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ROYAL PALM
H.O.M.E.S.

DIVERSIFIED REAL ESTATE COMPANIES

1499 W. Palmetto Park Road • Suite 200
Boca Raton, Florida 33486

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NEW FILINGS	
<input type="checkbox"/>	Profit
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<input type="checkbox"/>	Limited Liability
<input type="checkbox"/>	Domestication
<input type="checkbox"/>	Other

AMENDMENTS	
<input checked="" type="checkbox"/>	Amendment
<input type="checkbox"/>	Resignation of R.A., Officer/ Director
<input type="checkbox"/>	Change of Registered Agent
<input type="checkbox"/>	Dissolution/Withdrawal
<input type="checkbox"/>	Merger

OTHER FILINGS	
<input type="checkbox"/>	Annual Report
<input type="checkbox"/>	Fictitious Name
<input type="checkbox"/>	Name Reservation

REGISTRATION/ QUALIFICATION	
<input type="checkbox"/>	Foreign
<input type="checkbox"/>	Limited Partnership
<input type="checkbox"/>	Reinstatement
<input type="checkbox"/>	Trademark
<input type="checkbox"/>	Other

FILED
98 JUN 10 PM 3:11
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

JUN 12 1998

Examiner's Initials

**Certificate of Amendment
of
Articles of Incorporation
of
Royal Palm Diversified Holdings Inc.

Creating Series A Preferred Stock**

FILED
98 JUN 10 PM 3:11
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Royal Palm Diversified Holdings Inc., a Florida corporation (the "Corporation"), hereby certifies pursuant to Section 607.0602 of the Florida Business Corporation Act, its Board of Directors unanimously adopted the following resolution on March 1, 1998, which remains in full force and effect on the date hereof.

WHEREAS, the Board of Directors is hereby authorized by the Articles of Incorporation to determine the preferences, limitations and relative rights and to fix by resolution the designation of each series of Preferred Stock of the Corporation; and

WHEREAS, it is the desire of the Board of Directors of the Company to authorize and fix the terms of a series of Preferred Stock and the number of shares constituting such series.

NOW THEREFORE, BE IT RESOLVED, that there is hereby authorized such series of Preferred Stock on the terms and with the provisions herein set forth.

The designation of the series of Preferred Stock authorized by this resolution shall be "Series A Preferred Stock". The Series A Preferred Stock shall consist of 200,000 shares.

1. RANKING. The Series A Preferred Stock shall, with respect to dividend rights and liquidation, winding up and dissolution, rank prior to the Common Stock. The Company may issue additional series of Preferred Stock that rank pari passu or junior to the Series A Preferred Stock.

2. DIVIDEND PROVISIONS. (A) The holders of shares of Series A Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend on the Common Stock or other shares of Preferred Stock of the Corporation, at the rate of \$.16 per share effective on March 1, 1998. The Preferred Dividends shall be payable only when, as and if declared by the Board of Directors. Preferred Dividends not declared and paid when due shall accrue and accumulate. No dividend shall be declared and/or paid with respect to any other series or class of capital stock (other than other series of Preferred Stock ranking pari passu with the Series A Preferred Stock) while there are accrued but unpaid dividends on the Series A Preferred Stock outstanding unless a like dividend is declared and/or paid (as appropriate) with respect to the Series A Preferred Stock after payment of any accrued but unpaid dividends on the Series A Preferred Stock.

(B) After payment of any dividends pursuant to Section 2(A) above, the holders of shares of Series A Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, an amount equal to that paid on any other outstanding shares of the Corporation (as determined on

an as-converted basis for the Series A Preferred Stock) whenever funds are legally available therefor, when, as and if declared by the Board of Directors. No dividend shall be declared and/or paid with respect to any Common Stock unless a dividend is declared and/or paid with respect to each of the shares of Series A Preferred Stock.

3. LIQUIDATION PREFERENCE. (a) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary (a "Liquidation Event"), the holders of the Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution, payment, declaration or setting apart of any of the assets of the Corporation to, or in respect of, the holders of Common Stock or other series of Preferred Stock ranking junior to the Series A Preferred Stock, an amount per share equal to \$2.00 for each outstanding share of Series A Preferred Stock (the "Original Series A Issue Price") plus an amount equal to all accrued preferred dividends thereon and any other declared but unpaid dividends thereon. If, upon the occurrence of such an event, the assets and property thus distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full preferential amount, then the assets and property of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the aggregate preferential amounts owed such holders upon a liquidation, dissolution or winding up of the Corporation. All outstanding shares of Series A Preferred Stock shall rank as to payment, upon the occurrence of a Liquidation Event senior to the Common Stock.

