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Division of Corporations

11/30/2009 17:43

#384 P 000/008

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ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF

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09 DEC -1 AM 10:07
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

LIGHTING COMPONENTS AND DESIGN INCORPORATED

Lighting Components and Design Incorporated, a Florida corporation (the "Corporation"), hereby certifies, pursuant to and in accordance with Section 607.1006 of the Florida Business Corporation Act (the "FBCA"), for the purpose of filing its Articles of Amendment to the Articles of Incorporation (the "Amended Articles") with the Department of State of the State of Florida, that:

1. The name of the Corporation is Lighting Components and Design Incorporated.
2. The Corporation's Articles of Incorporation are hereby amended to (i) authorize the Corporation to issue shares of Preferred Stock, par value \$0.01 per share, which shall be issuable in one or more series having such preferences, limitations and relative rights as may be determined by resolution of the Board of Directors of the Corporation, and (ii) authorize the first series of such Preferred Stock, to be designated as Series A Cumulative Convertible Preferred Stock.
3. To give effect to such amendments, Article III of the Corporation's Articles of Incorporation is hereby amended by deleting same in its entirety and replacing it with Article III as set forth beginning on the page following the signature page to these Amended Articles.
4. The Amended Articles were adopted and approved on November 20, 2009 (i) by a unanimous written consent of the directors of the Corporation, and (ii) by a written consent of the holders of a majority of the outstanding shares of common stock of the Corporation pursuant to Section 607.0704 of the FBCA. The Amended Articles shall be effective upon filing with the Department of State of the State of Florida.

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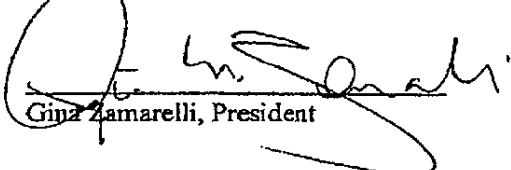
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IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to the Articles of Incorporation to be executed by a duly authorized officer of the Corporation as of this 20th day of November, 2009.

**LIGHTING COMPONENTS AND
DESIGN INCORPORATED**

By:


Gina Zamarelli, President

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ARTICLE III

The total number of shares of stock which the corporation shall have authority to issue is ten thousand (10,000) shares of Common Stock, at a par value of One Cent (\$0.01) per share ("Common Stock"), and ten thousand (10,000) shares of Preferred Stock, at a par value of One Cent (\$0.01) per share ("Preferred Stock"), amounting to twenty thousand (20,000) authorized shares of capital stock.

A. COMMON STOCK.

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of Preferred Stock of any series as may be designated by the Board of Directors of the Corporation.

(a) Voting Rights of Common Stock. Except as may otherwise be required by law, the holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of shareholders (and written actions in lieu of meetings). The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, irrespective of the provisions of Section 607.1003(b) of the Act.

(b) Dividends. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor as and when determined by the Board of Directors of the Corporation, subject to any preferential dividend rights of any then outstanding series of Preferred Stock.

(c) Liquidation. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its shareholders, subject to any rights of any then outstanding series of Preferred Stock.

B. PREFERRED STOCK.

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors of the Corporation as hereinafter provided. Authority is hereby expressly granted to the Board of Directors of the Corporation from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by resolution or resolutions providing for the issue of the shares thereof, to determine and fix such voting powers, full or limited, or no voting powers and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations and restrictions thereof, including, without limitation, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the Florida Business Corporation Act. Without limiting the generality of the foregoing, except as otherwise provided herein and in the resolutions providing for the issuance of any series of Preferred Stock, the resolutions providing for issuance of any series of Preferred Stock may

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provide that such series shall be superior or rank equally or be junior to the Preferred Stock of any other series to the extent permitted by the Florida Business Corporation Act. Except as otherwise provided herein and in the resolutions providing for the issuance of any series of Preferred Stock, no vote of the holders of Preferred Stock or Common Stock shall be a prerequisite to the issuance of any shares of any series of the Preferred Stock authorized by and complying with the conditions of the Articles of Incorporation.

C. SERIES A CUMULATIVE CONVERTIBLE PREFERRED STOCK

Three Hundred Eighty (380) shares of the authorized Preferred Stock are hereby designated "Series A Cumulative Convertible Preferred Stock" (the "Series A Preferred Stock"). The rights, preferences, powers, privileges, restrictions, qualifications and limitations granted to or imposed upon the shares of Series A Preferred Stock shall be as set forth herein.

Section 1. Designation and Amount. The series of Preferred Stock designated and known as the "Series A Preferred Stock" shall have a par value of \$0.01 per share and the number of shares constituting the Series A Preferred Stock shall be 380 shares. The Series A Preferred Stock shall have a stated value of \$3,947.37 per share (the "Stated Value"), which shall be subject to appropriate arithmetic adjustment in the event of any stock splits, stock dividends, combinations of shares, recapitalizations or other such events relating to the Series A Preferred Stock occurring from time to time subsequent to the Date of First Issuance.

