

Division of Corporations

795000020418

Florida Department of State
Division of Corporations
Public Access System

Electronic Filing Cover Sheet

Note: Please print this page and use it as a cover sheet. Type the fax audit number (shown below) on the top and bottom of all pages of the document.

(((H03000312084 3)))

Note: DO NOT hit the REFRESH/RELOAD button on your browser from this page. Doing so will generate another cover sheet.

To:

Division of Corporations
Fax Number : (850) 205-0380

From:

Account Name : SHUMAKER, LOOP & KENDRICK LLP
Account Number : 075500004387
Phone : (813) 229-7600
Fax Number : (813) 229-1660

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

03 NOV -6 PM 2:10

FILED

RECEIVED

03 NOV -6 PM 1:55

DIVISION OF CORPORATIONS

BASIC AMENDMENT

ORTHOPEDIC DESIGNS, INC.

| | |
|-----------------------|---------|
| Certificate of Status | 1 |
| Certified Copy | 0 |
| Page Count | 34 |
| Estimated Charge | \$43.75 |

Electronic Filing Menu

Corporate Filing

Public Access Help

Amended & Restated

T BROWN NOV - 6 2003

11/6/2003

H03000312084 3

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
ORTHOPEDIC DESIGNS, INC.**

FILED
03 NOV -6 PM 2:10
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Orthopedic Designs, Inc. (the "Corporation"), a corporation organized and existing under the Business Corporation Act (the "Act") of the State of Florida, does hereby certify:

I. The Corporation, pursuant to the provisions of Section 607.1007 of the Act, hereby adopts these Amended and Restated Articles of Incorporation (the "Restated Articles"), which Restated Articles accurately restate and integrate the Articles of Incorporation of the Corporation filed on March 13, 1995, the Amended and Restated Articles of Incorporation of the Corporation filed on May 30, 2003 and all amendments thereto that are in effect to date.

II. The amendment made by these Restated Articles to designate Series B Preferred Stock of the Corporation from its unissued blank check preferred stock has been effected in conformity with the provisions of the Act, was duly approved and adopted by written consent of the Corporation's Board of Directors on October 23, 2003, and the vote cast for the amendment contained herein was sufficient for approval of such amendment. The adoption of these Restated Articles by the Corporation's Board of Directors was made without shareholder action and shareholder action was not required under the Act.

III. The original Articles of Incorporation and all amendments and supplements thereto are hereby superseded by the Restated Articles, which are as follows:

**ARTICLE I
NAME**

The name of the Corporation is Orthopedic Designs, Inc.

**ARTICLE II
PRINCIPAL OFFICE AND MAILING ADDRESS**

The Corporation's principal office and the mailing address of the Corporation are:

West Bay Corporate Center II
9521 International Court N
St. Petersburg, Florida 33716

**ARTICLE III
PURPOSE**

The nature of the business and the purpose for which the Corporation is formed are to engage in any lawful acts or activities for which a corporation may be organized under the Act.

**ARTICLE IV
CAPITAL STOCK**

The total number of shares of all classes of capital stock which the Corporation shall have the authority to issue is Thirty Million (30,000,000) shares, consisting of (i) Twenty Million (20,000,000) shares of common stock, \$0.00005 par value per share (the "Common Stock"), and (ii)

H03000312084 3

H03000312084 3

Ten Million (10,000,000) shares of preferred stock, \$0.00005 par value per share (the "Preferred Stock"). The designation, powers, preferences and relative participating, optional or other special rights and the qualifications, limitations and restrictions thereof in respect of each class of capital stock of the Corporation are as follows:

1. Common Stock

- a. Voting. Each holder of record of shares of Common Stock shall be entitled to vote at all meetings of the shareholders and shall have one vote for each share held by such holder of record.
- b. Other Rights. Each share of Common Stock issued and outstanding shall be identical in all respects one with the other, and no dividends shall be paid on any shares of Common Stock unless the same dividend is paid on all shares of Common Stock outstanding at the time of such payment. Except for and subject to those rights expressly granted to the holders of the Preferred Stock, or except as may be provided by the laws of the State of Florida, the holders of Common Stock shall have all other rights of shareholders including, but not by way of limitation, (i) the right to receive dividends, when and as declared by the Board of Directors of the Corporation (the "Board of Directors") out of assets lawfully available therefore, and (ii) in the event of any distribution of assets upon a liquidation (as defined in Section 3.c. and Section 4.c) or otherwise, the right to receive assets and funds of the Corporation as set forth in Section 3.c and Section 4.c.

2. Blank Check Preferred

The Preferred Stock may be issued from time to time by the Board of Directors as shares of one or more series. Subject to the terms contained in any designation of a series of Preferred Stock and to limitations prescribed by law, the Board of Directors is expressly authorized, at any time and from time to time, to fix by resolution the designation and relative powers, preferences and rights and the qualifications and limitations thereof relating to the shares of each such class or series of Preferred Stock. The authority of the Board of Directors with respect to the provisions for shares of any class of Preferred Stock or any series of any class of Preferred Stock shall include, but not be limited to, the following:

- a. the designation of such class or series, the number of shares to constitute such class or series which may be increased or decreased (but not below the number of shares of that class or series then outstanding) by resolution of the Board of Directors, and the stated value thereof if different from the par value thereof;
- b. whether the shares of such class or series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights;
- c. the dividends, if any, payable on such class or series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of the same class;

H03000312084 3

H03000312084 3

- d. whether the shares of such class or series shall be subject to redemption by the Corporation, and, if so, the times, prices and other conditions of such redemption;
- e. the amount or amounts payable upon, and the rights of the holders of such class or series in, the voluntary or involuntary liquidation, dissolution or winding up, or upon any distribution of the assets, of the Corporation;
- f. whether the shares of such class or series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the shares of such class or series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;
- g. whether the shares of such class or series shall be convertible into, or exchangeable for, shares of stock of any other class or any other series of the same class or any other securities or cash or other property and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;
- h. the limitations and restrictions, if any, to be effective while any shares of such class or Series B outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Corporation of, the Common Stock or shares of stock of any other class or any other series of the same class;
- i. the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issue of any additional stock, including additional shares of such class or series or of any other series of the same class or of any other class;
- j. the ranking (be it pari passu, junior or senior) of each class or series vis-a-vis any other class or series of any class of Preferred Stock as to the payment of dividends, the distribution of assets and all other matters; and
- k. any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof, insofar as they are not inconsistent with the provisions of these Restated Articles, to the full extent permitted in accordance with the laws of the State of Florida.

3. Series A Preferred.

A series of Preferred Stock is hereby designated and known as "Series A 9% Cumulative Convertible Preferred Stock" (hereinafter referred to as "Series A Preferred Stock"). The Series A Preferred Stock shall consist of Two Million Six Hundred Thousand (2,600,000) shares, \$0.00005 per value per share. The powers, preferences, rights, qualifications, limitations and restrictions of the Series A Preferred Stock are as follows:

H03000312084 3

H03000312084 3

a. *Certain Definitions.* Unless the context otherwise requires, the terms defined in this Section 3 of Article IV shall have the meanings herein specified and shall apply only to the provisions set forth in this Section 3 of Article IV.

Approved Sale. The term "Approved Sale" shall mean a consolidation with or merger of the Corporation with or into another corporation or entity (where the Corporation is not the surviving corporation) or a lease or other sale conveyance of all or substantially all the assets of the Corporation to another entity, completed, in each case, with a third party which is not an affiliate of the Corporation and which has been approved by a majority of the shares of Series A Preferred Stock then outstanding.

Common Stock. The term "Common Stock" shall mean all shares now or hereafter authorized of any class of Common Stock of the Corporation and any other stock of the Corporation, howsoever designated, authorized after the Issue Date, which has the right (subject always to prior rights of any class or series of preferred stock) to participate in the distribution of the assets and earnings of the Corporation without limit as to per share amount.

Conversion Date. The term "Conversion Date" shall have the meaning set forth in subparagraph e.iv. below.

Conversion Price. The term "Conversion Price" shall mean the price per share of Common Stock used to determine the number of shares of Common Stock deliverable upon conversion of a share of the Series A Preferred Stock, which price shall initially be \$3.20 per share, subject to adjustment in accordance with the provisions of paragraph e.vi. below.

Current Market Price. The term "Current Market Price" shall have the meaning set forth in subparagraph e.vii. below.

Dividend Payment Date. The term "Dividend Payment Date" shall have the meaning set forth in subparagraph b.i. below.

Dividend Period. The term "Dividend Period" shall have the meaning set forth in subparagraph b.i. below.

Final Redemption Date. The term "Final Redemption Date" shall have the meaning set forth in subparagraph d.iv. below.

Issue Date. The term "Issue Date" shall mean the date that shares of Series A Preferred Stock are first issued by the Corporation.

Junior Stock. The term "Junior Stock" shall mean, for purposes of paragraphs b. and h. below, the Common Stock and any other class or series of stock of the Corporation issued after the Issue Date not entitled to receive any dividends in any Dividend Period unless all dividends required to have been paid or declared and set apart for payment on the Series A Preferred Stock shall have been so paid or declared and set apart for payment and, for purposes of paragraphs e. and h. below, any class or series of stock of the Corporation issued after the Issue Date not entitled to receive any assets upon the liquidation, dissolution or winding up of the affairs of the Corporation until the Series A Preferred Stock shall have received the entire amount to which such stock is entitled upon such liquidation, dissolution or winding up.

H03000312084 3

H03000312084 3

Liquidation Preference. The term "Liquidation Preference" shall mean \$3.20 per share.

Parity Stock. The term "Parity Stock" shall mean, for purposes of paragraphs b. and h. below, any other class or series of stock of the Corporation issued after the Issue Date entitled to receive payment of dividends on a parity with the Series A Preferred Stock and, for purposes of paragraphs c. and h. below, any other class or series of stock of the Corporation issued after the Issue Date entitled to receive assets upon the liquidation, dissolution or winding up of the affairs of the Corporation on a parity with the Series A Preferred Stock.

Redemption Agent. The term "Redemption Agent" shall have the meaning set forth in subparagraph d.iii. below.

Redemption Date. The term "Redemption Date" shall have the meaning set forth in subparagraph d.ii. below.

Redemption Price. The term "Redemption Price" shall mean the price to be paid upon redemption of the Series A Preferred Stock, as determined in accordance with subparagraph d. below.

Senior Stock. The term "Senior Stock" shall mean, for purposes of paragraphs b. and h. below, any class or series of stock of the Corporation issued after the Issue Date ranking senior to the Series A Preferred Stock in respect of the right to receive dividends, and, for purposes of paragraphs c. and h. below, any class or series of stock of the Corporation issued after the Issue Date ranking senior to the Series A Preferred Stock in respect of the right to receive assets upon the liquidation, dissolution or winding up of the affairs of the Corporation.

