

P99000005042

JOHN B. SMITH

ATTORNEY AT LAW
2050 SPECTRUM BLVD.
FORT LAUDERDALE, FLORIDA 33309

(305) 938-7710

Please reply to:

John B. Smith
25 Spoonbill Road
Manalapan, FL 33462
561-547-5835

August 31, 2001

Division of Corporations
Registration Section
409 E. Gaines Street
Tallahassee, FL 32399

400004575964--0
-09/10/01--01001--004
*****47.75 *****43.75

RE: Applied Programming Solutions, Inc.

Dear Madam or Sir:

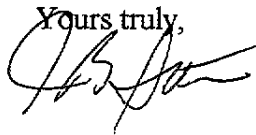
I am enclosing the following for filing with respect to the above:

UBR for 2001 and check for \$550.00

Articles of Amendment to Restated Articles of Incorporation and check for \$47.75

Please file the above and return a certified copy of the Articles of Amendment. Thank you.

Yours truly,



John B. Smith

Encls.(3)

FILED

01 SEP -7 PM 4:18

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Amend

SEP 7 2001

FILED
01 SEP -7 PM 4:18
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

**AMENDMENT TO
RESTATED ARTICLES OF INCORPORATION
OF
APPLIED PROGRAMMING SOLUTIONS, INC.**

It is hereby certified that:

1. The present name of the corporation (hereinafter called the "Corporation") is Applied Programming Solutions, Inc.

2. The name under which the Corporation was originally incorporated is Applied Programming Solutions, Inc. The original Articles of Incorporation of the Corporation were filed with the Secretary of State of the State of Florida on January 14, 1999, under Document Number P99000005042, and Restated Articles of Incorporation were filed with the Secretary of State of the State of Florida on August 3, 2001.

2. The Board of Directors of the Corporation has duly adopted the following Amendment to its Restated Articles of Incorporation, without a vote of the shareholders of the Corporation, pursuant to section 607.0602 of the Florida Business Corporation Act:

**"AMENDMENT TO
RESTATED ARTICLES OF INCORPORATION
OF
APPLIED PROGRAMMING SOLUTIONS, INC.**

ARTICLE III – CAPITAL STOCK, of the Corporation's Restated Articles of Incorporation, is hereby amended by adding thereto a new Section 4. to authorize a series of Preferred Stock denominated Series A Convertible Preferred Stock and to set forth the preferences, limitations and relative rights thereof:

Section 4. Provisions Applicable to Series A Convertible Preferred Stock. There is hereby authorized 10,000,000 shares of a series of Preferred Stock denominated Series A Convertible Preferred Stock. The Series A Convertible Preferred Stock shall have the voting powers, preferences, qualifications, limitations, restrictions and relative rights as follows:

(a) Voting. Each share of the Series A Convertible Preferred Stock shall have one vote and, except as otherwise provided in these Restated Articles of Incorporation, shall not vote separately as a class or series.

(b) Rank. All shares of the Series A Convertible Preferred Stock, as to distribution of the Corporation's assets upon liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, shall rank senior to all of the Corporation's existing or hereafter issued Common Stock.

(c) Dividends. At any time when shares of the Series A Convertible Preferred Stock are outstanding, no dividend in the form of cash, property or shares of the Corporation shall be paid or declared, and no distribution shall be made in the form of cash, property or shares of the Corporation, with respect to any Capital Stock of the Corporation ranking junior to the Series A Convertible Preferred Stock, without the consent, in each case, of the holders of at least a majority of the total number of outstanding shares of Series A Convertible Preferred Stock, given in person or by proxy, by vote at a meeting called for that purpose, or by means of a consent in writing in lieu of such meeting.

(d) Conversion Rights.

