

# Delaware

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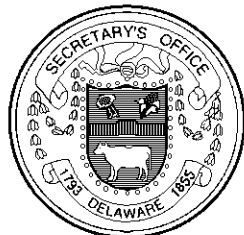
*The First State*

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE RESTATED CERTIFICATE OF "WASHINGTON CONTRACT LOGGERS ASSOCIATION, INC.", FILED IN THIS OFFICE ON THE FOURTEENTH DAY OF MAY, A.D. 2007, AT 3:49 O'CLOCK P.M.

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

3676124 8100

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*Harriet Smith Windsor*

Harriet Smith Windsor, Secretary of State

**AUTHENTICATION: 5675943**

**DATE: 05-15-07**

**Amended and Restated Certificate of Incorporation  
of  
Washington Contract Loggers Association, Inc.**

Washington Contract Loggers Association, Inc., (the "Corporation"), a corporation organized and existing under the General Corporation Law of Delaware (the "Law") hereby certifies as follows:

1 The Corporation was incorporated under the name "WCLA Acquisition, Inc" by the filing of a Certificate of Incorporation with the Delaware Secretary of State on June 30, 2003. The Corporation changed its name to Washington Contract Loggers Association, Inc. by filing a Certificate of Merger with the Delaware Secretary of State on November 26, 2003.

2 In accordance with Sections 242 and 222 of the Law, the following amendments and restatement have been duly approved and recommended by the Board of Directors of the Corporation and adopted by the Stockholders of the Corporation.

3 In accordance with Section 245 of the Law, the Corporation restates, integrates and further amends the Certificate of Incorporation of the Corporation to read, in its entirety, as follows:

**1**

**Name - Business Purposes - Offices and Registered Agent**

**1.1 Name**

The name of the Corporation is Washington Contract Loggers Association, Inc.

**1.2 Business Purposes**

The business purposes of the Corporation are to act as a trade association on behalf of the logging industry in the United States, to organize the American Forest Casualty Company Risk Retention Group, a South Carolina corporation (the "RRG"), to acquire and hold all of the outstanding capital stock of the RRG and to engage in any other activity for which a corporation may be organized under the General Corporation Law of Delaware, as amended (the "Law").

**1.2 Registered Office and Agent**

The mailing address of the Corporation's registered office in Delaware is 615 South DuPont Highway, Dover, DE 19901, Kent County. The name of the Corporation's resident agent in Delaware is Capitol Services, Inc.

**2**

**Definitions**

Capitalized terms used but not defined elsewhere in this Certificate have the following meanings:

"Act" means the federal Liability Risk Retention Act of 1986, as amended.

"Board" means the board of directors of the Corporation acting as such in accordance with the Law.

**“Deemed Liquidation”** means one or more transfers by the Corporation for consideration resulting, individually or in the aggregate, in a disposition by the Corporation of substantially all of its assets out of the ordinary course of business, but only if such disposition does not arise from, and is not followed within 90 calendar days by, a Liquidation. If no Liquidation has then been commenced, a Deemed Liquidation shall be treated as having occurred as of the close of business on the 90<sup>th</sup> day following the earlier of (a) the receipt by the Corporation of such consideration, or (b) the completion by the Corporation of such disposition.

**“Distribution”** means a payment of the cash and/or a transfer in kind of the securities or other property comprising Distributable Assets if paid by the Corporation as a liquidating distribution in respect of Shares.

**“Distributable Assets”** means internally generated cash deemed by the Board to be available for a Distribution or assets arising from or remaining after a Liquidating Event and held by the Corporation (whether for its own account or on behalf of Qualified Shareholders), but in each case only to the extent the Corporation may pay or transfer such cash or assets to such Shareholders under the Law.

**“Liability Policy”** means a policy or binder for a policy of liability insurance, underwritten and issued to a Logger by the RRG in accordance with the Act and the law of South Carolina, that is in full force and effect.

**“Liquidation”** means any liquidation, dissolution or winding up of the Corporation other than a Deemed Liquidation, whether voluntary or involuntary, if consummated under the Law, the federal Bankruptcy Code as amended, or any Receivership or similar statute. If so consummated, a Liquidation shall be treated for the purposes of this Certificate as having occurred retroactively as of the filing date of the relevant Articles of Dissolution, Petition, Application or other pleading or document seeking Liquidation.