Subscription Price. The term "Subscription Price" shall mean \$3.20 per share.

Subsidiary. The term "Subsidiary" shall mean any corporation of which shares of stock possessing at least a majority of the general voting power in electing the board of directors are, at the time as of which any determination is being made, owned by the Corporation, whether directly or indirectly through one or more Subsidiaries.

b. *Dividends.*

i. Subject to the prior preferences and other rights of any Senior Stock, the holders of Series A Preferred Stock shall be entitled to receive, out of funds legally available for that purpose, cash dividends at the rate of \$0.2880 per share per annum, and no more. Such dividends shall be cumulative from the Issue Date and shall be payable quarterly, in arrears, commencing on the first dividend payment date pro-rated for the period of time the investor shares have been outstanding after receipt of funds. The Board of Directors has elected to pay dividends on a quarterly basis, on March 31, June 30, September 30 and December 31 of each year (each such date being herein referred to as a "Dividend Payment Date"). The quarterly period between consecutive Dividend Payment Dates shall hereinafter be referred to as a "Dividend Period." Each such dividend shall be paid in cash to the holders of record of the Series A Preferred Stock as their names appear on the share register of the Corporation on the corresponding Record Date; *provided, however,* as determined by the Board of Directors, the Corporation has the option to pay up to 12 quarterly dividends through issuance of additional shares of Series A Preferred Stock having a Liquidation Preference equal to the amount of the dividend (rounded off to the nearest whole share amount). As used above, the term "Record

H03000312084 3

H03000312084 3

Date" means, with respect to the dividend payable on March 31, June 30, September 30 and December 31, respectively, of each year, the preceding March 15, June 15, September 15 and December 15, or such other record date designated by the Board of Directors of the Corporation with respect to the dividend payable on such respective Dividend Payment Date. Dividends on account of arrears for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date, not exceeding 50 days preceding the payment date thereof, as may be fixed by the Board of Directors.

ii. In the event that full dividends are not paid or made available to the holders of all outstanding shares of Series A Preferred Stock and of any Parity Stock, and funds available shall be insufficient to permit payment in full in cash or additional shares of Series A Preferred Stock to all such holders of the preferential amounts to which they are then entitled, the entire amount available for payment of dividends shall be distributed among the holders of the Series A Preferred Stock and of any Parity Stock ratably in proportion to the full amount to which they would otherwise be respectively entitled, and any remainder not paid to the holders of the Series A Preferred Stock shall cumulate as provided in subparagraph b.iii. below.

iii. If, on any Dividend Payment Date, the holders of the Series A Preferred Stock shall not have received the full dividends provided for in the other provisions of this paragraph b. then such dividends shall cumulate, whether or not earned or declared, with additional dividends thereon for each succeeding full Dividend Period during which such dividends shall remain unpaid. Unpaid dividends for any period less than a full Dividend Period shall cumulate on a day-to-day basis and shall be computed on the basis of a 365-day year.

iv. So long as any shares of Series A Preferred Stock shall be outstanding, the Corporation shall not declare or pay on any Junior Stock any dividend whatsoever, whether in cash, property or otherwise (other than dividends payable in shares of the class or series upon which such dividends are declared or paid, or payable in shares of Common Stock with respect to Junior Stock other than Common Stock, together with cash in lieu of fractional shares), nor shall the Corporation make any distribution on any Junior Stock, nor shall any Junior Stock be purchased or redeemed by the Corporation or any Subsidiary, nor shall any monies be paid or made available for a sinking fund for the purchase or redemption of any Junior Stock, unless all dividends to which the holders of Series A Preferred Stock shall have been entitled for all previous Dividend Periods shall have been paid or declared and a sum of money sufficient for the payment thereof set apart.

c. *Distributions Upon Liquidation, Dissolution or Winding Up.* In the event of any voluntary or involuntary liquidation, dissolution or other winding up of the affairs of the Corporation, subject to the prior preferences and other rights of any Senior Stock, but before any distribution or payment shall be made to the holders of Junior Stock, the holders of the Series A Preferred Stock shall be entitled to be paid the Liquidation Preference of all outstanding shares of Series A Preferred Stock as of the date of such liquidation or dissolution or such other winding up, plus any accrued and unpaid dividends thereon to such date, and no more, in cash or in property taken at its fair value as determined by the Board of Directors, or both, at the election of the Board of Directors. If such payment shall have been made in full to the holders of the Series A Preferred Stock, and if payment shall have been made in full to the holders of any Senior Stock and Parity Stock of all amounts to which such holders shall be entitled, the remaining assets and funds of the Corporation shall be distributed among the holders of Junior Stock, according to their respective shares and priorities. If, upon any such liquidation,

H03000312084 3

H03000312084 3

dissolution or other winding up of the affairs of the Corporation, the net assets of the Corporation distributable among the holders of all outstanding shares of the Series A Preferred Stock and of any Parity Stock shall be insufficient to permit the payment in full to such holders of the preferential amounts to which they are entitled, then the entire net assets of the Corporation remaining after the distributions to holders of any Senior Stock of the full amounts to which they may be entitled shall be distributed among the holders of the Series A Preferred Stock and of any Parity Stock ratably in proportion to the full amounts to which they would otherwise be respectively entitled. Neither the consolidation or merger of the Corporation into or with another corporation or corporations, nor the sale of all or substantially all of the assets of the Corporation to another corporation or corporations shall be deemed a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this paragraph c.

d. *Redemption by the Corporation.* The Series A Preferred Stock shall not be redeemed in whole or in part prior to January 31, 2007. On and after January 31, 2007, the Series A Preferred Stock may be redeemed by the Corporation in cash at any time in whole or (subject to the last sentence of subparagraph d.i. below), from time to time in part, at the option of the Corporation, at an amount per share equal to the Liquidation Preference together, in the case of any such redemption, with any accrued but unpaid dividends thereon to and including the date of redemption.

i. If less than all of the outstanding shares of Series A Preferred Stock are to be redeemed, such shares shall be redeemed *pro rata* or by lot as determined by the Board of Directors in its sole discretion. The Corporation shall not redeem less than all of the outstanding shares of Series A Preferred Stock pursuant to the first paragraph of subparagraph d. above at any time unless all cumulative dividends on the Series A Preferred Stock for all previous quarterly Dividend Periods have been paid or declared and funds therefore set apart for payment.

ii. Notice of every proposed redemption of Series A Preferred Stock shall be sent by or on behalf of the Corporation by first class mail, postage prepaid, to the holders of record of the shares redeemed at their respective addresses as they shall appear on the records of the Corporation, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption (the "Redemption Date") (i) notifying such holders of the election of the Corporation to redeem such shares and of the date of redemption, (ii) stating the date on which the shares cease to be convertible, and the Conversion Price, (iii) stating the place or places at which the shares called for redemption shall, upon presentation and surrender of the certificates evidencing such shares, be redeemed, and the Redemption Price therefore, and (iv) stating the name and address of any Redemption Agent selected by the Corporation in accordance with subparagraph d.iii. below, and the name and address of the Corporation's transfer agent for the Series A Preferred Stock. The Corporation may act as the transfer agent for the Series A Preferred Stock.

iii. Prior to the date on which there shall have been a public distribution of the Series A Preferred Stock, the Corporation may act as the redemption agent to redeem the Series A Preferred Stock. Thereafter the Corporation shall appoint as its agent for such purpose a bank or trust company in good standing, organized under the laws of the United States of America or any jurisdiction thereof, and having capital, surplus and undivided profits aggregating at least Twenty Million Dollars (\$20,000,000), and may appoint any one or more additional such agents which shall in each case be a bank or trust company in good standing organized under the laws of the United States of America or of any jurisdiction thereof, having an office or offices in the City of St. Petersburg, Florida, or such other place as shall have been designated by the Corporation, and having capital, surplus and undivided profits aggregating at

H03000312084 3

H03000312084 3

least Twenty Million Dollars (\$20,000,000). The Corporation or such bank or trust company is hereinafter referred to as the "Redemption Agent." Following such appointment and prior to any redemption, the Corporation shall deliver to the Redemption Agent irrevocable written instructions authorizing the Redemption Agent, on behalf and at the expense of the Corporation, to cause such notice of redemption to be duly mailed as herein provided as soon as practicable after receipt of such irrevocable instructions and in accordance with the above provisions. All funds necessary for the redemption shall be deposited with the Redemption Agent in trust at least two business days prior to the Redemption Date, for the pro rata benefit of the holders of the shares so called for redemption, so as to be and continue to be available therefor. Neither failure to mail any such notice to one or more such holders nor any defect in any notice shall affect the sufficiency of the proceedings for redemption as to other holders.

iv. If notice of redemption shall have been given as herein before provided, and the Corporation shall not default in the payment of the Redemption Price, then each holder of shares called for redemption shall be entitled to all preferences and relative and other rights accorded by these Restated Articles until and including the date prior to the Redemption Date. If the Corporation shall default in making payment or delivery as aforesaid on the Redemption Date, then each holder of the shares called for redemption shall be entitled to all preferences and relative and other rights accorded by these Restated Articles until and including the date prior to the date (the "Final Redemption Date") when the Corporation makes payment or delivery as aforesaid to the holders of the Series A Preferred Stock. From and after the Redemption Date or, if the Corporation shall default in making payment or delivery as aforesaid, the Final Redemption Date, the shares called for redemption shall no longer be deemed to be outstanding, and all rights of the holders of such shares shall cease and terminate, except the right of the holders of such shares, upon surrender of certificates therefor, to receive amounts to be paid hereunder. The deposit of monies in trust with the Redemption Agent shall be irrevocable except that the Corporation shall be entitled to receive from the Redemption Agent the interest or other earnings, if any, earned on any monies so deposited in trust, and the holders of any shares redeemed shall have no claim to such interest or other earnings, and any balance of monies so deposited by the Corporation and unclaimed by the holders of the Series A Preferred Stock entitled thereto at the expiration of two (2) years from the Redemption Date (or the Final Redemption Date, as applicable) shall be repaid, together with any interest or other earnings thereon, to the Corporation, and after any such repayment, the holders of the shares entitled to the funds so repaid to the Corporation shall look only to the Corporation for such payment, without interest.

e. Conversion Rights. The Series A Preferred Stock shall be convertible into Common Stock as follows:

i. Optional Conversion. Subject to and upon compliance with the provisions of this paragraph e., the holder of any shares of Series A Preferred Stock shall have the right at such holder's option, at any time or from time to time, to convert any of such shares of Series A Preferred Stock into fully paid and nonassessable shares of Common Stock at the Conversion Price (as hereinafter defined) in effect on the Conversion Date (as hereinafter defined) upon the terms hereinafter set forth. In case any share of Series A Preferred Stock is called for redemption, such right of conversion shall terminate at the close of business on the fifth day prior to the Redemption Date or, if the Corporation shall default in the payment of the Redemption Price, at the close of business on the fifth day prior to the Final Redemption Date.

