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BASIC AMENDMENT

ACCUDYNE DISPLAY AND SEMICONDUCTOR SYSTEMS, INC.

Certificate of Status	0
Certified Copy	1
Page Count	07
Estimated Charge	\$43.75

Amendment

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TALLAHASSEE, FLORIDA

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**ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
ACCUDYNE DISPLAY AND SEMICONDUCTOR
SYSTEMS, INC.**

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to the provisions of Section 607.1006 of the Florida Business Corporation Act, Accudyne Display and Semiconductor Systems, Inc., a corporation organized and existing under and by virtue of the Florida Business Corporation Act (the "Corporation"), does hereby certify:

FIRST: The name of the Corporation is Accudyne Display and Semiconductor Systems, Inc.

SECOND: The amendment set forth below to the Corporation's Articles of Incorporation was duly adopted in accordance with the provisions of Section 607.1006 of the Florida Business Corporation Act. Article III of the Articles of Incorporation of the Corporation, as heretofore amended, is hereby deleted in its entirety and the following new Article III inserted in lieu thereof:

ARTICLE III
Capital Stock

1. **Number and Class of Shares Authorized; Par Value.** The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is twenty five million (25,000,000), consisting of twenty three million two hundred fifty thousand (23,250,000) shares of voting Class A Common Stock, the par value of which is \$0.001 per share (the "Class A Common Stock"), and one million seven hundred fifty thousand (1,750,000) shares of non-voting Class B Common Stock, the par value of which is \$0.001 per share (the "Class B Common Stock").

2. **Class A Common Stock.** Share certificates for all Common Stock issued by the Corporation as of the date of this Amendment shall be delivered to the Corporation by the holders thereof and canceled by the Corporation. Upon receipt of said certificate, the Corporation will issue to the such shareholders(s) new Class A Common Stock certificate(s) representing the number of

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shares held by the shareholder. The Class A Common Stock shall carry the following rights and restrictions:

a. Voting right. Holders of Class A Common Stock ("Class A Common Shareholder") shall possess and exercise voting rights with regard to actions to be taken by shareholders of the Corporation generally, including with regard to the election of directors, and each record holder of such stock shall be entitled to one vote for each share held. Class A Common Shareholders shall have no cumulative voting rights in any election of directors of the Corporation. Shares of stock of the Corporation owned by another corporation, the majority of the voting stock of which is owned or controlled by the Corporation, and shares of stock of the Corporation held by it in a fiduciary capacity, shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

b. Dividend. Class A Common Shareholders shall have the right to receive any dividend declared by the Corporation on a share for share basis with holders of Class B Common Shareholders.

c. Participation upon Liquidation, Dissolution or Winding-Up. In the event of a liquidation, dissolution or winding-up of the Corporation, Class A Common Shareholders shall have the right to share in the property of the Corporation on a share for share basis with holders of Class B Common Shareholders.

d. Class A Common Stock to be Reserved. The Corporation will at all times reserve and keep available out of its authorized Class A Common Stock, solely for the purpose of issuance upon the conversion of Class B Common Stock as herein provided, such number of shares as shall then be issuable upon the conversion of all outstanding Class B Common Stock. The Corporation covenants that all shares which shall be so issued shall be duly and validly issued and fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof. The Corporation will take all such action as may be necessary to assure that all such shares may be so issued without violation of any applicable law or regulation, or of any requirement of any national securities exchange upon which the Class A Common Stock may be listed.

3. Class B Common Stock. The terms of the Class B Common Stock (including preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption) are as follows:

a. Rights Generally. Except as set forth in Section 3(b) below, each share of Class B Common Stock shall be deemed to be equivalent, on a share-for-share basis, to one (1) share of Class A Common Stock with regard to all matters other than voting rights, including, without limitation, participation in the payment of dividends and distributions in

liquidation of the Corporation or otherwise. Without limiting the generality of the foregoing, the following provisions shall apply:

(i) Holders of Class B Common Stock ("Class B Common Shareholders") shall not be entitled to vote on any matters to be voted on by the shareholders of the Corporation.

