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BASIC AMENDMENT

ENCORE DEVELOPMENT OF NORTH AMERICA, INC.

Certificate of Status	0
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SECOND ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION OF
ENCORE DEVELOPMENT OF NORTH AMERICA, INC.
SERIES A and SERIES B PREFERRED STOCK

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TALLAHASSEE, FLORIDA
SECRETARY OF STATE

- I. The name of this Corporation is Encore Development of North America, Inc. (the "Corporation").
- II. These Articles of Amendment were duly adopted by the Corporation's Board of Directors on September 4, 2003 creating two series of preferred stock of the Corporation, one known as the Series A Preferred Stock and the other as Series B Preferred Stock.
- III. Shareholder approval of these Articles of Amendment is not required pursuant to Article V of the Corporation's Articles of Incorporation and Section 607.0602 of the Florida Statutes.
- IV. These Articles of Amendment hereby amend the Articles of Incorporation as follows:

The shares of Series A Preferred Stock (the "Series A Preferred Stock") shall consist of 567,317 shares, \$.001 par value per share and the shares of Series B Preferred Stock (the "Series B Preferred Stock") shall consist of 687,500 shares, \$.001 par value per share. A statement of the relative powers, dividends, preferences, rights, qualifications, limitations and restrictions of the Series A Preferred Stock and Series B Preferred Stock, is as follows:

1. Dividends.

(a) Series A Preferred Stock. The holders of the Series A Preferred Stock shall be entitled to receive when, as and if declared by the Board of Directors dividends equal to \$1.00 per share per annum from the date of issue (provided that the date of issue of the Series A Preferred Stock originally issued by the Corporation shall be deemed to be August 11, 2003) until the Series A Preferred Stock is redeemed. Dividends are payable quarterly in arrears on January 1, April 1, July 1 and October 1 in respect of the prior quarterly period with the first payment payable on October 1, 2003 (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 A 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 A Preferred Stock remains outstanding, no dividends shall be paid upon, or declared or set part for, the Series B Preferred Stock, the Common Stock or any other class of capital stock of the Corporation ranking junior to the Series A 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 A Preferred Stock being collectively referred to as

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"Junior Securities"), unless and until all accrued and unpaid dividends on the then outstanding shares of the Series A Preferred Stock for all past periods shall have been or concurrently shall be paid. At the option of the holder of the shares of Series A Preferred Stock, dividends shall be paid in cash or in shares of Series A Preferred Stock with a Series A Liquidation Preference at the time issued equal to the amount of the dividend. The holders of Series A Preferred Stock shall also be entitled to dividends as provided in Section 1(c) hereof.

(b) Series B Preferred Stock. The holders of Series B Preferred Stock shall only be entitled to dividends as provided in Section 1(c) hereof.

(c) Other Dividends. 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 provided a like dividend per share (in addition to the dividends provided in Section 1(a)) is paid to the holders of Series A Preferred Stock and Series B Preferred Stock, subject to any dividend preferences of any other class of preferred stock granted a preference as to dividends over the Common Stock.

2. Voting Rights.

(a) Series A Preferred Stock. Except as required by law or otherwise expressly stated herein, the holders of the Series A Preferred Stock shall be entitled to one vote for each share of Series A Preferred Stock and shall vote with the Common Stock on all matters; provided, however, in addition to the foregoing, so long as any shares of the Series A Preferred Stock issued by the Corporation remains outstanding, the Corporation shall not, without the consent of a majority of the Series A Preferred Stock then outstanding:

- (i) alter the rights, preferences or privileges of the Series A Preferred Stock;
- (ii) amend or waive any provision of the Corporation's Articles of Incorporation or its Bylaws;
- (iii) directly, or indirectly through a Subsidiary, sell, license, transfer or otherwise dispose of all or substantially all of the Company's assets, technology or intellectual property;
- (iv) form, or transfer any assets to, any Subsidiary;
- (v) directly, or indirectly through a Subsidiary, enter into any agreement or transaction with any of the Corporation's shareholders, officers, directors or Affiliates, or any individual related by blood or marriage to any such person, or any entity in which any such person owns a beneficial interest (other than a non-controlling interest in a public corporation); or
- (vi) create, incur, assume or suffer to exist any Lien upon or with respect to any property or assets (real or personal, tangible or intangible) of the Corporation or any of its Subsidiaries, whether now owned or hereafter acquired, provided that

