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TALLAHASSEE, FLORIDA

**BASIC AMENDMENT**

**1ST PALM FINANCIAL, INC.**

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02 AUG 12 PM 1:33  
DIVISION OF CORPORATIONS

Certificate of Status	0
Certified Copy	0
Page Count	11
Estimated Charge	\$35.00

AMEND  
8/12

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TO

ARTICLES OF INCORPORATION OF  
1stPALM FINANCIAL, INC.

SERIES B PREFERRED STOCK

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TALLAHASSEE, FLORIDA

- I. The name of this Corporation is 1stPalm Financial, Inc. (the "Corporation").
- II. These Articles of Amendment were duly adopted by the Corporation's Board of Directors on August 7, 2002.
- III. Shareholder approval of these Articles of Amendment is not required pursuant to Fla. Sta. §607.0602(4) and Article V of the Corporation's Articles of Incorporation.
- IV. These Articles of Amendment hereby designate a series of preferred stock as follows:

The shares of this series shall be designated the Series B Preferred Stock (the "Series B Preferred Stock"), and shall consist of Two Million (2,000,000) shares, \$.01 par value per share. A statement of the relative powers, dividends, preferences, rights, qualifications, limitations and restrictions of the Series B Preferred Stock is as follows:

1. Dividends.

(a) The holders of the Series B Preferred Stock shall be entitled to receive when, as and if declared by the Board of Directors dividends in cash equal to \$.08 per share per annum for the period July 1, 2003 through June 30, 2006, and at \$.10 per annum thereafter until the Series B Preferred Stock is redeemed or called. Dividends are payable semi-annually in arrears on January 31 and July 31 in respect of the prior semi-annual period with the first payment of \$0.04 per share payable on January 31, 2004 (unless any such date is not a business day, in which case on the next subsequent business day). Any unpaid dividends shall accrue on the shares of Series B Preferred Stock and be cumulative from and after the date such dividends became payable. The dividend amount specified above shall be equitably adjusted for any combinations, consolidations, recapitalization, stock splits, stock dividends and the like. So long as any share of Series B Preferred Stock remains outstanding, no dividends shall be paid upon, or declared or set part for, the Common Stock or any other class of capital stock of the Corporation ranking junior to the Series B Preferred Stock with respect to payment of dividends or rights on liquidation (the Common Stock and any other class of capital stock of the Corporation ranking junior to the Series B Preferred Stock being collectively referred to as "Junior Securities"), unless and until all accrued and unpaid dividends on the then outstanding shares of the Series B Preferred Stock for all past periods shall have been or concurrently shall be paid. In the event any Series B Preferred Stock is converted into Common Stock, the Corporation shall within 60 days at its option (i) pay to the holder in cash any accrued but unpaid dividends through the conversion date or (ii) deliver to the holder a certificate for the number of shares of Common Stock of the Corporation determined by dividing the amount of the accrued but unpaid dividends through the conversion date by the Conversion Price (as hereinafter defined on the conversion date).

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(b) The holders of the shares of Common Stock shall be entitled to dividends when, as, and if declared by the Board of Directors, *pro rata* among the holders thereof based upon the number of shares of Common Stock held by such holder, subject to the dividend preferences set forth above for the Series B Preferred Stock.

2. **No Voting Rights.** Except as required by law or otherwise expressly stated herein, the holders of the Series B Preferred Stock shall not be entitled to vote on any matter.

3. **Liquidation Preference.**

(a) **Series B Preferred Stock.** Upon the occurrence of a Liquidating Event (as defined below), whether voluntary or involuntary, the holders of the Series B Preferred Stock shall be entitled to receive, out of the assets of the Corporation available for distribution to its shareholders or from the proceeds from a sale or merger, as applicable, prior to and in preference to any payment or distribution made in respect of the Corporation's Junior Securities, One Dollar (\$1.00) in cash, securities or other property for each share of Series B Preferred Stock (together with all accrued and unpaid dividends thereon) (the "**Series B Liquidation Preference**"). If, upon such Liquidating Event, the assets distributable to the holders of the Series B Preferred Stock (and any other series of preferred stock ranking *pari passu* in liquidation with the Series B Preferred Stock) shall be insufficient to permit the payment in full of the Series B Liquidation Preference and the *pari passu* liquidation preference of such other series, the assets of the Corporation shall be distributed to the holders of the Series B Preferred Stock and the holders of such other series ratably based upon the amount of the *pari passu* liquidation preference of each such series until the holders shall have received the full amount to which they would otherwise be entitled. If the assets of the Corporation are sufficient to permit the payment of the Series B Liquidation Preference to the holders of the Series B Preferred Stock and the *pari passu* liquidation preference of such other series, the remainder of the assets of the Corporation, if any, shall be distributed and divided as provided for in Section 3(b). The Series B Liquidation Preference is *pari passu* with the Series A Liquidation Preference of the Corporation's Series A Preferred Stock.