Section 2. Rank. The Series A Preferred Stock shall rank, in each case as to distributions of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (all such distributions being referred to collectively as "Distributions"): (i) prior to all of the Corporation's Common Stock, and (ii) prior to any other class or series of capital stock of the Corporation hereafter created, unless with any required approval or consent pursuant to Section 8, such other class or series of capital stock of the Corporation, by its terms, ranks on parity with or senior to the Series A Preferred Stock.

Section 3. Dividends.

(a) The Series A Preferred Stock shall entitle the holders thereof to cumulative dividends, at the rate of ten (10%) percent per annum on the Stated Value of such Series A Preferred Stock as in effect from time to time, which dividends shall (i) accrue commencing upon the issuance of such Series A Preferred Stock, and (ii) be payable quarterly in arrears on each March 31, June 30, September 30, and December 31, and upon redemption of the subject Series A Preferred Stock.

(b) Any and all dividends shall be payable out of any cash legally available therefor, provided that, to the extent that funds are not legally available for the payment of any accrued dividend, then the Corporation shall pay such unpaid accrued dividend promptly as funds or assets become legally available therefor. In the event that the full accrued dividend is not paid on the Series A Preferred Stock at any time, then any dividends that are paid on the Series A Preferred Stock shall be paid ratably to the holders of the Series A Preferred Stock in proportion to their holdings of Series A Preferred Stock on the dividend payment date.

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(c) Anything elsewhere contained in this Section 3 to the contrary notwithstanding, no dividends shall be paid on the Series A Preferred Stock without the prior written consent of the lender(s) under the Loan Agreement (if a Loan Agreement is then in effect).

Section 4. Liquidation Preference.

(a) General. In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, the holders of Series A Preferred Stock shall be entitled to receive, prior to any holders of Junior Preferred Stock, Common Stock or other class or series of Corporation Preferred Stock ranking junior to the Series A Preferred Stock (collectively, the "Junior Securities"), and concurrently on a ratable basis (in proportion to the respective preferential amounts payable to all subject holders) with the holders of any outstanding Parity Securities (as hereinafter defined), an amount per share equal to the then effective Stated Value of each outstanding share of Series A Preferred Stock plus any unpaid accrued dividends thereon (the "Liquidation Preference"); and after payment to all holders of Series A Preferred Stock of the full such Liquidation Preference, the holders of Series A Preferred Stock shall not be entitled to any further payments in respect of the Series A Preferred Stock. If upon the occurrence of such event, the assets and funds available to be distributed among the holders of the Series A Preferred Stock and the holders of other shares of capital stock which, by their terms (and with the approval of the holders of not less than a majority of the issued and outstanding shares of Series A Preferred Stock) rank on a parity with the Series A Preferred Stock (the "Parity Securities") shall be insufficient to permit the payment, to the holders of the Series A Preferred Stock and Parity Securities, of the full preferential amounts due to such holders, then the entire assets and funds of the Corporation legally available for distribution shall be distributed among the holders of the Series A Preferred Stock and Parity Securities on a ratable basis in proportion to the respective preferential amounts payable to such holders, subject, however, to first being distributed to holders of any capital stock senior to the Series A Preferred Stock to the extent permitted hereunder.

(b) Deemed Liquidation. The (i) sale, conveyance or disposition of all or substantially all of the assets or Common Stock of the Corporation, or (ii) consolidation, merger, acquisition, share exchange or other business combination of the Corporation with or into any other company or companies in which the holders of Common Stock immediately before the transaction own less than 50% of the voting power of the surviving corporation (on a fully diluted basis, giving effect to the maximum number of shares issuable pursuant to options, warrants, convertible securities, earn-out arrangements or other rights to acquire voting stock) immediately after the transaction, or (iii) the effectuation by the Corporation of a transaction or series of related transactions in which more than 50% of the voting power of the Corporation is disposed of, or (iv) the acquisition by any third party, who is not a stockholder of the Corporation on the date of the first issuance of Series A Preferred Stock, in a transaction or series of transactions of more than 50% of the voting power of securities of the Corporation (collectively, a "Fundamental Transaction") shall be treated as a liquidation, dissolution or winding up within the meaning of this Section 4.

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Section 5. Redemption.

(a) Mandatory Redemption. Subject to Section 5(c) below, the outstanding Series A Preferred Stock shall be redeemed by the Corporation to the extent that such redemption is demanded by the holder(s) of the Series A Preferred Stock at any time on or after October 31, 2010. Subject to Section 5(c) below, the redemption price shall in each case be payable within thirty (30) days after written demand for redemption is made by the subject holder.