**“Liquidating Event”** means a Deemed Liquidation, or Liquidation.

**“Logger”** means any person or statutory or common-law entity engaged in independent logging (including saw milling, tree farming or urban tree servicing), logging road construction or log trucking.

**“Mandatory Redemption Event”** means any event as a result of which a registered holder or beneficial owner of one or more Shares is no longer a Qualified Shareholder. A Mandatory Redemption Event shall be treated, for the purposes of this Certificate, as having occurred retroactively on the earliest date on which all Liability Policies insuring such holder or beneficial owner expired, were canceled or were voidable at the option of the RRG.

**“Mandatory Redemption Price”** means the relevant vested percentage of the amount determined in accordance with this Section, which percentage shall be paid by the Corporation in redemption of an outstanding Share consummated in accordance with Section 3.5. Such vested percentage shall be 0% for the first year, 50% after one year, 70% after two years and 100% after three years following the date such Share was originally issued in accordance with a purchase agreement or in response to the exercise of a right to convert other securities to, or exchange other securities for, such Share. Such amount shall be comprised of (i) the base price determined in accordance with Subsections (a), (b) and (c) as of the last day of the month during which the certificate for such Share is surrendered for redemption (such day, the “Determination Date”), plus or minus (ii) the amounts described in Subsection (d), as follows:

- (a) The base price for each outstanding Series A Preferred Share shall be \$500.

(b) The base price for each outstanding Common Share shall be equal to the current offering price per Common Share determined by resolution of the Board in accordance with Section 3.7 and in effect at the Determination Date.

(c) The base price for undesignated preferred Shares shall be determined in accordance with the Board resolution establishing the rights and limitations and authorizing the issuance of such Shares.

(d) There shall be added to the base price determined in accordance with subsections (a), (b) or (c) above the amount of any dividends or other distributions payable with respect to the relevant Share that were declared by the Board as of a record date prior to the Mandatory Redemption Event for such Share and that remain unpaid at the Determination Date and there shall be subtracted from and offset against such price any dues, premiums or other liquidated debts or obligations due at such Date from the holder or beneficial owner of such Share to the Corporation or the RRG.

**"Net Liquidating Distribution"** means a Distribution per Share equal in amount to the quotient produced by dividing (a) the total Distributable Assets, minus the sum of (i) the Series A Liquidation Preference plus (ii) any liquidation preference included in "New Series Terms" respecting undesignated Shares established by the Board after the filing of this Certificate in accordance with Section 3.4, by (b) the total number of Shares, of all classes, then outstanding and registered to or owned beneficially by a Qualified Shareholder.

**"Qualified Shareholder"** means a Logger that is an RRG Insured Person duly registered, or having the unconditional right to be registered, as a holder of one or more Shares on the records of the Corporation. Where the context requires, "Qualified Shareholder" includes the estate of a deceased Qualified Shareholder, and the lawful successor of a Qualified Shareholder organized as a statutory or common law entity, if such estate or entity is an RRG Insured Person and is entitled to be registered as the successor holder of such Shares.

**"RRG Insured Person"** means a Logger that is validly insured or has an unconditional right to be insured by a Liability Policy.

**"Shares"** means, in accordance with the Law, the units into which the proprietary interests in the Corporation evidenced by capital stock are divided and includes Common Shares, Series A Preferred Shares and undesignated preferred Shares.

### 3 Capital Stock

#### 3.1 Authorized Shares and Classes of Stock - Restrictions on Issuance and Transfer

The Corporation is authorized to issue 1,000,000 Shares of capital stock. Of those Shares, 980,000 have a par value of \$10 per Share, plus the rights and limitations set forth in Section 3.2, and are designated "Common Shares" and 10,000 have a par value of \$500 per Share, plus the rights and limitations set forth in Section 3.3, and are designated "Series A Preferred Shares." The remaining 10,000 are undesignated preferred Shares the specific designations, rights and limitations of which may be established by the Board in accordance with Section 3.4. All Shares, whether Common, Series A Preferred, or subsequently designated preferred Shares shall be issued, and may thereafter be transferred, only to Qualified Shareholders.

### **3.2. Rights and Limitations of the Common Shares**

#### **3.2.1 Voting**

Each Qualified Shareholder has the right to cast one vote, for each Common Share registered to such Shareholder on the relevant record date, on each matter on which Shareholders are entitled to vote under this Certificate and the Law. Common shares may not be voted cumulatively for Directors.