(b) **Other Distributions.** Any assets of the Corporation remaining after the payments specified in Section 3(a) above shall be distributed (after payment of the liquidation preference of any preferred stock which is junior in liquidation preference to the Series B Preferred Stock) with respect to the outstanding shares of Common Stock *pro rata*.

(c) **Valuation of Securities.** For purposes of this Section 3, if any asset distributed to shareholders upon the occurrence of any Liquidating Event consists of securities or property other than cash, the value of such distribution shall be deemed to be the fair market value thereof at the time of such distribution, as determined in good faith by the Board of Directors of the Corporation. Any securities to be delivered pursuant to this Section 3 shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability covered by Section 3(c)(ii) hereof shall be valued at the Market Price (as defined below); and

(ii) Securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be valued at the appropriate discount from the Market Price, as reasonably determined by the Board of Directors in good faith, to reflect the adjusted fair market value thereof.

For purposes of this Statement, "Market Price" of any security means the average of the closing prices of such security's sales on the principal securities exchanges on which such security may at the time be listed, or, if there has been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day such security is not so listed the average of the representative bid and asked prices quoted in the NASDAQ System as of 4:00 p.m., New York time, or, if on any day such security is not quoted in the NASDAQ System, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, in each such case averaged over a period of five days ending on the day prior to such day. If at any time such security is not listed on any securities exchange or quoted in the NASDAQ System or the over-the-counter market, the Market Price shall be the fair value thereof determined in good faith by the Corporation's Board of Directors.

(d) Liquidating Event. Any of the following shall be considered a "Liquidating Event," and shall entitle the holders of the Series B Preferred Stock to receive in cash, securities or other property, the Series B Liquidation Preference (valued as provided in Section 3(c) above):

- (i) any liquidation, dissolution or winding up of the Corporation;
- (ii) any merger, combination or consolidation of the Corporation with or into any other corporation, entity or person, or any other corporate reorganization, in which the shareholders of the Corporation immediately prior to such merger, combination, consolidation or reorganization own less than 50% of the Corporation's voting power immediately after such merger, combination, consolidation or reorganization (but excluding the future issuance of securities by the Corporation); or
- (iii) a sale, lease or other disposition of all or substantially all the Corporation's assets unless such transaction is part of a financing arrangement;

provided, however, that if the Corporation and the holders of a majority of the shares of Series B Preferred Stock so elect by giving written notice to the holders or the Corporation, as applicable, before the effective date of a transaction that would otherwise be a Liquidating Event as defined herein, such transaction shall not be deemed a Liquidating Event.

(e) Notice of Liquidating Event. The Corporation shall give to each holder of Series B Preferred Stock at least thirty (30) days prior written notice of any Liquidating Event by delivery of such notice via first-class mail, postage prepaid, at the holder's address as set forth in the records of the Corporation.

(f) Other Redemptions. Nothing set forth herein shall prohibit the Corporation from redeeming any shares of Common Stock or of another series of Preferred Stock that is senior, *pari passu* or junior in liquidation preference to the Series B Preferred Stock prior to the occurrence of a Liquidating Event.

#### 4. Redemption.

(a) Call and Redemption of Series B Preferred Stock. The Corporation may, as of or after the earlier of June 30, 2005 or the occurrence of a Liquidating Event (the "Redemption Eligibility Date"), call for the redemption and repurchase of any and/or all shares of Series B Preferred Stock for a purchase price equal to \$1.00 per share plus accrued and unpaid dividends (the "Series B Redemption Price"). The Corporation shall call as of June 30, 2009, and may call at any other time, all outstanding shares of Series B Preferred Stock for redemption and repurchase for a purchase price per share equal to the Series B Redemption Price. Such redemption and repurchase shall be made from funds legally available for such purpose and which are not otherwise restricted.