(b) After the distributions described in subsection (a) above have been paid, the remaining assets of the corporation available for distribution to stockholders, if any, shall be distributed among the holders of Series A Preferred Stock and Common Stock pro rata based on the number of shares of Common Stock held by each (assuming conversion of all outstanding Preferred Stock).

(c) A merger of the Corporation with or into any other corporation or corporations, or a sale, conveyance or disposition of all or substantially all of the assets of the Corporation or the effectuation by the Corporation of a transaction or series of related transactions in which more than 50% of the voting power of the Corporation is disposed of, shall not be deemed to be a liquidation, dissolution or winding up within the meaning of this Section 2, but shall instead be treated pursuant to Section 5 hereof.

4. CONVERSION. The holders of Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) RIGHT TO CONVERT. (i) Subject to subsections (c) and (d), each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time, at the office of the Corporation or any transfer agent for the Preferred Stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing \$2.00 for each share of Series A Preferred Stock, (plus any accrued but unpaid dividends) for each share of Series A Preferred Stock by the Conversion Price at the time in effect for such share; provided, however, that such Conversion Prices shall be subject to adjustment as set forth in subsections 4(c) and 4(d). Upon conversion of any share of Series A Preferred Stock after all conversion ratio adjustments set forth herein, all accrued but unpaid dividends on such stock will be canceled. (ii) Each share of Series A

Preferred Stock shall automatically be converted into shares of Common Stock at the Conversion Price at the time in effect for such series of Preferred Stock immediately upon the consummation of the Corporation's sale of its Common Stock in a bona fide, firm commitment underwriting pursuant to a registration statement under the Securities Act of 1933, as amended, which results in aggregate gross cash proceeds to the Corporation in excess of \$5,000,000 (the "Qualified IPO"). (iii) Each share of Series A Preferred Stock shall automatically be converted into shares of Common Stock at the Conversion Price at the time in effect for such Series A Preferred Stock at such time as the Corporation receives the consent of the holders of not less than 66-2/3% of the Series A Preferred Stock then outstanding.

(b) MECHANICS OF CONVERSION. Before any holder Preferred Stock shall be entitled to convert the same into shares of Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Preferred Stock, and shall give written notice by mail, postage prepaid, to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office such holder of Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. If the conversion is in connection with an underwritten offer of securities registered pursuant to the Securities Act of 1933, as amended, the conversion will be conditioned upon the closing with the underwriter of the sale of securities pursuant to such offering, unless otherwise designated in writing by the holders of such Preferred Stock, in which event the person(s) entitled to receive the Common Stock issuable upon such conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities.

(c) CONVERSION PRICE ADJUSTMENTS. The Conversion Price of Series A Preferred Stock shall be subject to adjustment from time to time as follows: (i) If the Corporation, at any time or from time to time after the effective date of this Certificate of Designation (the "Certificate Date") shall issue any Additional Stock (as defined below) without consideration or for a consideration per share less than the Conversion Price for such series of Preferred Stock in effect immediately prior to the issuance of such Additional Stock, the Conversion Price for such series of Preferred Stock in effect immediately prior to each such issuance shall forthwith be adjusted to a price determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of shares of Additional Stock so issued would purchase at such Conversion Price, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of such shares of Additional Stock so issued; provided that for the purposes of this subsection, all shares of Common Stock issuable upon conversion of outstanding Preferred Stock shall be deemed to be outstanding, and immediately after any Additional

Stock is deemed issued, such Additional Stock shall be deemed to be outstanding. (ii) No adjustment of the Conversion Price for any series of Preferred Stock shall be made in an amount less than five cents per share, provided that any adjustments which are not required to be made by reason of this sentence shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to 3 years from the date of the event giving rise to the adjustment being carried forward, or shall be made at the end of 3 years from the date of the event giving rise to the adjustment being carried forward. Except to the limited extent provided for in subsections (E)(3) and (E)(4), no adjustment of such Conversion Price pursuant to this subsection 4(c)(i) shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment. (iii) In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with the issuance and sale thereof. (iv) In the case of the issuance of the Common Stock for a consideration in whole or in part other than cash, 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. (v) In the case of the issuance, whether before, on or after the Certificate Date, of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock or options to purchase or rights to subscribe for such convertible or exchangeable securities (which are not excluded from the definition of Additional Stock), the following provisions shall apply: a) The aggregate maximum number of shares of Common Stock deliverable upon exercise of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subsections 4(c)(i)(C) and 4(c)(i)(D), if any, received by the corporation upon the issuance of such options or rights plus the minimum purchase price prodded in such options or rights for the Common Stock covered thereby.