#### **3.2.2 Dividends**

Each Qualified Shareholder shall be entitled to receive a non-mandatory and non-cumulative dividend, on each Common Share registered to such Shareholder on the relevant record date, at such times, and in such amounts, as are declared and paid by the Board (each such dividend, a "Common Share Dividend"). **Provided:** No Common Share Dividend (except one payable solely in additional Common Shares) shall be paid during or with respect to any fiscal year of the Corporation unless there is first paid a dividend on each outstanding Series A Preferred Share that is equal in the aggregate to (a) the Series A Preferred Dividend for such year of \$30 per Share, defined and payable under Section 3.3.2, plus (b) an additional sum (such sum, a "Series A Participating Dividend") equal to the excess, if any, of such Common Share Dividend over such Series A Preferred Dividend.

#### **3.2.3 Right to receive Net Liquidating Distribution**

As soon as practical after the occurrence of a Liquidating Event, subject to the prior payment of the Series A Liquidation Preference of \$500 per Share defined and payable under Section 3.3.4, each Qualified Shareholder shall be entitled to receive from the Corporation, for each Common Share registered to such Shareholder on the relevant record date, a Net Liquidating Distribution.

#### **3.2.3 Mandatory Redemption - Payment of Mandatory Redemption Price**

Each outstanding Common Share shall be subject to the Mandatory Redemption provisions of Section 3.5.

### **3.3 Rights and Limitations of the Series A Preferred Shares**

#### **3.3.1 Voting**

Each Qualified Shareholder has the right to cast one vote, for each Series A Preferred Share registered to such Shareholder on the relevant record date, on all matters on which Shareholders are entitled to vote under this Certificate and the Law. Series A Preferred Shares may not be voted cumulatively for Directors.

#### **3.3.2 Dividends**

Each Qualified Shareholder shall be entitled to receive, for each fiscal year of the Corporation, for each Series A Preferred Share registered to such Shareholder on the relevant record date, (a) prior and in preference to the payment of any Common Share Dividend with respect to such year, a non-mandatory and non-cumulative dividend of \$30 per year adjusted proportionately for any stock dividends, splits or reverse splits then completed with respect to such Series A Preferred Share (each such dividend, a "Series A Preferred Dividend"), plus (b) the Series A Participating Dividend defined and payable under Section 3.2.2.

### **3.3.3 Series A Liquidation Preference**

As soon as practical after a Liquidating Event, each Qualified Shareholder shall be entitled to receive, for each Series A Preferred Share registered to such Shareholder on the relevant record date, prior and in preference to any the payment of any Net Liquidating Distribution, a first Distribution in the amount set forth in the next succeeding sentence (such Distribution, the "Series A Liquidation Preference"). The Series A Liquidation Preference shall be equal to the sum of (a) \$500, adjusted proportionately for any stock dividend, split, or reverse split then completed with respect to such Series A Preferred Share, plus (b) all unpaid Series A Preferred and Participating Dividends then declared on such Share. **Provided:** If upon such Liquidating Event the net assets of the Corporation are insufficient to pay the Series A Liquidation Preference in full, then all of the net assets of the Corporation shall be distributed to the Qualified Shareholders in proportion to the number of Series A Preferred Shares registered in their names as of the effective date of such Liquidating Event.

### **3.3.4 Mandatory Redemption - Payment of Mandatory Redemption Price**

Each outstanding Series A Preferred Share shall be subject to the Mandatory Redemption provisions of Section 3.5.

### **3.3.5 Conversion to Common Shares**

At the option of the holder, each Series A Preferred Share may, on any date (a "Conversion Date"), be converted to 50 Common Shares by tendering the certificate for such Preferred Share to the Corporation endorsed "For Conversion." In response, the Corporation shall issue to such holder a certificate or certificates for the Common Shares issuable on such conversion. **Provided:** On the occurrence, after the issue date of such Preferred Share but prior to its Conversion Date, of any dividend payable in Common Shares, any split or reverse split of Common Shares, or any recapitalization, reorganization, merger or similar transaction, the conversion ratio set forth above shall be adjusted to the extent necessary to ensure that, on conversion, such holder shall be entitled to own or receive the Common Shares, other securities, property or cash that such holder would have owned or been entitled to receive had such Preferred Share been converted immediately prior to the effective date of such dividend, split or transaction. **Provided further:** The Corporation shall at all times reserve and set aside sufficient authorized but unissued Common Shares to give effect to the conversion of all outstanding Preferred Shares. If, at any time, the number of authorized but unissued Common Shares is not sufficient for such purpose, the Corporation shall take such action as may be necessary to increase such number to a number that is so sufficient.