ii. Automatic Conversion. Each outstanding share of Series A Preferred Stock shall automatically be converted, without any further act of the Corporation or its

H03000312084 3

H03000312084 3

shareholders, into fully paid and nonassessable shares of Common Stock at the Conversion Price then in effect upon (a) the closing of an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offering and sale of the Common Stock for the account of the Corporation in which the aggregate gross proceeds received by the Corporation equals or exceeds \$5,000,000 and in which the public offering price per share equals or exceeds \$5.00 per share (as adjusted in the same manner as Section e.vi, below); (b) an Approved Sale or (c) the vote of a majority of the then outstanding shares of Series A Preferred Stock to automatically convert all outstanding shares of Series A Preferred Stock into Common Stock.

iii. Conversion Price. Each share of Series A Preferred Stock shall be converted into a number of shares of Common Stock determined by dividing (i) the Subscription Price by (ii) the Conversion Price in effect on the Conversion Date. The Conversion Price at which shares of Common Stock shall initially be issuable upon conversion of the shares of Series A Preferred Stock shall be \$3.20. The Conversion Price shall be subject to adjustment as set forth in subparagraph e.vi. Accrued but unpaid dividends shall be payable upon conversion to the extent legally permitted.

iv. Mechanics of Conversion. The holder of any shares of Series A Preferred Stock may exercise the conversion right specified in subparagraph e.i by surrendering to the Corporation or any transfer agent of the Corporation the certificate or certificates for the shares to be converted, accompanied by written notice specifying the number of shares to be converted. Upon the occurrence of the event specified in subparagraph e.ii, the outstanding shares of Series A Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; *provided that* the Corporation shall not be obligated to issue to any such holder certificates evidencing the shares of Common Stock issuable upon such conversion unless certificates evidencing the shares of Series A Preferred Stock are either delivered to the Corporation or any transfer agent of the Corporation. Conversion shall be deemed to have been effected on the date when delivery of notice of an election to convert and certificates for shares is made or on the date of the occurrence of the event specified in subparagraph e.ii, as the case may be, and such date is referred to herein as the "Conversion Date." Subject to the provisions of subparagraph e.vi.7., as promptly as practicable thereafter (and after surrender of the certificate or certificates representing shares of Series A Preferred Stock to the Corporation or any transfer agent of the Corporation in the case of conversions pursuant to subparagraph e.ii), the Corporation shall issue and deliver to or upon the written order of such holder a certificate or certificates for the number of full shares of Common Stock to which such holder is entitled and a check or cash with respect to any fractional interest in a share of Common Stock as provided in subparagraph e.v. Subject to the provisions of subparagraph e.vi.7., the person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of record of such Common Stock on the applicable Conversion Date. Upon conversion of only a portion of the number of shares covered by a certificate representing shares of Series A Preferred Stock surrendered for conversion in the case of conversion pursuant to subparagraph e.i, the Corporation shall issue and deliver to or upon the written order of the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate covering the number of shares of Series A Preferred Stock representing the unconverted portion of the certificate so surrendered.

v. Fractional Shares. No fractional shares of Common Stock or scrip shall be issued upon conversion of shares of Series A Preferred Stock. If more than one share of

H03000312084 3

H03000312084 3

Series A Preferred Stock shall be surrendered for conversion at any one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock so surrendered. Instead of any fractional shares of Common Stock which would otherwise be issuable upon conversion of any shares of Series A Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to that fractional interest of the then Current Market Price.

vi. *Conversion Price Adjustments.* The Conversion Price shall be subject to adjustment from time to time as follows:

1. *Common Stock Issued at Less Than the Conversion Price.* If the Corporation shall issue any Common Stock other than Excluded Stock (as hereinafter defined) without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to such issuance, the Conversion Price in effect immediately prior to each such issuance shall immediately (except as provided below) be reduced to the price determined by dividing (1) an amount equal to the sum of (A) the number of shares of Common Stock outstanding immediately prior to such issuance multiplied by the Conversion Price in effect immediately prior to such issuance and (B) the consideration, if any, received by the Corporation upon such issuance, by (2) the total number of shares of Common Stock outstanding immediately after such issuance.

For the purposes of any adjustment of the Conversion Price pursuant to clause 1, the following provisions shall be applicable:

a. *Cash.* In the case of the issuance of Common Stock for cash, the amount of the consideration received by the Corporation shall be deemed to be the amount of the cash proceeds received by the Corporation for such Common Stock before deducting there from any discounts, commissions, taxes or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

b. *Consideration Other Than Cash.* In the case of the issuance of Common Stock (otherwise than upon the conversion of shares of capital stock or other securities of the Corporation) for a consideration in whole or in part other than cash, including securities acquired in exchange therefor (other than securities by their terms so exchangeable), the consideration other than cash shall be deemed to be the fair value thereof as determined by the Board of Directors, irrespective of any accounting treatment; *provided that* such fair value as determined by the Board of Directors shall not exceed the aggregate Current Market Price of the shares of Common Stock being issued as of the date the Board of Directors authorizes the issuance of such shares.

c. *Options and Convertible Securities.* In the case of the issuance of (i) options, warrants or other rights to purchase or acquire Common Stock (whether or not at the time exercisable), (ii) securities by their terms convertible into or exchangeable for Common Stock (whether or not at the time so convertible or exchangeable) or options, warrants or rights to purchase such convertible or exchangeable securities (whether or not at the time exercisable):

i. the aggregate maximum number of shares of Common Stock deliverable upon exercise of such options,

H03000312084 3

H03000312084 3

warrants or other rights to purchase or acquire Common Stock shall be deemed to have been issued at the time such options, warrants or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subclauses a. and b. above), if any, received by the Corporation upon the issuance of such options, warrants or rights plus the minimum purchase price provided in such options, warrants or rights for the Common Stock covered thereby;

ii. the aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange for any such convertible or Stock exchangeable securities, or upon the exercise of options, warrants or other rights to purchase or acquire such convertible or exchangeable securities and the subsequent conversion or exchange thereof, shall be deemed to have been issued at the time such rights were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities and related options, warrants or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the additional consideration (determined in the manner provided in subclauses a. and b. above), if any, to be received by the Corporation upon the conversion or exchange of such securities, or upon the exercise of any related options, warrants or rights to purchase or acquire such convertible or exchangeable securities and the subsequent conversion or exchange thereof;

iii. on any change in the number of shares of Common Stock deliverable upon exercise of any such options, warrants or rights or conversion or exchange of such convertible or exchangeable securities or any change in the consideration to be received by the Corporation upon such exercise, conversion or exchange, including, but not limited to a change resulting from the anti-dilution provisions thereof, the Conversion Price as then in effect shall forthwith be readjusted to such Conversion Price as would have been obtained had an adjustment been made upon the issuance of such options, warrants or rights not exercised prior to such change, or of such convertible or exchangeable securities not converted or exchanged prior to such change, upon the basis of such change;

iv. on the expiration or cancellation of any such options, warrants or rights, or the termination of the right to convert or exchange such convertible or exchangeable securities, if the Conversion Price shall have been adjusted upon the issuance thereof, the Conversion Price shall forthwith be readjusted to such conversion Price as would have been obtained had an adjustment been made upon the issuance of such options, warrants, rights or such convertible or exchangeable securities on the basis of the issuance of only the

H03000312084 3

H03000312084 3

number of shares of Common Stock actually issued upon the exercise of such options, warrants or rights, or upon the conversion or exchange of such convertible or exchangeable securities; and

v. if the Conversion Price shall have been adjusted upon the issuance of any such options, warrants, rights or convertible or exchangeable securities, no further adjustment of the Conversion Price shall be made for the actual issuance of Common Stock upon the exercise, conversion or exchange thereof; provided, however, that no increase in the Conversion Price shall be made pursuant to subclauses i. or ii. of this subclause c.

2. *Excluded Stock.* "Excluded Stock" shall mean (A) shares of Common Stock issued or reserved for issuance by the Corporation as a stock dividend payable in shares of Common Stock, or upon any subdivision or split-up of the outstanding shares of Common Stock Series A Preferred Stock or Series B Preferred Stock, or upon conversion of shares of Series A Preferred Stock or Series B Preferred Stock, (B) shares of Common Stock to be issued to options, warrants or other securities convertible into Common Stock which are outstanding on the Issue Date and (C) up to 681,000 additional shares of Common Stock to be issued to key employees, directors, consultants and advisors of the Corporation pursuant to a stock option or incentive plan at an exercise price of no less than 85% of the Current Market Price together with any such shares that are repurchased by the Corporation and reissued to any such employee, director, consultant or advisor. All shares of Excluded Stock, which the Corporation has reserved for issuance, shall be deemed to be outstanding for all purposes of computations under subparagraph e.vi.1.

3. *Stock Dividends, Subdivisions, Reclassifications or Combinations.* If the Corporation shall (i) declare a dividend or make a distribution on its Common Stock in shares of its Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding Common Stock into a smaller number of shares, the Conversion Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the holder of any shares of Series A Preferred Stock surrendered for conversion after such date shall be entitled to receive the number of shares of Common Stock which he would have owned or been entitled to receive had such Series A Preferred Stock been converted immediately prior to such date. Successive adjustments in the Conversion Price shall be made whenever any event specified above shall occur.

4. *Other Distributions.* In case the Corporation shall fix a record date for the making of a distribution to all holders of shares of its Common Stock (i) of shares of any class other than its Common Stock or (ii) of evidence of indebtedness of the Corporation or any Subsidiary or (iii) of assets (excluding cash dividends or distributions, and dividends or distributions referred to in subparagraph e.vi.3. above), or (iv) of rights or warrants (excluding those referred to in subparagraph e.vi.1 above), in each such case the Conversion Price in effect immediately prior thereto shall be reduced immediately thereafter to the price determined by dividing (1) an amount equal to the difference resulting from (A) the number of shares of Common Stock outstanding on such record date multiplied by the Conversion Price per share on such record date, less (B) the fair market value (as determined by the Board of Directors, whose

H03000312084 3

H03000312084 3

determination shall be conclusive) of said shares or evidences of indebtedness or assets or rights or warrants to be so distributed, by (2) the number of shares of Common Stock outstanding on such record date. Such adjustment shall be made successively whenever such a record date is fixed. In the event that such distribution is not so made, the Conversion Price then in effect shall be readjusted, effective as of the date when the Board of Directors determines not to distribute such shares, evidences of indebtedness, assets, rights or warrants, as the case may be, to the Conversion Price which would then be in effect if such record date had not been fixed.