(b) Optional Redemption. Subject to Section 5(c) below, the Corporation may, at any time and from time to time at its option upon thirty (30) days' prior written notice to the holders of Series A Preferred Stock, redeem any or all of the outstanding Series A Preferred Stock. In the event that less than all of the outstanding Series A Preferred Stock is redeemed pursuant to this Section 5(b), then such redemption shall be made from all holders of the Series A Preferred Stock, on a ratable basis in proportion to such holders' respective holdings of Series A Preferred Stock.

(c) Limitations. In the event that, on any date on which Series A Preferred Stock is to be redeemed, (i) there shall be any outstanding loans or lending commitments under the Loan Agreement, then the Corporation shall not make any redemption payment without the prior written consent of the lender(s) under the Loan Agreement, and (ii) subject to the foregoing clause (i), the assets and funds legally available for such redemption payments shall be insufficient to permit the payment of all such redemption payments in respect of the Series A Preferred Stock, then the entire assets and funds of the Corporation legally available for such redemption payments shall be paid to the holders of the Series A Preferred Stock on a ratable basis in proportion to the respective amounts payable to such holders. Thereafter, the Corporation shall make additional redemption payments (on a ratable basis as aforesaid) as and when it has funds legally available for such purpose, and the Corporation shall use its best efforts to take all necessary and appropriate action to have funds legally available for such purpose when due and thereafter as promptly as practicable.

(d) Redemption Price. The redemption price per share of Series A Preferred Stock shall be an amount equal to the sum of (i) the then effective Stated Value, plus (ii) all unpaid accrued dividends thereon to the date on which such redemption price is paid to the holder of the subject Series A Preferred Stock.

(e) Payment of Redemption Price. Any and all redemption payments hereunder shall be paid to the subject holder by wire transfer of immediately available funds. Against payment of such redemption price, the subject holder shall deliver to the Corporation for cancellation the certificate evidencing the Series A Preferred Stock so redeemed (or, in the event that such certificate has been lost, stolen, mutilated or destroyed, the subject holder shall deliver to the Corporation a lost certificate affidavit in form and substance reasonably satisfactory to the Corporation and its transfer agent, if any).

(f) Replacement Certificates. In the event that any redemption payment hereunder shall be made with respect to less than all of the shares represented by any stock certificate tendered to the Corporation hereunder, the Corporation shall, at its expense, in conjunction with

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the payment of the redemption price for the shares redeemed, issue to the subject holder a new stock certificate representing the shares which were not redeemed.

(g) Conversion Rights. Prior to the payment of the redemption price in respect of any shares of Series A Preferred Stock which the holder or the Corporation has required to be redeemed hereunder, the holder shall continue to have the right to convert any or all of such shares of Series A Preferred Stock into Common Stock in accordance with Section 6 below.

(h) Status of Redeemed or Converted Shares. Any shares of Series A Preferred Stock redeemed by the Corporation, whether under this Section 5 or otherwise, or converted in accordance with Section 6 below or otherwise, or otherwise acquired by the Corporation in any manner, shall not be reissued as Series A Preferred Stock, but shall be retired and, subject to the filing of any certificate required pursuant to the Florida Business Corporation Act, restored to the status of authorized but unissued preferred stock of the Corporation.

Section 6. Conversion into Common Stock.

(a) Conversion. Each outstanding share of Series A Preferred Stock may, at any time at the option of the holder thereof, be converted into Common Stock of the Corporation at the rate of one (1) share of Common Stock for each share of Series A Preferred Stock. The "Conversion Price" hereunder shall initially be fixed at the Stated Value per share of Common Stock, and such Conversion Price shall be subject to adjustment from time to time (i) upon and to correspond to any change in the Stated Value from time to time, and (ii) as hereinafter provided in this Section 6; and upon each such adjustment, except pursuant to Section 6(g), the number of Conversion Shares receivable upon any conversion of a share of Series A Preferred Stock shall be adjusted to an amount equal to the Stated Value (as adjusted) of such share of Series A Preferred Stock divided by the adjusted Conversion Price.

(b) Conversion Price Adjustment Formulas. If, at any time and from time to time after the Date of First Issuance, the Corporation shall issue or sell any shares of Common Stock (excluding any grant, issuance or sale described in Section 6(h)) for a consideration per share which is less than the then effective Conversion Price at the time of such issue or sale, then in each such case (except when a different method of adjusting the Conversion Price is provided in Section 6(d) or 6(f)), the Conversion Price shall be forthwith changed (but only, except as otherwise provided in Section 6(c)(3), if a reduction would result) to the lower of the prices (calculated to the nearest one/one hundredth of a cent) determined by dividing (1) an amount equal to the sum of (a) the number of shares of Common Stock outstanding and deemed (in accordance with Section 6(c)) to be outstanding immediately prior to such issue or sale, multiplied by the then effective Conversion Price, plus (b) the total consideration, if any, received and deemed (in accordance with Section 6(c)) received by the Corporation upon such issue or sale, by (2) the total number of shares of Common Stock outstanding and deemed (in accordance with Section 6(c)) outstanding immediately after such issue or sale.

