

SC **THE BETTER HANGER COMPANY** **88653**

ACCOUNT NO. : 072100000032

REFERENCE : 663251 7127284

AUTHORIZATION :

Patricia Pizutto

COST LIMIT : \$ 43.75

ORDER DATE : April 14, 2000

ORDER TIME : 2:44 PM

ORDER NO. : 663251-005

CUSTOMER NO: 7127284

Amend
500003209695--5

CUSTOMER: Bruce Stutsman, Esq
Stutsman & Thames, P.a.
Suite 600
121 West Forsyth Street
Jacksonville, FL 32202

DOMESTIC AMENDMENT FILING

NAME: A BETTER HANGER COMPANY, INC.

EFFECTIVE DATE:

XX ARTICLES OF AMENDMENT
 RESTATED ARTICLES OF INCORPORATION

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

XX CERTIFIED COPY
 PLAIN STAMPED COPY
 CERTIFICATE OF GOOD STANDING

CONTACT PERSON: Darlene Ward

EXAMINER'S INITIALS:

FILED
00 APR 14 PM 4:30
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

RECEIVED
00 APR 14 PM 3:11
DEPARTMENT OF STATE
DIVISION OF CORPORATIONS
TALLAHASSEE, FLORIDA

LAW OFFICES
STUTSMAN & THAMES
PROFESSIONAL ASSOCIATION
121 WEST FORSYTH STREET, SUITE 600
JACKSONVILLE, FLORIDA 32202

BRUCE E. STUTSMAN
RICHARD R. THAMES
NINA M. LAFLEUR
MARGARET M. SIDMAN

TELEPHONE
904-358-4000
FACSIMILE
904-358-4001

April 13, 2000

Department of State
Division of Corporations
409 E. Gaines Street
Tallahassee, Florida 32399

Re: Articles of Amendment to Articles of Incorporation of A Better Hanger Company,
Inc. (Doc. No.: P98000088653);
Our File No.: 772.1558

Ladies and Gentlemen:

Enclosed for filing are the original and one copy of Articles of Amendment to Articles of Incorporation of A Better Hanger Company, Inc. Also enclosed is this firm's check in the amount of \$87.50 made payable to "Secretary of State," representing:

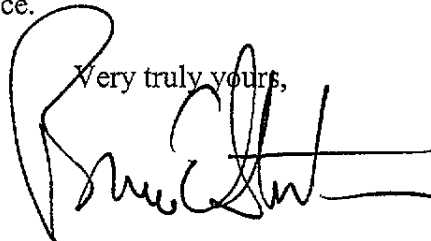
Filing Fee [F.S. 607.0122 (8)]	\$ 35.00
Fee for one certified copy [F.S. 607.0122 (21)]	<u>52.50</u>

TOTAL: \$87.50

We would appreciate your filing the original of the Articles of Amendment in accordance with the usual procedure, and your returning to this office a certified copy of the Articles of Amendment.

Please contact the undersigned if you have any questions concerning the enclosed items. Thank you very much for your assistance.

Very truly yours,



Bruce E. Stutsman

Enclosures

c: Roy K. Farrell (w/ enclosures)

ARTICLES OF AMENDMENT TO ARTICLES OF INCORPORATION

OF

A BETTER HANGER COMPANY, INC.

(A Florida Corporation)

Pursuant to the Florida Business Corporation Act, Section 607.1006, the undersigned corporation adopts the following articles of amendment to its articles of incorporation:

1. The name of the corporation is A Better Hanger Company, Inc. (document number P98000088653).

2. Article III of the Articles of Incorporation of the corporation shall be amended in its entirety to read as follows:

"ARTICLE III. CAPITAL STOCK

The total number of shares of all classes of stock which the corporation shall have authority to issue is Fourteen Hundred (1,400), and shall consist of three classes of shares of common stock (collectively, the "Stock").

A. Classification of Stock. The classes of shares shall be designated as follows:

1. **Class A Stock.** One Thousand (1,000) shares of Class A Common Stock of the par value of One Dollar (\$1.00) (sometimes referred to as the "Class A Stock").

2. **Class B Stock.** Two Hundred (200) shares of Class B Common Stock of the par value of One Dollar (\$1.00) (sometimes referred to as the "Class B Stock").

3. **Class C Stock.** Two Hundred (200) shares of Class C Common Stock of the par value of One Dollar (\$1.00) (sometimes referred to as the "Class C Stock").