b) The aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange for any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the additional consideration, if any, to be received by the Corporation upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in subsections 4(c)(i)(c) and 4(c)(i)(D)).

c) In the event of any change in the number of shares of Common Stock deliverable or any increase in the consideration payable to the Corporation upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from the antidilution provisions thereof, the Conversion Price obtained with respect to the adjustment which was made upon the issuance of such options, rights or securities, and any subsequent adjustments based thereon, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any

payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

d) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Conversion Price of the Series A Preferred Stock obtained with respect to the adjustment which was made upon the issuance of such options, rights or securities or options or rights related to such securities, and any subsequent adjustments based thereon, shall be recomputed to reflect the issuance of only the number of shares of Common Stock actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities. Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, only the number of shares of Common Stock actually issued upon the exercise of such options or rights, upon the Conversion or exchange of such securities or upon the exercise of the options or rights related to such securities shall continue to be deemed to be issued.

e) All Common Stock deemed issued pursuant to this subsection 4(c)(i)(E) shall be considered issued only at the time of its deemed issuance and any actual issuance of such stock shall not be an actual issuance or a deemed issuance of the Corporation's Common Stock under the provisions of this Section 4.

(ii) "ADDITIONAL STOCK" shall mean any shares of Common Stock issued (or deemed issued pursuant to subsection 4(c)(i)(E)) by the Corporation on or after the Certificate Date other than shares of Common Stock issued or issuable (i) pursuant to a transaction described in subsection 4(d), (e) or (f) hereof, (ii) to officers, directors, employees and consultants of the Corporation directly or pursuant to a stock option plan or restricted stock plan approved by the stockholders and directors of the Corporation, (iii) upon the issuance of shares of any authorized series of Preferred Stock; (iv) upon conversion of any series of Preferred Stock;

(v) Notwithstanding the foregoing provisions of this Section 4(c)(ii), the conversion price adjustments set forth in this Section 4(c) shall be deemed to apply (and any applicable adjustments shall be made) to any modification of the rights of conversion, exchange or exercise of any of the securities referred to in subsections (c)(ii)(A) through (c)(ii)(I) above other than automatic modifications made pursuant to the terms of such instruments (regarding automatic adjustments of conversion or exercise prices, numbers of shares, etc.) or operation of this Section 4(c).

(ii) "COMMON STOCK EQUIVALENTS" shall mean all securities exercisable for or convertible, directly or indirectly, into shares of Common Stock;

(e) OTHER DISTRIBUTIONS. In the event the Corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in subsection 4(c)(iii), then, in each such case for the purpose of this subsection 4(e), the holders of Series A Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the

number of shares of Common Stock of the corporation into which their shares of Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the corporation entitled to receive such distribution.

(f) STOCK SPLITS, STOCK DIVIDENDS AND RECAPITALIZATIONS. (i) In the event the Corporation should at any time or from time to time after the Certificate Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (for purposes of this subsection 4(f) referred to as "Common Equivalents") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price of the Series A Preferred Stock shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase of outstanding shares determined in accordance with subsection 4(c)(i)(E). (ii). If the number of shares of Common Stock outstanding at any time after the Certificate Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Prices for the Series A Preferred Stock shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(iii) If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 4 or Section 5) provision shall be made so that the holders of the Preferred Stock shall thereafter be entitled to receive upon conversion of the Preferred Stock the number of shares of stock or other securities or property of the Corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of the Preferred Stock after the recapitalization to the end that the provisions of this Section 4 (including adjustment of the Conversion Prices then in effect and the number of shares purchasable upon conversion of the Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(g) NO IMPAIRMENT. The Corporation will not, by amendment of its Certificate of Incorporation or through any reorganization, recapitalization, 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 to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 4 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Preferred Stock against impairment.

(h) NO FRACTIONAL SHARES AND CERTIFICATE AS TO ADJUSTMENTS. (i) No fractional

shares shall be issued upon conversion of the Preferred Stock, and the number of shares of Common Stock to be issued shall be rounded to the nearest whole share. Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion. (ii) Upon the occurrence of each adjustment or readjustment of any Conversion Price of the Series A Preferred Stock pursuant to this Section 4, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of such Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price at the time in effect, and (c) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of Series A Preferred Stock.

(i) NOTICES OF RECORD DATE. In the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Preferred Stock, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(j) RESERVATION OF STOCK ISSUABLE UPON CONVERSION. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of the Preferred Stock such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, in addition to such other remedies as shall be available to the holder of such Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

(k) NOTICES. Any notice required by the provisions of this Section 4 to be given to the holders of shares of Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at the address appearing on the books of the Corporation.