(ii) Class B Common Shareholders shall have the right to receive any dividend declared by the Corporation on a share for share basis with holders of Class A Common Shareholders.

(iii) If the Corporation subdivides its outstanding Class A Common Stock into a greater number of shares, or combines its outstanding Class A Common Stock into a smaller number of shares, an appropriate subdivision or combination of the shares of Class B Common Stock shall also be made, as reasonably directed by the Board of Directors of the Corporation, so that each share of Class B Common Stock shall continue to be deemed to be equivalent, on a share-for-share basis, to one (1) share of Class A Common Stock with regard to all matters, except as provided in Sections 3(b) and (c) below. Further, if the Corporation, through a recapitalization, reclassification or otherwise, changes the designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of the Class A Common Stock (other than in a transaction described in Section 3(b) below), each share of Class B Common Stock, without any further action on behalf of the Corporation or Class B Common Shareholders shall likewise be changed, as reasonably directed by the Board of Directors, so that each share of Class B Common Stock shall continue to be deemed to be equivalent, on a share-for-share basis, to one (1) share of Class A Common Stock with regard to all matters, except as to voting rights and as provided in Sections 3(b) and (c) below.

b. Repurchase of Class B Common Stock. It is contemplated that Class B Common Stock shall be issued by the Corporation to certain key employees, officers, consultants and directors of the Corporation in accordance with that certain 1999 Stock Option Plan of the Corporation dated as of May 1, 1999 and that certain Restricted Stock Plan of the Corporation dated as of May 1, 1999. In the event of a Termination of Employment for Cause (as defined below) of a Class B Common Shareholder, or in the event that a Class B Common Shareholder terminates his or her employment with the Corporation for any reason, the Corporation shall have the right, but not the obligation, to repurchase all or any portion of the Class B Common Stock owned by such holder (including any of such Class B Common Stock that was issued in accordance with the Stock Restriction Plan which has "vested" pursuant to Section 6.2 thereof) at a purchase price of \$0.01 per share. In the event of a Termination of Employment Other than for Cause (as defined below) of a Class B Common Shareholder, the Corporation shall have the right, but not the obligation, to repurchase all or any portion of the Class B Common Stock owned by such holder (including

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any of such Class B Common Stock that was issued in accordance with the Stock Restriction Plan which has "vested" pursuant to Section 6.2 thereof) at a purchase price per share equal to the Agreed Value (as such term is defined in the following sentence) of the Class B Common Stock. The Agreed Value is an amount equal to the product of (x) the Corporation's earnings before interest, taxes, depreciation and amortization, in each case determined in accordance with generally accepted accounting principals, consistently applied, for the twelve (12) calendar months ending in the month immediately prior to the determination, multiplied by (y) five (5), from which product is subtracted (z) the aggregate balance of all indebtedness of the Corporation as of the last day of the calendar month immediately preceding the determination; the result of the product of (x) multiplied by (y) minus (z) is divided by the total issued and outstanding shares of capital stock of the Corporation, as of the date of such determination.

(i) Termination for Cause. The Class B Common Shareholder's employment may be terminated for "cause" by the Corporation upon the occurrence of any of the following events:

- (1) the Class B Common Shareholder shall be formally charged with (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, dishonesty or fraud;
- (2) the Class B Common Shareholder shall have substantially failed to perform his or her duties for a period of five (5) days after written notice from the Corporation other than by reason of a permanent disability; as used herein, the term "permanent disability" shall mean the inability of the Class B Common Shareholder, by reason of injury, illness or other similar cause, to perform a major part of his or her duties and responsibilities in connection with the conduct of the business and affairs of the Corporation, as determined reasonably and in good faith by the Corporation; or
- (3) gross negligence, willful misconduct, malfeasance or financial dishonesty of the Class B Common Shareholder with respect to the Corporation or any affiliate of the Corporation.