### **3.3.6 Two Thirds Approval Requirement for Material Adverse Amendments**

Notwithstanding any other provision in this Certificate, so long as any Series A Preferred Shares are outstanding, no amendment of this Certificate that affects such Shares adversely shall be effective unless it has received the affirmative vote of the Qualified Shareholders to whom or which at least two thirds of such outstanding Shares are registered. For the purposes of this Certificate, an amendment shall be deemed to affect the Series A Preferred Shares materially and adversely if such amendment would, following adoption, create or authorize the creation of (a) any class of stock ("Prior Preference Stock") having voting, dividend or Distribution rights prior or superior to, or on a parity with, such Series A Preferred Shares, or (b) any option, warrant, or other security or right convertible to or exchangeable for Prior Preference Stock.

### **3.4 Rights and Limitations of the undesignated preferred Shares**

The Corporation may, from time to time, issue the 10,000 undesignated preferred Shares in series each having rights, preferences, and limitations relative to the Common Shares and the Series A Preferred Shares (the "New Series Terms") that are established by the Board. The Board shall, by appropriate resolution, designate the number of previously undesignated preferred Shares included in each such series, and it may increase or decrease such number from time to time (but no increase shall exceed the aggregate number of undesignated preferred Shares of such series then authorized and no decrease shall reduce such number below the number of Shares of such series then outstanding). The New Series Terms may, without limitation, deny voting rights, confer full, limited, or conditional voting rights, and include preferences, conversion rights and redemption rights in each case as determined by the Board in its good faith discretion. **Provided:** Notwithstanding the preceding sentence, (a) all subsequently designated preferred Shares shall be subject to the mandatory redemption provisions of Section 3.5 and (b) the Board shall not, while any Series A Preferred Shares are outstanding, establish or designate any series of previously undesignated preferred Shares that would constitute Prior Preference Stock, would have the right to purchase Prior Preference Stock, or would be convertible to or exchangeable for Prior Preference Stock. **Provided Further:** Before issuing any previously undesignated preferred Shares in series, the Corporation shall set forth all New Series Terms applicable to such series in a Certificate of Amendment or a Certificate of Designation of Stock executed, acknowledged and filed in accordance with the Law.

### **3.5 Mandatory Redemptions - Payment of Mandatory Redemption Price**

As soon as practical after a Mandatory Redemption Event affecting any Common, Series A Preferred or subsequently designated preferred Share, the holder of such Share shall, against payment of the Mandatory Redemption Price for the same, surrender the certificate for such Share to the Corporation, duly endorsed for redemption and cancellation. The Corporation shall cancel such certificate as of the date of occurrence of such Mandatory Redemption Event. The Corporation may pay the Mandatory Redemption Price for such Share without interest if payment is made in full within 90 days after the date such certificate has been surrendered. Alternatively, the Corporation may, at its option, pay the Mandatory Redemption Price in equal monthly installments in an amount sufficient to pay such Price in full, plus simple interest on the declining balance thereof computed from the date such certificate has been surrendered at the rate of 6% per annum, by the later of (a) the third anniversary of such Mandatory Redemption Event or (b) the expiration of the claims period on the Liability Policy or Policies that insured the holder of such Share immediately prior to such Event. All Mandatory Redemption Price payments shall be made subject to all requirements imposed by the Law for the preservation of the Corporation's capital surplus and the protection of its creditors. The Corporation may adopt reasonable procedures respecting its confirmation of a Mandatory Redemption Event, for cancellation of the affected Shares and for deposit of the Mandatory Redemption Price for such Shares, without interest, in a segregated bank account for the benefit of any person entitled to the same who has not surrendered the certificates for such Shares and who, after reasonable investigation, cannot be located. Each person entitled to receive all or any portion of such Mandatory Redemption price shall be bound by such procedures. The Corporation shall be relieved of all further obligations to such person upon such confirmation and deposit.