5. *Consolidation, Merger, Sale, Lease or Conveyance.* In case of any consolidation with or merger of the Corporation with or into another corporation other than an Approved Sale, or in case of any sale, lease or conveyance to another corporation of the assets of the Corporation as an entirety or substantially as an entirety other than an Approved Sale, each share of Series A Preferred Stock shall after the date of such consolidation, merger, sale, lease or conveyance be convertible into the number of shares of stock or other securities or property (including cash) to which the Common Stock issuable (at the time of such consolidation, merger, sale, lease or conveyance) upon conversion of such share of Series A Preferred Stock would have been entitled upon such consolidation, merger, sale, lease or conveyance; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the holders of the shares of Series A Preferred Stock shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to any shares of stock or other securities or property thereafter deliverable on the conversion of the shares of Series A Preferred Stock.

6. *Rounding of Calculations; Minimum Adjustment.* All calculations under this subparagraph vi shall be made to the nearest cent or to the nearest one hundredth (1/100th) of a share, as the case may be. Any provision of this paragraph e, to the contrary notwithstanding, no adjustment in the Conversion Price shall be made if the amount of such adjustment would be less than \$0.05, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.05 or more.

7. *Timing of Issuance of Additional Common Stock Upon Certain Adjustments.* In any case in which the provisions of this subparagraph vi shall require that an adjustment shall become effective immediately after a record date for an event, the Corporation may defer until the occurrence of such event (A) issuing to the holder of any share of Series A Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of a fractional share of Common Stock pursuant to subparagraph v of this paragraph e; provided that the Corporation upon request shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

vii. *Current Market Price.* The Current Market Price at any date shall mean, in the event the Common Stock is publicly traded, the average of the daily closing prices per share of Common Stock for 30 consecutive trading days ending no more than 15 business days before such date (as adjusted for any stock dividend, split, combination or reclassification that took effect during such 30 business day period). The closing price for each day shall be the last reported sale price or, in case no such reported sale takes place on such day, the average of

H03000312084 3

H03000312084 3

the last closing bid and asked prices, in either case on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the closing sale price for such day reported by NASDAQ, if the Common Stock is traded over-the-counter and quoted in the National Market System, or if the Common Stock is so traded, but not so quoted, the average of the closing reported bid and asked prices of the Common Stock as reported by NASDAQ or any comparable system or, if the Common Stock is not listed on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Corporation for that purpose. If the Common Stock is not traded in such manner that the quotations referred to above are available for the period required hereunder, Current Market Price per share of Common Stock shall be deemed to be the fair value as determined by the Board of Directors, irrespective of any accounting treatment.

viii. *Statement Regarding Adjustments.* Whenever the Conversion Price shall be adjusted as provided in subparagraph e.vi., the Corporation shall forthwith file, at the office of any transfer agent for the Series A Preferred Stock and at the principal office of the Corporation, a statement showing in detail the facts requiring such adjustment and the Conversion Price that shall be in effect after such adjustment, and the Corporation shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each holder of shares of Series A Preferred Stock at its address appearing on the Corporation's records. Each such statement shall be signed by the Corporation's independent public accountants, if applicable. Where appropriate, such copy may be given in advance and may be included as part of a notice required to be mailed under the provisions of subparagraph e.vi.

ix. *Notice to Holders.* In the event the Corporation shall propose to take any action of the type described in clause 1 (but only if the action of the type described in clause 1 would result in an adjustment in the Conversion Price), 3, 4 or 5 of subparagraph e.vi., the Corporation shall give notice to each holder of shares of Series A Preferred Stock, in the manner set forth in subparagraph e.viii., which notice shall specify the record date, if any, with respect to any such action and the approximate date on which such action is to take place. Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action (to the extent such effect may be known at the date of such notice) on the Conversion Price and the number, kind or class of shares or other securities or property which shall be deliverable upon conversion of shares of Series A Preferred Stock. In the case of any action which would require the fixing of a record date, such notice shall be given at least 10 days prior to the date so fixed, and in case of all other action, such notice shall be given at least 15 days prior to the taking of such proposed action. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

x. *Treasury Stock.* For the purposes of this paragraph e., the sale or other disposition of any Common Stock theretofore held in the Corporation's treasury shall be deemed to be an issuance thereof.

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

H03000312084 3

H03000312084 3

xii. *Reservation of Shares.* The Corporation shall reserve at all times so long as any shares of Series A Preferred Stock remain outstanding, free from preemptive rights, out of its treasury stock (if applicable) or its authorized but unissued shares of Common Stock, or both, solely for the purpose of effecting the conversion of the shares of Series A Preferred Stock, sufficient shares of Common Stock to provide for the conversion of all outstanding shares of Series A Preferred Stock.

xiii. *Approvals.* If any shares of Common Stock to be reserved for the purpose of shares of Series A Preferred Stock require registration with or approval of governmental authority under any Federal or state law before such shares may be validly issued or delivered upon conversion, then the Corporation will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be. If, and so long as, any Common Stock into which the shares of Series A Preferred Stock are then convertible is listed on any national securities exchange, the Corporation will, if permitted by the rules of such exchange, list and keep listed on such exchange, upon official notice of issuance, all shares of such Common Stock issuable upon conversion.

xiv. *Valid Issuance.* All shares of Common Stock which may be issued upon conversion of the shares of Series A Preferred Stock will upon issuance by the Corporation be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof, and the Corporation shall take no action which will cause a contrary result (including without limitation, any action which would cause the Conversion Price to be less than the par value, if any, of the Common Stock).

f. *Voting Rights.*

i. In addition to the special voting rights provided in subparagraphs f.ii., iii. and iv. below and by applicable law, the holders of shares of Series A Preferred Stock shall be entitled to vote upon all matters upon which holders of the Common Stock have the right to vote, and shall be entitled to the number of votes equal to the largest number of full shares of Common Stock into which such shares of Series A Preferred Stock could be converted pursuant to the provisions of paragraph e. hereof at the record date for the determination of the 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, such votes to be counted together with all other shares of capital stock having general voting powers and not separately as a class. In all cases where the holders of shares of Series A Preferred Stock have the right to vote separately as a class, such holders shall be entitled to one vote for each such share held by them respectively.

ii. So long as at least 25% of the shares of Series A Preferred Stock which were issued on the Issue Date are still outstanding, without the consent of the holders of at least a majority of the shares of Series A Preferred Stock then outstanding, given in writing or by vote at a meeting of shareholders called for such purpose, the Corporation will not (i) amend, alter or repeal any provision of the Articles of Incorporation so as to adversely affect the rights, preferences or privileges of the Series A Preferred Stock; (ii) create any other class of Senior Stock or increase the authorized amount of any such other class; (iii) pay or declare any dividend on any Junior Stock (other than dividends payable in shares of the class or series upon which such dividends are declared or paid, or payable in shares of Common Stock with respect to Junior Stock other than Common Stock, together with cash in lieu of fractional shares and dividends not in excess of dividends paid to the Series A Preferred Stock) while the Series A Preferred Stock remains outstanding, or apply any of its assets to the redemption, retirement,

H03000312084 3

H03000312084 3

purchase or acquisition, directly or indirectly, through subsidiaries or otherwise, of any Junior Stock, except from employees or consultants of the Corporation upon termination of employment or otherwise pursuant to the terms of stock purchase or option agreements providing for the repurchase of, or right of first refusal with respect to, such Junior Stock entered into with such employees or consultants; (iv) merge or consolidate with or into any other person, or sell substantially all of its assets or business to any other person that would result in a valuation of less than \$3.20 per share of the Series A Preferred Stock; or (v) enter into any transaction involving a liquidation, dissolution, winding up or similar reorganization of the Corporation.

iii. If and whenever the Corporation shall have failed to declare and pay the full amount of dividends payable on the Series A Preferred Stock on any six (6) Dividend Payment Dates, then and in such event the holders of the Series A Preferred Stock, voting separately as a class, shall be entitled at the next annual meeting of the shareholders of the Corporation or at any special meeting to elect one (1) director. Upon election, such director shall become an additional director of the Corporation, and the authorized number of directors of the Corporation shall thereupon be automatically increased. Such right of the holders of Series A Preferred Stock to elect a director may be exercised until all dividends in default on the Series A Preferred Stock shall have been paid in full, and dividends for the current Dividend Period declared and funds therefor set apart, and when so paid and set apart, the right of the holders of Series A Preferred Stock to elect such director shall cease, the term of such director shall thereupon terminate, and the authorized number of directors of the Corporation shall thereupon return to the number of authorized directors otherwise in effect, but subject always to the same provisions for the vesting of such special voting rights in the case of any such future dividend default or defaults. The fact that dividends have been paid and set apart as required by the preceding sentence shall be evidenced by a certificate executed by the President and the chief financial officer of the Corporation and delivered to the Board of Directors. The director so elected by holders of Series A Preferred Stock shall serve until the certificate described in the preceding sentence shall have been delivered to the Board of Directors or until their respective successors shall be elected or appointed and qualify.