(b) Notice of Redemption. At least thirty (30) but not more than sixty (60) days prior to the redemption of any shares of Series B Preferred Stock pursuant to this Section 4, the Corporation shall transmit notice (the "Redemption Notice") by way of first-class mail, postage prepaid, to each holder of record of shares of Series B Preferred Stock to be redeemed pursuant to this Section 4, at the holder's address set forth in the records of the Corporation. Such notice shall state the date fixed for redemption (the "Redemption Date"), the location at which such holder(s) shall surrender their Series B Preferred Stock certificates and at which the Corporation shall pay the Series B Redemption Price. On the Redemption Date, each holder of shares of Series B Preferred Stock called for redemption shall surrender the certificate or certificates evidencing such shares to the Corporation at the place designated in such notice in exchange for payment of the Series B Redemption Price. Such certificates, shall be properly stamped for transfer and duly endorsed in blank or accompanied by proper instruments of assignment and transfer thereof duly executed in blank. In any holder of Series B Preferred Stock shall fail to tender its share of Series B Preferred Stock as provided above, the Corporation shall have the right to cancel such shares upon its books and to pay such holder the Series B Redemption Price for such shares. Any such cancelled shares shall for all purposes be considered to have been redeemed as provided herein.

(c) Payment of Series B Redemption Price. Payment of the Redemption Price shall be made in immediately available funds.

#### 5. Conversion of Series B Preferred Stock.

(a) Conversion. Subject to and in compliance with the provisions of this Section 5, any shares of the Series B Preferred Stock, at the option of the holder(s) thereof, may at any time after the Conversion Eligibility Date and prior to the Redemption Date be converted into that number of fully paid and nonassessable shares (determined without regard to fractional shares) of Common Stock determined by multiplying the number of shares of Series B Preferred Stock to be converted times the Series B Liquidation Preference (determined by excluding accrued but unpaid dividends) and then dividing by the Conversion Price (as defined below) then

in effect. The Conversion Eligibility Date is the earlier of (A) the date that both of Ann Mackey and Philip Laren shall no longer be employed by, or otherwise be available to render management services to or on behalf of, the Corporation or its affiliates or (B) the end of the third consecutive calendar year that the Corporation fails to achieve pre-tax income of \$1,945,000 in 2003, \$2,408,00 in 2004, \$2,959,000 in 2005, \$3,658,000 in 2006 or \$4,511,000 in 2007. Pre tax income shall be determined by Generally Accepted Accounting Principles in effect at July 15, 2002. The income statement effect of accounting for stock options will be excluded from the determination of pre-tax income for this purpose. Should less than 2,000,000 shares of Series B Preferred Stock be issued, the pre-tax income thresholds for determining conversion eligibility shall be adjusted to the equivalent pre-tax return on equity of 32% calculated by multiplying the shareholders' equity on January 1 of the applicable year by .32.

(b) Conversion Price. The initial conversion price per share of Series B Preferred Stock (the "Conversion Price") shall be \$1.15- 3/4 subject to adjustment as hereinafter provided.

(i) If and whenever the Corporation issues or sells, or in accordance with Section 5(c) below is deemed to have issued or sold, any shares of Common Stock for a consideration per share less than the Conversion Price in effect immediately prior to the time of such issue or sale, then immediately upon such issue or sale or deemed issue or sale the Conversion Price shall be reduced to the Conversion Price determined by dividing (a) the sum of (i) the product derived by multiplying the Conversion Price in effect immediately prior to such issue or sale by the number of shares of Common Stock Deemed Outstanding (as defined below) immediately prior to such issue or sale, plus (ii) the consideration, if any, received by the Corporation upon such issue or sale, by (b) the number of shares of Common Stock Deemed Outstanding immediately after such issue or sale. "Common Stock Deemed Outstanding" means, at any given time, the number of shares of Common Stock actually outstanding at such time, plus the number of shares of Common Stock deemed to be outstanding assuming exercise and/or conversion of the Corporation's Options (as defined below) and Convertible Securities (as defined below), whether or not such Options or Convertible Securities are actually exercisable at such time.

(ii) Notwithstanding any provision of this Section 5, there shall be no adjustment to the Conversion Price hereunder with respect to (A) the issuance or deemed issuance shares or options to purchase shares of the Corporation's Common Stock to employees, officers, directors, agents, representatives and consultants of the Corporation and its subsidiaries pursuant to stock incentive plans or arrangements approved by the Corporation's Board of Directors not to exceed in the aggregate 10% of the outstanding Common Stock determined on a fully diluted basis (other than outstanding options issued under this Section 5(b)(ii)(A) and excluding outstanding securities not then presently convertible into Common Stock); (B) the issuance of up to 2,000,000 shares of Series A Preferred Stock or up to 2,000,000 shares of Series B Preferred Stock or the issuance of Common Stock upon conversion of Series A Preferred Stock or Series B Preferred Stock, (C) any adjustment to the Conversion Price of the Series A

Preferred Stock and (D) the issuance or deemed issuance of shares of Common Stock, Options or Convertible Securities in connection with strategic or collaborative relationships, acquisitions or lending transactions approved by the Board of Directors of the Corporation.