No adjustment of the Conversion Price, however, shall be made in an amount less than one/one-hundredth of a cent per share, but any such lesser adjustment shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which together

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with any subsequent adjustments so carried forward shall amount to one/one-hundredth of a cent per share or more.

(c) Constructive Issuances of Common Stock; Convertible Securities; Rights and Options. For purposes of Section 6(b), the following provisions shall also be applicable:

(1) If at any time the Corporation shall in any manner grant any rights or options (except for the grant of any rights or options referred to in Section 6(h)) to subscribe for or to purchase Common Stock or any stock or securities convertible into or exchangeable for shares of Common Stock (such convertible or exchangeable stock or securities being hereinafter called "Convertible Securities"), whether or not such rights or options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such rights or options or upon conversion or exchange of such Convertible Securities (determined by dividing (a) the total amount, if any, received or receivable by the Corporation as consideration for the granting of such rights or options, plus the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the exercise of such rights or options, plus, in the case of any such rights or options which relate to such Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (b) the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such rights or options) shall be less than the Conversion Price in effect as of the time of granting such rights or options, then the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such rights or options shall (on and after the date of the granting of such rights or options) be deemed to be outstanding and to have been issued for such price per share. Except as provided in clause (3) below, no further adjustments of the Conversion Price shall be made upon the actual issue of shares of Common Stock or Convertible Securities upon exercise of such rights or options or upon the actual issue of shares of Common Stock upon conversion or exchange of such Convertible Securities.

(2) If at any time the Corporation shall in any manner issue or sell any Convertible Securities (other than any Convertible Securities referred to in Section 6(h)), whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which Common Stock is issuable upon such conversion or exchange (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 minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange thereof, by (b) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the Conversion Price in effect as of the time of such issue or sale, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall (on and after the date of the issue or sale of such Convertible Securities) be deemed to be outstanding and to have been issued for such price per share, provided, that, except as otherwise specified in clause (3) below, (i) no further adjustments of the Conversion Price shall be made upon the actual issue of Common Stock upon conversion or exchange of such Convertible

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Securities, and (ii) if any such issue or sale of such Convertible Securities is made upon exercise of any rights to subscribe for or to purchase or any option to purchase any such Convertible Securities for which adjustments of the Conversion Price have been or are to be made pursuant to other provisions of this Section 6(c), no further adjustment of the Conversion Price shall be made by reason of such issue or sale.

(3) If the exercise price provided for in any right or option referred to in clause (1) of this Section 6(c), or the rate at which any Convertible Securities referred to in clauses (1) and (2) of this Section 6(c) are convertible into or exchangeable for Common Stock, shall change or a different exercise price or rate shall become effective at any time or from time to time (other than under or by reason of provisions designed to protect against dilution), then, upon such change becoming effective, the Conversion Price then in effect hereunder shall forthwith be increased or decreased to such Conversion Price as would have obtained had the adjustments made and required to be made under this Section 6(c) upon the issuance of such rights or options or Convertible Securities been made upon the basis of (and the total consideration received therefor) (a) the issuance of the number of shares of Common Stock theretofore actually delivered upon the exercise of such options or rights or upon the conversion or exchange of such Convertible Securities, (b) the issuance of all Common Stock and all other rights, options and Convertible Securities issued after the issuance of such rights, options or Convertible Securities, and (c) the original issuance at the time of such change of any such options, rights and Convertible Securities then still outstanding. On the expiration of any such option or right or the termination of any such right to convert or exchange such Convertible Securities, the Conversion Price then in effect hereunder shall forthwith be increased or decreased to such Conversion Price as would have obtained (i) had the adjustments made upon the issuance of such rights or options or such Convertible Securities been made upon the basis of the issuance of only the number of shares of Common Stock theretofore actually delivered (and the total consideration received therefor) upon the exercise of such rights or options or upon the conversion or exchange of such Convertible Securities, and (ii) had adjustments been made on the basis of the Conversion Price as adjusted under the immediately preceding clause (i) for all issues or sales of Common Stock or rights, options or Convertible Securities made after the issuance of such rights or options or such Convertible Securities. If the exercise price provided for in any right or option referred to in clause (1) of this Section 6(c), or the rate at which any Convertible Securities referred to in clauses (1) and (2) of this Section 6(c) are convertible into or exchangeable for shares of Common Stock, shall decrease at any time under or by reason of provisions with respect thereto designed to protect against dilution, then in the case of the delivery of shares of Common Stock upon the exercise of any such right or option or upon conversion or exchange of any such Convertible Securities, the Conversion Price then in effect hereunder shall forthwith be decreased to such Conversion Price as would have obtained had the adjustments made upon issuance of such right or option or such Convertible Securities been made upon the basis of the issuance of (and the total consideration received for) the shares of Common Stock delivered as aforesaid.