5. MERGER. (a) At any time after the Certificate Date, in the event of: (i) any merger of the Corporation with or into any other corporation or other entity or person, or an other corporate reorganization in which the Corporation shall not be the continuing or surviving entity of such merger or reorganization or any transaction or series of related transactions by the Corporation in which in excess of 50% of the Corporation's voting power is transferred, or (ii) a sale or other

disposition of all or substantially all of the assets of the Corporation, the documents effecting such transactions shall provide that: (i) The holders of the Series A Preferred Stock shall first receive for each share of such stock, in cash or in securities received from the acquiring corporation, or in a combination thereof, at the closing of any such transaction, an amount equal to the Original Series A Issue Price plus an amount equal to all accrued but unpaid dividends thereon and any other declared but unpaid dividends thereon. If the aggregate cash value in such transaction otherwise available to holders of the Series A Preferred Stock is insufficient to satisfy the aforementioned preference of such stock, then all such cash or securities shall be distributed ratably among the holders of the outstanding Series A Preferred Stock in proportion to the aggregate preferential amounts owed such holders as set forth above. Upon or immediately prior to such transaction, the Corporation shall provide for the payment of any such amount to the holders of Series A Preferred Stock (ii) In the event additional cash or securities remain available for distribution after the distributions pursuant to subparagraphs (A)-(E) above, then the holders of the Series A Preferred Stock and the Common Stock shall then be entitled to receive, pro rata based on the number of shares of Common Stock held by each (assuming conversion of the outstanding Series A Preferred Stock), in cash or in securities received from the acquiring corporation, or in a combination thereof, at the closing of any such transaction, a per share amount equal to the result of (i) the aggregate value of accrued but unpaid dividends and declared but unpaid dividends distributed to the holders of Series A Preferred Stock pursuant to subparagraph (A) above divided by (ii) the number of shares of Common Stock outstanding immediately prior to the such transaction (assuming conversion of the outstanding Series A Preferred Stock). If the aggregate cash value in such transaction otherwise available to holders of the Series A Preferred Stock and the Common Stock is insufficient to satisfy the aforementioned preference of the Common Stock, then all such cash or securities shall be distributed ratably among the holders of Common Stock (assuming conversion of the outstanding Series A Preferred Stock).

(b) Any securities to be delivered to the respective holders of the Preferred Stock pursuant to subsection 5(a) above shall be valued as follows: (i) Securities not subject to investment letter or other similar restrictions on free marketability: (i) If traded on a securities exchange or The Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the 30-day period ending three(3) trading days prior to the closing; (ii) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the 30-day period ending three (3) trading days prior to the closing; and (iii) If there is no active public market, the value shall be the fair market value thereof, as mutually determined by the Corporation and the holders of not less than a majority of the then outstanding shares of Preferred Stock. (ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability shall be to make an appropriate discount from the market value determined as above in (i)(A), (B) or (C) to reflect the approximate fair market value thereof, as mutually determined by the Corporation and the holders of a majority of the then outstanding shares of Preferred Stock. (c) In the event the requirements of subsection 5(a) are not complied with, the Corporation shall forthwith either: (i) cause such closing to be postponed until such time as the requirements of this Section 5 have been complied with, or (ii) cancel such transaction, in which event the rights, preferences, privileges and restrictions of the holders of the Preferred Stock shall revert to and be the same as such rights, preferences, privileges and restrictions existing immediately prior to the date of the first notice referred to in subsection 5(d) hereof.

disposition of all or substantially all of the assets of the Corporation, the documents effecting such transactions shall provide that: (i) The holders of the Series A Preferred Stock shall first receive for each share of such stock, in cash or in securities received from the acquiring corporation, or in a combination thereof, at the closing of any such transaction, an amount equal to the Original Series A Issue Price plus an amount equal to all accrued but unpaid dividends thereon and any other declared but unpaid dividends thereon. If the aggregate cash value in such transaction otherwise available to holders of the Series A Preferred Stock is insufficient to satisfy the aforementioned preference of such stock, then all such cash or securities shall be distributed ratably among the holders of the outstanding Series A Preferred Stock in proportion to the aggregate preferential amounts owed such holders as set forth above. Upon or immediately prior to such transaction, the Corporation shall provide for the payment of any such amount to the holders of Series A Preferred Stock (ii) In the event additional cash or securities remain available for distribution after the distributions pursuant to subparagraphs (A)-(E) above, then the holders of the Series A Preferred Stock and the Common Stock shall then be entitled to receive, pro rata based on the number of shares of Common Stock held by each (assuming conversion of the outstanding Series A Preferred Stock), in cash or in securities received from the acquiring corporation, or in a combination thereof, at the closing of any such transaction, a per share amount equal to the result of (i) the aggregate value of accrued but unpaid dividends and declared but unpaid dividends distributed to the holders of Series A Preferred Stock pursuant to subparagraph (A) above divided by (ii) the number of shares of Common Stock outstanding immediately prior to the such transaction (assuming conversion of the outstanding Series A Preferred Stock). If the aggregate cash value in such transaction otherwise available to holders of the Series A Preferred Stock and the Common Stock is insufficient to satisfy the aforementioned preference of the Common Stock, then all such cash or securities shall be distributed ratably among the holders of Common Stock (assuming conversion of the outstanding Series A Preferred Stock).