At any time when such special voting rights have been so vested in the holders of the Series A Preferred Stock, the Secretary of the Corporation may, and, upon the written request of the holders of record of 10% or more of the number of shares of the Series A Preferred Stock then outstanding addressed to such Secretary at the principal office of the Corporation, shall, call a special meeting of the holders of the Series A Preferred Stock for the election of the director to be elected by them as hereinabove provided, to be held in the case of such written request within forty (40) days after delivery of such request, and in either case to be held at the place and upon the notice provided by law and in the Corporation's By-Laws for the holding of meetings of shareholders; *provided however* that the Secretary shall not be required to call such a special meeting if any such request is received less than ninety (90) days before the date fixed for the next ensuing annual or special meeting of shareholders.

iv. If, at any time when the holders of the Series A Preferred Stock are entitled to elect a director pursuant to the foregoing provisions of this paragraph f., the holders of any one or more additional series of Preferred Stock are entitled to elect directors by reason of any default or event specified in the certificate of designation for such series, and if the terms for such other additional series so permit, the voting rights of the two or more series then entitled to vote shall be combined (with each series having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of the Series A Preferred Stock and of all such other series then entitled so to vote, voting as a class, shall elect

H03000312084 3

H03000312084 3

such directors. If the holders of any such other series have elected such directors prior to the happening of the default or event permitting the holders of Series A Preferred Stock to elect a director, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation from the holders of not less than 10% of the then outstanding shares of Series A Preferred Stock, then such directors so previously elected will be deemed to have been elected by and on behalf of the holders of Series A Preferred Stock as well as such other series, without prejudice to the right of the holders of Series A Preferred Stock to vote for directors such previously elected directors shall resign, cease to serve or stand for reelection while the holders of Series A Preferred Stock are entitled to vote. If the holders of any such other series are entitled to elect in excess of one (1) director, the Series A Preferred Stock shall not participate in the election of more than one (1) such director and that director whose term first expires shall be deemed to be the director elected by the holders of Series A Preferred Stock; provided that, if at the expiration of such term the holders of Series A Preferred Stock are entitled to vote in the election of directors pursuant to the provisions of this paragraph f., then the Secretary of the Corporation shall call a meeting (which meeting may be the annual meeting or special meeting of shareholders referred to in subparagraph f.ii.) of holders of Series A Preferred Stock for the purpose of electing replacement directors (in accordance with the provisions of this paragraph f.) to be held at or prior to the time of expiration of the expiring terms referred to above.

g. *Capital.* On any redemption of Series A Preferred Stock, the Corporation's capital shall be reduced by an amount equal to the Subscription Price multiplied by the number of shares of Series A Preferred Stock redeemed on such date. The provisions of this paragraph g. shall apply to all certificates representing Series A Preferred Stock whether or not all such certificates have been surrendered to the Corporation.

h. *Exclusion of Other Rights.* Except as may otherwise be required by law, the shares of Series A Preferred Stock shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth in these Restated Articles (as such may be amended from time to time). The shares of Series A Preferred Stock shall have no preemptive or subscription rights.

i. *Headings of Subdivisions.* The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

j. *Severability of Provisions.* If any right, preference or limitation of the Series A Preferred Stock set forth in these Restated Articles (as such may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other rights, preferences and limitations set forth in these Restated Articles (as so amended) which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

k. *Status of Reacquired Shares.* Shares of Series A Preferred Stock which have been issued and reacquired in any manner shall (upon compliance with any applicable provisions of the laws of the State of Florida) have the status of authorized and unissued shares of Series A Preferred Stock issuable in series undesignated as to series and may be redesignated and reissued.

H03000312084 3

H03000312084 3

4. Series B Preferred.

A series of Preferred Stock is hereby designated and known as "Series B 9.0% Cumulative Convertible Preferred Stock" (hereinafter referred to as "Series B Preferred Stock"). The Series B Preferred Stock shall consist of Three Million (3,000,000) shares, \$0.00005 par value per share. The powers, preferences, rights, qualifications, limitations and restrictions of the Series B Preferred Stock are as follows:

a. *Certain Definitions.* Unless the context otherwise requires, the terms defined in this Section 4 of Article IV shall have the meanings herein specified and shall apply only to the provisions set forth in this Section 4 of Article IV.

Approved Sale. The term "Approved Sale" shall mean a consolidation with or merger of the Corporation with or into another corporation or entity (where the Corporation is not the surviving corporation) or a lease or other sale conveyance of all or substantially all the assets of the Corporation to another entity, completed, in each case, with a third party which is not an affiliate of the Corporation and which has been approved by a majority of the shares of Series B Preferred Stock then outstanding.

Common Stock. The term "Common Stock" shall mean all shares now or hereafter authorized of any class of Common Stock of the Corporation and any other stock of the Corporation, howsoever designated, authorized after the Issue Date, which has the right (subject always to prior rights of any class or series of preferred stock) to participate in the distribution of the assets and earnings of the Corporation without limit as to per share amount.

Conversion Date. The term "Conversion Date" shall have the meaning set forth in subparagraph e.iv. below.

Conversion Price. The term "Conversion Price" shall mean the price per share of Common Stock used to determine the number of shares of Common Stock deliverable upon conversion of a share of the Series B Preferred Stock, which price shall initially be \$3.50 per share, subject to adjustment in accordance with the provisions of paragraph e. below.

Current Market Price. The term "Current Market Price" shall have the meaning set forth in subparagraph e.vii. below.

Dividend Payment Date. The term "Dividend Payment Date" shall have the meaning set forth in subparagraph b.i. below.

Dividend Period. The term "Dividend Period" shall have the meaning set forth in subparagraph b.i. below.

Final Redemption Date. The term "Final Redemption Date" shall have the meaning set forth in subparagraph d.iv. below.

Issue Date. The term "Issue Date" shall mean the date that shares of Series B Preferred Stock are first issued by the Corporation.

Junior Stock. The term "Junior Stock" shall mean, for purposes of paragraphs b. and h. below, the Common Stock and any other class or series of stock of the Corporation issued after the Issue Date not entitled to receive any dividends in any Dividend Period unless all

H03000312084 3

H03000312084 3

dividends required to have been paid or declared and set apart for payment on the Series B Preferred Stock shall have been so paid or declared and set apart for payment and, for purposes of paragraphs c. and h. below, any class or series of stock of the Corporation issued after the Issue Date not entitled to receive any assets upon the liquidation, dissolution or winding up of the affairs of the Corporation until the Series B Preferred Stock shall have received the entire amount to which such stock is entitled upon such liquidation, dissolution or winding up.

Liquidation Preference. The term "Liquidation Preference" shall mean \$3.50 per share.

Parity Stock. The term "Parity Stock" shall mean, for purposes of paragraphs b. and h. below, any other class or series of stock of the Corporation issued after the Issue Date entitled to receive payment of dividends on a parity with the Series B Preferred Stock and, for purposes of paragraphs c. and h. below, any other class or series of stock of the Corporation issued after the Issue Date entitled to receive assets upon the liquidation, dissolution or winding up of the affairs of the Corporation on a parity with the Series B Preferred Stock.

Redemption Agent. The term "Redemption Agent" shall have the meaning set forth in subparagraph d.iii. below.

Redemption Date. The term "Redemption Date" shall have the meaning set forth in subparagraph d.ii. below.

Redemption Price. The term "Redemption Price" shall mean the price to be paid upon redemption of the Series B Preferred Stock, as determined in accordance with subparagraph d. below.

Senior Stock. The term "Senior Stock" shall mean, the Series A Preferred Stock and for purposes of paragraphs b. and h. below, the Series A Preferred Stock and any class or series of stock of the Corporation issued after the Issue Date ranking senior to the Series B Preferred Stock in respect of the right to receive dividends, and, for purposes of paragraphs c. and h. below, any class or series of stock of the Corporation issued after the Issue Date ranking senior to the Series B Preferred Stock in respect of the right to receive assets upon the liquidation, dissolution or winding up of the affairs of the Corporation.

Subscription Price. The term "Subscription Price" shall mean \$3.50 per share.

Subsidiary. The term "Subsidiary" shall mean any corporation of which shares of stock possessing at least a majority of the general voting power in electing the board of directors are, at the time as of which any determination is being made, owned by the Corporation, whether directly or indirectly through one or more Subsidiaries.

b. *Dividends.*

i. Subject to the prior preferences and other rights of any Senior Stock, the holders of Series B Preferred Stock shall be entitled to receive, out of funds legally available for that purpose, cash dividends at the rate of \$0.2880 per share per annum, and no more. Such dividends shall be cumulative from the Issue Date and shall be payable quarterly, in arrears, commencing on the first dividend payment date pro-rated for the period of time the investor shares have been outstanding after receipt of funds. The Board of Directors has elected to pay dividends on a quarterly basis, on March 31, June 30, September 30 and December 31 of each

H03000312084 3

H03000312084 3

year (each such date being herein referred to as a "Dividend Payment Date"). The quarterly period between consecutive Dividend Payment Dates shall hereinafter be referred to as a "Dividend Period." Each such dividend shall be paid in cash to the holders of record of the Series B Preferred Stock as their names appear on the share register of the Corporation on the corresponding Record Date; *provided, however*, as determined by the Board of Directors, the Corporation has the option to pay up to 12 quarterly dividends through issuance of additional shares of Series B Preferred Stock having a Liquidation Preference equal to the amount of the dividend (rounded off to the nearest whole share amount). As used above, the term "Record Date" means, with respect to the dividend payable on March 31, June 30, September 30 and December 31, respectively, of each year, the preceding March 15, June 15, September 15 and December 15, or such other record date designated by the Board of Directors of the Corporation with respect to the dividend payable on such respective Dividend Payment Date. Dividends on account of arrears for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date, not exceeding 50 days preceding the payment date thereof, as may be fixed by the Board of Directors.

ii. In the event that full dividends are not paid or made available to the holders of all outstanding shares of Series B Preferred Stock and of any Parity Stock, and funds available shall be insufficient to permit payment in full in cash or additional shares of Series B Preferred Stock to all such holders of the preferential amounts to which they are then entitled, the entire amount available for payment of dividends shall be distributed among the holders of the Series B Preferred Stock and of any Parity Stock ratably in proportion to the full amount to which they would otherwise be respectively entitled, and any remainder not paid to the holders of the Series B Preferred Stock shall cumulate as provided in subparagraph b.iii. below.

iii. If, on any Dividend Payment Date, the holders of the Series B Preferred Stock shall not have received the full dividends provided for in the other provisions of this paragraph b, then such dividends shall cumulate, whether or not earned or declared, with additional dividends thereon for each succeeding full Dividend Period during which such dividends shall remain unpaid. Unpaid dividends for any period less than a full Dividend Period shall cumulate on a day-to-day basis and shall be computed on the basis of a 365-day year.

iv. So long as any shares of Series B Preferred Stock shall be outstanding, the Corporation shall not declare or pay on any Junior Stock any dividend whatsoever, whether in cash, property or otherwise (other than dividends payable in shares of the class or series upon which such dividends are declared or paid, or payable in shares of Common Stock with respect to Junior Stock other than Common Stock, together with cash in lieu of fractional shares), nor shall the Corporation make any distribution on any Junior Stock, nor shall any Junior Stock be purchased or redeemed by the Corporation or any Subsidiary, nor shall any monies be paid or made available for a sinking fund for the purchase or redemption of any Junior Stock, unless all dividends to which the holders of Series B Preferred Stock shall have been entitled for all previous Dividend Periods shall have been paid or declared and a sum of money sufficient for the payment thereof set apart.

c. *Distributions Upon Liquidation, Dissolution or Winding Up.* In the event of any voluntary or involuntary liquidation, dissolution or other winding up of the affairs of the Corporation, subject to the prior preferences and other rights of any Senior Stock, but before any distribution or payment shall be made to the holders of Junior Stock, the holders of the Series B Preferred Stock shall be entitled to be paid the Liquidation Preference of all outstanding shares of Series B Preferred Stock as of the date of such liquidation or dissolution or such other