(4) If at any time any shares of Common Stock or Convertible Securities or any rights or options to purchase any shares of Common Stock or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount paid to the Corporation therefor, without deduction therefrom of any expenses incurred or any underwriting commissions, concessions or discounts, or finders' fees or brokerage commissions,

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paid or allowed by the Corporation in connection therewith except to the extent paid to any officer or director of the Corporation or any affiliate of any such officer or director. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any shares of Common Stock or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash payable to the Corporation shall be deemed to be the fair value of such consideration as determined in good faith by the Board of Directors of the Corporation, without deduction therefrom of any expenses incurred or any underwriting commissions, concessions or discounts, or finders' fees or brokerage commissions, paid or allowed by the Corporation in connection therewith except to the extent paid to any officer or director of the Corporation or any affiliate of any such officer or director. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any share of Common Stock or Convertible Securities shall be issued in connection with any merger of another corporation into the Corporation, the amount of consideration therefor shall be deemed to be the fair value as determined in good faith by the Board of Directors of the Corporation of such portion of the assets of such merged corporation as such Board shall determine to be attributable to such shares of Common Stock, Convertible Securities, rights or options, as the case may be.

(5) If at any time the Corporation shall take a record of the holders of Common Stock for the purpose of entitling them (a) to receive a dividend or other distribution payable in shares of Common Stock or in Convertible Securities, or (b) to subscribe for or purchase shares of Common Stock or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of the Common Stock deemed to have been issued or sold upon the declaration of such dividend or of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(d) Stock Dividends. If at any time the Corporation shall declare a dividend or any other distribution upon any capital stock of the Corporation which is payable in shares of Common Stock, then the Conversion Price in effect immediately prior to the declaration of such dividend or distribution shall be reduced to the quotient obtained by dividing (1) the product of (i) the number of shares of Common Stock outstanding and deemed (in accordance with Section 6(c)) to be outstanding immediately prior to such declaration, multiplied by (ii) the then effective Conversion Price, by (2) the total number of shares of Common Stock outstanding and deemed (in accordance with Section 6(c)) to be outstanding immediately after such declaration. All shares of Common Stock and all Convertible Securities issuable in payment of any dividend or other distribution upon the capital stock of the Corporation shall be deemed after such declaration to have been issued and sold without consideration.

(e) Extraordinary Dividends and Distributions. If at any time the Corporation shall declare a dividend or any other distribution upon the Common Stock payable otherwise than out of current earnings, retained earnings or earned surplus and otherwise than in shares of Common Stock or Convertible Securities, then, except to the extent that an equal per share (calculated on an as-converted basis) dividend or distribution shall have been paid to the holders of Series A Preferred Stock pursuant to Section 3, the Corporation shall set aside an equal per share dividend (calculated, with respect to the Series A Preferred Stock, on an "as converted" basis), which shall be payable to the holder of the subject Series A Preferred Stock upon conversion thereof into Common Stock. In the event that and at such time as shares of Series A Preferred Stock are

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redeemed by the Corporation, the corresponding amount set aside under this Section 6(e) may be returned to the general, unrestricted assets of the Corporation. To the extent that any dividend or distribution required to be set aside under this Section 6(e) shall be in a form other than cash, then the Corporation shall have the right, in lieu of setting aside such non-cash property, to set aside a cash amount equal to the fair value of such non-cash property as determined by the Board of Directors of the Corporation in good faith. For the purposes of the foregoing, a dividend or distribution other than in cash shall be considered payable out of earnings, retained earnings or earned surplus only to the extent that such current earnings, retained earnings or earned surplus are charged an amount equal to the fair value of such dividend or distribution at the time of the declaration thereof, as determined by the Board of Directors of the Corporation. Such reductions shall take effect as of the date on which a record is taken for the purposes of such dividend or distribution, or, if a record is not taken, the date as of which the holders of record of Common Stock entitled to such dividend or distribution are to be determined.

(f) Stock Splits and Reverse Splits. If at any time the Corporation shall subdivide its outstanding shares of Common Stock into a greater number of shares, the Conversion Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of Conversion Shares receivable upon conversion of outstanding Series A Preferred Stock immediately prior to such subdivision shall be proportionately increased, and conversely, if at any time the Corporation shall combine the outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior to such combination shall be proportionately increased and the number of Conversion Shares receivable upon conversion of outstanding Series A Preferred Stock immediately prior to such combination shall be proportionately reduced.

