights, warrants and options to purchase Common Stock or Convertible Securities (as defined below). Notwithstanding the foregoing, if at any time or from time to time after the Original Issue Date, the Corporation adjusts the conversion price of the Series F or Series H Participating Convertible Preferred Stock or another sub-series of the Series G Preferred Stock pursuant to Article 4(i)(1) of the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of such Preferred Stock, the Conversion Price shall be reduced (in lieu of any applicable adjustment pursuant to the first sentence of this subsection (j)(1)), as of the opening of business on the date of such adjustment, to a price determined by multiplying the Conversion Price in effect prior to the applicable issue or sale (or deemed issue or sale) by the smallest of the Adjustment Factor, the Series F Adjustment Factor, the Series G Controlling Adjustment Factor or the Series H Adjustment Factor, as applicable.

(2) For the purpose of making any adjustment required under this Article 4(i), the Aggregate Consideration received by the Corporation for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the Corporation after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Corporation in connection with such issue or sale but without deduction of any expenses payable by the Corporation, (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Corporation for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(3) For the purpose of the adjustment required under this Article 4(i), if the Corporation issues or sells any rights or options for the purchase of, or stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as Convertible Securities ) and if the Effective Price of such Additional Shares of Common Stock is less than the effective Conversion Price, the Corporation shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of

such shares an amount equal to the total amount of the consideration, if any, received by the Corporation for the issuance of such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Corporation upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Corporation upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Corporation shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities. No readjustment in respect of any rights, options or Convertible Securities pursuant to this Article 4(i) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price that was in effect on the original adjustment date or (ii) the Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and the date of such readjustment for which no adjustment was made. No further adjustment of the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Corporation upon such exercise, plus the consideration, if any, actually received by the Corporation for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, provided that such readjustment shall not apply to prior conversions of Series G-4 Preferred Stock.

(4) Additional Shares of Common Stock shall mean, with respect to any shares of Series G Preferred Stock, all shares of Common Stock issued by the

Corporation or deemed to be issued pursuant to this Article 4(i), whether or not subsequently reacquired or retired by the Corporation other than (1) shares of Common Stock issued upon conversion of any Preferred Stock, (2) up to 10,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to employees, officers or directors of, or consultants or advisors to the Corporation or any Subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors, (3) up to 2,000,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to investors in or lenders to the Corporation, and (4) additional convertible debt or equity issued in exchange for, upon conversion of, or as paid-in-kind interest payment on, the 7.50% convertible notes due 2007 of Allied Riser Communications Corporation outstanding on the Original Issue Date and in accordance with the terms of such convertible notes as in effect on the Original Issue Date.

(5) The Effective Price of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Article 4(i), into the Aggregate Consideration received, or deemed to have been received by the Company for such issue under this Article 4(i), for such Additional Shares of Common Stock.

(j) Accountants Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series G Preferred Stock, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of shares of Series G Preferred Stock at the holder's address as shown in the Corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (1) the consideration received or deemed to be received by the Corporation for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (2) the Applicable Conversion Price for such series in effect prior to and after giving effect to such adjustment or readjustment, (3) the number of Additional Shares of Common Stock and (4) the type and amount, if any, of other property which at the time would be received upon conversion of such shares of such Series G Preferred Stock.

(k) Notices of Record Date. Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation with or into any other Corporation, any Change of Control Transaction, any sale of all or substantially all of the Corporation's assets or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the

Corporation shall mail to each holder of Series G-4 Preferred Stock at least twenty (20) days prior to the record date specified therein a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (2) the date on which any such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up is expected to become effective, and the material terms of such transaction, and (3) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up.

(1) Automatic Conversion.

(1) Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock, based on the Conversion Price, at any time upon the affirmative election of the holders of at least eighty percent (80%) of the outstanding shares of the Series G Preferred Stock voting as a single class. Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock based on the Conversion Price immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Corporation in which (i) the aggregate pre-money valuation of the Corporation is at least five hundred million dollars (\$500,000,000); and (ii) the gross cash proceeds (before underwriting discounts, commissions and fees) are at least fifty million dollars (\$50,000,000)(a Qualified Offering ). Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Article 5.

(2) Upon the occurrence of an event specified in paragraph (1) above, the outstanding shares of Series G Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series G Preferred Stock are either delivered to the Corporation or its transfer agent as provided below, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series G Preferred Stock the holders of Series G Preferred Stock shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the Series G Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which such shares of Series G Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred, and the Corporation shall promptly pay in cash or, at the option of the Corporation,



Common Stock (at the Common Stock's fair market value determined by the Board as of the date of such conversion), or, at the option of the Corporation, both, all declared and unpaid dividends on such shares of Series G Preferred Stock being converted, to and including the date of such conversion.

(m) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series G Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series G Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Corporation shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board) on the date of conversion.

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

(o) Notices. Any notice required by the provisions of this Article 4 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, having specified next day of delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation.

(p) Payment of Taxes. The Corporation shall pay all taxes imposed by the State of Delaware (or any other jurisdiction in which the Company is then located or conducting business) (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of any shares of Preferred Stock.

(q) Dilution or Impairment. The Corporation shall not, without the appropriate vote of the stockholders under the General Corporation Law of the State of Delaware and Article 7 of this Certificate, amend its Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but

shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series G Preferred Stock against dilution or other impairment.

5. Dividend Rights

(a) In the event dividends are paid on any share of Common Stock, Pari Passu Stock or Junior Stock, the Company shall pay an additional dividend on all outstanding shares of Series G Preferred Stock in an amount equal per share (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock, Pari Passu Stock or Junior Stock.

(b) The provisions of Article 5(a) shall not apply to a dividend payable in Common Stock.

6. Residual Rights

All rights accruing to the outstanding shares of this Corporation not expressly provided for to the contrary herein or in Article IV of the Certificate of Incorporation shall be vested in the Common Stock.

7. Amendment

No provision of this Certificate may be amended, modified or waived without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of the Series G Preferred Stock.

\* \* \* \* \*

IN WITNESS WHEREOF, Cogent Communications Group, Inc. has caused this Certificate of Designations to be executed and delivered in its name and on its behalf on July 31, 2003.

COGENT COMMUNICATIONS GROUP, INC.

/s/David Schaeffer  
David Schaeffer, President

---

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND  
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS  
AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS

OF

SERIES G-5 PARTICIPATING CONVERTIBLE PREFERRED STOCK

OF

COGENT COMMUNICATIONS GROUP, INC.

---

Pursuant to Section 151 of the

General Corporation Law of the State of Delaware

---

Cogent Communications Group, Inc., a Delaware corporation (the "Corporation"), hereby certifies that, pursuant to the authority contained in Article IV of its Certificate of Incorporation (the "Certificate of Incorporation") and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation (the "Board"), by unanimous written consent dated June 12, 2003 duly adopted resolutions, which resolutions remain in full force and effect as of the date hereof, establishing, in accordance with the provisions set forth in Article IV of the Corporation's Certificate of Incorporation, a series of authorized preferred stock of the Corporation having a par value of \$0.001 per share, which series shall (i) pursuant to separate Certificates of Designations be issuable in sub-series denominated as Series G-1, Series G-2, Series G-3, etc. and be collectively designated as Series G Participating Convertible Preferred Stock (the "Series G Preferred Stock"), (ii) consist of a total of Forty One Thousand Thirty (41,030) shares, of which Sixty Three (63) shares shall be Series G-5 Participating Convertible Preferred Stock (the "Series G-5 Preferred Stock") and (iii) have the following voting powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof:



**1. CERTAIN DEFINITIONS.**

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings herein specified.

Common Stock shall mean the common stock, par value \$0.001 per share, of the Corporation.

Junior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

---



Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference and the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock shall mean the Junior Stock - Primary and the Junior Stock-Secondary, collectively.

Pari Passu Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Pari Passu Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference.

Pari Passu Stock shall mean the Pari Passu Stock - Primary and the Pari Passu Stock -Secondary, collectively.

Participating Preferred Stock shall mean the Series F, G and H Participating Convertible Preferred Stock, par value \$.001 per share, and any other series of Preferred Stock of the Corporation that participates with the Common Stock in liquidation after payment of all liquidation preferences.

Preferred Stock shall mean the preferred stock, par value \$.001 per share, of the Corporation, however designated.

Senior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable.

Senior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Senior Stock shall mean the Senior Stock - Primary and the Senior Stock -Secondary, collectively.

Series F Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Secondary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Secondary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series G Controlling Adjustment Factor shall mean the smallest fraction designated as Adjustment Factor in the various Certificates of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of each of the sub-series of the Series G Preferred Stock.

Series H Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.

Series H Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series H Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.



2. Voting.

(a) Except as otherwise required by the General Corporation Law or provided in this Certificate, the shares of Series G Preferred Stock shall be voted together with the shares of the Common Stock without distinction as to class or series at each annual or special meeting of stockholders of the Corporation, and may act by written consent in the same manner as the Common Stock, upon the following basis: each holder of a share of Series G Preferred Stock will be entitled to one vote for each share of Common Stock such holder of Series G Preferred Stock would receive upon conversion of such share of Series G Preferred Stock held by such stockholder into Common Stock. Such determination shall be made (1) with respect to a meeting of the stockholders of the Corporation on the record date fixed for meeting, or (2) with respect to a written consent of the stockholders of the Corporation, on the effective date of such written consent.

(b) Notwithstanding the provisions of Article 2(a) hereof, shares of Series G Preferred Stock shall not be entitled to a vote with respect to the election of directors of the Corporation.

(c) For so long as at least 20% of the shares of Series G Preferred Stock outstanding as of the Original Issue Date remains outstanding, the Corporation shall not make an underwritten public offering of its stock pursuant to an effective registration statement under the Securities Act of 1933, as amended, other than a Qualified Offering (as defined herein) without the consent of holders of at least 80% of the Series G Preferred Stock then outstanding.

3. Preferences on Liquidation, Dissolution etc.

(a) Liquidation Preference.

(i) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of all amounts owing to holders of any Senior Stock - Primary, the holders of outstanding shares of the Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock, the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference, the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference, or any other Junior Stock - Primary or Pari-Passu Stock - Secondary, an amount equal to \$1,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Primary Liquidation Preference). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary shall be insufficient to permit the payment in full to them of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Primary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based

upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary.

(ii) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other amounts owing to holders of any other Pari Passu Stock - Primary and Senior Stock - Secondary, the holders of outstanding shares of Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock or any Junior Stock, an amount equal to \$2,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Secondary Liquidation Preference and together with the Primary Liquidation Preference, the Liquidation Preferences). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary shall be insufficient to permit the payment in full to them of the Secondary Liquidation Preference, the Series H Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Secondary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary.

(b) Remaining Liquidating Distributions. After payment has been made in full to the holders of Series G Preferred Stock, the Senior Stock, the Pari Passu Stock and any Junior Stock of their liquidation preferences, all remaining assets of the Corporation available for distribution shall be distributed ratably to the holders of the Participating Preferred Stock and the holders of the Common Stock, assuming for purposes of such calculation that all outstanding shares of Participating Preferred Stock are converted into shares of Common Stock at their then applicable conversion rates.

(c) Assets other than Cash. If assets other than cash are to be distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the amount received by such holders upon receipt of those assets shall be deemed to be the fair market value of such assets as determined in good faith by the Board of Directors of the Corporation in accordance with sound financial practice. If shares of stock or other securities are distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the fair market value shall mean per share or unit of such security, at any date, the average of the daily market prices for the twenty trading business days ending on the second trading day immediately preceding the date of distribution. The market price for each such business day shall be the last sales price on such day as reported on the consolidated transaction reporting system for the principal securities exchange on which the shares of stock or other securities being distributed pursuant to Article 3 hereof is then listed or admitted to trading (or, if applicable, the last sale price reported by the National Association of Securities Dealers

Automated Quotation Service ( NASDAQ ) National Market System), or, if no sale takes place on such day on any such exchange or no such sale is quoted on such system, the average of the closing bid and asked prices on such day as so reported, or, if such securities are not then listed or admitted to trading on any stock exchange, the market price for each such business day shall be the average of the reported closing bid and asked prices on such day in the over-the-counter market, as reported by NASDAQ. If no market prices are reported, then the market price shall be the fair market value as determined in good faith by the Board of Directors. If such securities are subject to an agreement or other restriction limiting their free marketability, the loss of that marketability shall be considered by the Board of Directors in making its determination of fair market value.