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the provisions of this clause (vi) shall not prevent the creation, incurrence, assumption or existence of:

- A. Liens for taxes not yet due, or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established;
 - B. Liens in respect of property or assets of the Corporation or any of its Subsidiaries imposed by law, which were incurred in the ordinary course of business, such as carriers', warehousemen's and mechanics' liens and other similar Liens arising in the ordinary course of business and (x) which do not in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Corporation or any of its Subsidiaries or (y) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien and for which adequate reserves have been maintained with respect thereto in accordance with generally accepted accounting principles; and
 - C. Liens in respect of customary equipment financing subject to the limitations of clause (xi) below.
- (vii) wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of (or agree to do any of the foregoing at any future time) all or any part of its property or assets (other than transactions with Persons who are not Affiliates in the ordinary course of its business, or purchase or otherwise acquire (in one or a series of related transactions) any part of the property or assets (other than purchases or other acquisitions of inventory, materials and equipment in the ordinary course of business) of any Person to do any of the foregoing, except that (A) the Corporation may sell its services in the ordinary course of business, (B) the Corporation may, in the ordinary course of business, sell equipment which is uneconomic or obsolete, and (C) capital expenditures shall be permitted to the extent not in violation of clause (xi) below.
 - (viii) declare or pay any dividends, or return any capital, to its stockholders or authorize or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, any shares of any interest in its capital stock now or hereafter outstanding (or any options or warrants issued by the Corporation with respect to its capital stock), other than the Series A Preferred Stock pursuant to the stated terms thereof.
 - (ix) contract, create, incur, assume or suffer to exist any Indebtedness, except accrued expenses and current trade accounts payable incurred in the ordinary course of

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business, which are to be repaid in full not more than 90 days after the date on which such Indebtedness is originally incurred.

- (x) lend money or credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person, except that the following shall be permitted:
 - A. the Corporation may acquire and hold receivables owing to it, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; and
 - B. the Corporation may acquire and hold Cash Equivalents.
- (xi) make any expenditure for fixed or capital assets (including, without limitation, expenditures for maintenance and repairs which should be capitalized in accordance with generally accepted accounting principles and including capitalized lease obligations) in excess of \$100,000.
- (xii) issue or agree to issue any of their respective authorized but not outstanding shares of stock (including treasury shares) or the right to acquire any such shares of stock (pursuant to the issuance of any options, warrants, convertible securities, or other similar rights).
- (xiii) make any changes (including the issuance of new securities or the incurrence of new debt) in its capital structure.
- (xiv) engage (directly or indirectly) in any business other than the business in which Encore Development, Inc. is engaged on July 1, 2003.
- (xv) commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor thereto or any similar law of any jurisdiction (the "Bankruptcy Code") or any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Corporation, or make a general assignment for the benefit of creditors or take any corporate action for the purpose of effecting any of the foregoing;

provided, however, that the acquisition by the Corporation of the assets of Encore Development, Inc., whether by purchase, foreclosure or otherwise shall not require the consent of the holders of Series A Preferred Stock.

(b) Series B Preferred Stock. Except as required by law or otherwise expressly stated herein, the holders of the Series B Preferred Stock shall be entitled to one vote for each share of Series B Preferred Stock and shall vote with the Common Stock on all matters provided, however, in addition to the foregoing, at any time when there shall be no shares of the Series A Preferred Stock issued by the Corporation outstanding, the Corporation shall not, without the consent of a majority of the Series B Preferred Stock then outstanding:

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- (i) alter the rights, preferences or privileges of the Series B Preferred Stock;
- (ii) amend or waive any provision of the Corporation's Articles of Incorporation or its Bylaws;
- (iii) directly, or indirectly through a Subsidiary, sell, license, transfer or otherwise dispose of all or substantially all of the Company's assets, technology or intellectual property;
- (iv) form, or transfer any assets to, any Subsidiary;
- (v) directly, or indirectly, through a Subsidiary, enter into any agreement or transaction with any of the Corporation's shareholders, officers, directors or Affiliates, or any individual related by blood or marriage to any such person, or any entity in which any such person owns a beneficial interest (other than a non-controlling interest in a public corporation); or
- (vi) create, incur, assume or suffer to exist any Lien upon or with respect to any property or assets (real or personal, tangible or intangible) of the Corporation or any of its Subsidiaries, whether now owned or hereafter acquired, provided that the provisions of this clause (vi) shall not prevent the creation, incurrence, assumption or existence of:
 - A. Liens for taxes not yet due, or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established;
 - B. Liens in respect of property or assets of the Corporation or any of its Subsidiaries imposed by law, which were incurred in the ordinary course of business, such as carriers', warehousemen's and mechanics' liens and other similar Liens arising in the ordinary course of business and (x) which do not in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Corporation or any of its Subsidiaries or (y) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien and for which adequate reserves have been maintained with respect thereto in accordance with generally accepted accounting principles; and
 - C. Liens in respect of customary equipment financing subject to the limitations of clause (xi) below.
- (vii) wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of (or agree to do any of the foregoing at any future time) all or any part of its property or assets (other than transactions with Persons who are not Affiliates in the ordinary course of its business, or

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purchase or otherwise acquire (in one or a series of related transactions) any part of the property or assets (other than purchases or other acquisitions of inventory, materials and equipment in the ordinary course of business) of any Person to do any of the foregoing, except that (A) the Corporation may sell its services in the ordinary course of business, (B) the Corporation may, in the ordinary course of business, sell equipment which is uneconomic or obsolete, and (C) capital expenditures shall be permitted to the extent not in violation of clause (xi) below.

(viii) declare or pay any dividends, or return any capital, to its stockholders or authorize or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, any shares of any interest in its capital stock now or hereafter outstanding (or any options or warrants issued by the Corporation with respect to its capital stock), other than the Series B Preferred Stock pursuant to the stated terms thereof.

(ix) contract, create, incur, assume or suffer to exist any Indebtedness, except accrued expenses and current trade accounts payable incurred in the ordinary course of business, which are to be repaid in full not more than 90 days after the date on which such Indebtedness is originally incurred.

(x) lend money or credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person, except that the following shall be permitted:

A. the Corporation may acquire and hold receivables owing to it, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; and

B. the Corporation may acquire and hold Cash Equivalents.

(xi) make any expenditure for fixed or capital assets (including, without limitation, expenditures for maintenance and repairs which should be capitalized in accordance with generally accepted accounting principles and including capitalized lease obligations) in excess of \$100,000.

(xii) issue or agree to issue any of their respective authorized but not outstanding shares of stock (including treasury shares) or the right to acquire any such shares of stock (pursuant to the issuance of any options, warrants, convertible securities, or other similar rights).

(xiii) make any changes (including the issuance of new securities or the incurrence of new debt) in its capital structure.

(xiv) engage (directly or indirectly) in any business other than the business in which Encore Development, Inc. is engaged on July 1, 2003.

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(xv) commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor thereto or any similar law of any jurisdiction (the "Bankruptcy Code") or any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Corporation, or make a general assignment for the benefit of creditors or take any corporate action for the purpose of effecting any of the foregoing;

provided, however, that the acquisition by the Corporation of the assets, capital stock or business of Encore Development, Inc., whether by purchase, foreclosure or otherwise shall not require the consent of the holders of Series A Preferred Stock.