(g) Adjustments for Consolidation, Merger, Sale of Assets, Reorganization, etc. If at any time the Corporation shall be a party to any transaction (including, without limitation, a merger, consolidation, sale of all or substantially all of the Corporation's assets or a recapitalization of the Common Stock) in which the previously outstanding shares of Common Stock shall be changed into or exchanged for different securities of the Corporation or changed into or exchanged for common stock or other securities of another corporation or other property (including cash) or any combination of any of the foregoing (each such transaction being hereinafter referred to as the "Transaction"; the Corporation (in the case of a recapitalization of the Stock) or such other corporation being hereinafter referred to as the "Acquiring Corporation," and the common stock of the Acquiring Corporation being hereinafter referred to as the "Acquirer's Stock"), then, as a condition to the consummation of the Transaction, lawful and adequate provisions shall be made so that, upon the basis and the terms and in the manner provided in this Section 6(g), each holder of Series A Preferred Stock, upon conversion of such Series A Preferred Stock at any time after the consummation of the Transaction, shall be entitled to receive, in lieu of the shares of Common Stock issuable upon such exercise prior to such consummation, at the election of such holder given by notice to the Corporation on or before the later of the day on which the holders of Common Stock approve the Transaction, or the thirtieth day following the date of delivery or mailing to such holder of the last proxy statement relating to the vote on the Transaction by the holders of Common Stock:

(1) the stock and other securities, cash and property to which such holder would have been entitled upon the consummation of the Transaction if such holder had

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converted such Series A Preferred Stock immediately prior thereto (subject to adjustments from and after the date of the consummation of the Transaction (the "Consummation Date") as nearly equivalent as possible to the adjustments provided for in Sections 6(a) and 6(b) and this Section 6(g)); or

(2) only in the case of a Transaction consummated after an Initial Public Offering, but except with respect to a Transaction in which the previously outstanding shares of Common Stock shall be exchangeable for cash only, if the Acquiring Corporation meets the requirements set forth in this Section 6(g), the number of shares of the Acquirer's Stock or, if the Acquiring Corporation fails to meet, but a Parent (as defined in this Section 6(g)) does meet, such requirements, of such Parent's common stock (subject to adjustments from and after the Consummation Date as nearly equivalent as possible to the adjustments provided for in Sections 6(a) and 6(b) and this Section 6(g)), determined by dividing (i) the product obtained by multiplying (a) the number of shares of Common Stock to which the holder of such Series A Preferred Stock would have been entitled had such holder converted such Series A Preferred Stock immediately prior to the consummation of the Transaction, times (b) the greater of the Conversion Price or the Acquisition Price (as defined in this Section 6(g)) in effect on the date immediately preceding the Consummation Date, by (ii) the Market Value of the Acquirer's Stock on the date immediately preceding the Consummation Date.

For the purposes of this Section 6(g) only, the term "Market Value" shall mean, for any share of common stock on any date specified herein, the last sale price, regular way, on such date, or, if no sale takes place on such date, the average of the closing bid and asked prices on such date, in each case as officially reported on the NYSE or, if not so reported, on the principal national securities exchange on which such stock is listed or if not listed or admitted to trading, the average of the closing bid and asked prices of such stock in the over-the-counter market; and the term "Acquisition Price" shall mean the consideration per share to be paid for or received by the holders of the previously-outstanding shares of Common Stock in accordance with the terms of the Transaction, determined (i) in the case where the holders of the previously outstanding Common Stock received solely shares of the Acquirer's Stock in the Transaction, by multiplying the Market Value of the Acquirer's Stock as of the date immediately preceding the Consummation Date by a fraction the numerator of which shall be the aggregate number of shares of the Acquirer's Stock to be received in the Transaction in exchange for all of the previously outstanding shares of Common Stock and the denominator of which shall be the aggregate number of such previously outstanding shares of Common Stock, and (ii) in any other case, by dividing the aggregate fair market value (using Market Value for any shares of the Acquirer's Stock), as of the date immediately preceding the Consummation Date, of the aggregate consideration to be received by the holders of such previously outstanding shares of Common Stock by the number of shares of such previously outstanding Common Stock. The requirements referred to in clause (2) of this Section 6(g) with reference to the Acquiring Corporation or to a corporation (herein referred to as a "Parent") which directly or indirectly controls the Acquiring Corporation are as follows: (x) its common stock is listed on the NYSE or a principal national securities exchange or bid and asked prices are reported with respect thereto by Nasdaq or a similar organization and such common stock continues to meet such requirements for listing thereon, (y) it is required to file, and in each of its three fiscal years immediately preceding the Consummation Date has filed, reports with the Commission pursuant to Section 13 or 15(d) of the Exchange Act, and (z) in the case of a Parent, such Parent is

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required to include the Acquiring Corporation in the consolidated financial statements contained in the Parent's Annual Report on Form 10-K and is not itself included in the consolidated financial statements of any other person (other than its consolidated subsidiaries). Notwithstanding anything contained herein to the contrary, the Corporation shall not effect any Transaction unless prior to or simultaneously with the consummation of such Transaction the survivor or successor corporation (if other than the Corporation) resulting from such Transaction shall (AA) assume by written instrument executed and delivered to each holder of Series A Preferred Stock the obligation to deliver to such holder of Series A Preferred Stock such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to receive, and containing the express assumption of such successor corporation of the due and punctual performance and observance of every provision of the Series A Preferred Stock to be performed and observed by the Corporation and of all liabilities and obligations of the Corporation hereunder, and (BB) deliver to the holders of Series A Preferred Stock an opinion, in form, substance and from counsel reasonably satisfactory to the holders of Series A Preferred Stock, to the effect that such written instrument has been duly authorized, executed and delivered by such successor corporation and constitutes a legal, valid and binding instrument enforceable (subject to applicable bankruptcy and other similar laws affecting the enforcement of creditors' rights generally) against such successor corporation in accordance with its terms, and to such further effects as the holders of Series A Preferred Stock may reasonably request.