(d) Amount Payable in Mergers, etc. The following events shall be treated as a liquidation, dissolution or winding up within the meaning of this Article 3: (i) a consolidation, merger or reorganization of the Corporation with or into any other corporation or corporations in which the stockholders of the Corporation immediately before such event shall own fifty percent (50%) or less (calculated on an as converted basis, fully diluted) of the voting securities of the surviving corporation, (ii) any transaction or series of related transactions in which at least fifty percent (50%) of the Corporation's voting power is transferred, (iii) the sale, transfer or lease of all or substantially all of the assets of the Corporation or (iv) any acquisition of shares of capital stock of the Corporation (whether through a direct issuance by the Company, negotiated stock purchase, a tender for such shares, merger, consolidation or otherwise) by any party or group that did not beneficially own a majority of the voting power of the outstanding shares of capital stock of the Corporation immediately prior to such purchase, the effect of which is that such party or group beneficially owns at least a majority of such voting power immediately after such event (each a Change of Control Transaction ). All consideration payable to the stockholders of the Corporation in connection with any such Change of Control Transaction, or all consideration payable to the Corporation and distributable to its stockholders, together with all other available assets of the Corporation (net of obligations owed by the Corporation that are senior to the Series G Preferred Stock), in connection with any such Change of Control Transaction, shall be, as applicable, paid by the purchaser to the holders of, or distributed by the Corporation in redemption (out of funds legally available therefor) of, the Series G Preferred Stock, the Pari Passu Stock and any Junior Stock in accordance with the preferences and priorities set forth in Articles 3(a) and 3(b) above, with such preferences and priorities specifically intended to be applicable in any such Change of Control Transaction as if such transaction were a liquidation, dissolution or winding up within the meaning of this Article 3. In furtherance of the foregoing, the Corporation shall take such actions as are necessary to give effect to the provisions of this Article 3(d), including causing the definitive agreement relating to such Change of Control Transaction to provide for a rate at which the shares of Series G Preferred Stock are converted into or exchanged for cash, new securities or other property that gives effect to the provisions of this Article 3, or otherwise causing such shares to be redeemed in a manner consistent with the provisions of this Article 3. The amount deemed distributed to the holders of Series G Preferred Stock upon any such transaction shall be the cash or the value of the property, rights or securities distributed to such holders by the Corporation or the acquiring person, firm or other entity, as applicable. The provisions of this Article 3(d) shall not apply to any reorganization, merger or consolidation involving (1) only a change in the state of incorporation of the Corporation or (2) a merger of the Corporation with or into a wholly-owned subsidiary of the Corporation which is incorporated in

the United States of America which does not change the rights, privileges or preferences or the relative proportions of the stockholders as to each other as to before such event.

(e) Election to Convert. Notwithstanding anything contained herein to the contrary, a holder of shares of Series G Preferred Stock may elect to convert any or all of such shares of Series G Preferred Stock into Common Stock at any time prior to close of business of the Company on the date prior to the day on which any liquidation preference provided for in this Article 3 is to be paid. Any such conversion shall be at the then Applicable Conversion Rate and on the other terms and conditions set forth in Article 4 below.

4. Conversion Rights. Conversion of the Series G-5 Preferred Stock into shares of Common Stock shall be subject to the following provisions:

(a) Optional Conversion. Subject to and in compliance with the provisions of this Article 4, any shares of Series G-5 Preferred Stock may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series G-5 Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the Conversion Rate then in effect (determined as provided in Article 4(b)) by the number of shares of Series G-5 Preferred Stock being converted.

(b) Conversion Rates. The conversion rate in effect at any time for conversion of the Series G-5 Preferred Stock (the Conversion Rate) shall be the quotient obtained by dividing \$1,000 by the Conversion Price, calculated as provided in Article 4(c).

(c) Applicable Conversion Prices. The Conversion Price shall initially be \$0.05677867 (the Conversion Price). The initial Conversion Price shall be adjusted from time to time in accordance with this Article 4. All references to a Conversion Price herein shall mean the Conversion Price as so adjusted.

(d) Mechanics of Conversion. Each holder of Series G-5 Preferred Stock who wishes to convert the same into shares of Common Stock pursuant to this Article 4 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for the Series G-5 Preferred Stock, and shall give written notice to the Corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series G-5 Preferred Stock being converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay in cash or, to the extent sufficient funds are not available therefor, in Common Stock (at the Common Stock's fair market value as determined by the Board of Directors as of the date of such conversion) any declared and unpaid dividends on the shares of Series G-5 Preferred Stock being converted. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series G-5 Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date. Upon conversion of only a portion of the number of shares of

Series G-5 Preferred Stock represented by a certificate surrendered for conversion, the Corporation shall issue and deliver to or upon the written order of the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate covering the number of shares of Series G-5 Preferred Stock representing the unconverted portion of the certificate so surrendered.

(e) Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the date that the first share of the Series G-5 Preferred Stock is issued (the Original Issue Date ) effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series G-5 Preferred Stock, the Conversion Price in effect immediately before that subdivision with respect to the Series G-5 Preferred Stock shall be proportionately decreased. Conversely, if the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series G-5 Preferred Stock, the Conversion Price in effect immediately before the combination with respect to the Series G-5 Preferred Stock shall be proportionately increased. Any adjustment under this Article 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-5 Preferred Stock in respect of such stock, the Conversion Prices that are then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, to the price determined by multiplying each Conversion Price then in effect by a fraction (1) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, each Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter each Conversion Price shall be adjusted pursuant to this Article 4(f) to reflect the actual payment of such dividend or distribution; and provided further, that if an adjustment has been made to any Conversion Price on the fixing of the record date for a dividend or distribution, no additional adjustment shall be made when such dividend is paid or distribution is made.

(g) Adjustments for Other Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-5 Preferred Stock in respect of such stock, provision shall be made so that the holders of Series G-5 Preferred Stock shall



receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of other securities of the Corporation which they would have received had their shares of Series G-5 Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Article 4 with respect to the rights of the holders of such shares of Series G-5 Preferred Stock or with respect to such other securities by their terms; provided, however, that if such a provision has been made on the fixing of the record date for a dividend or distribution, no additional provision shall be made when such dividend is paid or distribution is made.

(h) Adjustment for Reclassification. Exchange and Substitution. If at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the conversion of the Series G-5 Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Article 4), in any such event each holder of shares of Series G-5 Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such Series G-5 Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(i) Sale of Shares Below Applicable Conversion Price.

(1) If at any time or from time to time after the Original Issue Date, the Corporation issues or sells, or is deemed by the express provisions of this subsection (j) to have issued or sold, Additional Shares of Common Stock (as hereinafter defined), other than (i) pursuant to a transaction described in Articles 4(e)-(i) above for which adjustment was made as provided in the applicable Article or (ii) the issuance of Common Stock, or options or warrants to purchase Common Stock, issued to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions, as approved by the two-thirds (2/3rds) of the then sitting members of the Board of Directors, in any event for an Effective Price (as hereinafter defined) less than the then-effective Conversion Price, then in each such case the then existing Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale (or such deemed issuance or sale), to a price determined by multiplying the then Conversion Price by a fraction (the Adjustment Factor ) (i) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock which the Aggregate Consideration received (as defined in subsection (j)(2)) by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price and (ii) the denominator of which shall be the number of shares of Common Stock deemed

outstanding (as defined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued. For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of Common Stock actually outstanding and (B) the number of shares of Common Stock issuable upon conversion of the then outstanding Preferred Stock and the exercise of all outstanding rights, warrants and options to purchase Common Stock or Convertible Securities (as defined below). Notwithstanding the foregoing, if at any time or from time to time after the Original Issue Date, the Corporation adjusts the conversion price of the Series F or Series H Participating Convertible Preferred Stock or another sub-series of the Series G Preferred Stock pursuant to Article 4(i)(1) of the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of such Preferred Stock, the Conversion Price shall be reduced (in lieu of any applicable adjustment pursuant to the first sentence of this subsection (j)(1)), as of the opening of business on the date of such adjustment, to a price determined by multiplying the Conversion Price in effect prior to the applicable issue or sale (or deemed issue or sale) by the smallest of the Adjustment Factor, the Series F Adjustment Factor, the Series G Controlling Adjustment Factor or the Series H Adjustment Factor, as applicable.

(2) For the purpose of making any adjustment required under this Article 4(i), the Aggregate Consideration received by the Corporation for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the Corporation after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Corporation in connection with such issue or sale but without deduction of any expenses payable by the Corporation, (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Corporation for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(3) For the purpose of the adjustment required under this Article 4(i), if the Corporation issues or sells any rights or options for the purchase of, or stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as Convertible Securities ) and if the Effective Price of such Additional Shares of Common Stock is less than the effective Conversion Price, the Corporation shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Corporation for the issuance of

such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Corporation upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Corporation upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Corporation shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities. No readjustment in respect of any rights, options or Convertible Securities pursuant to this Article 4(i) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price that was in effect on the original adjustment date or (ii) the Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and the date of such readjustment for which no adjustment was made. No further adjustment of the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Corporation upon such exercise, plus the consideration, if any, actually received by the Corporation for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, provided that such readjustment shall not apply to prior conversions of Series G-5 Preferred Stock.

(4) Additional Shares of Common Stock shall mean, with respect to any shares of Series G Preferred Stock, all shares of Common Stock issued by the

Corporation or deemed to be issued pursuant to this Article 4(i), whether or not subsequently reacquired or retired by the Corporation other than (1) shares of Common Stock issued upon conversion of any Preferred Stock, (2) up to 10,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to employees, officers or directors of, or consultants or advisors to the Corporation or any Subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors, (3) up to 2,000,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to investors in or lenders to the Corporation, and (4) additional convertible debt or equity issued in exchange for, upon conversion of, or as paid-in-kind interest payment on, the 7.50% convertible notes due 2007 of Allied Riser Communications Corporation outstanding on the Original Issue Date and in accordance with the terms of such convertible notes as in effect on the Original Issue Date.

(5) The Effective Price of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Article 4(i), into the Aggregate Consideration received, or deemed to have been received by the Company for such issue under this Article 4(i), for such Additional Shares of Common Stock.

(j) Accountants Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series G Preferred Stock, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of shares of Series G Preferred Stock at the holder's address as shown in the Corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (1) the consideration received or deemed to be received by the Corporation for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (2) the Applicable Conversion Price for such series in effect prior to and after giving effect to such adjustment or readjustment, (3) the number of Additional Shares of Common Stock and (4) the type and amount, if any, of other property which at the time would be received upon conversion of such shares of such Series G Preferred Stock.

(k) Notices of Record Date. Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation with or into any other Corporation, any Change of Control Transaction, any sale of all or substantially all of the Corporation's assets or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the

Corporation shall mail to each holder of Series G-5 Preferred Stock at least twenty (20) days prior to the record date specified therein a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (2) the date on which any such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up is expected to become effective, and the material terms of such transaction, and (3) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up.

(1) Automatic Conversion.

(1) Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock, based on the Conversion Price, at any time upon the affirmative election of the holders of at least eighty percent (80%) of the outstanding shares of the Series G Preferred Stock voting as a single class. Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock based on the Conversion Price immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Corporation in which (i) the aggregate pre-money valuation of the Corporation is at least five hundred million dollars (\$500,000,000); and (ii) the gross cash proceeds (before underwriting discounts, commissions and fees) are at least fifty million dollars (\$50,000,000)(a Qualified Offering ). Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Article 5.

(2) Upon the occurrence of an event specified in paragraph (1) above, the outstanding shares of Series G Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series G Preferred Stock are either delivered to the Corporation or its transfer agent as provided below, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series G Preferred Stock the holders of Series G Preferred Stock shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the Series G Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which such shares of Series G Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred, and the Corporation shall promptly pay in cash or, at the option of the Corporation,

Common Stock (at the Common Stock's fair market value determined by the Board as of the date of such conversion), or, at the option of the Corporation, both, all declared and unpaid dividends on such shares of Series G Preferred Stock being converted, to and including the date of such conversion.

(m) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series G Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series G Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Corporation shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board) on the date of conversion.

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

(o) Notices. Any notice required by the provisions of this Article 4 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, having specified next day of delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation.

(p) Payment of Taxes. The Corporation shall pay all taxes imposed by the State of Delaware (or any other jurisdiction in which the Company is then located or conducting business) (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of any shares of Preferred Stock.

(q) Dilution or Impairment. The Corporation shall not, without the appropriate vote of the stockholders under the General Corporation Law of the State of Delaware and Article 7 of this Certificate, amend its Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but

shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series G Preferred Stock against dilution or other impairment.

5. Dividend Rights

(a) In the event dividends are paid on any share of Common Stock, Pari Passu Stock or Junior Stock, the Company shall pay an additional dividend on all outstanding shares of Series G Preferred Stock in an amount equal per share (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock, Pari Passu Stock or Junior Stock.

(b) The provisions of Article 5(a) shall not apply to a dividend payable in Common Stock.

6. Residual Rights

All rights accruing to the outstanding shares of this Corporation not expressly provided for to the contrary herein or in Article IV of the Certificate of Incorporation shall be vested in the Common Stock.

7. Amendment

No provision of this Certificate may be amended, modified or waived without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of the Series G Preferred Stock.

\* \* \* \* \*



IN WITNESS WHEREOF, Cogent Communications Group, Inc. has caused this Certificate of Designations to be executed and delivered in its name and on its behalf on July 31, 2003.

COGENT COMMUNICATIONS GROUP, INC.

/s/David Schaeffer  
David Schaeffer, President

---

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND  
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS  
AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS

OF

SERIES G-6 PARTICIPATING CONVERTIBLE PREFERRED STOCK

OF

COGENT COMMUNICATIONS GROUP, INC.

---

Pursuant to Section 151 of the

General Corporation Law of the State of Delaware

---

Cogent Communications Group, Inc., a Delaware corporation (the "Corporation"), hereby certifies that, pursuant to the authority contained in Article IV of its Certificate of Incorporation (the "Certificate of Incorporation") and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation (the "Board"), by unanimous written consent dated June 12, 2003 duly adopted resolutions, which resolutions remain in full force and effect as of the date hereof, establishing, in accordance with the provisions set forth in Article IV of the Corporation's Certificate of Incorporation, a series of authorized preferred stock of the Corporation having a par value of \$0.001 per share, which series shall (i) pursuant to separate Certificates of Designations be issuable in sub-series denominated as Series G-1, Series G-2, Series G-3, etc. and be collectively designated as Series G Participating Convertible Preferred Stock (the Series G Preferred Stock), (ii) consist of a total of Forty One Thousand Thirty (41,030) shares, of which Nine Thousand Six Hundred One (9,601) shares shall be Series G-6 Participating Convertible Preferred Stock (the Series G-6 Preferred Stock) and (iii) have the following voting powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof:

**1. CERTAIN DEFINITIONS.**

Edgar Filing: COGENT COMMUNICATIONS GROUP INC - Form SC 13D

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings herein specified.