H03000312084 3

H03000312084 3

winding up, plus any accrued and unpaid dividends thereon to such date, and no more, in cash or in property taken at its fair value as determined by the Board of Directors, or both, at the election of the Board of Directors. If such payment shall have been made in full to the holders of the Series B Preferred Stock, and if payment shall have been made in full to the holders of any Senior Stock and Parity Stock of all amounts to which such holders shall be entitled, the remaining assets and funds of the Corporation shall be distributed among the holders of Junior Stock, according to their respective shares and priorities. If, upon any such liquidation, dissolution or other winding up of the affairs of the Corporation, the net assets of the Corporation distributable among the holders of all outstanding shares of the Series B Preferred Stock and of any Parity Stock shall be insufficient to permit the payment in full to such holders of the preferential amounts to which they are entitled, then the entire net assets of the Corporation remaining after the distributions to holders of any Senior Stock of the full amounts to which they may be entitled shall be distributed among the holders of the Series B Preferred Stock and of any Parity Stock ratably in proportion to the full amounts to which they would otherwise be respectively entitled. Neither the consolidation or merger of the Corporation into or with another corporation or corporations, nor the sale of all or substantially all of the assets of the Corporation to another corporation or corporations shall be deemed a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this paragraph c.

d. *Redemption by the Corporation.* The Series B Preferred Stock shall not be redeemed in whole or in part prior to January 31, 2009. On and after January 31, 2009, the Series B Preferred Stock may be redeemed by the Corporation in cash at any time in whole or (subject to the last sentence of subparagraph d.i. below), from time to time in part, at the option of the Corporation, at an amount per share equal to the Liquidation Preference together, in the case of any such redemption, with any accrued but unpaid dividends thereon to and including the date of redemption.

i. If less than all of the outstanding shares of Series B Preferred Stock are to be redeemed, such shares shall be redeemed *pro rata* or by lot as determined by the Board of Directors in its sole discretion. The Corporation shall not redeem less than all of the outstanding shares of Series B Preferred Stock pursuant to the first paragraph of subparagraph d. above at any time unless all cumulative dividends on the Series B Preferred Stock for all previous quarterly Dividend Periods have been paid or declared and funds therefore set apart for payment.

ii. Notice of every proposed redemption of Series B Preferred Stock shall be sent by or on behalf of the Corporation by first class mail, postage prepaid, to the holders of record of the shares redeemed at their respective addresses as they shall appear on the records of the Corporation, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption (the "Redemption Date") (i) notifying such holders of the election of the Corporation to redeem such shares and of the date of redemption, (ii) stating the date on which the shares cease to be convertible, and the Conversion Price, (iii) stating the place or places at which the shares called for redemption shall, upon presentation and surrender of the certificates evidencing such shares, be redeemed, and the Redemption Price therefore, and (iv) stating the name and address of any Redemption Agent selected by the Corporation in accordance with subparagraph d.iv. below, and the name and address of the Corporation's transfer agent for the Series B Preferred Stock. The Corporation may act as the transfer agent for the Series B Preferred Stock.

iii. Prior to the date on which there shall have been a public distribution of the Series B Preferred Stock, the Corporation may act as the redemption agent to redeem the Series B Preferred Stock. Thereafter the Corporation shall appoint as its agent for such purpose a

H03000312084 3

H03000312084 3

bank or trust company in good standing, organized under the laws of the United States of America or any jurisdiction thereof, and having capital, surplus and undivided profits aggregating at least Twenty Million Dollars (\$20,000,000), and may appoint any one or more additional such agents which shall in each case be a bank or trust company in good standing organized under the laws of the United States of America or of any jurisdiction thereof, having an office or offices in the City of St. Petersburg, Florida, or such other place as shall have been designated by the Corporation, and having capital, surplus and undivided profits aggregating at least Twenty Million Dollars (\$20,000,000). The Corporation or such bank or trust company is hereinafter referred to as the "Redemption Agent." Following such appointment and prior to any redemption, the Corporation shall deliver to the Redemption Agent irrevocable written instructions authorizing the Redemption Agent, on behalf and at the expense of the Corporation, to cause such notice of redemption to be duly mailed as herein provided as soon as practicable after receipt of such irrevocable instructions and in accordance with the above provisions. All funds necessary for the redemption shall be deposited with the Redemption Agent in trust at least two business days prior to the Redemption Date, for the pro rata benefit of the holders of the shares so called for redemption, so as to be and continue to be available therefore. Neither failure to mail any such notice to one or more such holders nor any defect in any notice shall affect the sufficiency of the proceedings for redemption as to other holders.

iv. If notice of redemption shall have been given as herein before provided, and the Corporation shall not default in the payment of the Redemption Price, then each holder of shares called for redemption shall be entitled to all preferences and relative and other rights accorded by these Restated Articles until and including the date prior to the Redemption Date. If the Corporation shall default in making payment or delivery as aforesaid on the Redemption Date, then each holder of the shares called for redemption shall be entitled to all preferences and relative and other rights accorded by these Restated Articles until and including the date prior to the date (the "Final Redemption Date") when the Corporation makes payment or delivery as aforesaid to the holders of the Series B Preferred Stock. From and after the Redemption Date or, if the Corporation shall default in making payment or delivery as aforesaid, the Final Redemption Date, the shares called for redemption shall no longer be deemed to be outstanding, and all rights of the holders of such shares shall cease and terminate, except the right of the holders of such shares, upon surrender of certificates therefore, to receive amounts to be paid hereunder. The deposit of monies in trust with the Redemption Agent shall be irrevocable except that the Corporation shall be entitled to receive from the Redemption Agent the interest or other earnings, if any, earned on any monies so deposited in trust, and the holders of any shares redeemed shall have no claim to such interest or other earnings, and any balance of monies so deposited by the Corporation and unclaimed by the holders of the Series B Preferred Stock entitled thereto at the expiration of two (2) years from the Redemption Date (or the Final Redemption Date, as applicable) shall be repaid, together with any interest or other earnings thereon, to the Corporation, and after any such repayment, the holders of the shares entitled to the funds so repaid to the Corporation shall look only to the Corporation for such payment, without interest.

c. Conversion Rights. The Series B Preferred Stock shall be convertible into Common Stock as follows:

i. Optional Conversion. Subject to and upon compliance with the provisions of this paragraph e., the holder of any shares of Series B Preferred Stock shall have the right at such holder's option, at any time or from time to time, to convert any of such shares of Series B Preferred Stock into fully paid and nonassessable shares of Common Stock at the Conversion Price (as hereinafter defined) in effect on the Conversion Date (as hereinafter

H03000312084 3

H03000312084 3

defined) upon the terms hereinafter set forth. In case any share of Series B Preferred Stock is called for redemption, such right of conversion shall terminate at the close of business on the fifth day prior to the Redemption Date or, if the Corporation shall default in the payment of the Redemption Price, at the close of business on the fifth day prior to the Final Redemption Date.

ii. Automatic Conversion. Each outstanding share of Series B Preferred Stock shall automatically be converted, without any further act of the Corporation or its shareholders, into fully paid and nonassessable shares of Common Stock at the Conversion Price then in effect upon (a) the closing of an underwritten public offering pursuant to an effective registration statement under the Securities Act, covering the offering and sale of the Common Stock for the account of the Corporation in which the aggregate gross proceeds received by the Corporation equals or exceeds \$5,000,000 and in which the public offering price per share equals or exceeds \$5.00 per share (as adjusted in the same manner as Section e.vi. below); (b) an Approved Sale or (c) the vote of a majority of then outstanding shares of Series B Preferred Stock to automatically convert all outstanding shares of Series B Preferred Stock into Common Stock.

iii. Conversion Price. Each share of Series B Preferred Stock shall be converted into a number of shares of Common Stock determined by dividing (i) the Subscription Price by (ii) the Conversion Price in effect on the Conversion Date. The Conversion Price at which shares of Common Stock shall initially be issuable upon conversion of the shares of Series B Preferred Stock shall be \$3.50. The Conversion Price shall be subject to adjustment as set forth in subparagraph e.vi. Accrued but unpaid dividends shall be payable upon conversion to the extent legally permitted.

iv. Mechanics of Conversion. The holder of any shares of Series B Preferred Stock may exercise the conversion right specified in subparagraph e.i. by surrendering to the Corporation or any transfer agent of the Corporation the certificate or certificates for the shares to be converted, accompanied by written notice specifying the number of shares to be converted. Upon the occurrence of the event specified in subparagraph e.ii., the outstanding shares of Series B Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; *provided* that the Corporation shall not be obligated to issue to any such holder certificates evidencing the shares of Common Stock issuable upon such conversion unless certificates evidencing the shares of Series B Preferred Stock are either delivered to the Corporation or any transfer agent of the Corporation. Conversion shall be deemed to have been effected on the date when delivery of notice of an election to convert and certificates for shares is made or on the date of the occurrence of the event specified in subparagraph e.ii., as the case may be, and such date is referred to herein as the "Conversion Date." Subject to the provisions of subparagraph e.vi.7., as promptly as practicable thereafter (and after surrender of the certificate or certificates representing shares of Series B Preferred Stock to the Corporation or any transfer agent of the Corporation in the case of conversions pursuant to subparagraph e.ii.) the Corporation shall issue and deliver to or upon the written order of such holder a certificate or certificates for the number of full shares of Common Stock to which such holder is entitled and a check or cash with respect to any fractional interest in a share of Common Stock as provided in subparagraph e.v. Subject to the provisions of subparagraph e.vi.7., the person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of record of such Common Stock on the applicable Conversion Date. Upon conversion of only a portion of the number of shares covered by a certificate representing shares of Series B Preferred Stock surrendered for conversion (in the case of conversion pursuant to subparagraph e.i.), the

H03000312084 3

H03000312084 3

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

v. *Fractional Shares.* No fractional shares of Common Stock or scrip shall be issued upon conversion of shares of Series B Preferred Stock. If more than one share of Series B Preferred Stock shall be surrendered for conversion at any one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series B Preferred Stock so surrendered. Instead of any fractional shares of Common Stock which would otherwise be issuable upon conversion of any shares of Series B Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to that fractional interest of then Current Market Price.

vi. *Conversion Price Adjustments.* The Conversion Price shall be subject to adjustment from time to time as follows:

1. *Common Stock Issued at Less Than the Conversion Price.* If the Corporation shall issue any Common Stock other than Excluded Stock (as hereinafter defined) without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to such issuance, the Conversion Price in effect immediately prior to each such issuance shall immediately (except as provided below) be reduced to the price determined by dividing (1) an amount equal to the sum of (A) the number of shares of Common Stock outstanding immediately prior to such issuance multiplied by the Conversion Price in effect immediately prior to such issuance and (B) the consideration, if any, received by the Corporation upon such issuance, by (2) the total number of shares of Common Stock outstanding immediately after such issuance.

