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FLORIDA DIVISION OF CORPORATIONS

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FROM: FOWLER, WHITE, GILLEN, BOGGS, VILLAREAL & BA
075410001562
CONTACT: DEBBIE LAMB
PHONE: (813) 228-7411
(813) 228-9401

ACCT#:

FAX #:

NAME: ACCENT HEALTH, INC.

AUDIT NUMBER.....H98000014699

DOC TYPE.....BASIC AMENDMENT

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PAGES..... 20

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FLORIDA DIVISION OF CORPORATIONS

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(850)922-4000

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ARTICLES OF AMENDMENT
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OF
ACCENT HEALTH, INC.

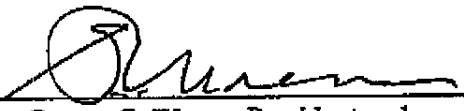
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TALLAHASSEE, FLORIDA

The undersigned, as President and Chief Executive Officer of Accent Health, Inc., a Florida corporation (the "Corporation"), hereby files the following amendment to the Corporation's Articles of Incorporation in accordance with Section 607.0602, Florida Statutes:

1. The name of the Corporation is Accent Health, Inc.
2. The current Articles of Incorporation of the Corporation are hereby amended to include the Designation of Relative Rights and Preferences of the Corporation's Series A Convertible Preferred Stock, par value \$1.00 per share, which is attached hereto as *Exhibit A*.
3. This amendment to the Corporation's Articles of Incorporation was duly adopted at a meeting of the Corporation's Board of Directors held on July 23, 1998.
4. This amendment was duly adopted by the Corporation's Board of Directors, in accordance with the provisions of Sections 607.0820 and .0824, Florida Statutes, as a quorum of the Corporation's Board of Directors was present at the meeting when the vote was taken to approve the amendment, and a majority of the directors present at the meeting approved of the actions being taken.
5. This amendment was duly adopted by the Corporation's Board of Directors without shareholder action, as shareholder action was not required.

IN WITNESS WHEREOF, the undersigned has executed this certificate effective as of August 7, 1998.

ACCENT HEALTH, INC.

By: 
Grover C. Wrenn, President and
Chief Executive Officer

Prepared by:
David M. Doney, Esq.
P.O. Box 1438
Tampa, Florida 33601
(813) 228-7411
Florida Bar #: 892734

Fax Audit Number: H98000014699

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EXHIBIT A

Fax Audit Number: H98000014699

Page 2 of 20

**ACCENT HEALTH, INC.
SERIES A CONVERTIBLE PREFERRED STOCK
DESIGNATION OF
RELATIVE RIGHTS AND PREFERENCES
AND OTHER TERMS AS FIXED AND DETERMINED
BY THE BOARD OF DIRECTORS**

Terms of Series A Convertible Preferred Stock - Article V(I)

I. Series A Preferred Stock. The Series A Preferred Stock, shall have the powers, preferences, rights privileges, qualifications, limitations and restrictions as follows:

a. Dividends.

(1) Each share of Series A Preferred Stock shall be entitled to receive, out of funds legally available therefor, dividends at the rate of eight percent (8%) per annum of the Series A Base Preference Amount (as defined below), payable in cash or in Common Stock at the time of a Qualified Public Offering (as set forth in Subsection I(d)(2) below) (as applicable, the "Series A Dividend Rate"), except as otherwise provided herein, when and as declared by the Board of Directors of the Corporation. Dividends on the Series A Preferred Stock shall accrue (on a daily basis) from the date that the holders thereof have tendered payment to the Corporation for such shares (but only upon the actual amount of cash consideration paid by the Purchasers to the Company) and shall be cumulative so that if, for any previous or then current dividend period, dividends shall not have been paid or set apart for payment, upon such outstanding and fully paid shares of Series A Preferred Stock, the deficiency shall be paid or set apart for payment before any dividends are paid or declared on the Common Stock or any class or series of stock ranking as to dividends or assets junior to the Series A Preferred Stock.

(2) Each share of Series A Preferred Stock shall have a preference with respect to payment of dividends superior to any other class or series of capital stock of the Corporation. Any other class or series of stock shall be junior to the Series A Preferred Stock in right of payment of dividends.

(3) Unless otherwise determined by the Board of Directors, the record date for determining holders entitled to receive the dividends referenced in Subsection I(a)(1) above shall be the 15th day preceding the scheduled payment date.

(4) In the event of an Automatic Conversion as set forth in Subsection I(d)(2) below, any accrued and unpaid dividends pursuant to this Subsection I(a) shall be paid in shares of Common Stock at a per share value equal to the then applicable Current Series A Conversion Price (as defined below). The payment of such accrued dividends in shares of Common Stock shall be made immediately prior to the closing of the Qualified Public Offering.

In addition, upon a liquidation (as set forth in Subsection I(c) below), merger, sale by the Corporation of shares of capital stock (or securities convertible into or exercisable for shares of capital stock) of the Corporation that represent more than fifty percent (50%) of the Corporation's shares of capital stock (on a fully-diluted basis) entitled to vote for the election of Directors of the Corporation issued and outstanding immediately after such sale (a "Sale"), sale of substantially all of the assets of the Corporation or other event which results in a payment of cash, securities or other property to the holders of the Series A Preferred Stock, the accrued dividends pursuant to this Subsection I(a) shall be due and payable in cash.

b. Voting.