(c) Effect on Conversion Price of Certain Events. For purposes of determining the adjusted Conversion Price under Section 5(b) above, the following shall be applicable:

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

(ii) Issuance of Convertible Securities. If the Corporation in any manner issues or sells any Convertible Securities and the price per share for which Common Stock is issuable upon conversion or exchange thereof is less than the Conversion Price in effect immediately prior to the time of such issue or sale, then the number of shares of Common Stock issuable upon conversion or exchange of such Convertible Securities shall be deemed to be outstanding and to have been issued and sold by the Corporation at the time of the issuance or sale of such Convertible Securities for such price per share. For the purposes of this paragraph, the "price per share for which Common Stock is issuable" shall be

determined by dividing (A) the total amount received or receivable by the Corporation as consideration for the issue or sale of such Convertible Securities, plus the aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange thereof, by (B) the total number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities. No further adjustment of the Conversion Price shall be made when Common Stock is actually issued upon the conversion or exchange of such Convertible Securities, and if any such issue or sale of such Convertible Securities is made upon exercise of any Options for which adjustments of the Conversion Price had been or are to be made pursuant to other provisions of this Section 5, no further adjustment of the Conversion Price shall be made by reason of such issue or sale.

(iii) Change in Options Price or Conversion Rate. If the purchase price provided for in any Options, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities or the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock changes at any time, the Conversion Price in effect at the time of such change shall be immediately adjusted to the Conversion Price which would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold.

(iv) Treatment of Expired Options and Unexercised Convertible Securities. Upon the expiration of any Options or the termination of any right to convert or exchange any Convertible Securities without the exercise of any such Options or rights, the conversion Price then in effect hereunder shall be adjusted immediately to the Conversion Price which would have been in effect at the time of such expiration or termination had such Options or Convertible Securities, to the extent outstanding immediately prior to such expiration or termination, never been issued.

(v) Calculation of Consideration Received. If any Common Stock, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefore shall be deemed to be the amount received by the Corporation therefor (determined prior to any discounts, commissions and related expenses). If any Common Stock, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Corporation shall be the fair value of such consideration, except where such consideration consists of securities, in which case the amount of consideration received by the Corporation shall be the Market Price thereof as of the date of receipt (in each case determined prior to any discounts, commissions and related expenses). If any Common Stock, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Corporation is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value of such portion of the net assets and business of the non-surviving



entity as is attributable to such Common Stock, Options or Convertible Securities, as the case may be. The fair value of any consideration other than cash and securities shall be determined in good faith by the Corporation's Board of Directors.

(vi) Integrated Transactions. In case any Options are issued in connection with the issue or sale of other securities of the Corporation, together comprising one integrated transaction in which no specific consideration is allocated to such Options by the parties thereto, the Options shall be deemed to have been issued for such consideration as shall be determined in good faith by the Corporation's Board of Directors.

(vii) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Corporation or any subsidiary, and the disposition of any shares so owned or held shall be considered an issue or sale of Common Stock.

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

(ix) Waiver of Adjustment. Notwithstanding anything to the contrary contained herein, there shall be no adjustment pursuant to this Section 5(c):

(A) if prior to the issuance of Common Stock, Options or Convertible Securities, the Corporation receives written notice from the holders of a majority of the then outstanding shares of Series B Preferred Stock agreeing that no such adjustment shall be made as the result of such issuance; or

(B) with respect to shares of Common Stock issued, deemed issued or issuable (1) as a dividend or distribution on Series B Preferred Stock or (2) by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock described in the foregoing clause (1).

(d) Subdivision or Combination of Common Stock. In the event that the Corporation at any time or from time to time shall declare or pay any dividend on the Common Stock payable in Common Stock or in any right to acquire Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise), or in the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification, reverse stock

split or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately prior to such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

(e) Extraordinary Event. Prior to the consummation of any Extraordinary Event (as defined below), the Corporation shall make appropriate provisions to ensure that each of the holders of Series B Preferred Stock shall thereafter have the right to acquire and receive, upon the conversion of such holder's Series B Preferred Stock, such shares of stock, securities or assets as such holder would have received in connection with such Extraordinary Event if such holder had converted its Series B Preferred Stock immediately prior to such Extraordinary Event. For purposes of this Section 5, "Extraordinary Event" means the occurrence or consummation of a transaction or series of related transactions resulting in: (i) a merger, consolidation, sale or reorganization in which the Corporation or any of its subsidiaries is not the surviving corporation; or (ii) a sale, lease or exchange, directly or indirectly, of all or substantially all of the property and assets of the Corporation, not in the ordinary course of business.