Common Stock shall mean the common stock, par value \$0.001 per share, of the Corporation.

Junior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

---

Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference and the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock shall mean the Junior Stock - Primary and the Junior Stock-Secondary, collectively.

Pari Passu Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Pari Passu Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference.

Pari Passu Stock shall mean the Pari Passu Stock - Primary and the Pari Passu Stock - Secondary, collectively.

Participating Preferred Stock shall mean the Series F, G and H Participating Convertible Preferred Stock, par value \$.001 per share, and any other series of Preferred Stock of the Corporation that participates with the Common Stock in liquidation after payment of all liquidation preferences.

Preferred Stock shall mean the preferred stock, par value \$.001 per share, of the Corporation, however designated.

Senior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable.

Senior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Senior Stock shall mean the Senior Stock - Primary and the Senior Stock -Secondary, collectively.

Series F Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Secondary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Secondary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series G Controlling Adjustment Factor shall mean the smallest fraction designated as Adjustment Factor in the various Certificates of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of each of the sub-series of the Series G Preferred Stock.

Series H Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.

Series H Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series H Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.



2. Voting.

(a) Except as otherwise required by the General Corporation Law or provided in this Certificate, the shares of Series G Preferred Stock shall be voted together with the shares of the Common Stock without distinction as to class or series at each annual or special meeting of stockholders of the Corporation, and may act by written consent in the same manner as the Common Stock, upon the following basis: each holder of a share of Series G Preferred Stock will be entitled to one vote for each share of Common Stock such holder of Series G Preferred Stock would receive upon conversion of such share of Series G Preferred Stock held by such stockholder into Common Stock. Such determination shall be made (1) with respect to a meeting of the stockholders of the Corporation on the record date fixed for meeting, or (2) with respect to a written consent of the stockholders of the Corporation, on the effective date of such written consent.

(b) Notwithstanding the provisions of Article 2(a) hereof, shares of Series G Preferred Stock shall not be entitled to a vote with respect to the election of directors of the Corporation.

(c) For so long as at least 20% of the shares of Series G Preferred Stock outstanding as of the Original Issue Date remains outstanding, the Corporation shall not make an underwritten public offering of its stock pursuant to an effective registration statement under the Securities Act of 1933, as amended, other than a Qualified Offering (as defined herein) without the consent of holders of at least 80% of the Series G Preferred Stock then outstanding.

3. Preferences on Liquidation, Dissolution etc.

(a) Liquidation Preference.

(i) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of all amounts owing to holders of any Senior Stock - Primary, the holders of outstanding shares of the Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock, the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference, the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference, or any other Junior Stock - Primary or Pari-Passu Stock - Secondary, an amount equal to \$1,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Primary Liquidation Preference). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary shall be insufficient to permit the payment in full to them of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Primary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based

upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary.

(ii) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other amounts owing to holders of any other Pari Passu Stock - Primary and Senior Stock - Secondary, the holders of outstanding shares of Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock or any Junior Stock, an amount equal to \$2,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Secondary Liquidation Preference and together with the Primary Liquidation Preference, the Liquidation Preferences). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary shall be insufficient to permit the payment in full to them of the Secondary Liquidation Preference, the Series H Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Secondary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary.

(b) Remaining Liquidating Distributions. After payment has been made in full to the holders of Series G Preferred Stock, the Senior Stock, the Pari Passu Stock and any Junior Stock of their liquidation preferences, all remaining assets of the Corporation available for distribution shall be distributed ratably to the holders of the Participating Preferred Stock and the holders of the Common Stock, assuming for purposes of such calculation that all outstanding shares of Participating Preferred Stock are converted into shares of Common Stock at their then applicable conversion rates.

(c) Assets other than Cash. If assets other than cash are to be distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the amount received by such holders upon receipt of those assets shall be deemed to be the fair market value of such assets as determined in good faith by the Board of Directors of the Corporation in accordance with sound financial practice. If shares of stock or other securities are distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the fair market value shall mean per share or unit of such security, at any date, the average of the daily market prices for the twenty trading business days ending on the second trading day immediately preceding the date of distribution. The market price for each such business day shall be the last sales price on such day as reported on the consolidated transaction reporting system for the principal securities exchange on which the shares of stock or other securities being distributed pursuant to Article 3 hereof is then listed or admitted to trading (or, if applicable, the last sale price reported by the National Association of Securities Dealers



Automated Quotation Service ( NASDAQ ) National Market System), or, if no sale takes place on such day on any such exchange or no such sale is quoted on such system, the average of the closing bid and asked prices on such day as so reported, or, if such securities are not then listed or admitted to trading on any stock exchange, the market price for each such business day shall be the average of the reported closing bid and asked prices on such day in the over-the-counter market, as reported by NASDAQ. If no market prices are reported, then the market price shall be the fair market value as determined in good faith by the Board of Directors. If such securities are subject to an agreement or other restriction limiting their free marketability, the loss of that marketability shall be considered by the Board of Directors in making its determination of fair market value.

(d) Amount Payable in Mergers, etc. The following events shall be treated as a liquidation, dissolution or winding up within the meaning of this Article 3: (i) a consolidation, merger or reorganization of the Corporation with or into any other corporation or corporations in which the stockholders of the Corporation immediately before such event shall own fifty percent (50%) or less (calculated on an as converted basis, fully diluted) of the voting securities of the surviving corporation, (ii) any transaction or series of related transactions in which at least fifty percent (50%) of the Corporation's voting power is transferred, (iii) the sale, transfer or lease of all or substantially all of the assets of the Corporation or (iv) any acquisition of shares of capital stock of the Corporation (whether through a direct issuance by the Company, negotiated stock purchase, a tender for such shares, merger, consolidation or otherwise) by any party or group that did not beneficially own a majority of the voting power of the outstanding shares of capital stock of the Corporation immediately prior to such purchase, the effect of which is that such party or group beneficially owns at least a majority of such voting power immediately after such event (each a Change of Control Transaction ). All consideration payable to the stockholders of the Corporation in connection with any such Change of Control Transaction, or all consideration payable to the Corporation and distributable to its stockholders, together with all other available assets of the Corporation (net of obligations owed by the Corporation that are senior to the Series G Preferred Stock), in connection with any such Change of Control Transaction, shall be, as applicable, paid by the purchaser to the holders of, or distributed by the Corporation in redemption (out of funds legally available therefor) of, the Series G Preferred Stock, the Pari Passu Stock and any Junior Stock in accordance with the preferences and priorities set forth in Articles 3(a) and 3(b) above, with such preferences and priorities specifically intended to be applicable in any such Change of Control Transaction as if such transaction were a liquidation, dissolution or winding up within the meaning of this Article 3. In furtherance of the foregoing, the Corporation shall take such actions as are necessary to give effect to the provisions of this Article 3(d), including causing the definitive agreement relating to such Change of Control Transaction to provide for a rate at which the shares of Series G Preferred Stock are converted into or exchanged for cash, new securities or other property that gives effect to the provisions of this Article 3, or otherwise causing such shares to be redeemed in a manner consistent with the provisions of this Article 3. The amount deemed distributed to the holders of Series G Preferred Stock upon any such transaction shall be the cash or the value of the property, rights or securities distributed to such holders by the Corporation or the acquiring person, firm or other entity, as applicable. The provisions of this Article 3(d) shall not apply to any reorganization, merger or consolidation involving (1) only a change in the state of incorporation of the Corporation or (2) a merger of the Corporation with or into a wholly-owned subsidiary of the Corporation which is incorporated in

the United States of America which does not change the rights, privileges or preferences or the relative proportions of the stockholders as to each other as to before such event.

(e) Election to Convert. Notwithstanding anything contained herein to the contrary, a holder of shares of Series G Preferred Stock may elect to convert any or all of such shares of Series G Preferred Stock into Common Stock at any time prior to close of business of the Company on the date prior to the day on which any liquidation preference provided for in this Article 3 is to be paid. Any such conversion shall be at the then Applicable Conversion Rate and on the other terms and conditions set forth in Article 4 below.

4. Conversion Rights. Conversion of the Series G-6 Preferred Stock into shares of Common Stock shall be subject to the following provisions:

(a) Optional Conversion. Subject to and in compliance with the provisions of this Article 4, any shares of Series G-6 Preferred Stock may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series G-6 Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the Conversion Rate then in effect (determined as provided in Article 4(b)) by the number of shares of Series G-6 Preferred Stock being converted.

(b) Conversion Rates. The conversion rate in effect at any time for conversion of the Series G-6 Preferred Stock (the Conversion Rate) shall be the quotient obtained by dividing \$1,000 by the Conversion Price, calculated as provided in Article 4(c).

(c) Applicable Conversion Prices. The Conversion Price shall initially be \$0.30140335 (the Conversion Price). The initial Conversion Price shall be adjusted from time to time in accordance with this Article 4. All references to a Conversion Price herein shall mean the Conversion Price as so adjusted.

(d) Mechanics of Conversion. Each holder of Series G-6 Preferred Stock who wishes to convert the same into shares of Common Stock pursuant to this Article 4 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for the Series G-6 Preferred Stock, and shall give written notice to the Corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series G-6 Preferred Stock being converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay in cash or, to the extent sufficient funds are not available therefor, in Common Stock (at the Common Stock's fair market value as determined by the Board of Directors as of the date of such conversion) any declared and unpaid dividends on the shares of Series G-6 Preferred Stock being converted. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series G-6 Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date. Upon conversion of only a portion of the number of shares of

Series G-6 Preferred Stock represented by a certificate surrendered for conversion, the Corporation shall issue and deliver to or upon the written order of the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate covering the number of shares of Series G-6 Preferred Stock representing the unconverted portion of the certificate so surrendered.

(e) Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the date that the first share of the Series G-6 Preferred Stock is issued (the Original Issue Date ) effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series G-6 Preferred Stock, the Conversion Price in effect immediately before that subdivision with respect to the Series G-6 Preferred Stock shall be proportionately decreased. Conversely, if the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series G-6 Preferred Stock, the Conversion Price in effect immediately before the combination with respect to the Series G-6 Preferred Stock shall be proportionately increased. Any adjustment under this Article 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-6 Preferred Stock in respect of such stock, the Conversion Prices that are then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, to the price determined by multiplying each Conversion Price then in effect by a fraction (1) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, each Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter each Conversion Price shall be adjusted pursuant to this Article 4(f) to reflect the actual payment of such dividend or distribution; and provided further, that if an adjustment has been made to any Conversion Price on the fixing of the record date for a dividend or distribution, no additional adjustment shall be made when such dividend is paid or distribution is made.

(g) Adjustments for Other Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-6 Preferred Stock in respect of such stock, provision shall be made so that the holders of Series G-6 Preferred Stock shall

receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of other securities of the Corporation which they would have received had their shares of Series G-6 Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Article 4 with respect to the rights of the holders of such shares of Series G-6 Preferred Stock or with respect to such other securities by their terms; provided, however, that if such a provision has been made on the fixing of the record date for a dividend or distribution, no additional provision shall be made when such dividend is paid or distribution is made.

(h) Adjustment for Reclassification. Exchange and Substitution. If at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the conversion of the Series G-6 Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Article 4), in any such event each holder of shares of Series G-6 Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such Series G-6 Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(i) Sale of Shares Below Applicable Conversion Price.

(1) If at any time or from time to time after the Original Issue Date, the Corporation issues or sells, or is deemed by the express provisions of this subsection (j) to have issued or sold, Additional Shares of Common Stock (as hereinafter defined), other than (i) pursuant to a transaction described in Articles 4(e)-(i) above for which adjustment was made as provided in the applicable Article or (ii) the issuance of Common Stock, or options or warrants to purchase Common Stock, issued to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions, as approved by the two-thirds (2/3rds) of the then sitting members of the Board of Directors, in any event for an Effective Price (as hereinafter defined) less than the then-effective Conversion Price, then in each such case the then existing Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale (or such deemed issuance or sale), to a price determined by multiplying the then Conversion Price by a fraction (the Adjustment Factor ) (i) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock which the Aggregate Consideration received (as defined in subsection (j)(2)) by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price and (ii) the denominator of which shall be the number of shares of Common Stock deemed

outstanding (as defined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued. For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of Common Stock actually outstanding and (B) the number of shares of Common Stock issuable upon conversion of the then outstanding Preferred Stock and the exercise of all outstanding rights, warrants and options to purchase Common Stock or Convertible Securities (as defined below). Notwithstanding the foregoing, if at any time or from time to time after the Original Issue Date, the Corporation adjusts the conversion price of the Series F or Series H Participating Convertible Preferred Stock or another sub-series of the Series G Preferred Stock pursuant to Article 4(i)(1) of the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of such Preferred Stock, the Conversion Price shall be reduced (in lieu of any applicable adjustment pursuant to the first sentence of this subsection (j)(1)), as of the opening of business on the date of such adjustment, to a price determined by multiplying the Conversion Price in effect prior to the applicable issue or sale (or deemed issue or sale) by the smallest of the Adjustment Factor, the Series F Adjustment Factor, the Series G Controlling Adjustment Factor or the Series H Adjustment Factor, as applicable.