(c) Definitions. As used herein:

"*Affiliate*" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person and any person that directly or indirectly owns more than 5% any class of capital stock of the Corporation, and any officer or director of the Corporation, or any Affiliate of any such Person. A Person shall be deemed to control another person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"*Cash Equivalents*" means, as to any Person, (i) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than six months from the date of acquisition, (ii) time deposits and certificates of deposit of any commercial bank incorporated in the United States of recognized standing having capital and surplus in excess of \$500,000,000 with maturities of not more than six months from the date of acquisition by such Person, (iii) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (i) above, (iv) commercial paper issued by the parent corporation of any commercial bank (provided that the parent corporation and the bank are both incorporated in the United States) having capital and surplus in excess of \$500,000,000 and commercial paper issued by any Person incorporated in the United States, which commercial paper is rated at least A-1 or the equivalent thereof by Standard & Poor's Corporation or at least P-1 or the equivalent thereof by Moody's Investors Service, Inc. and in each case maturing not more than six months after the date of acquisition by such Person and (v) investments in money market funds substantially all the assets of which are comprised of securities of the types described in clauses (i) through (iv) above.

"*Indebtedness*" means, as to any Person, without duplication, (i) all indebtedness (including principal, interest, fees and charges) of such Person for borrowed money or for the deferred purchase price of property or services, (ii) the face amount of all letters of credit issued for account of such Person and all drafts drawn thereunder, (iii) all liabilities secured by any Lien on any property owned by such Person, whether or not such liabilities have been assumed by such Person, (iv) the aggregate amount required to be capitalized under leases under which such Person is the lessee and (v) all contingent obligations, including guaranties, of such Person of any nature whatsoever.

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"*Lien*" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever (including without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the UCC or any other similar recording or notice statute, and any lease having substantially the same effect as any of the foregoing).

"*Person*" means any individual, partnership, joint venture, firm, corporation, association, limited liability company, trust or other entity or enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

3. Liquidation Preference.

(a) Series A Preferred Stock. Upon the occurrence of a Liquidating Event (as defined below), whether voluntary or involuntary, the holders of the Series A 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 Common Stock or other securities ranking junior in liquidation to the Series A Preferred Stock ("Junior Securities"), Ten Dollar (\$10.00) in cash, securities or other property for each share of Series A Preferred Stock (together with any accrued and unpaid dividends thereon) (the "Series A Liquidation Preference"). The amount of the Series A Liquidation Preference shall be equitably adjusted for any combinations, consolidations, recapitalizations, stock splits, stock dividends and the like. If, upon such Liquidating Event, the assets distributable to the holders of the Series A Preferred Stock (and any other series of preferred stock ranking pari passu in liquidation with the Series A Preferred Stock) shall be insufficient to permit the payment in full of the Series A 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 A 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 A Liquidation Preference to the holders of the Series A 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 Sections 3(c) and 3(e). The Series A Liquidation Preference is senior to the Series B Liquidation Preference of the Corporation's Series B Preferred Stock.

(b) 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, after payment of the Series A Liquidation Preference on the Series A Preferred Stock and after any payment or distribution made in respect of any other securities of the Corporation ranking senior in liquidation to the Series B Preferred Stock (the "Other Senior Preferred Stock Liquidation Preference") but prior to and in preference to any payment or distribution made in respect of the Corporation's Common Stock, Ten Dollars (\$10.00) in cash, securities or other property for each share of Series B Preferred Stock (the "Series B Liquidation Preference"). If, upon such

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Liquidating Event, and after payment of the Series A Liquidation Preference and the Other Senior Preferred Stock Liquidation Preference, the assets remaining 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(c). The Series B Liquidation Preference is junior to the Series A Liquidation Preference of the Corporation's Series A Preferred Stock.

(c) Other Distributions. Any assets of the Corporation remaining after the payments specified in Sections 3(a) and 3(b) above shall be distributed (after payment of the liquidation preference of any other preferred stock) with respect to the outstanding shares of Common Stock *pro rata*.

(d) 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(d)(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

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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.

(c) Liquidating Event. Any of the following shall be considered a "Liquidating Event," and shall entitle the holders of the Series A Preferred Stock to receive, in cash, securities or other property, the Series A Liquidation Preference and, after payment in full of the Series A Liquidation Preference, the holder of the Series B Preferred Stock to receive in cash, securities or other property the Series B Liquidation Preference, (in each case valued as provided in Section 3(d) 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;

provided, however, that if the holders of a majority of the shares of Series A Preferred Stock or 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 for such electing series.

(f) Notice of Liquidating Event. The Corporation shall give to each holder of Series A Preferred Stock and 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.