(f) Conversion Procedure.

(i) Except as otherwise provided herein, each conversion of Series B Preferred Stock shall be deemed to have been effected as of the close of business on the date on which the share certificate(s) evidencing the shares of Series B Preferred Stock to be converted are surrendered to the Corporation at its principal office. At the time any such conversion has been effected, the rights of the holder of the shares converted as a holder of Series B Preferred Stock shall cease and the person or persons in whose name or names any certificate or certificates for shares of Common Stock are to be issued upon such conversion shall be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby.

(ii) Notwithstanding any other provision hereof, if a conversion of Series B Preferred Stock is to be made in connection with an Extraordinary Event or any other transaction effecting the Corporation or any holder of Series B Preferred Stock to the extent provided herein, the conversion of any shares of Series B Preferred Stock may, at the election of the holder thereof, be conditioned upon the consummation of such transaction, in which case such conversion shall be deemed to be effective immediately prior to the consummation of such transaction.

(iii) Promptly after a conversion has been effected, the Corporation shall deliver to the converting holder a certificate or certificates representing the number of shares of Common Stock issuable by reason of such conversion in such name or names and such denomination or denominations as the governing holder has specified.

(iv) The issuance of certificates for shares of Common Stock upon conversion of Series B Preferred Stock shall be made without charge to the holders of such Series B Preferred Stock for any issuance tax in respect thereof

(so long as such certificates are issued in the name of the record holder of such Series B Preferred Stock) or other cost incurred by the Corporation in connection with such conversion and the related issuance of shares of Common Stock. Upon conversion of each share of Series B Preferred Stock, the Corporation shall take all such actions as are necessary in order to ensure that the Common Stock issuable with respect to such conversion shall be validly issued, fully paid and nonassessable, free and clear of all taxes (other than any taxes related to any dividends paid with respect thereto or transfer taxes), liens, charges and encumbrances with respect to the issuance thereof.

(v) The Corporation shall not close its books against the transfer of Series B Preferred Stock or of Common Stock issued or issuable upon conversion of Series B Preferred Stock in any manner which interferes with the timely conversion of Series B Preferred Stock. The Corporation shall, at the holder's expense, assist and cooperate with any holder of such shares required to make any governmental filings or obtain any governmental approval prior to or in connection with any conversion of such shares hereunder (including, without limitation, making any filings required to be made by the Corporation).

(g) No Fractional Shares. No fractional share shall be issued upon the payment of any dividend on, or the conversion of any share or shares of, Series B Preferred Stock. All shares of Common Stock and Series B Preferred Stock (including fractions thereof) issuable upon conversion of, or payment of a dividend on, Series B Preferred Stock to a holder thereof shall be aggregated for purposes of determining whether the conversion or dividend would result in the issuance of a fractional share. If, after the aforementioned aggregation, the conversion or dividend would result in the issuance of a fraction of a share, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to the fair market value of such fraction on the date of conversion or dividend (as determined in good faith by the Board of Directors).

(h) No Impairment. The Corporation will not, by amendment of these Articles or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action (other than actions taken in good faith), avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation but will at all times in good faith assist in carrying out all the provisions of this Section 5 and in taking all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series B Preferred Stock against impairment.

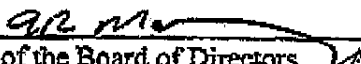
(i) Certificates as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 5, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series B Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series B Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price at the time in

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effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property that at the time would be received upon the conversion of the Series B Preferred Stock.

(j) Notices of Record Date. In the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose or determining the holders thereof who are entitled to receive any dividend or other distribution, any security or right convertible into or entitling the holder thereof to receive additional shares of Common Stock, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Series B Preferred Stock, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend.

(k) Reservation of Common Stock. The Corporation shall, at all times when the Series B Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of the Series B Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series B Preferred Stock. Before taking any action which would cause the effective purchase price for the Series B Preferred Stock to be less than the par value of the shares of Series B Preferred Stock, the Corporation shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of such Common Stock at such effective purchase price.

  
\_\_\_\_\_  
Co-Chair of the Board of Directors

Ann R. Mackey

  
\_\_\_\_\_  
Co-Chair of the Board of Directors

Philip G. Laren

JAXI #003874 v6