(2) For the purpose of making any adjustment required under this Article 4(i), the Aggregate Consideration received by the Corporation for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the Corporation after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Corporation in connection with such issue or sale but without deduction of any expenses payable by the Corporation, (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Corporation for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(3) For the purpose of the adjustment required under this Article 4(i), if the Corporation issues or sells any rights or options for the purchase of, or stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as Convertible Securities ) and if the Effective Price of such Additional Shares of Common Stock is less than the effective Conversion Price, the Corporation shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Corporation for the issuance of

such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Corporation upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Corporation upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Corporation shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities. No readjustment in respect of any rights, options or Convertible Securities pursuant to this Article 4(i) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price that was in effect on the original adjustment date or (ii) the Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and the date of such readjustment for which no adjustment was made. No further adjustment of the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Corporation upon such exercise, plus the consideration, if any, actually received by the Corporation for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, provided that such readjustment shall not apply to prior conversions of Series G-6 Preferred Stock.

(4) Additional Shares of Common Stock shall mean, with respect to any shares of Series G Preferred Stock, all shares of Common Stock issued by the

Corporation or deemed to be issued pursuant to this Article 4(i), whether or not subsequently reacquired or retired by the Corporation other than (1) shares of Common Stock issued upon conversion of any Preferred Stock, (2) up to 10,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to employees, officers or directors of, or consultants or advisors to the Corporation or any Subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors, (3) up to 2,000,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to investors in or lenders to the Corporation, and (4) additional convertible debt or equity issued in exchange for, upon conversion of, or as paid-in-kind interest payment on, the 7.50% convertible notes due 2007 of Allied Riser Communications Corporation outstanding on the Original Issue Date and in accordance with the terms of such convertible notes as in effect on the Original Issue Date.

(5) The Effective Price of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Article 4(i), into the Aggregate Consideration received, or deemed to have been received by the Company for such issue under this Article 4(i), for such Additional Shares of Common Stock.

(j) Accountants Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series G Preferred Stock, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of shares of Series G Preferred Stock at the holder's address as shown in the Corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (1) the consideration received or deemed to be received by the Corporation for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (2) the Applicable Conversion Price for such series in effect prior to and after giving effect to such adjustment or readjustment, (3) the number of Additional Shares of Common Stock and (4) the type and amount, if any, of other property which at the time would be received upon conversion of such shares of such Series G Preferred Stock.

(k) Notices of Record Date. Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation with or into any other Corporation, any Change of Control Transaction, any sale of all or substantially all of the Corporation's assets or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the

Corporation shall mail to each holder of Series G-6 Preferred Stock at least twenty (20) days prior to the record date specified therein a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (2) the date on which any such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up is expected to become effective, and the material terms of such transaction, and (3) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up.

(1) Automatic Conversion.

(1) Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock, based on the Conversion Price, at any time upon the affirmative election of the holders of at least eighty percent (80%) of the outstanding shares of the Series G Preferred Stock voting as a single class. Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock based on the Conversion Price immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Corporation in which (i) the aggregate pre-money valuation of the Corporation is at least five hundred million dollars (\$500,000,000); and (ii) the gross cash proceeds (before underwriting discounts, commissions and fees) are at least fifty million dollars (\$50,000,000)(a Qualified Offering ). Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Article 5.

(2) Upon the occurrence of an event specified in paragraph (1) above, the outstanding shares of Series G Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series G Preferred Stock are either delivered to the Corporation or its transfer agent as provided below, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series G Preferred Stock the holders of Series G Preferred Stock shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the Series G Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which such shares of Series G Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred, and the Corporation shall promptly pay in cash or, at the option of the Corporation,



Common Stock (at the Common Stock's fair market value determined by the Board as of the date of such conversion), or, at the option of the Corporation, both, all declared and unpaid dividends on such shares of Series G Preferred Stock being converted, to and including the date of such conversion.

(m) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series G Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series G Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Corporation shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board) on the date of conversion.

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

(o) Notices. Any notice required by the provisions of this Article 4 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, having specified next day of delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation.

(p) Payment of Taxes. The Corporation shall pay all taxes imposed by the State of Delaware (or any other jurisdiction in which the Company is then located or conducting business) (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of any shares of Preferred Stock.

(q) Dilution or Impairment. The Corporation shall not, without the appropriate vote of the stockholders under the General Corporation Law of the State of Delaware and Article 7 of this Certificate, amend its Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but

shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series G Preferred Stock against dilution or other impairment.

5. Dividend Rights

(a) In the event dividends are paid on any share of Common Stock, Pari Passu Stock or Junior Stock, the Company shall pay an additional dividend on all outstanding shares of Series G Preferred Stock in an amount equal per share (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock, Pari Passu Stock or Junior Stock.

(b) The provisions of Article 5(a) shall not apply to a dividend payable in Common Stock.

6. Residual Rights

All rights accruing to the outstanding shares of this Corporation not expressly provided for to the contrary herein or in Article IV of the Certificate of Incorporation shall be vested in the Common Stock.

7. Amendment

No provision of this Certificate may be amended, modified or waived without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of the Series G Preferred Stock.

\* \* \* \* \*

IN WITNESS WHEREOF, Cogent Communications Group, Inc. has caused this Certificate of Designations to be executed and delivered in its name and on its behalf on July 31, 2003.

COGENT COMMUNICATIONS GROUP, INC.

/s/David Schaeffer

David Schaeffer, President

---

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND  
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS  
AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS

OF

SERIES G-7 PARTICIPATING CONVERTIBLE PREFERRED STOCK

OF

COGENT COMMUNICATIONS GROUP, INC.

---

Pursuant to Section 151 of the

General Corporation Law of the State of Delaware

---

Cogent Communications Group, Inc., a Delaware corporation (the "Corporation"), hereby certifies that, pursuant to the authority contained in Article IV of its Certificate of Incorporation (the "Certificate of Incorporation") and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation (the "Board"), by unanimous written consent dated June 12, 2003 duly adopted resolutions, which resolutions remain in full force and effect as of the date hereof, establishing, in accordance with the provisions set forth in Article IV of the Corporation's Certificate of Incorporation, a series of authorized preferred stock of the Corporation having a par value of \$0.001 per share, which series shall (i) pursuant to separate Certificates of Designations be issuable in sub-series denominated as Series G-1, Series G-2, Series G-3, etc. and be collectively designated as Series G Participating Convertible Preferred Stock (the Series G Preferred Stock), (ii) consist of a total of Forty One Thousand Thirty (41,030) shares, of which Eighty Two (82) shares shall be Series G-7 Participating Convertible Preferred Stock (the "Series G-7 Preferred Stock") and (iii) have the following voting powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof:

**1. CERTAIN DEFINITIONS.**

Edgar Filing: COGENT COMMUNICATIONS GROUP INC - Form SC 13D

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings herein specified.

Common Stock shall mean the common stock, par value \$0.001 per share, of the Corporation.

Junior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

---

Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference and the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock shall mean the Junior Stock - Primary and the Junior Stock-Secondary, collectively.

Pari Passu Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Pari Passu Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference.

Pari Passu Stock shall mean the Pari Passu Stock - Primary and the Pari Passu Stock -Secondary, collectively.

Participating Preferred Stock shall mean the Series F, G and H Participating Convertible Preferred Stock, par value \$.001 per share, and any other series of Preferred Stock of the Corporation that participates with the Common Stock in liquidation after payment of all liquidation preferences.

Preferred Stock shall mean the preferred stock, par value \$.001 per share, of the Corporation, however designated.

Senior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable.

Senior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Senior Stock shall mean the Senior Stock Primary and the Senior Stock - Secondary, collectively.

Series F Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Secondary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Secondary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series G Controlling Adjustment Factor shall mean the smallest fraction designated as Adjustment Factor in the various Certificates of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of each of the sub-series of the Series G Preferred Stock.

Series H Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.

Series H Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series H Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.





2. Voting.

(a) Except as otherwise required by the General Corporation Law or provided in this Certificate, the shares of Series G Preferred Stock shall be voted together with the shares of the Common Stock without distinction as to class or series at each annual or special meeting of stockholders of the Corporation, and may act by written consent in the same manner as the Common Stock, upon the following basis: each holder of a share of Series G Preferred Stock will be entitled to one vote for each share of Common Stock such holder of Series G Preferred Stock would receive upon conversion of such share of Series G Preferred Stock held by such stockholder into Common Stock. Such determination shall be made (1) with respect to a meeting of the stockholders of the Corporation on the record date fixed for meeting, or (2) with respect to a written consent of the stockholders of the Corporation, on the effective date of such written consent.

(b) Notwithstanding the provisions of Article 2(a) hereof, shares of Series G Preferred Stock shall not be entitled to a vote with respect to the election of directors of the Corporation.

(c) For so long as at least 20% of the shares of Series G Preferred Stock outstanding as of the Original Issue Date remains outstanding, the Corporation shall not make an underwritten public offering of its stock pursuant to an effective registration statement under the Securities Act of 1933, as amended, other than a Qualified Offering (as defined herein) without the consent of holders of at least 80% of the Series G Preferred Stock then outstanding.

3. Preferences on Liquidation, Dissolution etc.

(a) Liquidation Preference.

(i) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of all amounts owing to holders of any Senior Stock - Primary, the holders of outstanding shares of the Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock, the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference, the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference, or any other Junior Stock - Primary or Pari-Passu Stock - Secondary, an amount equal to \$1,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Primary Liquidation Preference). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary shall be insufficient to permit the payment in full to them of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Primary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based

upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary.

(ii) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other amounts owing to holders of any other Pari Passu Stock - Primary and Senior Stock - Secondary, the holders of outstanding shares of Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock or any Junior Stock, an amount equal to \$2,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Secondary Liquidation Preference and together with the Primary Liquidation Preference, the Liquidation Preferences). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary shall be insufficient to permit the payment in full to them of the Secondary Liquidation Preference, the Series H Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Secondary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary.

(b) Remaining Liquidating Distributions. After payment has been made in full to the holders of Series G Preferred Stock, the Senior Stock, the Pari Pasu Stock and any Junior Stock of their liquidation preferences, all remaining assets of the Corporation available for distribution shall be distributed ratably to the holders of the Participating Preferred Stock and the holders of the Common Stock, assuming for purposes of such calculation that all outstanding shares of Participating Preferred Stock are converted into shares of Common Stock at their then applicable conversion rates.

(c) Assets other than Cash. If assets other than cash are to be distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the amount received by such holders upon receipt of those assets shall be deemed to be the fair market value of such assets as determined in good faith by the Board of Directors of the Corporation in accordance with sound financial practice. If shares of stock or other securities are distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the fair market value shall mean per share or unit of such security, at any date, the average of the daily market prices for the twenty trading business days ending on the second trading day immediately preceding the date of distribution. The market price for each such business day shall be the last sales price on such day as reported on the consolidated transaction reporting system for the principal securities exchange on which the shares of stock or other securities being distributed pursuant to Article 3 hereof is then listed or admitted to trading (or, if applicable, the last sale price reported by the National Association of Securities Dealers

Automated Quotation Service ( NASDAQ ) National Market System), or, if no sale takes place on such day on any such exchange or no such sale is quoted on such system, the average of the closing bid and asked prices on such day as so reported, or, if such securities are not then listed or admitted to trading on any stock exchange, the market price for each such business day shall be the average of the reported closing bid and asked prices on such day in the over-the-counter market, as reported by NASDAQ. If no market prices are reported, then the market price shall be the fair market value as determined in good faith by the Board of Directors. If such securities are subject to an agreement or other restriction limiting their free marketability, the loss of that marketability shall be considered by the Board of Directors in making its determination of fair market value.

(d) Amount Payable in Mergers, etc. The following events shall be treated as a liquidation, dissolution or winding up within the meaning of this Article 3: (i) a consolidation, merger or reorganization of the Corporation with or into any other corporation or corporations in which the stockholders of the Corporation immediately before such event shall own fifty percent (50%) or less (calculated on an as converted basis, fully diluted) of the voting securities of the surviving corporation, (ii) any transaction or series of related transactions in which at least fifty percent (50%) of the Corporation's voting power is transferred, (iii) the sale, transfer or lease of all or substantially all of the assets of the Corporation or (iv) any acquisition of shares of capital stock of the Corporation (whether through a direct issuance by the Company, negotiated stock purchase, a tender for such shares, merger, consolidation or otherwise) by any party or group that did not beneficially own a majority of the voting power of the outstanding shares of capital stock of the Corporation immediately prior to such purchase, the effect of which is that such party or group beneficially owns at least a majority of such voting power immediately after such event (each a Change of Control Transaction). All consideration payable to the stockholders of the Corporation in connection with any such Change of Control Transaction, or all consideration payable to the Corporation and distributable to its stockholders, together with all other available assets of the Corporation (net of obligations owed by the Corporation that are senior to the Series G Preferred Stock), in connection with any such Change of Control Transaction, shall be, as applicable, paid by the purchaser to the holders of, or distributed by the Corporation in redemption (out of funds legally available therefor) of, the Series G Preferred Stock, the Pari Passu Stock and any Junior Stock in accordance with the preferences and priorities set forth in Articles 3(a) and 3(b) above, with such preferences and priorities specifically intended to be applicable in any such Change of Control Transaction as if such transaction were a liquidation, dissolution or winding up within the meaning of this Article 3. In furtherance of the foregoing, the Corporation shall take such actions as are necessary to give effect to the provisions of this Article 3(d), including causing the definitive agreement relating to such Change of Control Transaction to provide for a rate at which the shares of Series G Preferred Stock are converted into or exchanged for cash, new securities or other property that gives effect to the provisions of this Article 3, or otherwise causing such shares to be redeemed in a manner consistent with the provisions of this Article 3. The amount deemed distributed to the holders of Series G Preferred Stock upon any such transaction shall be the cash or the value of the property, rights or securities distributed to such holders by the Corporation or the acquiring person, firm or other entity, as applicable. The provisions of this Article 3(d) shall not apply to any reorganization, merger or consolidation involving (1) only a change in the state of incorporation of the Corporation or (2) a merger of the Corporation with or into a wholly-owned subsidiary of the Corporation which is incorporated in

the United States of America which does not change the rights, privileges or preferences or the relative proportions of the stockholders as to each other as to before such event.