(g) Other Redemptions. Nothing set forth herein shall prohibit the Corporation from redeeming any shares of Series A Preferred Stock prior to the time required hereunder and, after all shares of Series A Preferred Stock have been redeemed and any notes issued in redemption thereof have been paid, any shares of Series B Preferred Stock prior to the date required hereunder.

4. Redemption.

(a) Series A Preferred Stock.

(i) Optional Call and Redemption of Series A Preferred Stock. If the Corporation's common stock is publicly traded on a national securities exchange or quoted on the NASDAQ System or an equivalent or successor exchange or quotation system, then the Corporation may call for the redemption and repurchase of any and/or

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all shares of Series A Preferred Stock for a purchase price equal to \$12.50 per share plus accrued (whether or not declared) and unpaid dividends (approximately adjusted for stock splits, reverse stock splits or similar combinations) (the "Series A Redemption Price"). Such redemption and repurchase shall be made from funds legally available for such purpose and which are not otherwise restricted.

(ii) Redemption at Election of Holders. The holders of record of Series A Preferred Stock may by majority vote elect to require the Corporation to redeem (or arrange the sale to a third party of) all or any portion of such shares at a mandatory redemption price of \$10.00 per share, plus accrued (whether or not declared) but unpaid dividends (the "Mandatory Redemption Price"), by delivering written notice of redemption to the Corporation at any time after March 31, 2006. Any such election to redeem shall be binding on all holders of Series A Preferred Stock.

(iii) Mandatory Redemption Date. If the holders of Series A Preferred Stock duly elect to require the Corporation to redeem all or any portion of such shares at the Mandatory Redemption Price, the Corporation shall pay (or cause a third party to pay) the Mandatory Redemption Price on a date selected by the Corporation, which shall be no later than 90 days after such election.

(iv) Notice of Redemption. At least thirty (30) days prior to the redemption of any shares of Series A 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 A 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 A Preferred Stock certificates and at which the Corporation shall pay the Series A Redemption Price, or the Mandatory Redemption Price, as the case may be. On the Redemption Date, each holder of shares of Series A 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 A Redemption Price, or the Mandatory Redemption Price, as the case may be. 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. If the holder of Series A Preferred Stock shall fail to tender its share of Series A 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 A Redemption Price, or the Mandatory Redemption Price, as the case may be, for such shares. Any such cancelled shares shall for all purposes be considered to have been redeemed as provided herein.

(v) Payment of Series A Redemption Price. Payment of the Redemption Price, or the Mandatory Redemption Price, as the case may be, shall be made in immediately available funds.

(vi) Failure to Pay Redemption Price. If the Corporation elects to redeem Series A Preferred Stock but fails to pay the Redemption Price, the shares to be redeemed

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shall remain outstanding. If the holders of Series A Preferred Stock duly elect to require the Corporation to redeem all or any portion of such shares at the Mandatory Redemption Price and the Corporation fails to pay the Mandatory Redemption Price on or before 90 days after such election, the dividend in Section 1(a) shall increase to an annual rate equal to \$2.50 per share (subject to equitable adjustment for any combinations, consolidations, recapitalizations, stock splits, stock dividends and the like), until the Mandatory Redemption Price is paid in full. In addition, the holders of a majority of the shares as to which the Corporation has defaulted in paying the Mandatory Redemption Price may vote to require the Corporation, to the extent permitted by law, to convert the Mandatory Redemption Price to senior subordinated convertible debt of the Corporation within 30 days after the date of such vote, which shall (A) be evidenced by promissory notes issued to each holder to whom the Mandatory Redemption Price is due, (B) be subordinated in right of payment to all indebtedness of the Corporation for money borrowed, (C) bear interest, payable quarterly, at the rate of 25 % per annum, and (D) be due and payable in full one year after issuance. If the Corporation partially prepays such promissory notes, the prepayment shall be made pro rata among the holders of the notes, based on the relative outstanding principal amounts thereof. So long as any such promissory notes remain outstanding, the Corporation shall not redeem, or declare or pay any cash dividends or pay, declare or set part for payment any other distributions on shares of Common Stock or other capital stock of the Corporation ranking junior to the Series A Preferred Stock as to liquidation.