(1) Except as otherwise required by law or by the provisions of these Articles, the shares of Series A Preferred Stock shall be voted equally with the shares of the Corporation's Common Stock at any annual or special meeting of shareholders of the Corporation, or may act by written consent in the same manner as the Corporation's Common Stock, upon the following basis: each holder of shares of Series A Preferred Stock shall be entitled to such number of votes for the Series A Preferred Stock held by the holder on the record date fixed for such meeting, or on the effective date of such written consent, as shall be equal to the whole number of shares of the Corporation's Common Stock into which all of the holder's shares of Series A Preferred Stock are convertible immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent. Except as otherwise expressly provided herein, or to the extent class or series voting is otherwise required by law, the holders of Series A Preferred Stock and Common Stock shall vote together as a single class and not as separate classes.

(2) The holders of a majority-in-interest of the Series A Preferred Stock shall be entitled to elect two (2) persons to serve as directors of the Corporation.

(3) The Corporation will not, without the affirmative vote or consent (which affirmative vote or consent will not be unreasonably withheld) of the holders of not less than fifty-one percent (51%) of the outstanding shares of Series A Preferred Stock voting as a single class (each share of Series A Preferred Stock being entitled to one vote), given in writing or by resolution adopted at a meeting called for such purpose:

(A) Other than (i) the series of Preferred Stock issued in

connection with the Special Mandatory Conversion set forth in Subsection I(d)(11); (ii) the shares issuable under that certain Series A Convertible Preferred Stock Purchase Agreement dated as of August 10, 1998 by and among the Company and the purchasers who are signatories thereto (the "Series A Purchase Agreement") or the shares of Common Stock issuable upon conversion of the Series A Preferred Stock; (iii) the shares of Common Stock to be issued to Turner Private Networks, Inc. pursuant to the terms of the Programming Agreement dated January 1, 1997; (iv) not more than 604,000 shares of Common Stock issued to employees or consultants of the Company pursuant to a stock option plan, employee stock purchase plan, restricted stock plan, other employee and/or consultant stock plan or agreement, or warrants; (v) not more than 100,000 shares of Common Stock issued to employees or consultants of the Company pursuant to a direct purchase of Common Stock; or (vi) the shares of Common Stock to be issued (a) to the holders of warrants to purchase Common Stock outstanding on the date of issuance of the Series A Preferred Stock, and (b) pursuant to the exercise of warrants to purchase up to 172,500 shares of Common Stock to be issued to the purchasers of the Series A Preferred Stock (subject to the conditions set forth in such warrants); authorize or issue any class or series of stock or any additional shares of any class or series, including, but not limited to, Preferred Stock, Common Stock or Convertible Securities (as defined hereinafter);

(B) Effect an exchange, reclassification or cancellation of all or part of the shares of Series A Preferred Stock;

(C) Effect an exchange, or create a right of exchange, of all or part of the shares of another class or series of capital stock into shares of Series A Preferred Stock or any series of Preferred Stock;

(D) Effect a redemption, cash or stock dividend or any other distribution of assets (including cash, securities and intangible assets or other property) on the Common Stock or any other security of the Corporation, other than as set forth in Subsection I(a) above;

(E) Amend the Articles or By-Laws of the Corporation in any way if such amendment would cancel or adversely change, alter or affect the preferences or rights (including, without limitation, the conversion privilege, the redemption privilege or the liquidation preference) of the Series A Preferred Stock;

(F) Increase the maximum number of directors constituting the Board of Directors to a number in excess of seven directors;

(G) Enter into any merger, share exchange, business combination or consolidation (or permit any entity, which is owned or controlled by the

Corporation, to enter into any such transaction, excluding a transaction between wholly-owned subsidiaries of the Corporation) with any other corporation or other entity; sell, lease, or otherwise dispose of all or substantially all of its properties or assets; acquire all or substantially all of the properties or assets of any other corporation or entity; or liquidate, dissolve or wind up the Corporation's affairs;

(H) Enter (or permit any corporation, a majority of the voting stock of which is owned or controlled by the Corporation, to enter) into debt instruments as the maker or guarantor which, in the aggregate, exceed \$250,000 or more or lease instruments, which in the aggregate, require payments of \$250,000 or more per annum, except such debt instruments or lease instruments that are in existence as of the date of first issuance of Series A Preferred Stock and that are set forth in either the balance sheet of the Company as of June 30, 1998 or in the Disclosure Schedule to the Series A Purchase Agreement, including without limitation (i) that certain \$2.0 million line of credit as contemplated pursuant to that certain Letter Agreement dated February 3, 1998 by and between LINC Capital, Inc. and the Company and (ii) that certain \$666,750 lease agreement by and between the Company and First Greenwich Capital, LLC dated July 20, 1998;

(I) Enter into any transactions with any officer, director, employee or other affiliates (as defined in the Securities Act of 1933, as amended), except for the existing terms and conditions of that certain real property lease by and between the Company and Kennedy Square Investors, L.C.; or

(J) Take other actions that would at the time of such action be viewed as (i) materially adversely affecting the holders of the Series A Preferred Stock; (ii) changing the general nature of the Corporation's business; or (iii) resulting in the issuance and sale of capital stock of the Corporation that would result in a change of control (defined herein as an event or series of events in which any person or entity, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, other than the Corporation or a wholly owned subsidiary thereof or any employee benefit plan of the Corporation or any of its subsidiaries, becomes the beneficial owner of the Corporation's securities having thirty percent (30%) or more of the combined voting power of the then outstanding securities of the Corporation that may be cast for the election of directors of the Corporation).

c. Liquidation.