(e) Election to Convert. Notwithstanding anything contained herein to the contrary, a holder of shares of Series G Preferred Stock may elect to convert any or all of such shares of Series G Preferred Stock into Common Stock at any time prior to close of business of the Company on the date prior to the day on which any liquidation preference provided for in this Article 3 is to be paid. Any such conversion shall be at the then Applicable Conversion Rate and on the other terms and conditions set forth in Article 4 below.

4. Conversion Rights. Conversion of the Series G-7 Preferred Stock into shares of Common Stock shall be subject to the following provisions:

(a) Optional Conversion. Subject to and in compliance with the provisions of this Article 4, any shares of Series G-7 Preferred Stock may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series G-7 Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the Conversion Rate then in effect (determined as provided in Article 4(b)) by the number of shares of Series G-7 Preferred Stock being converted.

(b) Conversion Rates. The conversion rate in effect at any time for conversion of the Series G-7 Preferred Stock (the Conversion Rate) shall be the quotient obtained by dividing \$1,000 by the Conversion Price, calculated as provided in Article 4(c).

(c) Applicable Conversion Prices. The Conversion Price shall initially be \$0.29988385 (the Conversion Price). The initial Conversion Price shall be adjusted from time to time in accordance with this Article 4. All references to a Conversion Price herein shall mean the Conversion Price as so adjusted.

(d) Mechanics of Conversion. Each holder of Series G-7 Preferred Stock who wishes to convert the same into shares of Common Stock pursuant to this Article 4 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for the Series G-7 Preferred Stock, and shall give written notice to the Corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series G-7 Preferred Stock being converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay in cash or, to the extent sufficient funds are not available therefor, in Common Stock (at the Common Stock's fair market value as determined by the Board of Directors as of the date of such conversion) any declared and unpaid dividends on the shares of Series G-7 Preferred Stock being converted. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series G-7 Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date. Upon conversion of only a portion of the number of shares of

Series G-7 Preferred Stock represented by a certificate surrendered for conversion, the Corporation shall issue and deliver to or upon the written order of the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate covering the number of shares of Series G-7 Preferred Stock representing the unconverted portion of the certificate so surrendered.

(e) Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the date that the first share of the Series G-7 Preferred Stock is issued (the Original Issue Date ) effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series G-7 Preferred Stock, the Conversion Price in effect immediately before that subdivision with respect to the Series G-7 Preferred Stock shall be proportionately decreased. Conversely, if the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series G-7 Preferred Stock, the Conversion Price in effect immediately before the combination with respect to the Series G-7 Preferred Stock shall be proportionately increased. Any adjustment under this Article 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-7 Preferred Stock in respect of such stock, the Conversion Prices that are then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, to the price determined by multiplying each Conversion Price then in effect by a fraction (1) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, each Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter each Conversion Price shall be adjusted pursuant to this Article 4(f) to reflect the actual payment of such dividend or distribution; and provided further, that if an adjustment has been made to any Conversion Price on the fixing of the record date for a dividend or distribution, no additional adjustment shall be made when such dividend is paid or distribution is made.

(g) Adjustments for Other Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-7 Preferred Stock in respect of such stock, provision shall be made so that the holders of Series G-7 Preferred Stock shall

receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of other securities of the Corporation which they would have received had their shares of Series G-7 Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Article 4 with respect to the rights of the holders of such shares of Series G-7 Preferred Stock or with respect to such other securities by their terms; provided, however, that if such a provision has been made on the fixing of the record date for a dividend or distribution, no additional provision shall be made when such dividend is paid or distribution is made.

(h) Adjustment for Reclassification. Exchange and Substitution. If at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the conversion of the Series G-7 Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Article 4), in any such event each holder of shares of Series G-7 Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such Series G-7 Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(i) Sale of Shares Below Applicable Conversion Price.

(1) If at any time or from time to time after the Original Issue Date, the Corporation issues or sells, or is deemed by the express provisions of this subsection (j) to have issued or sold, Additional Shares of Common Stock (as hereinafter defined), other than (i) pursuant to a transaction described in Articles 4(e)-(i) above for which adjustment was made as provided in the applicable Article or (ii) the issuance of Common Stock, or options or warrants to purchase Common Stock, issued to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions, as approved by the two-thirds (2/3rds) of the then sitting members of the Board of Directors, in any event for an Effective Price (as hereinafter defined) less than the then-effective Conversion Price, then in each such case the then existing Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale (or such deemed issuance or sale), to a price determined by multiplying the then Conversion Price by a fraction (the Adjustment Factor ) (i) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock which the Aggregate Consideration received (as defined in subsection (j)(2)) by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price and (ii) the denominator of which shall be the number of shares of Common Stock deemed

outstanding (as defined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued. For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of Common Stock actually outstanding and (B) the number of shares of Common Stock issuable upon conversion of the then outstanding Preferred Stock and the exercise of all outstanding rights, warrants and options to purchase Common Stock or Convertible Securities (as defined below). Notwithstanding the foregoing, if at any time or from time to time after the Original Issue Date, the Corporation adjusts the conversion price of the Series F or Series H Participating Convertible Preferred Stock or another sub-series of the Series G Preferred Stock pursuant to Article 4(i)(1) of the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of such Preferred Stock, the Conversion Price shall be reduced (in lieu of any applicable adjustment pursuant to the first sentence of this subsection (j)(1)), as of the opening of business on the date of such adjustment, to a price determined by multiplying the Conversion Price in effect prior to the applicable issue or sale (or deemed issue or sale) by the smallest of the Adjustment Factor, the Series F Adjustment Factor, the Series G Controlling Adjustment Factor or the Series H Adjustment Factor, as applicable.

(2) For the purpose of making any adjustment required under this Article 4(i), the Aggregate Consideration received by the Corporation for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the Corporation after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Corporation in connection with such issue or sale but without deduction of any expenses payable by the Corporation, (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Corporation for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(3) For the purpose of the adjustment required under this Article 4(i), if the Corporation issues or sells any rights or options for the purchase of, or stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as Convertible Securities ) and if the Effective Price of such Additional Shares of Common Stock is less than the effective Conversion Price, the Corporation shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Corporation for the issuance of

such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Corporation upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Corporation upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Corporation shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities. No readjustment in respect of any rights, options or Convertible Securities pursuant to this Article 4(i) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price that was in effect on the original adjustment date or (ii) the Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and the date of such readjustment for which no adjustment was made. No further adjustment of the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Corporation upon such exercise, plus the consideration, if any, actually received by the Corporation for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, provided that such readjustment shall not apply to prior conversions of Series G-7 Preferred Stock.

(4) Additional Shares of Common Stock shall mean, with respect to any shares of Series G Preferred Stock, all shares of Common Stock issued by the



Corporation or deemed to be issued pursuant to this Article 4(i), whether or not subsequently reacquired or retired by the Corporation other than (1) shares of Common Stock issued upon conversion of any Preferred Stock, (2) up to 10,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to employees, officers or directors of, or consultants or advisors to the Corporation or any Subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors, (3) up to 2,000,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to investors in or lenders to the Corporation, and (4) additional convertible debt or equity issued in exchange for, upon conversion of, or as paid-in-kind interest payment on, the 7.50% convertible notes due 2007 of Allied Riser Communications Corporation outstanding on the Original Issue Date and in accordance with the terms of such convertible notes as in effect on the Original Issue Date.

(5) The Effective Price of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Article 4(i), into the Aggregate Consideration received, or deemed to have been received by the Company for such issue under this Article 4(i), for such Additional Shares of Common Stock.

(j) Accountants Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series G Preferred Stock, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of shares of Series G Preferred Stock at the holder's address as shown in the Corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (1) the consideration received or deemed to be received by the Corporation for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (2) the Applicable Conversion Price for such series in effect prior to and after giving effect to such adjustment or readjustment, (3) the number of Additional Shares of Common Stock and (4) the type and amount, if any, of other property which at the time would be received upon conversion of such shares of such Series G Preferred Stock.

(k) Notices of Record Date. Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation with or into any other Corporation, any Change of Control Transaction, any sale of all or substantially all of the Corporation's assets or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the

Corporation shall mail to each holder of Series G-7 Preferred Stock at least twenty (20) days prior to the record date specified therein a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (2) the date on which any such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up is expected to become effective, and the material terms of such transaction, and (3) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up.

(1) Automatic Conversion.

(1) Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock, based on the Conversion Price, at any time upon the affirmative election of the holders of at least eighty percent (80%) of the outstanding shares of the Series G Preferred Stock voting as a single class. Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock based on the Conversion Price immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Corporation in which (i) the aggregate pre-money valuation of the Corporation is at least five hundred million dollars (\$500,000,000); and (ii) the gross cash proceeds (before underwriting discounts, commissions and fees) are at least fifty million dollars (\$50,000,000)(a Qualified Offering ). Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Article 5.

(2) Upon the occurrence of an event specified in paragraph (1) above, the outstanding shares of Series G Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series G Preferred Stock are either delivered to the Corporation or its transfer agent as provided below, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series G Preferred Stock the holders of Series G Preferred Stock shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the Series G Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which such shares of Series G Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred, and the Corporation shall promptly pay in cash or, at the option of the Corporation,

Common Stock (at the Common Stock's fair market value determined by the Board as of the date of such conversion), or, at the option of the Corporation, both, all declared and unpaid dividends on such shares of Series G Preferred Stock being converted, to and including the date of such conversion.

(m) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series G Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series G Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Corporation shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board) on the date of conversion.

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

(o) Notices. Any notice required by the provisions of this Article 4 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, having specified next day of delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation.

(p) Payment of Taxes. The Corporation shall pay all taxes imposed by the State of Delaware (or any other jurisdiction in which the Company is then located or conducting business) (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of any shares of Preferred Stock.

(q) Dilution or Impairment. The Corporation shall not, without the appropriate vote of the stockholders under the General Corporation Law of the State of Delaware and Article 7 of this Certificate, amend its Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but

shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series G Preferred Stock against dilution or other impairment.

5. Dividend Rights

(a) In the event dividends are paid on any share of Common Stock, Pari Passu Stock or Junior Stock, the Company shall pay an additional dividend on all outstanding shares of Series G Preferred Stock in an amount equal per share (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock, Pari Passu Stock or Junior Stock.

(b) The provisions of Article 5(a) shall not apply to a dividend payable in Common Stock.

6. Residual Rights

All rights accruing to the outstanding shares of this Corporation not expressly provided for to the contrary herein or in Article IV of the Certificate of Incorporation shall be vested in the Common Stock.

7. Amendment

No provision of this Certificate may be amended, modified or waived without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of the Series G Preferred Stock.

\* \* \* \* \*

IN WITNESS WHEREOF, Cogent Communications Group, Inc. has caused this Certificate of Designations to be executed and delivered in its name and on its behalf on July 31, 2003.

COGENT COMMUNICATIONS GROUP, INC.

/s/David Schaeffer  
David Schaeffer, President

---

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND  
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS  
AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS

OF

SERIES G-8 PARTICIPATING CONVERTIBLE PREFERRED STOCK

OF

COGENT COMMUNICATIONS GROUP, INC.

---

Pursuant to Section 151 of the

General Corporation Law of the State of Delaware

---

Cogent Communications Group, Inc., a Delaware corporation (the "Corporation"), hereby certifies that, pursuant to the authority contained in Article IV of its Certificate of Incorporation (the "Certificate of Incorporation") and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation (the "Board"), by unanimous written consent dated June 12, 2003 duly adopted resolutions, which resolutions remain in full force and effect as of the date hereof, establishing, in accordance with the provisions set forth in Article IV of the Corporation's Certificate of Incorporation, a series of authorized preferred stock of the Corporation having a par value of \$0.001 per share, which series shall (i) pursuant to separate Certificates of Designations be issuable in sub-series denominated as Series G-1, Series G-2, Series G-3, etc. and be collectively designated as Series G Participating Convertible Preferred Stock (the Series G Preferred Stock), (ii) consist of a total of Forty One Thousand Thirty (41,030) shares, of which Eighty Six (86) shares shall be Series G-8 Participating Convertible Preferred Stock (the "Series G-8 Preferred Stock") and (iii) have the following voting powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof:

1. **CERTAIN DEFINITIONS.**

Edgar Filing: COGENT COMMUNICATIONS GROUP INC - Form SC 13D

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings herein specified.

Common Stock shall mean the common stock, par value \$0.001 per share, of the Corporation.

Junior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

---

Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference and the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock shall mean the Junior Stock - Primary and the Junior Stock-Secondary, collectively.

Pari Passu Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Pari Passu Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference.

Pari Passu Stock shall mean the Pari Passu Stock - Primary and the Pari Passu Stock -Secondary, collectively.