(1) Optional Conversion. The holders of Series A Convertible Preferred Stock shall have the right, at any time and from time to time, prior to the occurrence of an Automatic Conversion Effective Date, to surrender the certificate(s) evidencing such share(s) and receive, in lieu and in conversion thereof, a certificate for a number of the Corporation's fully paid and non-assessable Common Stock equal to the number of such shares of Series A Convertible Preferred Stock multiplied by the Conversion Rate, subject to adjustment as provided in Section 4(d)(6). The Conversion Rate shall initially be 1.0.

(2) Optional Conversion Procedure. In order to convert shares of the Series A Convertible Preferred Stock into shares of Common Stock pursuant to the optional right of conversion set forth in Section 4(d), the holder thereof shall surrender, at the principal office of the Corporation or at such place as the Corporation shall designate, during regular business hours, the certificate(s) representing such shares, duly endorsed to the Corporation (or the unendorsed certificate(s) together with a duly endorsed stock power), and shall give written

notice to the Corporation stating in such notice (i) that such holder elects to convert the Series A Convertible Preferred Stock, (ii) the number of shares to be converted, (iii) the name, address and tax identification number in which the holder wishes the certificate(s) representing shares of Common Stock to be issued and, (iv) the number of shares of Common Stock to be issued in each such name. The Corporation shall, no later than ten (10) business days following the receipt of such written notice, deliver to each address set forth in such notice, or to such holder's nominee(s), a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled. Shares of Series A Convertible Preferred Stock to be so converted shall be deemed to have been converted and canceled as of the date of surrender of such shares for conversion as provided herein and the person(s) entitled to receive the shares of Common Stock issuable upon conversion shall be treated for all purposes as the record holder(s) of such shares of Common Stock on the same date, unless the transfer books of the Corporation are closed on such date, in which event such person(s) shall be deemed to have become a stockholder of record on the next succeeding date on which the transfer books are open. If a holder surrenders one or more certificates for conversion of Series A Convertible Preferred Stock, but such holder's written notice does not request conversion of all of the shares represented by such certificate(s), the Corporation shall also, within such period, deliver to the holder a new certificate for the number of shares of Series A Convertible Preferred Stock for which conversion has not been requested and, for all purposes, the shares represented by such new certificate shall be treated as never having been surrendered.

(3) Automatic Conversion. Upon the Automatic Conversion Effective Date, each certificate of the Series A Convertible Preferred Stock (and the outstanding shares represented thereby), shall be automatically converted into a certificate evidencing a number of fully paid and non-assessable shares of Common Stock of the Corporation, equal to the number of such outstanding shares of Series A Convertible Preferred Stock multiplied by the Automatic Conversion Rate. The "Automatic Conversion Effective Date" shall be the earlier of (i) a Public Offering of the Corporation's Common Stock, (ii) the date of consummation of a Sale of the Corporation or, (iii) on June 30, 2006.

(4) Automatic Conversion Rate. For the purposes of this Section 4(d)(4), the Conversion Rate, as adjusted pursuant to Section 4(d)(6) shall be the "Adjusted Conversion Rate."

If the event resulting in an Automatic Conversion is a Sale of the Corporation, the Fair Market Value of the Corporation's Common Stock and the Automatic Conversion Rate shall be as follows:

(A) In the event of a Sale of the Corporation in which the consideration received by the purchaser is the Corporation's Common Stock, the Fair Market Value of one (1) share of Common Stock shall be the price per share of Common Stock (assuming the full conversion of all

shares of the Series A Convertible Preferred Stock outstanding on the date of consummation of such Sale) paid by the purchasers of such Common Stock. In the event of a Sale of the Corporation in which the consideration received by the purchaser is substantially all of the Corporation's assets, the Fair Market Value of one (1) share of Common Stock shall be the value per share of such Common Stock, calculated by and in the sole judgment of the Corporation by dividing (i) the shareholders' equity of the Corporation after giving account to the aggregate net proceeds received by the Corporation for the Sale of the Corporation and after a revaluation by the directors of any retained assets to reflect the then current market value thereof, by (ii) the total number of shares of Common Stock outstanding on the date of consummation of such Sale (assuming the full conversion of all shares of the Series A Convertible Preferred Stock outstanding on the date of consummation of such Sale).