(1) In the event of any voluntary or involuntary dissolution, liquidation, Sale, sale of substantially all the Corporation's assets or winding-up of the affairs of the Corporation and after payment or provision for payment of the debts and other liabilities of the Corporation, the holders of shares of Series A Preferred Stock shall be entitled before any distribution is made upon any capital stock of the Corporation other than the Series A Preferred Stock, to receive a preferential payment from the assets of the Corporation of cash or property (to the extent of funds legally available therefor), equal to Five Dollars and No Cents (\$5.00) for each share of Series A Preferred Stock then held thereby (the "Series A Base Preference Amount") plus an amount up to all accrued dividends, (whether declared or undeclared) including, but not limited to, the dividends described in Subsection I(a) above, computed to the date of payment thereof for each share, such amount payable with respect to one share of Series A Preferred Stock being sometimes referred to as the "Series A Liquidation Payment" and with respect to all shares of Series A Preferred Stock being sometimes referred to as the "Series A Liquidation Payments." After payment to the holders of the Series A Preferred Stock of the full amount of the Series A Liquidation Payments, the entire remaining assets and funds of the Corporation legally available for distribution, if any, shall be distributed among the holders of the Common Stock and the Series A Preferred Stock in proportion to the shares of Common Stock then held by such holders and the shares of Common Stock which such holders have the right to acquire upon conversion of the shares of Series A Preferred Stock then held. In the event that any holder of Series A Preferred Stock has an unpaid balance of the aggregate purchase price for such holder's Series A Preferred Stock (as set forth in the Series A Purchase Agreement), then the Corporation shall have the right to offset such unpaid amount, dollar for dollar, against the Series A Liquidation Payment payable by the Corporation to such holder. In no event, however, shall the foregoing offset right affect any such holder's rights as owners of the Series A Preferred Stock.

(2) If upon any dissolution, liquidation, Sale, sale of assets or winding up of the affairs of the Corporation, the assets of the Corporation distributable as aforesaid among the holders of Series A Preferred Stock shall be insufficient to permit the payment to them of the full Series A Liquidation Payments to which they are entitled, then the entire assets of the Corporation shall be distributed ratably among the holders of the Series A Preferred Stock in the proportion that the amount of such assets bears to the aggregate Series A Liquidation Payments owing thereto by the corporation.

(3) Written notice of a liquidation, dissolution, Sale, sale of assets or winding-up, stating a payment date and, to the extent known, the amount of the Series A Liquidation Payments, and the place where said payments shall be payable, shall be given by first class mail (postage prepaid), by telecopier, by overnight courier, or by telex, not less than 20 calendar days prior to the payment date stated therein, to the holders of record of the Series A Preferred Stock, such notice to be addressed to each such holder at the address shown on the stock

transfer records of the Corporation.

(4) If upon the merger or consolidation of the Corporation into or with any other corporation or other entity, or the merger of any other corporation or entity into the Corporation, the capital stock of the Corporation is to be converted into or exchanged for cash or other property or securities of a corporation other than the Corporation, the allocation of any such cash, securities or other property into which shares of capital stock of the Corporation are to be converted or for which it is to be exchanged shall be made in accordance with the provisions of Subsections I(c)(1) above as if such merger or consolidation were a liquidation of the Corporation. Nothing herein shall be construed as requiring or permitting a merger or consolidation to be treated as a liquidation for any purpose other than the allocation provided for in this Subsection I(c)(4).

(5) In case outstanding shares of Series A Preferred Stock shall be subdivided into a greater number of shares of Series A Preferred Stock, the Series A Base Preference Amount and Series A Liquidation Payment, in effect immediately prior to such a subdivision shall, simultaneously with the effectiveness of such subdivision, be proportionately reduced (as appropriate), and, conversely, in case outstanding shares of Series A Preferred Stock shall be combined into a smaller number of shares of Series A Preferred Stock, the Series A Base Preference Amount and Series A Liquidation Payment, in effect immediately prior to each such combination shall, simultaneously with the effectiveness of such combination, be proportionately increased (as appropriate).

(6) In the event of any voluntary or involuntary liquidation, dissolution, Sale, sale of assets or winding-up of the Corporation which will involve the distribution of assets other than cash or marketable securities, the Corporation shall promptly engage a competent independent appraiser to determine the value of the assets to be distributed to the holders of shares of Series A Preferred Stock and the holders of any other series or class of outstanding capital stock (it being understood that with respect to the valuation of securities, the Corporation shall engage such appraiser as shall be reasonably approved by the holders of a majority of shares of the Corporation's outstanding shares of Series A Preferred Stock). The Corporation shall, upon receipt of such appraiser's valuation, give prompt written notice to each holder of shares of Series A Preferred Stock of the appraiser's valuation.

d. Conversion.

(1) Right of Conversion. At any time, and from time to time (notwithstanding that any outstanding commitments of the holders of the Series A Preferred Stock to provide financing to the Corporation arising out of ownership of shares of the Series A Preferred Stock shall not have been satisfied by such holder with cash payments actually made to the Corporation), a holder of shares of Series A Preferred Stock may elect to convert all or part of the shares of Series A Preferred Stock held thereby into shares of fully paid and nonassessable shares of Common Stock (as defined below), at the conversion rate, determined as hereinafter provided, in effect at the time of conversion. The option to convert shares of the Series A Preferred Stock may be exercised by surrendering to the Corporation the certificate or certificates for the shares of Series A Preferred Stock so to be converted, properly endorsed in blank or accompanied by proper instruments of assignment. Upon the conversion of any shares of Series A Preferred Stock into Common Stock, no adjustment shall be made for dividends on the Series A Preferred Stock payable to holders of record after the date of surrender of such shares for conversion or for dividends payable to holders of Common Stock of record prior to the date of surrender for conversion. Upon conversion of any shares of Series A Preferred Stock into Common Stock, all accrued and unpaid dividends as of the date of conversion shall be paid in full to the converting shareholder.