Participating Preferred Stock shall mean the Series F, G and H Participating Convertible Preferred Stock, par value \$.001 per share, and any other series of Preferred Stock of the Corporation that participates with the Common Stock in liquidation after payment of all liquidation preferences.

Preferred Stock shall mean the preferred stock, par value \$.001 per share, of the Corporation, however designated.

Senior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary



Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable.

Senior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Senior Stock shall mean the Senior Stock - Primary and the Senior Stock -Secondary, collectively.

Series F Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Secondary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Secondary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series G Controlling Adjustment Factor shall mean the smallest fraction designated as Adjustment Factor in the various Certificates of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of each of the sub-series of the Series G Preferred Stock.

Series H Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.

Series H Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series H Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.



2. Voting.

(a) Except as otherwise required by the General Corporation Law or provided in this Certificate, the shares of Series G Preferred Stock shall be voted together with the shares of the Common Stock without distinction as to class or series at each annual or special meeting of stockholders of the Corporation, and may act by written consent in the same manner as the Common Stock, upon the following basis: each holder of a share of Series G Preferred Stock will be entitled to one vote for each share of Common Stock such holder of Series G Preferred Stock would receive upon conversion of such share of Series G Preferred Stock held by such stockholder into Common Stock. Such determination shall be made (1) with respect to a meeting of the stockholders of the Corporation on the record date fixed for meeting, or (2) with respect to a written consent of the stockholders of the Corporation, on the effective date of such written consent.

(b) Notwithstanding the provisions of Article 2(a) hereof, shares of Series G Preferred Stock shall not be entitled to a vote with respect to the election of directors of the Corporation.

(c) For so long as at least 20% of the shares of Series G Preferred Stock outstanding as of the Original Issue Date remains outstanding, the Corporation shall not make an underwritten public offering of its stock pursuant to an effective registration statement under the Securities Act of 1933, as amended, other than a Qualified Offering (as defined herein) without the consent of holders of at least 80% of the Series G Preferred Stock then outstanding.

3. Preferences on Liquidation, Dissolution etc.

(a) Liquidation Preference.

(i) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of all amounts owing to holders of any Senior Stock - Primary, the holders of outstanding shares of the Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock, the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference, the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference, or any other Junior Stock - Primary or Pari-Passu Stock - Secondary, an amount equal to \$1,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Primary Liquidation Preference). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary shall be insufficient to permit the payment in full to them of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Primary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based



upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary.

(ii) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other amounts owing to holders of any other Pari Passu Stock - Primary and Senior Stock - Secondary, the holders of outstanding shares of Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock or any Junior Stock, an amount equal to \$2,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Secondary Liquidation Preference and together with the Primary Liquidation Preference, the Liquidation Preferences). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary shall be insufficient to permit the payment in full to them of the Secondary Liquidation Preference, the Series H Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Secondary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary.

(b) Remaining Liquidating Distributions. After payment has been made in full to the holders of Series G Preferred Stock, the Senior Stock, the Pari Pasu Stock and any Junior Stock of their liquidation preferences, all remaining assets of the Corporation available for distribution shall be distributed ratably to the holders of the Participating Preferred Stock and the holders of the Common Stock, assuming for purposes of such calculation that all outstanding shares of Participating Preferred Stock are converted into shares of Common Stock at their then applicable conversion rates.

(c) Assets other than Cash. If assets other than cash are to be distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the amount received by such holders upon receipt of those assets shall be deemed to be the fair market value of such assets as determined in good faith by the Board of Directors of the Corporation in accordance with sound financial practice. If shares of stock or other securities are distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the fair market value shall mean per share or unit of such security, at any date, the average of the daily market prices for the twenty trading business days ending on the second trading day immediately preceding the date of distribution. The market price for each such business day shall be the last sales price on such day as reported on the consolidated transaction reporting system for the principal securities exchange on which the shares of stock or other securities being distributed pursuant to Article 3 hereof is then listed or admitted to trading (or, if applicable, the last sale price reported by the National Association of Securities Dealers

Automated Quotation Service ( NASDAQ ) National Market System), or, if no sale takes place on such day on any such exchange or no such sale is quoted on such system, the average of the closing bid and asked prices on such day as so reported, or, if such securities are not then listed or admitted to trading on any stock exchange, the market price for each such business day shall be the average of the reported closing bid and asked prices on such day in the over-the-counter market, as reported by NASDAQ. If no market prices are reported, then the market price shall be the fair market value as determined in good faith by the Board of Directors. If such securities are subject to an agreement or other restriction limiting their free marketability, the loss of that marketability shall be considered by the Board of Directors in making its determination of fair market value.

(d) Amount Payable in Mergers, etc. The following events shall be treated as a liquidation, dissolution or winding up within the meaning of this Article 3: (i) a consolidation, merger or reorganization of the Corporation with or into any other corporation or corporations in which the stockholders of the Corporation immediately before such event shall own fifty percent (50%) or less (calculated on an as converted basis, fully diluted) of the voting securities of the surviving corporation, (ii) any transaction or series of related transactions in which at least fifty percent (50%) of the Corporation's voting power is transferred, (iii) the sale, transfer or lease of all or substantially all of the assets of the Corporation or (iv) any acquisition of shares of capital stock of the Corporation (whether through a direct issuance by the Company, negotiated stock purchase, a tender for such shares, merger, consolidation or otherwise) by any party or group that did not beneficially own a majority of the voting power of the outstanding shares of capital stock of the Corporation immediately prior to such purchase, the effect of which is that such party or group beneficially owns at least a majority of such voting power immediately after such event (each a Change of Control Transaction). All consideration payable to the stockholders of the Corporation in connection with any such Change of Control Transaction, or all consideration payable to the Corporation and distributable to its stockholders, together with all other available assets of the Corporation (net of obligations owed by the Corporation that are senior to the Series G Preferred Stock), in connection with any such Change of Control Transaction, shall be, as applicable, paid by the purchaser to the holders of, or distributed by the Corporation in redemption (out of funds legally available therefor) of, the Series G Preferred Stock, the Pari Passu Stock and any Junior Stock in accordance with the preferences and priorities set forth in Articles 3(a) and 3(b) above, with such preferences and priorities specifically intended to be applicable in any such Change of Control Transaction as if such transaction were a liquidation, dissolution or winding up within the meaning of this Article 3. In furtherance of the foregoing, the Corporation shall take such actions as are necessary to give effect to the provisions of this Article 3(d), including causing the definitive agreement relating to such Change of Control Transaction to provide for a rate at which the shares of Series G Preferred Stock are converted into or exchanged for cash, new securities or other property that gives effect to the provisions of this Article 3, or otherwise causing such shares to be redeemed in a manner consistent with the provisions of this Article 3. The amount deemed distributed to the holders of Series G Preferred Stock upon any such transaction shall be the cash or the value of the property, rights or securities distributed to such holders by the Corporation or the acquiring person, firm or other entity, as applicable. The provisions of this Article 3(d) shall not apply to any reorganization, merger or consolidation involving (1) only a change in the state of incorporation of the Corporation or (2) a merger of the Corporation with or into a wholly-owned subsidiary of the Corporation which is incorporated in

the United States of America which does not change the rights, privileges or preferences or the relative proportions of the stockholders as to each other as to before such event.

(e) Election to Convert. Notwithstanding anything contained herein to the contrary, a holder of shares of Series G Preferred Stock may elect to convert any or all of such shares of Series G Preferred Stock into Common Stock at any time prior to close of business of the Company on the date prior to the day on which any liquidation preference provided for in this Article 3 is to be paid. Any such conversion shall be at the then Applicable Conversion Rate and on the other terms and conditions set forth in Article 4 below.

4. Conversion Rights. Conversion of the Series G-8 Preferred Stock into shares of Common Stock shall be subject to the following provisions:

(a) Optional Conversion. Subject to and in compliance with the provisions of this Article 4, any shares of Series G-8 Preferred Stock may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series G-8 Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the Conversion Rate then in effect (determined as provided in Article 4(b)) by the number of shares of Series G-8 Preferred Stock being converted.

(b) Conversion Rates. The conversion rate in effect at any time for conversion of the Series G-8 Preferred Stock (the Conversion Rate ) shall be the quotient obtained by dividing \$1,000 by the Conversion Price, calculated as provided in Article 4(c).

(c) Applicable Conversion Prices. The Conversion Price shall initially be \$0.29068376 (the Conversion Price ). The initial Conversion Price shall be adjusted from time to time in accordance with this Article 4. All references to a Conversion Price herein shall mean the Conversion Price as so adjusted.

(d) Mechanics of Conversion. Each holder of Series G-8 Preferred Stock who wishes to convert the same into shares of Common Stock pursuant to this Article 4 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for the Series G-8 Preferred Stock, and shall give written notice to the Corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series G-8 Preferred Stock being converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay in cash or, to the extent sufficient funds are not available therefor, in Common Stock (at the Common Stock's fair market value as determined by the Board of Directors as of the date of such conversion) any declared and unpaid dividends on the shares of Series G-8 Preferred Stock being converted.

Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series G-8 Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date. Upon conversion of only a portion of the number of shares of



Series G-8 Preferred Stock represented by a certificate surrendered for conversion, the Corporation shall issue and deliver to or upon the written order of the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate covering the number of shares of Series G-8 Preferred Stock representing the unconverted portion of the certificate so surrendered.

(e) Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the date that the first share of the Series G-8 Preferred Stock is issued (the Original Issue Date ) effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series G-8 Preferred Stock, the Conversion Price in effect immediately before that subdivision with respect to the Series G-8 Preferred Stock shall be proportionately decreased. Conversely, if the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series G-8 Preferred Stock, the Conversion Price in effect immediately before the combination with respect to the Series G-8 Preferred Stock shall be proportionately increased. Any adjustment under this Article 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-8 Preferred Stock in respect of such stock, the Conversion Prices that are then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, to the price determined by multiplying each Conversion Price then in effect by a fraction (1) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, each Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter each Conversion Price shall be adjusted pursuant to this Article 4(f) to reflect the actual payment of such dividend or distribution; and provided further, that if an adjustment has been made to any Conversion Price on the fixing of the record date for a dividend or distribution, no additional adjustment shall be made when such dividend is paid or distribution is made.

(g) Adjustments for Other Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-8 Preferred Stock in respect of such stock, provision shall be made so that the holders of Series G-8 Preferred Stock shall

receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of other securities of the Corporation which they would have received had their shares of Series G-8 Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Article 4 with respect to the rights of the holders of such shares of Series G-8 Preferred Stock or with respect to such other securities by their terms; provided, however, that if such a provision has been made on the fixing of the record date for a dividend or distribution, no additional provision shall be made when such dividend is paid or distribution is made.

(h) Adjustment for Reclassification, Exchange and Substitution. If at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the conversion of the Series G-8 Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Article 4), in any such event each holder of shares of Series G-8 Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such Series G-8 Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(i) Sale of Shares Below Applicable Conversion Price.

(1) If at any time or from time to time after the Original Issue Date, the Corporation issues or sells, or is deemed by the express provisions of this subsection (j) to have issued or sold, Additional Shares of Common Stock (as hereinafter defined), other than (i) pursuant to a transaction described in Articles 4(e)-(i) above for which adjustment was made as provided in the applicable Article or (ii) the issuance of Common Stock, or options or warrants to purchase Common Stock, issued to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions, as approved by the two-thirds (2/3rds) of the then sitting members of the Board of Directors, in any event for an Effective Price (as hereinafter defined) less than the then-effective Conversion Price, then in each such case the then existing Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale (or such deemed issuance or sale), to a price determined by multiplying the then Conversion Price by a fraction (the Adjustment Factor ) (i) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock which the Aggregate Consideration received (as defined in subsection (j)(2)) by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price and (ii) the denominator of which shall be the number of shares of Common Stock deemed

outstanding (as defined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued. For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of Common Stock actually outstanding and (B) the number of shares of Common Stock issuable upon conversion of the then outstanding Preferred Stock and the exercise of all outstanding rights, warrants and options to purchase Common Stock or Convertible Securities (as defined below). Notwithstanding the foregoing, if at any time or from time to time after the Original Issue Date, the Corporation adjusts the conversion price of the Series F or Series H Participating Convertible Preferred Stock or another sub-series of the Series G Preferred Stock pursuant to Article 4(i)(1) of the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of such Preferred Stock, the Conversion Price shall be reduced (in lieu of any applicable adjustment pursuant to the first sentence of this subsection (j)(1)), as of the opening of business on the date of such adjustment, to a price determined by multiplying the Conversion Price in effect prior to the applicable issue or sale (or deemed issue or sale) by the smallest of the Adjustment Factor, the Series F Adjustment Factor, the Series G Controlling Adjustment Factor or the Series H Adjustment Factor, as applicable.

(2) For the purpose of making any adjustment required under this Article 4(i), the Aggregate Consideration received by the Corporation for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the Corporation after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Corporation in connection with such issue or sale but without deduction of any expenses payable by the Corporation, (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Corporation for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(3) For the purpose of the adjustment required under this Article 4(i), if the Corporation issues or sells any rights or options for the purchase of, or stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as Convertible Securities ) and if the Effective Price of such Additional Shares of Common Stock is less than the effective Conversion Price, the Corporation shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Corporation for the issuance of

such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Corporation upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Corporation upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Corporation shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities. No readjustment in respect of any rights, options or Convertible Securities pursuant to this Article 4(i) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price that was in effect on the original adjustment date or (ii) the Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and the date of such readjustment for which no adjustment was made. No further adjustment of the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Corporation upon such exercise, plus the consideration, if any, actually received by the Corporation for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, provided that such readjustment shall not apply to prior conversions of Series G-8 Preferred Stock.