For the purposes of any adjustment of the Conversion Price pursuant to clause 1, the following provisions shall be applicable:

a. *Cash.* In the case of the issuance of Common Stock for cash, the amount of the consideration received by the Corporation shall be deemed to be the amount of the cash proceeds received by the Corporation for such Common Stock before deducting there from any discounts, commissions, taxes or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

b. *Consideration Other Than Cash.* In the case of the issuance of Common Stock (otherwise than upon the conversion of shares of capital stock or other securities of the Corporation) for a consideration in whole or in part other than cash, including securities acquired in exchange therefore (other than securities by their terms so exchangeable), the consideration other than cash shall be deemed to be the fair value thereof as determined by the Board of Directors, irrespective of any accounting treatment; *provided that* such fair value as determined by the Board of Directors shall not exceed the aggregate Current Market Price of the shares of Common Stock being issued as of the date the Board of Directors authorizes the issuance of such shares.

c. *Options and Convertible Securities.* In the case of the issuance of (i) options, warrants or other rights to purchase or acquire Common Stock (whether

H03000312084 3

H03000312084 3

or not at the time exercisable), (ii) securities by their terms convertible into or exchangeable for Common Stock (whether or not at the time so convertible or exchangeable) or options, warrants or rights to purchase such convertible or exchangeable securities (whether or not at the time exercisable):

i. the aggregate maximum number of shares of Common Stock deliverable upon exercise of such options, warrants or other rights to purchase or acquire Common Stock shall be deemed to have been issued at the time such options, warrants or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subclauses a. and b. above), if any, received by the Corporation upon the issuance of such options, warrants or rights plus the minimum purchase price provided in such options, warrants or rights for the Common Stock covered thereby;

ii. the aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange for any such convertible or Stock exchangeable securities, or upon the exercise of options, warrants or other rights to purchase or acquire such convertible or exchangeable securities and the subsequent conversion or exchange thereof, shall be deemed to have been issued at the time such rights were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities and related options, warrants or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the additional consideration (determined in the manner provided in subclauses a. and b. above), if any, to be received by the Corporation upon the conversion or exchange of such securities, or upon the exercise of any related options, warrants or rights to purchase or acquire such convertible or exchangeable securities and the subsequent conversion or exchange thereof;

iii. on any change in the number of shares of Common Stock deliverable upon exercise of any such options, warrants or rights or conversion or exchange of such convertible or exchangeable securities or any change in the consideration to be received by the Corporation upon such exercise, conversion or exchange, including, but not limited to a change resulting from the anti-dilution provisions thereof, the Conversion Price as then in effect shall forthwith be readjusted to such Conversion Price as would have been obtained had an adjustment been made upon the issuance of such options, warrants or rights not exercised prior to such change, or of such convertible or exchangeable securities not converted or exchanged prior to such change, upon the basis of such change;

iv. on the expiration or cancellation of any such options, warrants or rights, or the termination of the right to convert or exchange such convertible or exchangeable

H03000312084 3

H03000312084 3

securities, if the Conversion Price shall have been adjusted upon the issuance thereof, the Conversion Price shall forthwith be readjusted to such conversion Price as would have been obtained had an adjustment been made upon the issuance of such options, warrants, rights or such convertible or exchangeable securities on the basis of the issuance of only the number of shares of Common Stock actually issued upon the exercise of such options, warrants or rights, or upon the conversion or exchange of such convertible or exchangeable securities; and

v. if the Conversion Price shall have been adjusted upon the issuance of any such options, warrants, rights or convertible or exchangeable securities, no further adjustment of the Conversion Price shall be made for the actual issuance of Common Stock upon the exercise, conversion or exchange thereof; provided, however, that no increase in the Conversion Price shall be made pursuant to subclauses i. or ii. of this subclause c.

2. *Excluded Stock*. "Excluded Stock" shall mean (A) shares of Common Stock issued or reserved for issuance by the Corporation as a stock dividend payable in shares of Common Stock, or upon any subdivision or split-up of the outstanding shares of Common Stock, Series A Preferred Stock or Series B Preferred Stock, or upon conversion of shares of Series A Preferred Stock or Series B Preferred Stock, (B) shares of Common Stock to be issued to options, warrants or other securities convertible into Common Stock which are outstanding on the Issue Date and (C) up to 681,000 additional shares of Common Stock to be issued to key employees, directors, consultants and advisors of the Corporation pursuant to a stock option or incentive plan at an exercise price of no less than 85% of the Current Market Price together with any such shares that are repurchased by the Corporation and reissued to any such employee, director, consultant or advisor. All shares of Excluded Stock, which the Corporation has reserved for issuance, shall be deemed to be outstanding for all purposes of computations under subparagraph e.vi.1.

3. *Stock Dividends, Subdivisions, Reclassifications or Combinations*. If the Corporation shall (i) declare a dividend or make a distribution on its Common Stock in shares of its Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding Common Stock into a smaller number of shares, the Conversion Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the holder of any shares of Series B Preferred Stock surrendered for conversion after such date shall be entitled to receive the number of shares of Common Stock which he would have owned or been entitled to receive had such Series B Preferred Stock been converted immediately prior to such date. Successive adjustments in the Conversion Price shall be made whenever any event specified above shall occur.

4. *Other Distributions*. In case the Corporation shall fix a record date for the making of a distribution to all holders of shares of its Common Stock (i) of shares of any class other than its Common Stock or (ii) of evidence of indebtedness of the Corporations or any Subsidiary or (iii) of assets (excluding cash dividends or distributions, and dividends or

H03000312084 3

H03000312084 3

distributions referred to in subparagraph e.vi.3. above), or (iv) of rights or warrants (excluding those referred to in subparagraph e.vi.1. above), in each such case the Conversion Price in effect immediately prior thereto shall be reduced immediately thereafter to the price determined by dividing (1) an amount equal to the difference resulting from (A) the number of shares of Common Stock outstanding on such record date multiplied by the Conversion Price per share on such record date, less (B) the fair market value (as determined by the Board of Directors, whose determination shall be conclusive) of said shares or evidences of indebtedness or assets or rights or warrants to be so distributed, by (2) the number of shares of Common Stock outstanding on such record date. Such adjustment shall be made successively whenever such a record date is fixed. In the event that such distribution is not so made, the Conversion Price then in effect shall be readjusted, effective as of the date when the Board of Directors determines not to distribute such shares, evidences of indebtedness, assets, rights or warrants, as the case may be, to the Conversion Price which would then be in effect if such record date had not been fixed.

5. *Consolidation, Merger, Sale, Lease or Conveyance.* In case of any consolidation with or merger of the Corporation with or into another corporation other than an Approved Sale, or in case of any sale, lease or conveyance to another corporation of the assets of the Corporation as an entirety or substantially as an entirety other than an Approved Sale, each share of Series B Preferred Stock shall after the date of such consolidation, merger, sale, lease or conveyance be convertible into the number of shares of stock or other securities or property (including cash) to which the Common Stock issuable (at the time of such consolidation, merger, sale, lease or conveyance) upon conversion of such share of Series B Preferred Stock would have been entitled upon such consolidation, merger, sale, lease or conveyance; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the holders of the shares of Series B Preferred Stock shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to any shares of stock or other securities or property thereafter deliverable on the conversion of the shares of Series B Preferred Stock.

6. *Rounding of Calculations; Minimum Adjustment.* All calculations under this subparagraph vi. shall be made to the nearest cent or to the nearest one hundredth (1/100th) of a share, as the case may be. Any provision of this paragraph e. to the contrary notwithstanding, no adjustment in the Conversion Price shall be made if the amount of such adjustment would be less than \$0.05, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.05 or more.

7. *Timing of Issuance of Additional Common Stock Upon Certain Adjustments.* In any case in which the provisions of this subparagraph vi shall require that an adjustment shall become effective immediately after a record date for an event, the Corporation may defer until the occurrence of such event (A) issuing to the holder of any share of Series B Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of a fractional share of Common Stock pursuant to subparagraph v. of this paragraph e; provided that the Corporation upon request shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

H03000312084 3

H03000312084 3

vii. *Current Market Price.* The Current Market Price at any date shall mean, in the event the Common Stock is publicly traded, the average of the daily closing prices per share of Common Stock for 30 consecutive trading days ending no more than 15 business days before such date (as adjusted for any stock dividend, split, combination or reclassification that took effect during such 30 business day period). The closing price for each day shall be the last reported sale price or, in case no such reported sale takes place on such day, the average of the last closing bid and asked prices, in either case on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the closing sale price for such day reported by NASDAQ, if the Common Stock is traded over-the-counter and quoted in the National Market System, or if the Common Stock is so traded, but not so quoted, the average of the closing reported bid and asked prices of the Common Stock as reported by NASDAQ or any comparable system or, if the Common Stock is not listed on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Corporation for that purpose. If the Common Stock is not traded in such manner that the quotations referred to above are available for the period required hereunder, Current Market Price per share of Common Stock shall be deemed to be the fair value as determined by the Board of Directors, irrespective of any accounting treatment.

viii. *Statement Regarding Adjustments.* Whenever the Conversion Price shall be adjusted as provided in subparagraph e.vi., the Corporation shall forthwith file, at the office of any transfer agent for the Series B Preferred Stock and at the principal office of the Corporation, a statement showing in detail the facts requiring such adjustment and the Conversion Price that shall be in effect after such adjustment, and the Corporation shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each holder of shares of Series B Preferred Stock at its address appearing on the Corporation's records. Each such statement shall be signed by the Corporation's independent public accountants, if applicable. Where appropriate, such copy may be given in advance and may be included as part of a notice required to be mailed under the provisions of subparagraph e.vi.1.

ix. *Notice to Holders.* In the event the Corporation shall propose to take any action of the type described in clause 1 (but only if the action of the type described in clause 1 would result in an adjustment in the Conversion Price), 3, 4 or 5 of subparagraph e.vi., the Corporation shall give notice to each holder of shares of Series B Preferred Stock, in the manner set forth in subparagraph e.viii., which notice shall specify the record date, if any, with respect to any such action and the approximate date on which such action is to take place. Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action (to the extent such effect may be known at the date of such notice) on the Conversion Price and the number, kind or class of shares or other securities or property which shall be deliverable upon conversion of shares of Series B Preferred Stock. In the case of any action which would require the fixing of a record date, such notice shall be given at least 10 days prior to the date so fixed, and in case of all other action, such notice shall be given at least 15 days prior to the taking of such proposed action. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

H03000312084 3

H03000312084 3

x. *Treasury Stock.* For the purposes of this paragraph e., the sale or other disposition of any Common Stock theretofore held in the Corporation's treasury shall be deemed to be an issuance thereof.