No "dividend", as such term is defined below, shall be declared, paid, set apart, or made in respect of the Common Stock until such obligation on accrued dividends owing on the shares of Series A Preferred Stock shall be fully paid or sufficient funds set apart for the payment thereof or the Corporation shall have no further liability therefor. Shares of Series A Preferred Stock shall be deemed to have been converted immediately prior to the close of business on the day of surrender of such shares in the manner herein prescribed for conversion and the person entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such Common Stock at such time. "Dividend," as used in this Subsection I(d)(1), means the transfer of cash or property or the issuance of indebtedness without adequate consideration or the repurchase or redemption of shares of the Corporation for cash, property, or indebtedness, including any such transfer, purchase, or redemption by a subsidiary of the Corporation. The time of any dividend shall be the date of declaration thereof and the time of any distribution by purchase or redemption of shares shall be the day cash or property is transferred, or indebtedness issued, by the Corporation, whether or not pursuant to a contract of an earlier date.

(2) Automatic Conversion.

(A) Immediately prior to the effectiveness of a firm commitment underwritten public offering pursuant to a registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the

account of the Corporation in which the aggregate price to the public of the shares sold for the Corporation is equal to or greater than Twenty Million Dollars (\$20,000,000.00) and in which the price to the public per share of Common Stock equals or exceeds (x) three (3.0) times the Current Series A Conversion Price (as hereinafter defined) in effect at such time if such public offering shall close on or before August 10, 2000, (y) three and one-half (3.5) times the Current Series A Conversion Price in effect at such time if such public offering shall close, after August 10, 2000 and on or before August 10, 2001 or (z) four (4.0) times the Current Series A Conversion Price in effect at such time if such public offering shall close after August 10, 2001 (a "Qualified Public Offering"), all outstanding shares of Series A Preferred Stock shall be converted automatically into the number of shares of Common Stock into which such shares of Series A Preferred Stock are then convertible pursuant to this Subsection I(d)(2) immediately prior to the effectiveness of the Qualified Public Offering, without any further action by the holders of such shares of Series A Preferred Stock and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent for the Common Stock. In order to receive a Common Stock certificate, the holders of the shares of Series A Preferred Stock shall surrender the certificates representing such shares to the Corporation or its transfer agent for the Common Stock at which time certificates representing the shares of Common Stock into which the Series A Preferred Stock were converted will be issued.

(B) Notwithstanding the foregoing paragraph, in the event that the registration statement relating to the Qualified Public Offering is declared effective by the Securities and Exchange Commission but the Qualified Public Offering does not close for any reason whatsoever, then the shares of Common Stock into which the shares of Series A Preferred Stock were converted pursuant to this Subsection I(d)(2) shall be reconverted automatically into the series and number of shares of Series A Preferred Stock that were outstanding with respect to such shares of Common Stock immediately prior to the effectiveness of such Qualified Public Offering, without any further action by the Corporation or the holders of such shares of Series A Preferred Stock and whether or not the certificates representing such shares of Common Stock are surrendered to the Corporation or its transfer agent.

(3) Initial Conversion Price. The initial conversion price per share (herein referred to as the "Initial Series A Conversion Price") at which shares of Common Stock shall be delivered upon conversion of shares of Series A Preferred Stock shall be the Series A Base Preference Amount. The conversion price for the Series A Preferred Stock shall be subject to adjustment from time to time as provided below. The Initial Series A Conversion Price, and in the case of any such adjustment, such conversion price for the Series A Preferred Stock as most recently adjusted, is herein called the "Current Series A Conversion Price." Each outstanding share of Series A Preferred Stock shall be convertible into that number of shares of Common Stock issuable upon conversion equal to the product (to the nearest 1/100 of a share) of

(x) one share of Series A Preferred Stock and (y) a fraction, the numerator of which equals the Series A Base Preference Amount and the denominator of which equals the Current Series A Conversion Price.

(4) No Fractional Shares to be Issued. No fractional shares of Common Stock nor scrip representing fractional shares shall be issued upon the conversion of shares of Series A Preferred Stock. If more than one certificate for shares of Series A Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares which shall be issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares so surrendered by such holder. Instead of any fractional share of Common Stock which would otherwise be issuable upon conversion of any share or shares of Series A Preferred Stock, the Corporation shall pay a cash adjustment in respect of a fraction based upon the fair value of such share as determined in good faith by the Board of Directors.

(5) Adjustment of Conversion Price. The Current Series A Conversion Price shall be subject to adjustment from time to time as follows:

(A) In case the Corporation shall at any time after the date on which the first share of Series A Preferred Stock shall be issued, (x) issue or sell any shares of Common Stock (including shares held in the treasury of the Corporation) or any Convertible Securities (as hereinafter defined) without consideration, or for a consideration per share less than the Current Series A Conversion Price in effect immediately prior to the issuance or sale of such additional shares or (y) pay or make a dividend or other distribution on Common Stock or any other class or series of Preferred Stock other than the Series A Preferred Stock (exclusive of (i) any dividend or other distribution in which the Series A Preferred Stock participates on a parity with the Common Stock or other class or series of Preferred Stock, if any, and (ii) any subdivision or consolidation covered by Subsection I(d)(5)(C) below) then, and thereafter successively upon each such issuance or sale the Current Series A Conversion Price shall be reduced to a price equal to the per share consideration received by the Corporation in such issuance or sale and in the event of a dividend or distribution the Current Series A Conversion Price shall be reduced by an amount equal to the net value of the distribution made by the Corporation on a per share basis.