(B) The Automatic Conversion Rate shall be the greater of (i) the Adjusted Conversion Rate or (ii) the quotient resulting from dividing the Liquidation Value by the Fair Market Value of one (1) share of Common Stock determined pursuant to Section 4(d)(4)(A).

If the event resulting in an Automatic Conversion is a Public Offering, the Automatic Conversion Rate shall be the greater of the following:

(C) (i) The Adjusted Conversion Rate or, (ii) the quotient resulting from dividing the Liquidation Value by the offering price to the public of one (1) share of Common Stock in such Public Offering.

If there is no event described in Section 4(d)(3) which results in an Automatic Conversion having an Automatic Conversion Effective Date prior to June 30, 2006, then the Fair Market Value of the Corporation's Common Stock and the Automatic Conversion Rate shall be as follows:

(D) The Fair Market Value of the Common Stock shall be calculated by an Appraiser selected by and in the sole discretion of the Corporation. The Appraiser may be any firm selected by the Corporation which has not theretofore been retained or compensated for services provided to the Corporation and which is an investment banker, public accounting firm or a firm which regularly conducts business appraisals. The Appraiser shall base its appraisal on the Corporation's financial statements for the twelve months' ended June 30, 2006, and prior years, the number of shares of Common Stock then outstanding (assuming full conversion of all shares of the Series A Convertible Preferred Stock then outstanding), and such other factors as the Appraiser, in its sole judgment, shall deem relevant.

(E) The Automatic Conversion Rate shall be the greater of (i) the Adjusted Conversion Rate or, (ii) the quotient resulting from dividing the

Liquidation Value by the Fair Market Value of one (1) share of Common Stock, as determined by the Appraiser.

(5) Automatic Conversion Procedure. At least thirty (30) days prior to the occurrence of an Automatic Conversion Effective Date, the Corporation shall give written notice to each holder of record of the Series A Convertible Preferred Stock, by postage prepaid certified mail addressed to such holder at such holder's address as the same shall appear on the books of the Corporation. Such notice shall (i) state the event that would cause conversion and the anticipated Automatic Conversion Date, (ii) state that the shares shall be, upon the actual Automatic Conversion Date, automatically converted pursuant to Section 4(d)(3), (iii) state the estimated Automatic Conversion Rate, and (iv) call upon such holder to surrender, on or after such Automatic Conversion Date at an address designated therein, the certificate(s) representing the shares to be converted in accordance with such notice. On and after the Automatic Conversion Date, each holder of shares to be so converted shall deliver and surrender the certificate(s) for such shares to the Corporation at the place designated in such notice, and within thirty (30) days of delivery of such certificate(s), the Corporation shall deliver to such holder, or to such holder's nominee(s), a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled, together with any cash in lieu of fractional shares and any dividends to which such holder may be entitled. Shares of the Series A Convertible Preferred Stock to be so converted shall be deemed to have been converted and canceled on the Automatic Conversion Date and the person(s) entitled to receive shares of Common Stock issuable upon such Automatic Conversion shall be treated for all purposes as the record holder(s) of such shares of Common Stock on the same date, unless the transfer books of the Corporation are closed on such date, in which event such person(s) shall be deemed to have become a stockholder of record on the next succeeding date on which the transfer books are open, but the Conversion Rate shall be that in effect on the Automatic Conversion Date. The Corporation shall not be obligated to issue certificates for shares of Common Stock unless and until certificates evidencing the converted shares of Series A Convertible Preferred Stock are delivered to the Corporation or its designee.