(b) Any securities to be delivered to the respective holders of the Preferred Stock pursuant to subsection 5(a) above shall be valued as follows: (i) Securities not subject to investment letter or other similar restrictions on free marketability: (i) If traded on a securities exchange or The Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the 30-day period ending three(3) trading days prior to the closing; (ii) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the 30-day period ending three (3) trading days prior to the closing; and (iii) If there is no active public market, the value shall be the fair market value thereof, as mutually determined by the Corporation and the holders of not less than a majority of the then outstanding shares of Preferred Stock. (ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability shall be to make an appropriate discount from the market value determined as above in (i)(A), (B) or (C) to reflect the approximate fair market value thereof, as mutually determined by the Corporation and the holders of a majority of the then outstanding shares of Preferred Stock. (c) In the event the requirements of subsection 5(a) are not complied with, the Corporation shall forthwith either: (i) cause such closing to be postponed until such time as the requirements of this Section 5 have been complied with, or (ii) cancel such transaction, in which event the rights, preferences, privileges and restrictions of the holders of the Preferred Stock shall revert to and be the same as such rights, preferences, privileges and restrictions existing immediately prior to the date of the first notice referred to in subsection 5(d) hereof.

(d) The Corporation shall give each holder of record of Preferred Stock written notice of such impending transaction not later than twenty (20) days prior to the stockholders' meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 5, and the Corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after the Corporation has given the first notice provided for herein or sooner than ten (10) days after the Corporation has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the holders of a majority of the shares of Preferred Stock then outstanding.

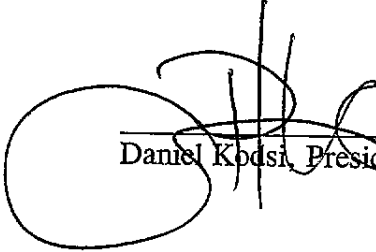
(e) The provisions of this Section 5 are in addition to the protective provisions of Section 7 hereof.

6. VOTING RIGHTS. The holder of each share of Preferred Stock shall have the right to one vote for each share of Common Stock into which such share of Preferred Stock could then be converted (with any fractional share determined on an aggregate conversion basis being rounded to the nearest whole share), and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote, together with holders of Common Stock, with respect to any question upon which holders of Common Stock have the right to vote.

7. PROTECTIVE PROVISIONS. So long as shares of Preferred Stock are outstanding, the Corporation shall not without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Preferred Stock, voting together as one class except where otherwise required by law: (a) sell, convey, or otherwise dispose of or encumber all or substantially all of its property or business or merge into or consolidate with any other corporation (other than a wholly owned subsidiary corporation) or effect any transaction or series of related transactions in which more than 50% of the voting power of the Corporation is disposed of; (b) alter or change the rights, preferences, privileges or restrictions of the shares of Series A Preferred Stock so as to affect such shares adversely; (c) increase the authorized number of shares of Series A Preferred Stock; or (d) create any new class or series of stock or any other securities convertible into equity securities of the Corporation (i) having a preference over, or being on a parity with, the Series A Preferred Stock with respect to voting, dividends or upon liquidation, or (ii) having rights similar to any of the rights of the Series A Preferred Stock under this Section 7.

9. STATUS OF CONVERTED OR REDEEMED STOCK. In the event any shares of Preferred Stock shall be redeemed or converted pursuant to Section 3 or Section 4 hereof, the shares so converted or redeemed shall be canceled and shall not be issuable by the Corporation, and the Articles of Incorporation of the Corporation shall be appropriately amended to effect the corresponding reduction in the Corporation's authorized capital stock.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be executed this
26th day of May, 1998.



Daniel Kodsi, President