For the purposes of this Subsection I(d)(5), the following provisions shall also be applicable:

(i) In case of the issuance or sale for cash of shares of Common Stock or Convertible Securities, the consideration received by the Corporation therefor shall be deemed to be the amount of gross cash received by the Corporation therefor (or, if such shares of Common Stock or Convertible Securities are offered by the Corporation for subscription, the subscription

price, or, if such shares or Convertible Securities are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price).

(ii) In case of either (A) the issuance (otherwise than upon exercise, conversion or exchange of Convertible Securities) or sale for a consideration other than cash, of shares of Common Stock or Convertible Securities or (B) the issuance or grant for a consideration other than cash, or a consideration a part of which shall be other than cash, of shares of Common Stock or Convertible Securities (including, without limitation, any such shares of Common Stock or Convertible Securities issued in connection with the consolidation or merger of another corporation with or into the Corporation and any such shares of Common Stock or Convertible Securities issued in connection with the reclassification of securities other than Common Stock), the amount of the consideration other than cash received by the Corporation for such shares of Common Stock or Convertible Securities shall be deemed to be the gross value of such consideration as determined in good faith by the Board of Directors of the Corporation (irrespective of the accounting treatment thereof) as of the day such shares of Common Stock or Convertible Securities are issued, granted or sold, as the case may be.

(iii) In case at any time when shares of Series A Preferred Stock shall be issued and outstanding, the Corporation in any manner issues or grants (whether by dividend or otherwise) or sells any Convertible Securities and the price per share for which Common Stock is issuable upon the exercise, conversion or exchange of such Convertible Securities at the time such Convertible Securities first become exercisable, convertible or exchangeable (determined by dividing:

(A) in the case of an issue or grant of any Convertible Securities, the total amount, if any, received or receivable by the Corporation as consideration for the issue or grant of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the exercise, conversion or exchange of such Convertible Securities for Common Stock at the time such Convertible Securities first become exercisable, convertible or exchangeable; by

(B) the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange of such Convertible Securities at the time such Convertible Securities first become convertible or exchangeable);

shall be less than the Current Series A Conversion Price in effect immediately prior to the time of the issue, grant, or sale of such Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange of the total maximum amount of such Convertible Securities at the time such Convertible Securities first become exercisable, convertible or exchangeable shall (as of the date of issue, grant, or sale of Convertible Securities) be deemed to be outstanding and to have been issued for said price per share;

provided, however, that (x) no further adjustment of the Current Series A Conversion Price shall be made upon the actual issue of such Common Stock upon the exercise, conversion or exchange of such Convertible Securities and (y) Convertible Securities issued or granted pro rata to shareholders without consideration (whether by dividend or otherwise) and Convertible Securities issuable by way of dividend or other distribution to shareholders shall be deemed to have been issued or granted at the close of business on the date fixed for the determination of shareholders entitled to such Convertible Securities and shall be deemed to have been issued without consideration.

(iv) In the case of the payment or making of a dividend or other distribution on Common Stock payable in Common Stock or Convertible Securities, the aggregate number of shares of Common Stock or the aggregate amount of such Convertible Securities issued in payment of such dividend or other distribution shall be deemed to have been issued at the close of business on the date fixed for the determination of shareholders entitled to such dividend or other distribution and shall be deemed to have been issued without consideration.

(v) In the case of the payment or making of a dividend or other distribution on Common Stock in property (excluding Common Stock and Convertible Securities but including all other securities), such dividend or other distribution shall be deemed to have been paid or made at the close of business on the date fixed for the determination of shareholders entitled to receive such dividend or other distribution and the amount of such dividend or other distribution in property shall be deemed to be the value of such property, as determined in good faith by the Board of Directors of the Corporation at the time of the declaration of such dividend or other distribution.

(vi) The reclassification of securities other than Common Stock into securities including Common Stock shall be deemed to involve the issuance for a consideration other than cash of such Common Stock at the close of business on the date fixed for determination of shareholders entitled to receive such Common Stock.

(vii) If the Corporation shall enter into a contract for the sale or exchange of its Common Stock or Convertible Securities, such Common Stock or Convertible Securities shall be deemed to have been issued on the date such contract is made; provided that (A) if on the date such contract is made the number of shares of Common Stock or the amount of Convertible Securities to be issued cannot be determined, such Common Stock or Convertible Securities shall be deemed to have been issued on the earliest date such determination can be made, and (B) if such Common Stock or Convertible Securities or any part thereof, are not in fact issued, the Current Series A Conversion Price, to the extent adjusted as the result of the provisions of this clause (vii), shall be appropriately readjusted.