(b) Series B Preferred Stock.

(i) Optional Call and Redemption of Series B Preferred Stock. The Corporation may, but only as of or after the redemption of the Series A Preferred Stock and, if applicable, payment in full of any notes issued in redemption thereof (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 \$10.00 per share plus declared and unpaid dividends (the "Series B Redemption Price"). The amount of the Series B Redemption Price shall be equitably adjusted for any combinations, consolidations, recapitalizations, stock splits, stock dividends and the like. If less than all the shares of Series B Preferred Stock are to be redeemed, the shares shall be selected for redemption as nearly as practicable pro rata among the holders thereof. Such redemption and repurchase shall be made from funds legally available for such purpose and which are not otherwise restricted.

(ii) Redemption at Election of Holders. The holders of record of Series B Preferred Stock may by majority vote elect to require the Corporation to redeem (or arrange the sale to a third party of) all or any portion of such shares at a mandatory redemption price equal to the Series B Redemption Price, by delivering written notice of redemption to the Corporation at any time after the later of March 31, 2006 or the Redemption Eligibility Date. Any such election to redeem shall be binding on all holders of Series B Preferred Stock.

(iii) Mandatory Redemption Date. If the holders of Series B Preferred Stock duly elect to require the Corporation to redeem all or any portion of such shares at the

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Series B Redemption Price, the Corporation shall pay (or cause a third party to pay) the Series B Redemption Price on a date selected by the Corporation, which shall be no later than 90 days after such election.

(iv) Notice of Redemption. At least thirty (30) days prior to the redemption of any shares of Series B Preferred Stock pursuant to this Section 4, the Corporation shall transmit notice (the "Series B 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 "Series B 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 Series B 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.

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

(vi) Failure to Pay Redemption Price. If the Corporation elects to redeem Series B Preferred Stock but fails to pay the Series B Redemption Price, the shares to be redeemed shall remain outstanding. If the holders of Series B Preferred Stock duly elect to require the Corporation to redeem all or any portion of such shares at the Series B Redemption Price and the Corporation fails to pay the Series B Redemption Price on or before 90 days after such election, the holders of a majority of the shares as to which the Corporation has defaulted in paying the Series B Redemption Price may vote to require the Corporation, to the extent permitted by law and provided the Series A Preferred Stock has been redeemed, to convert the Series B Redemption Price to junior subordinated convertible debt of the Corporation within 30 days after the date of such vote, which shall (A) be evidenced by promissory notes issued to each holder to whom the Series B Redemption Price is due, (B) be subordinated in right of payment to all indebtedness of the Corporation for money borrowed (including the senior subordinated debt of the Corporation issued to holders of Series A Preferred Stock), (C) bear interest, payable quarterly, at the rate of 25 % per annum, and (D) be due and payable in full one year after issuance. If the Corporation partially prepays such promissory notes, the prepayment shall be made pro rata among the holders of the notes, based on the relative outstanding principal amounts thereof. So long as any such promissory notes remain outstanding, the Corporation shall not redeem, or declare or pay any cash dividends or pay, declare or set part for payment any other distributions on shares of Common Stock

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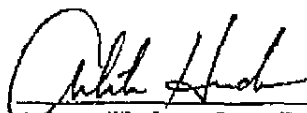
or other capital stock of the Corporation ranking junior to the Series B Preferred Stock as to liquidation.

5. Miscellaneous

(a) No Fractional Shares. No fractional share shall be issued upon the payment of any dividend on Series A Preferred Stock. All shares of Common Stock and Series A Preferred Stock (including fractions thereof) issuable upon payment of a dividend on Series A Preferred Stock to a holder thereof shall be aggregated for purposes of determining whether the dividend would result in the issuance of a fractional share. If, after the aforementioned aggregation, the 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 liquidation preference of such fraction on the date of dividend (as determined in good faith by the Board of Directors).

(b) 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 rights of the holders of the Series A Preferred Stock and Series B Preferred Stock against impairment.

(c) 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 such class of securities, 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.



Ashton Hudson, Vice President

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