(6) Adjustments to the Conversion Rate. The Conversion Rate shall be subject to the following adjustments:

(A) Dividends. If the Corporation shall declare and pay to the holders of Common Stock a dividend or other distribution payable in shares of Common Stock, the holders of the Series A Convertible Preferred Stock thereafter surrendered for conversion pursuant to Section 4(d)(3) shall be entitled to receive the number of shares of Common Stock which such holder would have owned or been entitled to receive after the declaration and payment of such dividend or other distribution if such shares of the Series A Convertible Preferred Stock had been converted immediately prior to the record date for the determination of stockholders entitled to receive such dividend or other distribution.

(B) Divisions, Combinations or Reclassifications. If the Corporation shall subdivide the outstanding shares of its Common Stock into a greater number of shares of Common Stock, or combine the outstanding shares of its Common Stock into a lesser number of shares of Common Stock, or issue by reclassification of its shares of Common Stock any Capital Stock of the Corporation, the Conversion Rate in effect immediately prior thereto shall be adequately and lawfully adjusted so that the holders of Series A Convertible Preferred Stock thereafter surrendered for conversion pursuant to Section 4(d)(3) shall be entitled to receive the number of shares of Common Stock which such holder would have owned or been entitled to receive after the happening of any and each of the events described above if such shares of the Series A Convertible Preferred Stock had been converted immediately prior to the happening of each such event on the day upon which such subdivision, combination or reclassification, as the case may be, becomes effective.

(C) Certain Issuances of Common Stock. If the Corporation shall issue or sell any Additional Shares of Common Stock for a consideration per share less than the Conversion Price, then the Conversion Rate shall be adjusted to the number determined by multiplying the Automatic Conversion Rate by a fraction, the numerator of which shall be the Conversion Price, and the denominator of which shall be the quotient determined by dividing the aggregate consideration received by the Corporation for such Additional Shares of Common Stock so issued or sold by the number of such Additional Shares of Common Stock so issued or sold.

(D) Issuance of Rights or Options. If the Corporation shall issue, grant or sell (whether directly or by assumption in a merger or otherwise) any rights, warrants or options (such rights, warrants or options being collectively referred to herein as "Options") or other rights entitling the holders thereof to subscribe for or purchase either (i) any Additional Shares of Common Stock, or (ii) any evidence of indebtedness, shares of stock or other securities which are, with or without payment of additional consideration in cash or property, convertible into or exchangeable for Additional Shares of Common Stock (such convertible or exchangeable evidences of indebtedness, shares or other securities hereinafter being called the "Convertible Securities"), and the minimum consideration per share for which such Additional Shares of Common Stock may at any time thereafter be issuable pursuant to such options or pursuant to the terms of such Convertible Securities (when added to the consideration per share of Common Stock, if any, received for such options and/or Convertible Securities), shall be less than the Conversion Price, then the Conversion Rate shall be adjusted as provided in Section 4(d)(6)(C) on the basis that (y) the maximum number of Additional Shares of Common Stock issuable pursuant to all such Options or other rights or necessary to effect the

conversion or exchange of all such Convertible Securities shall be deemed to have been issued, and (z) the aggregate consideration for such maximum number of Additional Shares of Common Stock shall be deemed to be the minimum consideration received and receivable by the Corporation for the issuance of such Additional Shares of Common Stock (plus the consideration, if any, received for such Options or other rights) pursuant to such Options or other rights or pursuant to the terms of such Convertible Securities.

(E) Issuance of Convertible Securities. If the Corporation shall issue (whether directly or by assumption in a merger or otherwise) or sell Convertible Securities and the consideration per share for which Additional Shares of Common Stock may at any time thereafter be issuable pursuant to the terms of such Convertible Securities (determined by dividing (i) the total amount received or receivable by the Corporation as consideration for the issuance or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange thereof, by (ii) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the Conversion Price, then the Conversion Rate shall be adjusted as provided in Section 4(d)(6)(C) on the basis that (y) the maximum number of Additional Shares of Common Stock necessary to effect the conversion or exchange of all such Convertible Securities shall be deemed to have been issued, and (z) the aggregate consideration for such maximum number of Additional Shares of Common Stock shall be deemed to be the minimum consideration received or receivable by the Corporation for the issuance of such Additional Shares of Common Stock pursuant to the terms of such Convertible Securities. No adjustment of the Conversion Rate shall be made under this Section 4(d)(6)(E) upon the issuance of any Convertible Securities which are issued pursuant to the exercise of any Options, or other subscriptions or purchase rights therefor, if such adjustment shall previously have been made upon the issuance of such Options or other rights pursuant to Section 4(d)(6)(D).