(ii) Termination Other than for Cause. Any termination of a Class B Common Shareholder's employment other than for "cause" as defined hereinabove, including termination by the Class B Common Shareholder or termination as a result of the death or permanent disability of the Class B Common Shareholder.

d. Conversion of Class B Common Stock. Upon the occurrence of the following events, Class B Common Stock shall automatically convert to Class A Common Stock, with all the rights and benefits thereof:

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(i) Public Offering -

(1) The Corporation has successfully completed the sale of at least \$20,000,000 of its capital stock to the public pursuant to a registration statement filed pursuant to the Securities Act of 1933 (the "Securities Act"), and

(2) the Corporation's capital stock is traded on at least one United States securities exchange or the National Association of Securities Dealers Automated Quotations system (NASDAQ); or

(ii) Change in Control. A Change in Control of the Corporation, which shall be deemed to have occurred upon the occurrence of, any one of the following events:

(1) The acquisition in one or more transactions by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of shares or other securities (as defined in Section 3(a)(10) of the Exchange Act) representing fifty percent (50%) or more of either (i) the outstanding Class A Common Stock; provided, however, that a Change in Control as defined in this clause shall not be deemed to occur in connection with any acquisition by the Corporation, an employee benefit plan of the Corporation or any person who immediately prior to the date of this Amendment is a outstanding Class A Common Shareholder (a "Current Shareholder") so long as such acquisition does not result in any person other than the Corporation, such employee benefit plan or such Current Shareholder beneficially owning shares or securities representing fifty percent (50%) or more of the outstanding Class A Common Stock; or

(2) Any election has occurred of persons as directors of the Corporation that causes two-thirds or more of the Board of Directors of the Corporation (the "Board") to consist of persons other than (i) persons who were members of the Board on the date of this Amendment and (ii) persons who were nominated by the Board for election as members of the Board at a time when at least two-thirds of the Board consisted of persons who were members of the Board on the date of this Amendment; *provided, however*, that any person nominated for election by the Board when at least two-thirds of the members of the Board are persons described in subclause (i) or (ii) and persons who were themselves previously nominated, in accordance with this

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clause (b) shall, for this purpose, be deemed to have been nominated by a Board composed of persons described in subclause (ii); or

(3) Approval by the voting shareholders of the Corporation of a reorganization, merger, consolidation or similar transaction (a "Reorganization Transaction"), in each case, unless, immediately following such Reorganization Transaction, more than fifty percent (50%) of, respectively, the outstanding shares of Class A Common Stock (or similar equity security) of the Corporation or other entity resulting from or surviving such Reorganization Transaction and the combined voting power of the securities of such corporation or other entity entitled to vote generally in the election of directors, is then beneficially owned, directly or indirectly, by the individuals and entities who were the respective beneficial owners of the outstanding Class A Common Stock immediately prior to such Reorganization Transaction in substantially the same proportions as their ownership of the outstanding Class A Common Stock immediately prior to such Reorganization Transaction; or

(4) Approval by the voting shareholders of the Corporation of (i) a complete liquidation or dissolution of the Corporation or (ii) the sale or other disposition of all or substantially all of the assets of the Corporation to a corporation or other entity, unless, with respect to such corporation or other entity, immediately following such sale or other disposition more than fifty percent (50%) of, respectively, the outstanding shares of Class A Common Stock (or similar equity security) of such corporation or other entity and the combined voting power of the securities of such corporation or other entity entitled to vote generally in the election of directors, is then beneficially owned, directly or indirectly, by the individuals and entities who were the respective beneficial owners of the outstanding Class A Common Stock immediately prior to such sale or disposition in substantially the same proportions as their ownership of the outstanding Class A Common Stock immediately prior to such sale or disposition.

THIRD: The foregoing amendment was adopted in accordance with the applicable provisions of Section 607.0704 of the Florida Business Corporation Act by the written consent of all of the shareholders of the Corporation dated as of May 1, 1999; such written consent represents a sufficient number of votes cast for such amendment necessary for the approval thereof.

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IN WITNESS WHEREOF, these Articles of Amendment have been executed on behalf of the Corporation by its President this 1st day of May, 1999.

ACCUDYNE DISPLAY AND
SEMICONDUCTOR SYSTEMS, INC., a
Florida corporation

By: 

Name: JAMES A. LAWSON
As its President