(h) Exceptions to Adjustment of Conversion Price. Anything herein to the contrary notwithstanding, the Corporation shall not be required to make any adjustment of the Conversion Price in the case of (i) the issuance of shares of Common Stock upon conversion of the Series A Preferred Stock or any adjustment of the conversion price with respect thereto, (ii) the issuance of shares of Common Stock pursuant to stock options granted under any stock option plan approved by the Board of Directors of the Corporation subsequent to the Date of First Issuance, (iii) the issuance of shares of Common Stock or Convertible Securities to a corporate strategic partner, lender, equipment leasing company or service provider for consideration which the Board of Directors of the Corporation reasonably determines is adequate and appropriate for the Corporation's business, and (iv) the issuance of shares of Common Stock in an Initial Public Offering pursuant to an effective registration statement under the Securities Act.

(i) Treasury Shares. The number of shares of Common Stock outstanding at any time shall not include shares owned or held by or for the account of the Corporation, and the disposition of any such shares shall be considered an issue or sale of Common Stock for the purposes of this Section 6.

(j) Certificate of Adjustment. Upon each adjustment of the Conversion Price and upon each change in the number of Conversion Shares issuable upon the conversion of the Series A Preferred Stock, and in the event of any change in the rights of the holders of the Series A Preferred Stock by reason of other events herein set forth, then and in each such case, the Corporation will promptly prepare a certificate of adjustment stating the adjusted Conversion Price and the new number of Conversion Shares so issuable, or specifying the other shares of stock, securities or assets and the amount thereof receivable as a result of such change in rights, and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. The Corporation will promptly mail a copy of such certificate of adjustment to each registered holder of Series A Preferred Stock.

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(k) Corporation to Prevent Dilution. If at any time or from time to time conditions arise by reason of action taken by the Corporation, which in the opinion of its Board of Directors, are not adequately covered by the provisions of this Section 6, and which might materially and adversely affect the conversion rights of the registered holders of Series A Preferred Stock, the Board of Directors of the Corporation shall appoint a firm of independent public accountants, which may be the firm regularly retained by the Corporation, which shall give its opinion upon the adjustment, if any, on a basis consistent with the standards established in the other provisions of this Section 6, necessary with respect to the Conversion Price, so as to preserve, without dilution, the conversion rights of the registered holders of the Series A Preferred Stock. Upon receipt of such opinion, the Board of Directors of the Corporation shall forthwith make the adjustments described therein.

(l) Reservation of Shares. The Corporation will authorize, reserve and set apart and have available for issuance at all times, free from preemptive rights, including, without limitation, rights derived from rights offerings, that number of shares of Common Stock which is deliverable upon the conversion of the Series A Preferred Stock, and the Corporation will have at all times any other rights or privileges provided for therein sufficient to enable it at any time to fulfill all its obligations hereunder.

(m) Costs. The Corporation shall pay all documentary, stamp, transfer or other transactional taxes attributable to the issuance or delivery of Conversion Shares upon conversion of any shares of the Series A Preferred Stock; provided, however, that the Corporation shall not be required to pay any federal or state income taxes or other taxes which may be payable in respect of any transfer involved in the issuance or delivery of any certificate for such Conversion Shares in a name other than that of the holder of the shares of the Series A Preferred Stock in respect of which such shares are being issued.

(n) Unpaid Dividends. All unpaid dividends on shares of Series A Preferred Stock which are converted into Common Stock pursuant to this Section 6 shall be paid upon such conversion, or as soon thereafter as the Corporation may lawfully do so, and such payment shall have priority over the payment of all other dividends in respect of the Series A Preferred Stock, Common Stock and Junior Securities.

Section 7. Voting Rights. Except as otherwise required by law or provided in Section 8 below, the holders of shares of Series A Preferred Stock shall be entitled to vote on all matters submitted to a vote of the shareholders of the Corporation and shall have such number of votes equal to the number of shares of Common Stock into which such holders' shares of Series A Preferred Stock are convertible pursuant to the provisions hereof at the record date for the determination of shareholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited. Except as otherwise required by law or expressly provided herein, the holders of shares of Series A Preferred Stock and Common Stock shall vote together as a single class, and not as separate classes.