(F) Limitation on Readjustments for Options or Convertible Securities. No adjustment of the Conversion Rate shall be made under Section 4(d)(6)(C) upon the issuance of any Additional Shares of Common Stock which are issued pursuant to the exercise of any conversion or exchange rights of any Convertible Securities, if such adjustment shall previously have been made upon the issuance of such Options or upon the issuance of such Convertible Securities (or upon the issuance of any Options therefor), pursuant to Sections 4(d)(6)(D) or (E).

(G) Change in Option Price and Termination of Options. If any unexercised Options or Convertible Securities (or any portions thereof) which shall have given rise to an adjustment pursuant to Section

4(d)(6)(D), or conversion rights pursuant to Section 4(d)(6)(E), shall have expired or terminated without the exercise thereof and/or if by reason of the terms of such Options or Convertible Securities there shall have been an increase or increases, with the passage of time or otherwise, in the price payable upon the exercise or conversion thereof, then the Conversion Rate shall be readjusted (but to no greater extent than originally adjusted) on the basis of (i) eliminating from the computation any Additional Shares of Common Stock corresponding to such Options or other rights or of conversion rights as shall have expired or terminated, (ii) treating the Additional Shares of Common Stock, if any, actually issued or issuable pursuant to the previous exercise of such Options or other rights or conversion rights pursuant to any Convertible Securities as having been issued for the consideration actually received and receivable therefore, and (iii) treating any of such Options or other rights or conversion rights pursuant to Convertible Securities which remain outstanding as being subject to exercise or conversion on the basis of such exercise or conversion price as shall be in effect at the time; provided, however, that any consideration which was actually received by the Corporation in connection with the issuance or sale of such Options or other rights shall form part of the readjustment computation even though such Options or other rights shall have expired or terminated without the exercise thereof. The Conversion Rate shall be adjusted as provided in Section 4(d)(6)(C) as a result of any increase in the number of Additional Shares of Common Stock issuable, or any decrease in the consideration payable upon the issuance of Additional Shares of Common Stock, pursuant to any anti-dilution provisions contained in any Options or other rights or in any Convertible Securities.

(H) Determining Consideration For Additional Shares of Common Stock. To the extent that any Additional Shares of Common Stock, any Options, or any Convertible Securities shall be issued for a cash consideration, the consideration received by the Corporation therefor shall be deemed to be the amount of cash received by the Corporation therefor or, if such Additional Shares of Common Stock, Options or Convertible Securities are offered by the Corporation for subscription, the subscription price, or, if such Additional Shares of Common Stock, options or Convertible Securities are sold to underwriters or dealers in a public offering without a subscription offering, the initial public offering price, in any such case excluding any amounts paid or receivable for accrued interest or dividends and without deduction of any compensation, discounts or expenses paid or incurred by the Corporation for and in the underwriting of, or otherwise in connection with, the issuance thereof. If and to the extent that such issuance shall be for a consideration other than cash, then, except as herein otherwise expressly provided, the amount of such consideration shall be deemed to be the fair value of such consideration at the time of such issuance as determined in good faith by the board of directors of the Corporation (the "Board of Directors"). If

Additional Shares of Common Stock shall be issued as part of a unit with Options or other Convertible Securities, then the amount of consideration allocated for the Option or Convertible Securities shall be deemed to be the portion of the aggregate consideration so allocated at the time of issuance by the Board of Directors. If the Board of Directors shall not make any such determination, the consideration for the Option or Convertible Security shall be deemed to be zero.