(viii) If the purchase/exercise price provided for in any Convertible

Securities referred to in clause (iii) of this Subsection I(d)(5)(A), or the rate at which any Convertible Securities referred to in clause (iii) of this Subsection I(d)(5)(A) are convertible into or exchangeable for shares of Common Stock, shall change or a different purchase/exercise price or rate shall become effective at any time or from time to time (other than under or by reason of provisions designed to protect against dilution) then, upon such change becoming effective, the Current Series A Conversion Price shall forthwith be increased or decreased to such Current Series A Conversion Price as would have been obtained had the adjustments made upon the issuance, grant or sale of such Convertible Securities been made upon the basis of (A) the issuance of only the number of shares of Common Stock theretofore actually delivered upon the exercise, conversion or exchange of such Convertible Securities, and the total consideration received therefor, and (B) the issuance at the time of such change of any such Convertible Securities then still outstanding for the consideration, if any, received by the Corporation therefor and to be received on the basis of such changed price; and on the expiration or termination of any such right to exercise, convert or exchange any Convertible Securities, the Current Series A Conversion Price shall forthwith be increased or decreased to such Current Series A Conversion Price as would have obtained had such Convertible Securities not been issued. If the exercise price provided for in any Convertible Securities referred to in clause (iii) of this Subsection I(d)(5)(A) or the rate at which any Convertible Securities referred to in clause (iii) of this Subsection I(d)(5)(A) are convertible into or exchangeable for Common Stock, shall decrease at any time under or by reason of provisions with respect thereto designed to protect against dilution, then in case of the delivery of Common Stock upon the exercise, conversion or exchange of any such Convertible Securities, the Current Series A Conversion Price shall forthwith be decreased to such Current Series A Conversion Price as would have been obtained had the adjustments made at the time of the issuance, grant or sale of such Convertible Securities been made upon the basis of the issuance of (and the total consideration received for) the shares of Common Stock delivered at such decreased purchase price or rate as aforesaid.

(ix) There shall be no adjustment in the Current Series A Conversion Price in the case of the issuance of any shares of Common Stock or Convertible Securities by the Corporation pursuant to the issuance of Common Stock upon conversion of the Series A Preferred Stock or upon the exercise of options and warrants to purchase Common Stock that are outstanding on the date the first share of Series A Preferred Stock is issued.

(B) Notwithstanding the provisions of Subsection I(d)(5)(A) above, the Current Series A Conversion Price shall not be adjusted upon the issuance of any shares of Common Stock or Convertible Securities of the Corporation as provided in this Subsection I(d)(5) in the event that the holders of a majority of the then outstanding shares of a series of Series A Preferred Stock (voting or consenting as a separate class) given in writing or by resolution adopted at a meeting called for such purpose, is obtained agreeing to waive such adjustment.

(C) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Current Series A Conversion Price in effect immediately prior to such subdivision shall, simultaneously with the effectiveness of such subdivision, be proportionately reduced, and, conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Current Series A Conversion Price in effect immediately prior to such combination, shall, simultaneously with the effectiveness of such combination, be proportionately increased.

(D) The provisions of this Subsection I(d) shall similarly apply to successive issues, grants, sales, dividends or other distributions, subdivisions and combinations on or of shares of Common Stock.

(6) Statement Specifying Adjusted Conversion Price. Whenever the Current Series A Conversion Price shall be adjusted pursuant to the provisions of this Subsection I(d), the Corporation shall file at its principal executive offices and shall mail within 15 days after the date upon which such adjustment shall be made by registered or certified mail, to each registered holder of shares of Series A Preferred Stock, a statement signed by a responsible financial officer of the Corporation specifying the Current Series A Conversion Price determined as provided in this Subsection I(d) and setting forth in reasonable detail the method of calculation of such adjustment and the facts requiring the adjustment and upon which the calculation is based.

(7) Corporation Will Reserve Stock for Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized Common Stock, solely for the purpose of issue upon conversion of the Series A Preferred Stock as herein provided, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares of Series A Preferred Stock. The Corporation covenants that all shares of Common Stock which shall be so issuable shall be duly authorized and, when issued upon conversion of the Series A Preferred Stock, shall be validly-issued and fully-paid and nonassessable.

(8) Corporate Action: Registration. Before taking any action which would cause an adjustment reducing the Current Series A Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully-paid and nonassessable shares of such Common Stock at such Current Series A Conversion Price. The Corporation covenants that if any shares of Common Stock required to be reserved for purposes of conversion of Series A Preferred Stock require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon conversion, the Corporation will in good faith and as expeditiously as possible endeavor to cause such shares to be duly

registered or approved, as the case may be.

(9) No Charge for Conversion. The issuance of certificates for shares of Common Stock upon the conversion of any shares of the Series A Preferred Stock shall be made without charge to the converting holder of the Series A Preferred Stock for such certificates or for any tax in respect of the issuance of such certificates, and such certificates shall be issued in the name of, or in such names as may be directed by, the holder of the Series A Preferred Stock; provided, however, that the Corporation shall not be required to pay any taxes or other governmental charges which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in a name other than that of the holder of the Series A Preferred Stock, and the Corporation shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or other governmental charge or shall have established to the satisfaction of the Corporation that such tax or other governmental charge has been paid or provided for. The Corporation may also require, as a condition to the issuance and delivery of any such certificate, an opinion of counsel acceptable to the Corporation to the effect that the proposed transfer does not require registration under federal or any state securities law.

(10) Convertible Securities. As used in this Subsection I(d), the term "Convertible Securities" shall mean (i) any obligations, rights, warrants or options exercisable with respect to the Common Stock or shares of stock or obligations, rights, warrants or options which by their terms are convertible into or exchangeable or exercisable for Common Stock, and (ii) any obligations, rights or other options exercisable with respect to the Common Stock or shares of stock or obligations, rights, warrants or options which by their terms are convertible into or exchangeable for obligations or shares of stock which in turn are, directly or indirectly, convertible into or exchangeable or exercisable for Common Stock.

(11) Special Mandatory Conversion.