xi. *Costs.* The Corporation shall pay all documentary, stamp, transfer or other transactional taxes attributable to the issuance or delivery of shares of Common Stock upon conversion of any shares of Series B Preferred Stock; provided that the Corporation shall not be required to pay any taxes which may be payable in respect of any transfer involved in the issuance or delivery of any certificate for such shares in a name other than that of the holder of the shares of Series B Preferred Stock in respect of which such shares are being issued.

xii. *Reservation of Shares.* The Corporation shall reserve at all times so long as any shares of Series B Preferred Stock remain outstanding, free from preemptive rights, out of its treasury stock (if applicable) or its authorized but unissued shares of Common Stock, or both, solely for the purpose of effecting the conversion of the shares of Series B Preferred Stock, sufficient shares of Common Stock to provide for the conversion of all outstanding shares of Series B Preferred Stock.

xiii. *Approvals.* If any shares of Common Stock to be reserved for the purpose of shares of Series B Preferred Stock require registration with or approval of governmental authority under any Federal or state law before such shares may be validly issued or delivered upon conversion, then the Corporation will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be. If, and so long as, any Common Stock into which the shares of Series B Preferred Stock are then convertible is listed on any national securities exchange, the Corporation will, if permitted by the rules of such exchange, list and keep listed on such exchange, upon official notice of issuance, all shares of such Common Stock issuable upon conversion.

xiv. *Valid Issuance.* All shares of Common Stock which may be issued upon conversion of the shares of Series B Preferred Stock will upon issuance by the Corporation be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof, and the Corporation shall take no action which will cause a contrary result (including without limitation, any action which would cause the Conversion Price to be less than the par value, if any, of the Common Stock).

f. *Voting Rights.*

i. In addition to the special voting rights provided in subparagraphs f.ii., iii. and iv. below and by applicable law, the holders of shares of Series B Preferred Stock shall be entitled to vote upon all matters upon which holders of the Common Stock have the right to vote, and shall be entitled to the number of votes equal to the largest number of full shares of Common Stock into which such shares of Series B Preferred Stock could be converted pursuant to the provisions of paragraph e. hereof at the record date for the determination of the 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, such votes to be counted together with all other shares of capital stock having general voting powers and not separately as a class. In all cases where the holders of shares of Series B Preferred Stock have the right to vote separately as a class, such holders shall be entitled to one vote for each such share held by them respectively.

H03000312084 3

H03000312084 3

ii. So long as at least 25% of the shares of Series B Preferred Stock which were issued on the Issue Date are still outstanding, without the consent of the holders of at least a majority of the shares of Series B Preferred Stock then outstanding, given in writing or by vote at a meeting of shareholders called for such purpose, the Corporation will not (i) amend, alter or repeal any provision of the Articles of Incorporation so as to adversely affect the rights, preferences or privileges of the Series B Preferred Stock; (ii) create any other class of Senior Stock or increase the authorized amount of any such other class; (iii) pay or declare any dividend on any Junior Stock (other than dividends payable in shares of the class or series upon which such dividends are declared or paid, or payable in shares of Common Stock with respect to Junior Stock other than Common Stock, together with cash in lieu of fractional shares and dividends not in excess of dividends paid to the Series B Preferred Stock) while the Series B Preferred Stock remains outstanding, or apply any of its assets to the redemption, retirement, purchase or acquisition, directly or indirectly, through subsidiaries or otherwise, of any Junior Stock, except from employees or consultants of the Corporation upon termination of employment or otherwise pursuant to the terms of stock purchase or option agreements providing for the repurchase of, or right of first refusal with respect to, such Junior Stock entered into with such employees or consultants; (iv) merge or consolidate with or into any other person, or sell substantially all of its assets or business to any other person that would result in a valuation of less than \$3.50 per share of the Series B Preferred Stock; or (v) enter into any transaction involving a liquidation, dissolution, winding up or similar reorganization of the Corporation.

iii. If and whenever the Corporation shall have failed to declare and pay the full amount of dividends payable on the Series B Preferred Stock on any six (6) Dividend Payment Dates, then and in such event the holders of the Series B Preferred Stock, voting separately as a class, shall be entitled at the next annual meeting of the shareholders of the Corporation or at any special meeting to elect one (1) director. Upon election, such director shall become an additional director of the Corporation, and the authorized number of directors of the Corporation shall thereupon be automatically increased. Such right of the holders of Series B Preferred Stock to elect a director may be exercised until all dividends in default on the Series B Preferred Stock shall have been paid in full, and dividends for the current Dividend Period declared and funds therefore set apart, and when so paid and set apart, the right of the holders of Series B Preferred Stock to elect such director shall cease, the term of such director shall thereupon terminate, and the authorized number of directors of the Corporation shall thereupon return to the number of authorized directors otherwise in effect, but subject always to the same provisions for the vesting of such special voting rights in the case of any such future dividend default or defaults. The fact that dividends have been paid and set apart as required by the preceding sentence shall be evidenced by a certificate executed by the President and the Chief Financial Officer of the Corporation and delivered to the Board of Directors. The director so elected by holders of Series B Preferred Stock shall serve until the certificate described in the preceding sentence shall have been delivered to the Board of Directors or until their respective successors shall be elected or appointed and qualify.

At any time when such special voting rights have been so vested in the holders of the Series B Preferred Stock, the Secretary of the Corporation may, and, upon the written request of the holders of record of 10% or more of the number of shares of the Series B Preferred Stock then outstanding addressed to such Secretary at the principal office of the Corporation, shall, call a special meeting of the holders of the Series B Preferred Stock for the election of the director to be elected by them as hereinabove provided, to be held in the case of such written request within forty (40) days after delivery of such request, and in either case to be held at the place and upon the notice provided by law and in the Corporation's By-Laws for the holding of meetings of

H03000312084 3

H03000312084 3

shareholders; *provided however* that the Secretary shall not be required to call such a special meeting if any such request is received less than ninety (90) days before the date fixed for the next ensuing annual or special meeting of shareholders.

iv. if, at any time when the holders of the Series B Preferred Stock are entitled to elect a director pursuant to the foregoing provisions of this paragraph f., the holders of any one or more additional series of Preferred Stock are entitled to elect directors by reason of any default or event specified in the certificate of designation for such series, and if the terms for such other additional series so permit, the voting rights of the two or more series then entitled to vote shall be combined (with each series having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of the Series B Preferred Stock and of all such other series then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other series have elected such directors prior to the happening of the default or event permitting the holders of Series B Preferred Stock to elect a director, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation from the holders of not less than 10% of then outstanding shares of Series B Preferred Stock, then such directors so previously elected will be deemed to have been elected by and on behalf of the holders of Series B Preferred Stock as well as such other series, without prejudice to the right of the holders of Series B Preferred Stock to vote for directors such previously elected directors shall resign, cease to serve or stand for reelection while the holders of Series B Preferred Stock are entitled to vote. If the holders of any such other series are entitled to elect in excess of one (1) director, the Series B Preferred Stock shall not participate in the election of more than one (1) such director and that director whose term first expires shall be deemed to be the director elected by the holders of Series B Preferred Stock; *provided that*, if at the expiration of such term the holders of Series B Preferred Stock are entitled to vote in the election of directors pursuant to the provisions of this paragraph f., then the Secretary of the Corporation shall call a meeting (which meeting may be the annual meeting or special meeting of shareholders referred to in subparagraph f.ii.) of holders of Series B Preferred Stock for the purpose of electing replacement directors (in accordance with the provisions of this paragraph f.) to be held at or prior to the time of expiration of the expiring terms referred to above.

g. *Capital*. On any redemption of Series B Preferred Stock, the Corporation's capital shall be reduced by an amount equal to the Subscription Price multiplied by the number of shares of Series B Preferred Stock redeemed on such date. The provisions of this paragraph g. shall apply to all certificates representing Series B Preferred Stock whether or not all such certificates have been surrendered to the Corporation.

h. *Exclusion of Other Rights*. Except as may otherwise be required by law, the shares of Series B Preferred Stock shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth in these Restated Articles (as such may be amended from time to time). The shares of Series B Preferred Stock shall have no preemptive or subscription rights.

i. *Headings of Subdivisions*. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

j. *Severability of Provisions*. If any right, preference or limitation of the Series B Preferred Stock set forth in these Restated Articles (as such may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other rights, preferences and limitations set forth in these Restated Articles (as so amended)

H03000312084 3

H03000312084 3

which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

k. *Status of Reacquired Shares.* Shares of Series B Preferred Stock which have been issued and reacquired in any manner shall (upon compliance with any applicable provisions of the laws of the State of Florida) have the status of authorized and unissued shares of Series B Preferred Stock issuable in series undesignated as to series may be redesignated and reissued.

ARTICLE V

AFFILIATED TRANSACTIONS

Pursuant to the provisions of 607.0901(5)(a) of the Act, the Corporation elects not to be governed by the requirements or other provisions regarding affiliated transactions as set forth in Section 607.0901 of the Act and, therefore, the terms of such section of the Act will not apply with respect to the approval, adoption, authorization, ratification or effectuation of any affiliated transactions involving the Corporation.

ARTICLE VI

CONTROL SHARE ACQUISITIONS

Pursuant to the provisions of 607.0902(5) of the Act, the Corporation elects not to be governed by the requirements or other provisions regarding control-share acquisitions described in Section 607.0902 of the Act. Therefore, the terms and provisions of Section 607.0902 will not apply with respect to any control-share acquisition of any equity securities of the Corporation and the equity securities of the Corporation will have any and all other rights and privileges available under the Act.

ARTICLE VII

BYLAWS

The power to adopt, alter, amend or repeal the bylaws will be vested in the Corporation's Board of Directors.

ARTICLE VIII

INDEMNIFICATION

The Corporation shall, to the full extent permitted by Florida law, indemnify any person who is or was a director or officer of the Corporation or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise. The Corporation may, to the full extent permitted by Florida law, indemnify any person who is or was an employee or agent of the Corporation or was serving at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

ARTICLE IX

AMENDMENT

These Restated Articles may be amended in the manner provided by law.

H03000312084 3

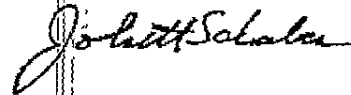
H03000312084 3

ARTICLE X
REGISTERED AGENT AND OFFICE

The name of the registered agent of the Corporation and the street address of the registered office of the Corporation are as follows:

Julio C. Esquivel, Esq.
Shumaker, Loop & Kendrick, LLP
101 E. Kennedy Blvd., Suite 2800
Tampa, FL 33602

IN WITNESS WHEREOF, the undersigned President has executed these Amended and Restated Articles of Incorporation on October 23, 2003.



John H. Schaber, President

H03000312084 3