B. Voting. With respect to all matters upon which stockholders are entitled to vote or to which stockholders are entitled to express consent or dissent in writing without a meeting, the holders of the outstanding shares of the Class A Stock, Class B Stock and Class C Stock shall vote together without regard to class, and every holder of the outstanding shares of the Stock shall be entitled to one (1) vote in person or by proxy for each share of Stock standing in his or her name. With respect to any proposed amendment to the Articles of Incorporation which would increase or decrease the number of authorized shares of either the Class A Stock, Class B Stock or Class C Stock, or alter or change any relative rights, preferences, privileges or restrictions of the shares of the Class A Stock, Class B Stock or Class C Stock so as to affect them adversely, the approval of a majority of the votes entitled to be cast by the holders of the class so affected by the proposed

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TALLAHASSEE, FLORIDA

amendment, voting separately as a class, shall be obtained in addition to the approval of a majority of the votes entitled to be cast by the holders of the Class A Stock.

C. Conversion of Class B Stock. Each fully paid and nonassessable share of the Class B Stock may at any time be converted at the election of the holder thereof into one fully paid and nonassessable share of Class A Stock. Any holder of shares of the Class B Stock may elect to convert any or all of such shares at one time or at various times in such holder's discretion. Such right shall be exercised by the surrender of the certificate representing each share of the Class B Stock to be converted to this corporation at its principal executive offices, accompanied by a written notice of the election by the holder thereof to convert and (if so required by this corporation) by instruments of transfer, in form satisfactory to this corporation, duly executed by such holder or such holder's duly authorized attorney. The issuance of a certificate or certificates for shares of the Class A Stock upon conversion of shares of the Class B Stock shall be made without charge for any stamp or other similar tax in respect of such issuance. However, if any such certificate or certificates is or are to be issued in a name other than that of the holder of the share or shares of the Class B Stock converted, the person or persons requesting the issuance thereof shall pay to this corporation the amount of any tax which may be payable in respect of any such transfer, or shall establish to the satisfaction of this corporation that such tax has been paid. As promptly as practicable after the surrender for conversion of a certificate or certificates representing shares of the Class B Stock and the payment of any tax as hereinabove provided, this corporation will deliver or cause to be delivered to, upon the written order of, the holder of such certificate or certificates, a certificate or certificates representing the number of shares of the Class A Stock issued in such name or names as the holder may direct. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the certificate or certificates representing shares of the Class B Stock (if on such date the transfer books of this corporation shall be closed, then immediately prior to the close of business on the first date thereafter that said books shall be open), and all rights of such holder arising from ownership of shares of the Class B Stock shall cease at such time, and the person or persons in whose name or names the certificate or certificates representing shares of the Class A Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of the Class A Stock at such time and shall have and may exercise all the rights and powers appertaining thereto. No adjustments in respect of past cash dividends shall be made upon the conversion of any share of the Class B Stock; provided, however, that if any shares of the Class B Stock shall be converted subsequent to the record date for the payment of a cash or stock dividend or other distribution on shares of the Class B Stock but prior to such payment, the registered holder of such shares at the close of business on such record date shall be entitled to receive cash or stock dividend or other distribution payable to holders of the Class B Stock. All shares of Class B Stock received by this corporation upon conversion thereof into Class A Stock shall be retired and not reissued. This corporation shall at all times reserve and keep available, solely for the purpose of issue upon conversion of outstanding shares of the Class B Stock, such number of shares of the Class A Stock as may be issuable upon the conversion of all such outstanding shares of the Class B Stock. All shares of the Class A Stock which may be issued upon conversion of fully paid and nonassessable shares of the Class B Stock will, upon issue, be fully paid and nonassessable. Upon conversion of all of the Class C Stock to Class A Stock, as hereinafter provided in Section E of this Article III, all outstanding shares of Class B Stock shall

be converted automatically to Class A Stock without necessity of election from the Class B stockholders. Notwithstanding the foregoing, the rights of a Class A stockholder shall not inure to a Class B stockholder until the surrender to the corporation at its principal executive offices of the certificate or certificates representing each share of the Class B Stock to be converted.

D. Redemption and Cancellation of Class C Stock. The Class C Stock is being issued to Hourglass TQ, L.L.C., an Idaho limited liability company ("Hourglass TQ") and owner of U.S. Patent No. 5,690,257 (folding hanger) (the "Patent"). Upon the payment by the corporation to the Class C stockholders of \$60,000 per share for all outstanding shares of Class C Stock as consideration for the assignment of the Patent to the corporation, (i) the Patent shall be assigned to the corporation and (ii) all remaining outstanding shares of Class C Stock shall be redeemed, cancelled and not reissued.