(4) Additional Shares of Common Stock shall mean, with respect to any shares of Series G Preferred Stock, all shares of Common Stock issued by the

Corporation or deemed to be issued pursuant to this Article 4(i), whether or not subsequently reacquired or retired by the Corporation other than (1) shares of Common Stock issued upon conversion of any Preferred Stock, (2) up to 10,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to employees, officers or directors of, or consultants or advisors to the Corporation or any Subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors, (3) up to 2,000,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to investors in or lenders to the Corporation, and (4) additional convertible debt or equity issued in exchange for, upon conversion of, or as paid-in-kind interest payment on, the 7.50% convertible notes due 2007 of Allied Riser Communications Corporation outstanding on the Original Issue Date and in accordance with the terms of such convertible notes as in effect on the Original Issue Date.

(5) The Effective Price of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Article 4(i), into the Aggregate Consideration received, or deemed to have been received by the Company for such issue under this Article 4(i), for such Additional Shares of Common Stock.

(j) Accountants Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series G Preferred Stock, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of shares of Series G Preferred Stock at the holder's address as shown in the Corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (1) the consideration received or deemed to be received by the Corporation for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (2) the Applicable Conversion Price for such series in effect prior to and after giving effect to such adjustment or readjustment, (3) the number of Additional Shares of Common Stock and (4) the type and amount, if any, of other property which at the time would be received upon conversion of such shares of such Series G Preferred Stock.

(k) Notices of Record Date. Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation with or into any other Corporation, any Change of Control Transaction, any sale of all or substantially all of the Corporation's assets or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the

Corporation shall mail to each holder of Series G-8 Preferred Stock at least twenty (20) days prior to the record date specified therein a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (2) the date on which any such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up is expected to become effective, and the material terms of such transaction, and (3) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up.

(l) Automatic Conversion.

(1) Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock, based on the Conversion Price, at any time upon the affirmative election of the holders of at least eighty percent (80%) of the outstanding shares of the Series G Preferred Stock voting as a single class. Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock based on the Conversion Price immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Corporation in which (i) the aggregate pre-money valuation of the Corporation is at least five hundred million dollars (\$500,000,000); and (ii) the gross cash proceeds (before underwriting discounts, commissions and fees) are at least fifty million dollars (\$50,000,000)(a Qualified Offering ). Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Article 5.

(2) Upon the occurrence of an event specified in paragraph (1) above, the outstanding shares of Series G Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series G Preferred Stock are either delivered to the Corporation or its transfer agent as provided below, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series G Preferred Stock the holders of Series G Preferred Stock shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the Series G Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which such shares of Series G Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred, and the Corporation shall promptly pay in cash or, at the option of the Corporation,

Common Stock (at the Common Stock's fair market value determined by the Board as of the date of such conversion), or, at the option of the Corporation, both, all declared and unpaid dividends on such shares of Series G Preferred Stock being converted, to and including the date of such conversion.

(m) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series G Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series G Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Corporation shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board) on the date of conversion.

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

(o) Notices. Any notice required by the provisions of this Article 4 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, having specified next day of delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation.

(p) Payment of Taxes. The Corporation shall pay all taxes imposed by the State of Delaware (or any other jurisdiction in which the Company is then located or conducting business) (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of any shares of Preferred Stock.

(q) Dilution or Impairment. The Corporation shall not, without the appropriate vote of the stockholders under the General Corporation Law of the State of Delaware and Article 7 of this Certificate, amend its Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but

shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series G Preferred Stock against dilution or other impairment.

5. Dividend Rights

(a) In the event dividends are paid on any share of Common Stock, Pari Passu Stock or Junior Stock, the Company shall pay an additional dividend on all outstanding shares of Series G Preferred Stock in an amount equal per share (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock, Pari Passu Stock or Junior Stock.

(b) The provisions of Article 5(a) shall not apply to a dividend payable in Common Stock.

6. Residual Rights

All rights accruing to the outstanding shares of this Corporation not expressly provided for to the contrary herein or in Article IV of the Certificate of Incorporation shall be vested in the Common Stock.

7. Amendment

No provision of this Certificate may be amended, modified or waived without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of the Series G Preferred Stock.

\* \* \* \* \*



IN WITNESS WHEREOF, Cogent Communications Group, Inc. has caused this Certificate of Designations to be executed and delivered in its name and on its behalf on July 31, 2003.

COGENT COMMUNICATIONS GROUP, INC.

/s/David Schaeffer

David Schaeffer, President

---

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND  
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS  
AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS

OF

SERIES G-9 PARTICIPATING CONVERTIBLE PREFERRED STOCK

OF

COGENT COMMUNICATIONS GROUP, INC.

---

Pursuant to Section 151 of the

General Corporation Law of the State of Delaware

---

Cogent Communications Group, Inc., a Delaware corporation (the "Corporation"), hereby certifies that, pursuant to the authority contained in Article IV of its Certificate of Incorporation (the "Certificate of Incorporation") and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation (the "Board"), by unanimous written consent dated June 12, 2003 duly adopted resolutions, which resolutions remain in full force and effect as of the date hereof, establishing, in accordance with the provisions set forth in Article IV of the Corporation's Certificate of Incorporation, a series of authorized preferred stock of the Corporation having a par value of \$0.001 per share, which series shall (i) pursuant to separate Certificates of Designations be issuable in sub-series denominated as Series G-1, Series G-2, Series G-3, etc. and be collectively designated as Series G Participating Convertible Preferred Stock (the Series G Preferred Stock), (ii) consist of a total of Forty One Thousand Thirty (41,030) shares, of which Two Hundred Thirty One (231) shares shall be Series G-9 Participating Convertible Preferred Stock (the "Series G-9 Preferred Stock") and (iii) have the following voting powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof:

**1. CERTAIN DEFINITIONS.**

Edgar Filing: COGENT COMMUNICATIONS GROUP INC - Form SC 13D

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings herein specified.

Common Stock shall mean the common stock, par value \$0.001 per share, of the Corporation.

Junior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

---

Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference and the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking junior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference (as defined herein), to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference.

Junior Stock shall mean the Junior Stock - Primary and the Junior Stock-Secondary, collectively.

Pari Passu Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Pari Passu Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking pari passu with the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference.

Pari Passu Stock shall mean the Pari Passu Stock - Primary and the Pari Passu Stock -Secondary, collectively.

Participating Preferred Stock shall mean the Series F, G and H Participating Convertible Preferred Stock, par value \$.001 per share, and any other series of Preferred Stock of the Corporation that participates with the Common Stock in liquidation after payment of all liquidation preferences.

Preferred Stock shall mean the preferred stock, par value \$.001 per share, of the Corporation, however designated.

Senior Stock - Primary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Primary

Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable.

Senior Stock - Secondary shall mean any class or series of capital stock of the Corporation authorized on or after the Original Issue Date ranking senior to the Series G Preferred Stock in respect of the right to receive dividends or, with respect to the Secondary Liquidation Preference, to participate in any distribution upon liquidation, dissolution or winding-up of the affairs of the Corporation, as applicable, including but not limited to the Series F Participating Convertible Preferred Stock with respect to the Series F Primary Liquidation Preference.

Senior Stock shall mean the Senior Stock Primary and the Senior Stock - Secondary, collectively.

Series F Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series F Secondary Liquidation Preference shall mean the liquidation proceeds payable to the Series F Participating Convertible Preferred Stock of the Corporation designated as Secondary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series F Participating Convertible Preferred Stock.

Series G Controlling Adjustment Factor shall mean the smallest fraction designated as Adjustment Factor in the various Certificates of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of each of the sub-series of the Series G Preferred Stock.

Series H Adjustment Factor shall mean the fraction designated as Adjustment Factor in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.

Series H Primary Liquidation Preference shall mean the liquidation proceeds payable to the Series H Participating Convertible Preferred Stock of the Corporation designated as Primary Liquidation Preference in the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of the Series H Participating Convertible Preferred Stock.



2. Voting.

(a) Except as otherwise required by the General Corporation Law or provided in this Certificate, the shares of Series G Preferred Stock shall be voted together with the shares of the Common Stock without distinction as to class or series at each annual or special meeting of stockholders of the Corporation, and may act by written consent in the same manner as the Common Stock, upon the following basis: each holder of a share of Series G Preferred Stock will be entitled to one vote for each share of Common Stock such holder of Series G Preferred Stock would receive upon conversion of such share of Series G Preferred Stock held by such stockholder into Common Stock. Such determination shall be made (1) with respect to a meeting of the stockholders of the Corporation on the record date fixed for meeting, or (2) with respect to a written consent of the stockholders of the Corporation, on the effective date of such written consent.

(b) Notwithstanding the provisions of Article 2(a) hereof, shares of Series G Preferred Stock shall not be entitled to a vote with respect to the election of directors of the Corporation.

(c) For so long as at least 20% of the shares of Series G Preferred Stock outstanding as of the Original Issue Date remains outstanding, the Corporation shall not make an underwritten public offering of its stock pursuant to an effective registration statement under the Securities Act of 1933, as amended, other than a Qualified Offering (as defined herein) without the consent of holders of at least 80% of the Series G Preferred Stock then outstanding.

3. Preferences on Liquidation, Dissolution etc.

(a) Liquidation Preference.

(i) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of all amounts owing to holders of any Senior Stock - Primary, the holders of outstanding shares of the Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock, the Series F Participating Convertible Preferred Stock with respect to the Series F Secondary Liquidation Preference, the Series H Participating Convertible Preferred Stock with respect to the Series H Primary Liquidation Preference, or any other Junior Stock - Primary or Pari-Passu Stock - Secondary, an amount equal to \$1,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Primary Liquidation Preference). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary shall be insufficient to permit the payment in full to them of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Primary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based

upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series F Participating Convertible Preferred Stock and any other Pari Passu Stock - Primary.

(ii) Upon any dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, after payment of the Primary Liquidation Preference, the Series F Primary Liquidation Preference and any other amounts owing to holders of any other Pari Passu Stock - Primary and Senior Stock - Secondary, the holders of outstanding shares of Series G Preferred Stock will be entitled to receive, out of the assets of the Corporation remaining after all of the Corporation's debts and liabilities have been paid or otherwise provided for, but before any payments have been made to the holders of Common Stock or any Junior Stock, an amount equal to \$2,000 per share, subject to appropriate adjustment for stock splits, stock dividends, recapitalizations, reclassifications and similar events which increase or decrease the number of outstanding shares of Series G Preferred Stock (the Secondary Liquidation Preference and together with the Primary Liquidation Preference, the Liquidation Preferences). If upon any such dissolution, liquidation, or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available to be distributed as aforesaid among the holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary shall be insufficient to permit the payment in full to them of the Secondary Liquidation Preference, the Series H Primary Liquidation Preference and any other liquidation preferences ranking pari passu therewith and owing with respect to any other Pari Passu Stock - Secondary, then the entire assets of the Corporation so to be distributed shall be distributed ratably based upon their respective pari passu liquidation preferences among such holders of the Series G Preferred Stock, the Series H Participating Convertible Preferred Stock and any other Pari Passu Stock - Secondary.

(b) Remaining Liquidating Distributions. After payment has been made in full to the holders of Series G Preferred Stock, the Senior Stock, the Pari Pasu Stock and any Junior Stock of their liquidation preferences, all remaining assets of the Corporation available for distribution shall be distributed ratably to the holders of the Participating Preferred Stock and the holders of the Common Stock, assuming for purposes of such calculation that all outstanding shares of Participating Preferred Stock are converted into shares of Common Stock at their then applicable conversion rates.

(c) Assets other than Cash. If assets other than cash are to be distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the amount received by such holders upon receipt of those assets shall be deemed to be the fair market value of such assets as determined in good faith by the Board of Directors of the Corporation in accordance with sound financial practice. If shares of stock or other securities are distributed to any holders of Series G Preferred Stock or Common Stock pursuant to Article 3 hereof, the fair market value shall mean per share or unit of such security, at any date, the average of the daily market prices for the twenty trading business days ending on the second trading day immediately preceding the date of distribution. The market price for each such business day shall be the last sales price on such day as reported on the consolidated transaction reporting system for the principal securities exchange on which the shares of stock or other securities being distributed pursuant to Article 3 hereof is then listed or admitted to trading (or, if applicable, the last sale price reported by the National Association of Securities Dealers



Automated Quotation Service ( NASDAQ ) National Market System), or, if no sale takes place on such day on any such exchange or no such sale is quoted on such system, the average of the closing bid and asked prices on such day as so reported, or, if such securities are not then listed or admitted to trading on any stock exchange, the market price for each such business day shall be the average of the reported closing bid and asked prices on such day in the over-the-counter market, as reported by NASDAQ. If no market prices are reported, then the market price shall be the fair market value as determined in good faith by the Board of Directors. If such securities are subject to an agreement or other restriction limiting their free marketability, the loss of that marketability shall be considered by the Board of Directors in making its determination of fair market value.