(1) Conversion of Preferred Stock. If, pursuant to the Securities Purchase Agreement dated August 10, 1998, by and among the Corporation and the initial holders of the Series A Preferred Stock, each and every time any holder of shares of Series A Preferred Stock is entitled to exercise a right to purchase securities proposed to be issued by the Corporation (the "Purchase Right") with respect to any equity financing which would trigger a lowering of the Conversion Price pursuant to the provisions of Subsection I(d)(5) herein (a "Dilutive Financing"), and: (x) the Dilutive Financing has been approved by the holders of two-thirds of the shares of Series A Preferred Stock voting as a separate class, and (y) the Corporation has provided each such holder the right to participate in such Dilutive Financing in accordance with Section 6.20 of the Securities Purchase Agreement, then if such holder or an Affiliate (defined below) of such holder (a "Non-Participating Holder") does not by exercise of such holder's Purchase Right acquire his Special Proportionate

Percentage (as hereinafter defined) of the proposed securities offered to the holders of the Series A Preferred Stock in such Dilutive Financing (a "Mandatory Offering"), all of such holder's shares of Series A Preferred Stock, as applicable, shall automatically and without further action on the part of such holder be converted effective subject to and concurrently with consummation of the Mandatory Offering (the "Mandatory Offering Date") as follows: Each share of Series A Preferred Stock subject to the foregoing provisions shall be converted into one share of a newly created series of Preferred Stock (having such number of shares as the Board of Directors may by resolution fix) which such series shall be identical in all respects to the series of Series A Preferred Stock so converted, except as specifically provided herein including that the Current Series A Conversion Price of such series of Preferred Stock shall be fixed immediately prior to the Mandatory Offering Date and shall be subject to no future adjustments pursuant to Subsection I(d)(5) herein. The Board of Directors shall take all necessary actions to designate such new series of Preferred Stock. Upon such conversion, the shares of Series A Preferred Stock so converted shall be canceled and not subject to reissuance, regardless of whether the holder of such shares delivers the certificates for such shares to the Corporation for such conversion. This new series of Preferred Stock shall vote with the Series A Preferred Stock, as a single class, on all matters submitted to shareholders by the Corporation or otherwise and shall not be entitled to any separate voting rights as a single class except as required by law.

As used in this Subsection I(d)(11), "Special Proportionate Percentage" shall mean as to a holder of Preferred Stock, a portion of the securities proposed to be issued by the Corporation in the Dilutive Financing equal to a percentage determined by dividing (x) the number of shares of the Corporation's Common Stock owned by such holder and issuable to such holder assuming conversion in full of any convertible securities then held by such holder, by (y) the total number of shares of the Corporation's Common Stock then held by all holders, including for purposes of this calculation all shares of Common Stock issuable upon conversion in full of any then outstanding convertible securities. For purposes of this Subsection I(d)(11), "Affiliate" of any holder shall mean any individual, firm, partnership, corporation or entity that controls, is controlled by, or is under common control with the holder, and SunTrust Equitable Partners shall be deemed to be an affiliate of Union Street Partners.

(2) Mechanics of Special Mandatory Conversion. The holder of any shares of Series A Preferred Stock converted pursuant to this Subsection I(d)(11), shall deliver to the Corporation during regular business hours, or at such other place as may be designated by the Corporation, the certificate or certificates for the shares so converted, duly endorsed or assigned in blank or to the Corporation. As promptly as practicable thereafter, the Corporation shall issue and deliver to such holder, at the place designated by such holder, a certificate or certificates for the number of full shares of the new series of Preferred Stock to which such holder is entitled. The person in whose name the certificate for such new series of Preferred Stock is to be issued shall be deemed to have become a stockholder of record on the Mandatory Offering Date (regardless of whether such holder has delivered the stock certificates in accordance with the preceding sentences) unless the transfer

books of the Corporation are closed on that date, in which event he shall be deemed to have become a stockholder of record on the next succeeding date on which the transfer books are open.

e. Redemption.

(1) At any time and from time to time after August 10, 2003, each holder of any then outstanding shares of Series A Preferred Stock shall have the right to cause the Corporation to redeem all or any part of such holder's shares of Series A Preferred Stock at an amount equal to the greater of:

(A) the Series A Liquidation Payment (the "Redemption Price"); or

(B) the Fair Market Value (as defined hereinafter) of such Series A Preferred Stock (the "Market Redemption Price").

The Fair Market Value shall be determined by an independent appraiser mutually agreed to by the Corporation and a majority vote of the holders of the outstanding Series A Preferred Stock. In the event the Corporation and a majority of the holders of the Series A Preferred Stock cannot mutually agree upon an independent appraiser within fifteen (15) days of receipt by the Corporation of a Redemption Notice, the Corporation and the holders of Series A Preferred Stock will each select an appraiser of national reputation to determine the Fair Market Value of the Series A Preferred Stock. The respective appraisals will be provided to the Corporation and the holders of the Series A Preferred Stock promptly upon completion. If the Fair Market Value appraisals of the Series A Preferred Stock are within 10% of one another, the Fair Market Value shall be the average of the two appraisals. In the event the appraisal valuations differ by more than ten percent (10%), the two appraisers chosen by the Corporation and holders of Series A Preferred Stock, respectively, shall choose a third independent appraiser of national reputation and the third appraiser shall conduct an appraisal to determine the Fair Market Value of the Series A Preferred Stock (the "Third Appraisal"). Upon completion, the Third Appraisal shall be promptly delivered to the Corporation and the holders of Series A Preferred Stock. The Third Appraisal valuation shall be averaged with the prior appraisal that is closer in value to the Third Appraisal. The average of these two appraisals shall be the Fair Market Value of the Series A Preferred Stock and binding on the Corporation and the holders of the Series A Preferred Stock. All appraisals required herein shall be paid for by the Corporation.