(I) Tender Offers. The Corporation shall not effect any consolidation, merger or sale with the person having made a purchase, tender or exchange offer to, and which is accepted by, the holders of more than fifty per cent (50%) of the outstanding shares of Common Stock, or with any affiliate of such person, unless prior to the consummation thereof each holder of the Series A Convertible Preferred Stock shall have been given a reasonable opportunity then to elect to receive, upon conversion of the shares of the Series A Convertible Preferred Stock then held by such holder, at its option, either stock, securities, cash or assets then issuable with respect to the Common Stock or the stock, securities, cash or assets issued to previous holders of the Common Stock in accordance with such offer, or the equivalent thereof.

(J) Shares Held by the Corporation. For purposes of this Section 4(d)(6), the number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Corporation.

(K) Protection of Rights. If a state of facts shall occur which, without being specifically controlled by the provisions of this Section 4(d)(6), would not fairly protect the conversion rights of the Series A Convertible Preferred Stock in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make an adjustment in the application of such provisions, in accordance with such essential intent and principles, so as to protect such conversion rights.

(L) Materiality of Adjustment. Notwithstanding anything herein to the contrary, no adjustment to the Conversion Rate shall be required unless such adjustment, either by itself or with other adjustments not previously made, would require a change of at least one percent (1%) in the Conversion Rate; provided, however, that any adjustment which by reason of this Section 4(d)(6) is not required to be made shall be carried forward and taken into account in any subsequent adjustment.

(M) Certificate of Adjustments. Whenever the Conversion Rate shall be adjusted pursuant to this Section (6), the Corporation shall forthwith obtain, and cause to be delivered to each holder of the Series A Convertible Preferred Stock, a certificate signed by the principal financial or accounting officer of the Corporation, setting forth in reasonable detail

the event requiring the adjustment and the method by which such adjustment was calculated (including a description of the basis on which the Board of Directors determined the fair value of any consideration other than cash pursuant to Section 4(d)(6)(H) and specifying the new Conversion Rate. In the cases referred to in Section 4(d)(6)(I), such certificate shall be issued describing the amount and kind of stock, securities, property or assets or cash which shall be receivable upon conversion of the Series A Convertible Preferred Stock after giving effect to the provisions of such Sections.

(7) Reservation of Common Stock. The Corporation shall at all times reserve and keep available out of its authorized but un-issued Common Stock, solely for the purpose of effecting the conversion of Series A Convertible Preferred Stock, the full number of shares of Common Stock then deliverable upon conversion or exchange of all shares of the Series A Convertible Preferred Stock at the time outstanding. The Corporation shall at its expense expeditiously upon each such reservation of shares obtain the listing thereof (subject to issuance or notice of issuance) on all stock exchanges, if any, on which the Common Stock is then listed. The Corporation shall take at all times such corporate action as shall be necessary in order that the Corporation may validly and legally issue fully paid and non assessable shares of Common Stock upon the conversion of Series A Convertible Preferred Stock in accordance with the provisions hereof, and in the cases referred to in Section 4(d)(6)(I) deliver or cause to be delivered the stock, securities, property or assets or cash which shall be receivable upon conversion of the Series A Convertible Preferred Stock after giving effect to the provisions of such Section.

(8) Fractional Shares. No fractional shares of Common Stock shall be issued upon any conversion of the Series A Convertible Preferred Stock, but in lieu thereof, there shall be paid an amount of cash equal to the same fraction of the conversion amount of a whole share of Common Stock on the business day preceding the day of conversion.