(d) Amount Payable in Mergers, etc. The following events shall be treated as a liquidation, dissolution or winding up within the meaning of this Article 3: (i) a consolidation, merger or reorganization of the Corporation with or into any other corporation or corporations in which the stockholders of the Corporation immediately before such event shall own fifty percent (50%) or less (calculated on an as converted basis, fully diluted) of the voting securities of the surviving corporation, (ii) any transaction or series of related transactions in which at least fifty percent (50%) of the Corporation's voting power is transferred, (iii) the sale, transfer or lease of all or substantially all of the assets of the Corporation or (iv) any acquisition of shares of capital stock of the Corporation (whether through a direct issuance by the Company, negotiated stock purchase, a tender for such shares, merger, consolidation or otherwise) by any party or group that did not beneficially own a majority of the voting power of the outstanding shares of capital stock of the Corporation immediately prior to such purchase, the effect of which is that such party or group beneficially owns at least a majority of such voting power immediately after such event (each a Change of Control Transaction ). All consideration payable to the stockholders of the Corporation in connection with any such Change of Control Transaction, or all consideration payable to the Corporation and distributable to its stockholders, together with all other available assets of the Corporation (net of obligations owed by the Corporation that are senior to the Series G Preferred Stock), in connection with any such Change of Control Transaction, shall be, as applicable, paid by the purchaser to the holders of, or distributed by the Corporation in redemption (out of funds legally available therefor) of, the Series G Preferred Stock, the Pari Passu Stock and any Junior Stock in accordance with the preferences and priorities set forth in Articles 3(a) and 3(b) above, with such preferences and priorities specifically intended to be applicable in any such Change of Control Transaction as if such transaction were a liquidation, dissolution or winding up within the meaning of this Article 3. In furtherance of the foregoing, the Corporation shall take such actions as are necessary to give effect to the provisions of this Article 3(d), including causing the definitive agreement relating to such Change of Control Transaction to provide for a rate at which the shares of Series G Preferred Stock are converted into or exchanged for cash, new securities or other property that gives effect to the provisions of this Article 3, or otherwise causing such shares to be redeemed in a manner consistent with the provisions of this Article 3. The amount deemed distributed to the holders of Series G Preferred Stock upon any such transaction shall be the cash or the value of the property, rights or securities distributed to such holders by the Corporation or the acquiring person, firm or other entity, as applicable. The provisions of this Article 3(d) shall not apply to any reorganization, merger or consolidation involving (1) only a change in the state of incorporation of the Corporation or (2) a merger of the Corporation with or into a wholly-owned subsidiary of the Corporation which is incorporated in

the United States of America which does not change the rights, privileges or preferences or the relative proportions of the stockholders as to each other as to before such event.

(e) Election to Convert. Notwithstanding anything contained herein to the contrary, a holder of shares of Series G Preferred Stock may elect to convert any or all of such shares of Series G Preferred Stock into Common Stock at any time prior to close of business of the Company on the date prior to the day on which any liquidation preference provided for in this Article 3 is to be paid. Any such conversion shall be at the then Applicable Conversion Rate and on the other terms and conditions set forth in Article 4 below.

4. Conversion Rights. Conversion of the Series G-9 Preferred Stock into shares of Common Stock shall be subject to the following provisions:

(a) Optional Conversion. Subject to and in compliance with the provisions of this Article 4, any shares of Series G-9 Preferred Stock may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series G-9 Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the Conversion Rate then in effect (determined as provided in Article 4(b)) by the number of shares of Series G-9 Preferred Stock being converted.

(b) Conversion Rates. The conversion rate in effect at any time for conversion of the Series G-9 Preferred Stock (the Conversion Rate ) shall be the quotient obtained by dividing \$1,000 by the Conversion Price, calculated as provided in Article 4(c).

(c) Applicable Conversion Prices. The Conversion Price shall initially be \$0.29766226 (the Conversion Price ). The initial Conversion Price shall be adjusted from time to time in accordance with this Article 4. All references to a Conversion Price herein shall mean the Conversion Price as so adjusted.

(d) Mechanics of Conversion. Each holder of Series G-9 Preferred Stock who wishes to convert the same into shares of Common Stock pursuant to this Article 4 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for the Series G-9 Preferred Stock, and shall give written notice to the Corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series G-9 Preferred Stock being converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay in cash or, to the extent sufficient funds are not available therefor, in Common Stock (at the Common Stock's fair market value as determined by the Board of Directors as of the date of such conversion) any declared and unpaid dividends on the shares of Series G-9 Preferred Stock being converted. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series G-9 Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date. Upon conversion of only a portion of the number of shares of

Series G-9 Preferred Stock represented by a certificate surrendered for conversion, the Corporation shall issue and deliver to or upon the written order of the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate covering the number of shares of Series G-9 Preferred Stock representing the unconverted portion of the certificate so surrendered.

(e) Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the date that the first share of the Series G-9 Preferred Stock is issued (the Original Issue Date ) effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series G-9 Preferred Stock, the Conversion Price in effect immediately before that subdivision with respect to the Series G-9 Preferred Stock shall be proportionately decreased. Conversely, if the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series G-9 Preferred Stock, the Conversion Price in effect immediately before the combination with respect to the Series G-9 Preferred Stock shall be proportionately increased. Any adjustment under this Article 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-9 Preferred Stock in respect of such stock, the Conversion Prices that are then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, to the price determined by multiplying each Conversion Price then in effect by a fraction (1) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, each Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter each Conversion Price shall be adjusted pursuant to this Article 4(f) to reflect the actual payment of such dividend or distribution; and provided further, that if an adjustment has been made to any Conversion Price on the fixing of the record date for a dividend or distribution, no additional adjustment shall be made when such dividend is paid or distribution is made.

(g) Adjustments for Other Dividends and Distributions. If the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, in each such event, unless an equivalent dividend is paid to the holders of the Series G-9 Preferred Stock in respect of such stock, provision shall be made so that the holders of Series G-9 Preferred Stock shall

receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of other securities of the Corporation which they would have received had their shares of Series G-9 Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Article 4 with respect to the rights of the holders of such shares of Series G-9 Preferred Stock or with respect to such other securities by their terms; provided, however, that if such a provision has been made on the fixing of the record date for a dividend or distribution, no additional provision shall be made when such dividend is paid or distribution is made.

(h) Adjustment for Reclassification. Exchange and Substitution. If at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the conversion of the Series G-9 Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Article 4), in any such event each holder of shares of Series G-9 Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such Series G-9 Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(i) Sale of Shares Below Applicable Conversion Price.

(1) If at any time or from time to time after the Original Issue Date, the Corporation issues or sells, or is deemed by the express provisions of this subsection (j) to have issued or sold, Additional Shares of Common Stock (as hereinafter defined), other than (i) pursuant to a transaction described in Articles 4(e)-(i) above for which adjustment was made as provided in the applicable Article or (ii) the issuance of Common Stock, or options or warrants to purchase Common Stock, issued to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions, as approved by the two-thirds (2/3rds) of the then sitting members of the Board of Directors, in any event for an Effective Price (as hereinafter defined) less than the then-effective Conversion Price, then in each such case the then existing Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale (or such deemed issuance or sale), to a price determined by multiplying the then Conversion Price by a fraction (the Adjustment Factor ) (i) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock which the Aggregate Consideration received (as defined in subsection (j)(2)) by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price and (ii) the denominator of which shall be the number of shares of Common Stock deemed

outstanding (as defined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued. For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of Common Stock actually outstanding and (B) the number of shares of Common Stock issuable upon conversion of the then outstanding Preferred Stock and the exercise of all outstanding rights, warrants and options to purchase Common Stock or Convertible Securities (as defined below). Notwithstanding the foregoing, if at any time or from time to time after the Original Issue Date, the Corporation adjusts the conversion price of the Series F or Series H Participating Convertible Preferred Stock or another sub-series of the Series G Preferred Stock pursuant to Article 4(i)(1) of the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations and Restrictions of such Preferred Stock, the Conversion Price shall be reduced (in lieu of any applicable adjustment pursuant to the first sentence of this subsection (j)(1)), as of the opening of business on the date of such adjustment, to a price determined by multiplying the Conversion Price in effect prior to the applicable issue or sale (or deemed issue or sale) by the smallest of the Adjustment Factor, the Series F Adjustment Factor, the Series G Controlling Adjustment Factor or the Series H Adjustment Factor, as applicable.

(2) For the purpose of making any adjustment required under this Article 4(i), the Aggregate Consideration received by the Corporation for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the Corporation after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Corporation in connection with such issue or sale but without deduction of any expenses payable by the Corporation, (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Corporation for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(3) For the purpose of the adjustment required under this Article 4(i), if the Corporation issues or sells any rights or options for the purchase of, or stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as Convertible Securities ) and if the Effective Price of such Additional Shares of Common Stock is less than the effective Conversion Price, the Corporation shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Corporation for the issuance of

such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Corporation upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Corporation upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Corporation shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; provided further that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities. No readjustment in respect of any rights, options or Convertible Securities pursuant to this Article 4(i) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price that was in effect on the original adjustment date or (ii) the Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and the date of such readjustment for which no adjustment was made. No further adjustment of the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Corporation upon such exercise, plus the consideration, if any, actually received by the Corporation for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, provided that such readjustment shall not apply to prior conversions of Series G-9 Preferred Stock.

(4) Additional Shares of Common Stock shall mean, with respect to any shares of Series G Preferred Stock, all shares of Common Stock issued by the

Corporation or deemed to be issued pursuant to this Article 4(i), whether or not subsequently reacquired or retired by the Corporation other than (1) shares of Common Stock issued upon conversion of any Preferred Stock, (2) up to 10,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to employees, officers or directors of, or consultants or advisors to the Corporation or any Subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors, (3) up to 2,000,000 shares of Common Stock issued or issuable pursuant to options, warrants or other rights (as adjusted for any stock splits, reverse stock splits, recapitalizations and similar capital events) issued to investors in or lenders to the Corporation, and (4) additional convertible debt or equity issued in exchange for, upon conversion of, or as paid-in-kind interest payment on, the 7.50% convertible notes due 2007 of Allied Riser Communications Corporation outstanding on the Original Issue Date and in accordance with the terms of such convertible notes as in effect on the Original Issue Date.

(5) The Effective Price of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Article 4(i), into the Aggregate Consideration received, or deemed to have been received by the Company for such issue under this Article 4(i), for such Additional Shares of Common Stock.

(j) Accountants Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series G Preferred Stock, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of shares of Series G Preferred Stock at the holder's address as shown in the Corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (1) the consideration received or deemed to be received by the Corporation for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (2) the Applicable Conversion Price for such series in effect prior to and after giving effect to such adjustment or readjustment, (3) the number of Additional Shares of Common Stock and (4) the type and amount, if any, of other property which at the time would be received upon conversion of such shares of such Series G Preferred Stock.

(k) Notices of Record Date. Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation with or into any other Corporation, any Change of Control Transaction, any sale of all or substantially all of the Corporation's assets or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the

Corporation shall mail to each holder of Series G-9 Preferred Stock at least twenty (20) days prior to the record date specified therein a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (2) the date on which any such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up is expected to become effective, and the material terms of such transaction, and (3) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, dissolution, liquidation or winding up.

(1) Automatic Conversion.

(1) Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock, based on the Conversion Price, at any time upon the affirmative election of the holders of at least eighty percent (80%) of the outstanding shares of the Series G Preferred Stock voting as a single class. Each share of Series G Preferred Stock shall automatically be converted into shares of Common Stock based on the Conversion Price immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Corporation in which (i) the aggregate pre-money valuation of the Corporation is at least five hundred million dollars (\$500,000,000); and (ii) the gross cash proceeds (before underwriting discounts, commissions and fees) are at least fifty million dollars (\$50,000,000)(a Qualified Offering ). Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Article 5.

(2) Upon the occurrence of an event specified in paragraph (1) above, the outstanding shares of Series G Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series G Preferred Stock are either delivered to the Corporation or its transfer agent as provided below, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series G Preferred Stock the holders of Series G Preferred Stock shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the Series G Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which such shares of Series G Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred, and the Corporation shall promptly pay in cash or, at the option of the Corporation,



Common Stock (at the Common Stock's fair market value determined by the Board as of the date of such conversion), or, at the option of the Corporation, both, all declared and unpaid dividends on such shares of Series G Preferred Stock being converted, to and including the date of such conversion.

(m) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series G Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series G Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Corporation shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board) on the date of conversion.

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

(o) Notices. Any notice required by the provisions of this Article 4 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, having specified next day of delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation.

(p) Payment of Taxes. The Corporation shall pay all taxes imposed by the State of Delaware (or any other jurisdiction in which the Company is then located or conducting business) (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of any shares of Preferred Stock.

(q) Dilution or Impairment. The Corporation shall not, without the appropriate vote of the stockholders under the General Corporation Law of the State of Delaware and Article 7 of this Certificate, amend its Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but

shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series G Preferred Stock against dilution or other impairment.

5. Dividend Rights

(a) In the event dividends are paid on any share of Common Stock, Pari Passu Stock or Junior Stock, the Company shall pay an additional dividend on all outstanding shares of Series G Preferred Stock in an amount equal per share (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock, Pari Passu Stock or Junior Stock.

(b) The provisions of Article 5(a) shall not apply to a dividend payable in Common Stock.

6. Residual Rights

All rights accruing to the outstanding shares of this Corporation not expressly provided for to the contrary herein or in Article IV of the Certificate of Incorporation shall be vested in the Common Stock.

7. Amendment

No provision of this Certificate may be amended, modified or waived without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of the Series G Preferred Stock.

\* \* \* \* \*

IN WITNESS WHEREOF, Cogent Communications Group, Inc. has caused this Certificate of Designations to be executed and delivered in its name and on its behalf on July 31, 2003.

COGENT COMMUNICATIONS GROUP, INC.

/s/David Schaeffer

David Schaeffer, President

---