E. Conversion of Class C Stock. The Class C stockholders, may elect to convert shares of Class C Stock to shares of Class A Stock, share for share, at a conversion price of \$60,000 per share. In such event, the \$12 million sum required to be paid by the corporation to Hourglass TQ for the purchase and assignment of the Patent to the corporation, shall be reduced by the resultant of the number of shares of Class C Stock converted to shares of Class A Stock multiplied by \$60,000. (e.g., should the holders convert 100 shares of Class C Stock to 100 shares of Class A Stock, this corporation shall then be required to pay Hourglass TQ only \$6 million for any subsequent purchase and assignment of the Patent to the corporation.) This corporation shall at all times reserve and keep available, solely for the purpose of issue upon conversion of outstanding shares of the Class C Stock, such number of shares of the Class A Stock as may be issuable upon the conversion of all such outstanding shares of the Class C Stock. Notwithstanding the foregoing, the rights of a Class A stockholder shall not inure to a Class C stockholder until the surrender to the corporation at its principal executive offices of the certificate or certificates representing each share of the Class C Stock to be converted.

F. Dividends. Except as provided in this Section F, each share of Stock shall be equal in respect of rights to dividends, when and as declared. Holders of Stock shall be entitled to receive such cash dividends as may be declared thereon by the Board of Directors from time to time out of assets or funds of this corporation legally available therefor. Notwithstanding the foregoing, no dividends shall be declared or distributed to Class A stockholders or Class B stockholders until the earlier of (i) the funding of a treasury fund in an amount equal to the number of remaining outstanding shares of Class C Stock multiplied by \$60,000 (the "Patent Fund") for the benefit of the Class C stockholders as consideration for the redemption of Class C Stock and the purchase and assignment of the Patent to the corporation (see Section D of this Article III), or (ii) the redemption of all shares of Class C Stock (see Section D of this Article III), or (iii) the conversion of all shares of Class C Stock to Class A Stock (see Section E of this Article III), or (iv) the outstanding Class C Stock in the aggregate is valued by two independent appraisers to be worth a minimum of \$60,000 per share. Upon the happening of any of the four immediately foregoing events, the Board of Directors may declare a dividend for the sole benefit of the Class A and Class B stockholders out of assets or funds of this corporation legally available therefor; and, furthermore, in such instance, the Class C Stock shall not be entitled to any dividends, and no dividends shall accrue for the benefit of the Class C stockholders until such assignment and conversion shall have been completed to the corporation's satisfaction. So long as there is any Class B Stock issued and outstanding, no

dividends shall be paid on shares of Class A Stock unless an equivalent amount is paid per share on such Class B Stock.

G. Antidilution. If the corporation at any time subdivides (by any stock split, stock dividend, recapitalization or otherwise) outstanding shares of Class A Stock into a greater number of shares, the number of shares distributable to the holders of Class B Stock and Class C Stock upon conversion shall be proportionately increased, and if the corporation at any time combines (by reverse stock split or otherwise) its outstanding shares of Class A Stock into a smaller number of shares, the number of shares distributable to the holders of Class B Stock and Class C Stock upon conversion shall be proportionately reduced.

H. Other Rights. Except as otherwise required by the Florida Business Corporation Act or as otherwise provided in the corporation's Articles of Incorporation, as amended, each share of the Stock, regardless of class, shall have identical powers, preferences and rights, including rights in liquidation."

3. The manner and basis of converting the current outstanding shares of the corporation are as follows:

A. Immediately upon the filing of these Articles of Amendment to Articles of Incorporation with the Secretary of State for the State of Florida (the "Effective Date"), each issued and outstanding share of common stock of the corporation, which is issued and outstanding on the Effective Date, shall, without further action on the part of the holder thereof, automatically become, and be converted into, one (1) share of Class A Stock. Each outstanding certificate representing shares of common stock of the corporation shall thereupon be deemed for all corporate purposes to evidence the ownership of fully paid, nonassessable shares of Class A Stock into which such shares have been converted. No fractional shares of Class A Stock shall be required to be issued.

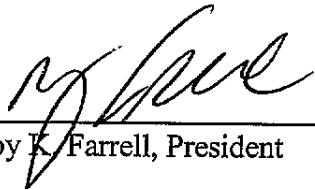
B. As soon as practicable after the Effective Date, each holder of a certificate or certificates representing outstanding shares of common stock of the corporation shall be entitled, upon surrender of such certificate or certificates, to receive in exchange therefor a certificate or certificates representing the aggregate number of shares of Class A Stock into which such current outstanding shares shall have been converted pursuant to this Section.

C. Until surrendered, each outstanding certificate, which, prior to the Effective Date, represented shares of the corporation, shall be deemed for all purposes to evidence ownership of the same number of shares of Class A Stock.

4. The following amendment of the articles of incorporation was adopted by unanimous written consent by the Board of Directors and all of the stockholders of the corporation effective March 31, 2000, in the manner prescribed by the Florida Business Corporation Act.

IN WITNESS WHEREOF, these Articles of Amendment to Articles of Incorporation have been executed on behalf of the corporation effective March 31, 2000.

A BETTER HANGER COMPANY, INC.

By: 

Roy K. Farrell, President