### **3.6 Voluntary Redemptions**

Notwithstanding anything to the contrary in this Certificate, the Corporation and any Qualified Shareholder may, at any time, consummate a redemption by the Corporation of all or any portion of the Shares registered to such Qualified Shareholder at an agreed price and on agreed payment terms subject, however, to all requirements imposed by the Law for the preservation of the Corporation's surplus and the protection of its creditors.

### 3.7 Continuous Offering of Common Shares - Offering Price

The Corporation shall offer, sell and issue to each Qualified Shareholder, at the time such Shareholder is initially qualified as such, at the current offering price per Share determined under this Section, at least that number of Common Shares that can be purchased at such price with 5% of the aggregate first year premium for the Liability Policy or Policies initially purchased by such Shareholder, all in accordance with the federal Liability Risk Retention Act as amended. Such price shall be the greater of the par value of such Share or the price established under this Section by resolution of the Board. The Board shall review such price at least quarterly and, upon such review, may (but need not) adjust such price by resolution in accordance with the following criteria, each adjustment to take effect as of the next business day following the date of such resolution and to remain in effect until changed by a further adjustment:

(i) The Board may adjust such price upward or downward adjustment to take account of all or part of an increase or decrease over the latest six consecutive month period ending prior to the review date in the stockholders equity shown on the balance sheet of the Corporation (which may be unaudited, but shall be prepared in accordance with generally accepted accounting principles).

(ii) The Board may adjust such price upward or downward to take account of completed, ongoing or anticipated transactions, events or trends that, in the judgment of the Board, are reasonably likely to increase or decrease such stockholders equity, but are not yet shown on the balance sheets of the Corporation, **provided, however, that**

(iii) Under no circumstances shall the current offering price be less than the par value of such Shares, nor shall such price be changed by more that 10% in any quarter; and

(iv) Nothing in this Section shall prevent the Corporation from offering, selling and issuing Series A Preferred Shares or undesignated preferred Shares to Qualified Shareholders at such price per Share, on such terms and subject to such conditions as the Board shall determine by resolution.

## 4

### Limitation of Director Liability

Directors shall not be liable personally to the Corporation or its Qualified Shareholders for monetary damage for their conduct as directors, except in the case of (a) acts or omissions not in good faith that involve intentional misconduct or a breach of the director's duty of loyalty to the Corporation or such Shareholders, (b) conduct that violates any provision of the Law respecting prohibited dividends or Distributions, or (c) any transaction from which such directors will receive a personal benefit in money, property or services to which they are not entitled under the Law. If the Law is amended to authorize corporate action further limiting the personal liability of directors, then such liability shall be deemed limited by this Certificate to the fullest extent permitted by such amendment. No repeal or amendment of this Section shall affect adversely any right or protection possessed by a director prior to the effective date of such repeal or amendment.

## 5

### Limited Indemnification of Directors

The Corporation shall indemnify its directors against all liability, damage, or expense resulting from their service as directors or their service as fiduciaries with respect to any employee benefit plan sponsored by the Corporation, to the maximum extent and under all circumstances permitted by the Law. No repeal or amendment of this Section shall affect adversely any right or protection possessed by a director prior to the effective date of such repeal or amendment.



6

**Composition of Board of Directors**

The Board shall consist of a minimum of three and a maximum of fifteen directors as fixed from time to time in the Bylaws of the Corporation. Directors shall serve until the election and qualification of their successors. Subject to the first sentence of this Section, the number of directors may be increased or decreased from time to time in the manner specified in the Bylaws of the Corporation.

7

**Denial of Preemptive Right respecting Common and Series A Preferred Shares**

No Qualified Shareholder shall have the right to purchase preemptively any Common or Series A Preferred Share issued by the Corporation.

8

**Amendment**

Subject to Sections 3 and 7, the Corporation reserves the right to amend or repeal any provision contained in this Certificate in any manner now or hereafter permitted by the Law. All rights of Shareholders, and all powers of directors, are granted subject to this reservation.

In witness whereof; the Corporation, in accordance with Section 103 of the Law, has caused this certificate to be signed by an authorized officer on April 3, 2007.

**Washington Contract Loggers Association, Inc.**

  
by: Christine Sater, Chief Financial Officer