In determining the Fair Market Value, each of the appraisers shall evaluate the Corporation as a whole as if all or substantially all of the assets or all of the capital stock of the Corporation were to be sold. In the event that an appraiser includes a discount factor for a lack of marketability or otherwise as a component of the aggregate Fair Market Value analysis, such applicable discount factor shall not exceed twenty percent (20%).

The Corporation shall pay in cash the Redemption Price or the Market Redemption Price (whichever is greater) to the redeeming holders within one hundred and twenty (120) days of the date of receipt by the Corporation of a notice (the "Redemption Notice") setting forth the number of shares of Series A Preferred Stock to be redeemed. Notwithstanding any provision of this Section I(e) to the contrary, the Corporation is required only to redeem up to one third (1/3) of outstanding shares of Series A Preferred Stock held by each holder thereof per twelve month period following receipt of the Redemption Notice, as required by such holders pursuant to this subsection (e). Determination of the Fair Market Value as set forth above shall be updated at the request of a holder of Series A Preferred Stock requesting redemption hereunder in the event the existing appraisals as of the redemption date were issued more than six months prior thereto.

(2) The Redemption Notice when given by or as duly authorized on behalf of a holder of Series A Preferred Stock shall be irrevocable except by the mutual agreement of the Corporation and the holder of the shares of Series A Preferred Stock to be redeemed.

(3) In the event the Corporation fails to timely pay any amounts owed pursuant to this Paragraph (e), as of the date immediately following the due date of the outstanding balance under any Redemption Price or Market Redemption Price, the Series A Dividend Rate with respect to any Series A Preferred Stock not properly redeemed shall be increased and the cumulative dividends shall accrue at one and one-half (1.5) times the Series A Dividend Rate applicable prior to such redemption violation. Should the amount then due and outstanding pursuant to this Paragraph (e) be accounted for and recast as a debt obligation of the Corporation and the Series A Dividend Rate shall cease to be applicable, the outstanding redemption amount owed to the holders of the Series A Preferred Stock shall accrue interest at the then applicable maximum rate allowed by law.

(4) If the funds of the Corporation legally available therefor shall be insufficient to discharge such redemption requirement in full, funds to the extent legally available for such purpose shall be set aside by the Corporation. The maximum number of full shares of Series A Preferred Stock that can be redeemed with such funds shall be redeemed ratably from the holders of the shares of Series A Preferred Stock whose shares of Series A Preferred Stock are to be redeemed, in proportion to the respective number of shares of Series A Preferred Stock to be redeemed by the Corporation. Thereafter, as funds become legally available therefor, the Corporation shall redeem the remaining shares of Series A Preferred Stock ratably from the holders whose shares of Series A Preferred Stock are to be redeemed until all such shares of Series A Preferred Stock have been redeemed.

(5) The Corporation shall not have the optional right to redeem shares of Series A Preferred Stock at any time.

f. No Dissolution or Impairment. The Corporation will not, by amendment of its Articles or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Series A Preferred Stock set forth herein, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holders of the Series A Preferred Stock against dilution or other impairment.

g. Additional Remedies. In the event of any default in performance of the obligations set forth in Subsections I(d) and I(e) hereof, any holder of Series A Preferred Stock may, in addition to any other remedies provided herein or by law, bring suit to compel performance of such obligations to such holder.

h. Notice of Record Date. In the event of:

(1) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase or otherwise acquire any share of stock of any class or any other securities or property, or to receive any other right; or

(2) any recapitalization of the Corporation, any reclassification of the capital stock of the Corporation, any merger or consolidation of the Corporation, or any transfer of all or substantially all of the assets of the Corporation to any other corporation, or any other entity or person; or

(3) any voluntary or involuntary dissolution, liquidation or winding-up of the Corporation;

then, in each such event the Corporation shall mail or cause to be mailed to each holder of Series A Preferred Stock a notice specifying (i) the date on which any such record is to be taken for the purpose of such dividend, distribution or right and a description of such dividend, distribution or right, (ii) the date on which any such reorganization, reclassification, recapitalization, transfer, consolidation, merger, dissolution, liquidation or winding-up is expected to become effective and (iii) the time, if any, that is to be fixed, as to when the holders of record of Common Stock (or other securities) shall deliver such Common Stock or other securities for securities or other property deliverable upon such reorganization, reclassification, recapitalization, transfer, consolidation, merger, dissolution, liquidation or winding-up. Such notice shall be mailed by first class mail, postage prepaid, or sent by telecopier or overnight courier, at least fifteen (15) days prior to the date specified in such notice on which such action is to be taken. Notwithstanding anything to the contrary contained in these Articles, any other notice to be given shall be given

Fax Audit Number: H98000014699

Page 20 of 20

in accordance with the specific terms set forth in such Article, Section or Subsection, as the case may be.

i. Sinking Fund. There shall be no sinking fund for the payment of dividends or liquidation preference on the Series A Preferred Stock or any shares thereof.

j. Amendment. These Articles of Amendment for Certificate of Designation constitute an agreement between the Corporation and the holders of the Series A Preferred Stock and may be amended by vote of the Board of Directors and the holders of two-thirds of the outstanding shares of Series A Preferred Stock.

Fax Audit Number: H98000014699

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