(e) Liquidation. In the event of a voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and any preferential amounts payable with respect to the stock of the Corporation ranking prior to the Series A Convertible Preferred Stock, the holders of Series A Convertible Preferred Stock shall be entitled to receive an amount per share equal to the Liquidation Value of such stock, prior to any distribution or payment that is made to the holders of the Common Stock or any other stock which ranks junior to the Series A Convertible Preferred Stock. Upon receipt of such amount, the holders of the Series A Convertible Preferred Stock shall have no further rights to participate in the liquidation, dissolution or winding-up of the Corporation. If, upon any such liquidation, dissolution or winding-up of the Corporation, the assets distributable among the holders of the Series A Convertible Preferred Stock, and any other stock of the Corporation ranking *pari passu* with the Series A Convertible Preferred Stock with respect to liquidation, shall be insufficient to permit the payment in full to such holders of

the amounts hereinabove provided, then the entire assets of the Corporation shall be applied to the payment of such amounts to the holders of the Series A Preferred Stock and such pari passu stock then outstanding in proportion to the liquidation preferences thereof.

(f) Additional Definitions.

(1) Additional Shares of Common Stock shall mean all shares of Common Stock (a) issued by the Corporation issued on or after December 31, 2001, except: (i) Common Stock which may be issued pursuant to the conversion of any series of the Corporation's Preferred Stock, (ii) Common Stock which may be issued to employees, consultants, agents and directors of the Corporation (A) pursuant to one or more options granted by the Corporation, or (B) under any compensation plan approved by the directors of the Corporation or by the holders of at least a majority of the issued and outstanding capital stock of the Corporation eligible to vote upon such compensation plan, (iii) Common Stock issued in stock dividends, stock splits or recapitalizations permitted by this Amendment, (iv) Common Stock issued with respect to the exercise of any Warrants issued and outstanding by the Corporation as of the date of this Amendment, (v) Common Stock issued to sellers of acquired companies or businesses pursuant to arrangements approved by the directors of the Corporation, and (vi) Common Stock which may be issued to any financial institution in connection with loans received therefrom, and (b) now or hereafter held in the treasury of the Corporation.

(2) Conversion Price shall mean, at any applicable date, \$0.50 per share.

(3) Independent Third Party means any person, entity or group who (i) immediately prior to the date of such sale, owns less than Fifteen Per Cent (15%) of the total issued and outstanding Common Stock of the Corporation (assuming the conversion in full of all Series A Convertible Preferred Stock into Common Stock), (ii) is not controlling, controlled by or under common control with any such person, entity, group or member of such a group and, (iii) is not the spouse, or descendant (by birth or adoption) of any such person or member of such a group.

(4) Liquidation Value of the Series A Convertible Preferred Stock shall mean an amount equal to \$0.50 per share, increased by an amount equal to a rate of return of fifteen per cent (15%), compounded annually, for a period equal to the number of days elapsed from the date of issuance of a Certificate for the Series A Convertible Preferred Stock to the holder thereof until the date on which such holder receives the final distribution in Liquidation required by Section 4(e), or the Automatic Conversion Effective Date, as the case may be.

(5) Public Offering means the effective date of a registration statement in connection with a firm commitment underwritten public offering of the Corporation's Common Stock, registered under the Securities Act of 1933 having

an aggregate offering price of at least Twenty Five Million Dollars (\$25,000,000) (a "Public Offering"),

(6) Sale of the Corporation means the sale of the Corporation and its subsidiaries to an Independent Third Party or a group of Independent Third Parties in a transaction in which the purchaser(s) acquire (i) a majority of the then outstanding shares of the Corporation's Common Stock (assuming the conversion in full of all Series A Convertible Preferred Stock) by purchase, merger, consolidation, or any other sale or transfer of such stock or, (ii) all or substantially all of the Corporation's assets determined on a consolidated basis."

IN WITNESS WHEREOF, the Corporation has caused this Amendment to its Restated Articles of Incorporation to be duly adopted by its Board of Directors on August 21, 2001, without a vote of the shareholders of the Corporation, pursuant to Section 607.0602 of the Florida Business Corporation Act, and to be executed in its corporate name this 22nd day of August, 2001.

APPLIED PROGRAMMING SOLUTIONS, INC.

By: 

Jack Castro, President *Director*