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Section 8. Required Approval by Holders of Series A Preferred Stock. Without the prior written consent or approval of the holders of a majority of the then issued and outstanding shares of Series A Preferred Stock, the Corporation shall not:

(a) amend or modify any of the rights, preferences, powers, privileges, restrictions, qualifications or limitations of the Series A Preferred Stock, or of any other class or series of capital stock of the Corporation if the effect of such amendment would be to adversely affect the rights of the holders of the Series A Preferred Stock;

(b) effect any material change in the nature of its business;

(c) amend any provision of the Corporation's Articles of Incorporation or by-laws which would adversely affect the rights, powers, privileges or preferences of the holders of the Series A Preferred Stock;

(d) create or authorize the creation of any additional class or series of shares of capital stock unless the same ranks junior to the Series A Preferred Stock as to dividends and the distribution of assets on the sale, liquidation, dissolution or winding up of the Corporation, or increase the authorized amount of the Series A Preferred Stock or increase the authorized amount of any additional class or series of shares of capital stock unless the same ranks junior to the Series A Preferred Stock as to dividends and the distribution of assets on the liquidation, dissolution or winding up of the Corporation, or create or authorize any obligation or security convertible into shares of Series A Preferred Stock or into shares of any other class or series of stock unless the same ranks junior to the Series A Preferred Stock as to dividends and the distribution of assets on the liquidation, dissolution or winding up of the Corporation, whether any such creation, authorization or increase shall be by means of amendment to the Certificate of Incorporation or any other action or by merger, consolidation or otherwise; or

(e) declare or pay, or set aside funds for the payment of, any dividend or Distribution except (A) in respect of the Series A Preferred Stock as permitted under Section 3 above, or (B) any dividend paid solely in shares of Common Stock of the Corporation.

Section 9. Registration of Transfer. The Corporation will keep at its principal office a register for the registration of Series A Preferred Stock. Upon the surrender of any certificate representing Series A Preferred Stock at such place, the Corporation will, at the written request of the record holder of such certificate, execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefor representing in the aggregate the number of shares represented by the surrendered certificate. Each such new certificate will be registered in such name and will represent such number of shares as is requested by the holder of the surrendered certificate.

Section 10. Replacement. Upon receipt of evidence reasonably satisfactory to the Corporation of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing shares of Series A Preferred Stock and in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Corporation (provided that if the holder is a financial institution, an equity and/or debt fund, an entity whose securities are traded or listed on any national securities exchange or recognized automated quotation system, or

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any subsidiary of the foregoing, then the holder's own agreement will be satisfactory), or, in the case of any such mutilation upon surrender of such certificate, the Corporation will (at its expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

Section 11. Definitions. For purposes hereof, the following terms have the meanings set forth below:

"ComVest" shall mean ComVest Capital, LLC, a Delaware limited liability company.

"Conversion Shares" shall mean the shares of Common Stock issued and/or issuable from time to time upon conversion of the Series A Preferred Stock pursuant to Section 6.

"Convertible Securities" shall have the meaning ascribed to such term in Section 6(c).

"Date of First Issuance" shall mean the first date on which any shares of Series A Preferred Stock are issued.

"Distributions" shall have the meaning ascribed to such term in Section 2.

"Fundamental Transaction" shall have the meaning ascribed to such term in Section 4(b).

"Initial Public Offering" shall mean the initial offer and sale of shares of the Corporation's Common Stock to the general public pursuant to a registration statement filed and made effective pursuant to the Securities Act of 1933, as amended (other than a registration statement on Form S-4, Form S-8 or any successor form).

"Junior Securities" shall have the meaning ascribed to such term in Section 4(a).

"Liquidation Preference" shall have the meaning ascribed to such term in Section 4(a).

"Loan Agreement" shall mean the Revolving Credit and Term Loan Agreement dated as of November 27, 2007 by and between ComVest and the Corporation, as same may be amended, modified, supplemented and/or restated from time to time, and shall also include any replacement loan agreement entered into by the Corporation in respect of any refinancing (in whole or in part) of the indebtedness under such agreement with ComVest.

"NYSE" shall mean the New York Stock Exchange.

"Parity Securities" shall have the meaning ascribed to such term in Section 4(a).

"Series A Preferred Stock" shall have the meaning ascribed to such term in Section 1.

"Stated Value" shall have the meaning ascribed to such term in Section 1.

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Section 12. Amendment and Waiver.

No amendment, modification or waiver will be binding or effective with respect to any provision of Sections 1 through 13 hereof without the prior written consent or affirmative vote of the holders of not less than a majority of the Series A Preferred Stock outstanding at the time such action is taken.

Section 13 Notices.

Except as otherwise expressly provided hereunder, all notices referred to herein will be in writing and will be delivered by registered or certified mail, return receipt requested and postage prepaid, or by reputable overnight courier service, charges prepaid, and will be deemed to have been given when so mailed or sent (a) to the Corporation, at its principal executive offices, and (b) to any stockholder, at such holder's address as it appears in the stock records of the Corporation (unless otherwise indicated by notice given to the Corporation by any such holder).