

516049

Florida Department of State
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DIVISION OF CORPORATIONS

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DUOS TECHNOLOGIES, INC.

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

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Corporate Filing Menu

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TRANSMITTAL LETTER

TO: Amendment Section
Division of Corporations

SUBJECT: DUOS TECHNOLOGIES, INC.

DOCUMENT NUMBER: S16049

The enclosed *Articles of Amendment* and fee are submitted for filing.

Please return all correspondence concerning this matter to the following:

Sharon K. Gray

(Name of Person)

Triad Professional Services, LLC

(Name of Firm/ Company)

2050 Marconi Drive, Suite 150

(Address)

Alpharetta, GA 30005

(City/ State/ and Zip Code)

For further information concerning this matter, please call:

Sharon K. Gray

(Name of Person)

at (770) 777-2091

(Area Code & Daytime Telephone Number)

Enclosed is a check for the following amount:

☐ \$35 Filing Fee

☐ \$43.75 Filing Fee &
Certificate of Status

☒ \$43.75 Filing Fee &
Certified Copy
(Additional copy is
enclosed)

☐ \$52.50 Filing Fee
Certificate of Status
Certified Copy
(Additional Copy
is enclosed)

Mailing Address

Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

Street Address

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

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Articles of Amendment
to
Articles of Incorporation
of

DUOS TECHNOLOGIES, INC.

(Name of corporation as currently filed with the Florida Dept. of State)

S16049

(Document number of corporation (if known))

Pursuant to the provisions of section 607.1006, Florida Statutes, this *Florida Profit Corporation* adopts the following amendment(s) to its Articles of Incorporation:

NEW CORPORATE NAME (if changing):

(must contain the word "corporation," "company," or "incorporated" or the abbreviation "Corp.," "Inc.," or "Co.")

AMENDMENTS ADOPTED- (OTHER THAN NAME CHANGE) Indicate Article Number(s) and/or Article Title(s) being amended, added or deleted: **(BE SPECIFIC)**

(Attach additional pages if necessary)

If an amendment provides for exchange, reclassification, or cancellation of issued shares, provisions for implementing the amendment if not contained in the amendment itself: (if not applicable, indicate N/A)

Please see attached Certificate of Designation, Preferences and Rights of Series A Convertible Preferred

Stock

(continued)

FILED
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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The date of each amendment(s) adoption: October 6, 2006

Effective date if applicable: _____
(no more than 90 days after amendment file date)

Adoption of Amendment(s) **(CHECK ONE)**

- ☐ The amendment(s) was/were approved by the shareholders. The number of votes cast for the amendment(s) by the shareholders was/were sufficient for approval.
- ☐ The amendment(s) was/were approved by the shareholders through voting groups. *The following statement must be separately provided for each voting group entitled to vote separately on the amendment(s):*

"The number of votes cast for the amendment(s) was/were sufficient for approval by _____"
(voting group)

- ☒ The amendment(s) was/were adopted by the board of directors without shareholder action and shareholder action was not required.
- ☐ The amendment(s) was/were adopted by the incorporators without shareholder action and shareholder action was not required.

Signed this 6th day of October, 2006

Signature _____

(By a director, president or other officer - if directors or officers have not been selected, by an incorporator - if in the hands of a receiver, trustee, or other court appointed fiduciary by that fiduciary)

Gianni Arcaini

(Typed or printed name of person signing)

President

(Title of person signing)

FILING FEE: \$35

CERTIFICATE OF DESIGNATION, PREFERENCES
AND RIGHTS OF SERIES A CONVERTIBLE PREFERRED STOCK

(no par value)

of

DUOS TECHNOLOGIES, INC.

a Florida Corporation

Pursuant to Section 607.0602 of the

Florida Business Corporation Act

Duos Technologies, Inc., a corporation organized and existing under the laws of the State of Florida (the "Company"), by its President and Secretary, does hereby certify that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board of Directors") by Article IV of the Amended and Restated Articles of Incorporation of the Company, authorizing a class of 100,000 shares of preferred stock of the Company, the Board of Directors, at a meeting held on June 29, 2006, has duly adopted resolutions providing for the issuance out of such class of a series of up to 60,000 shares of Series A Convertible Preferred Stock at an issuance price of \$100 per share (the "Original Purchase Price") and setting forth the voting powers, designation, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, which resolution is as follows:

RESOLVED, that a series "A" of the class of authorized preferred stock, no par value, of the Company is hereby created and that the designations, powers, preferences and relative, participating, optional or other special rights of the shares of such series, and qualifications, limitations or restrictions thereof, are hereby fixed as follows (this instrument hereinafter referred to as the "Designation"):

1. Number of Shares and Designations. 60,000 (Seventy Thousand) shares of the preferred stock, no par value, of the Company are hereby constituted as a series of preferred stock designated as Series A Convertible Preferred Stock (the "Series A Preferred Stock").

2. Rank. The Series A Preferred Stock shall rank: (i) junior to any other class or series of capital stock of the Company hereafter created specifically ranking by its terms senior to the Series A Preferred Stock (the "Senior Securities"); (ii) senior to all of the Company's common stock, \$0.0001 par value per share (the "Common Stock"), and any class or series of capital stock of the Company hereafter created not specifically ranking by its terms senior to or on parity with the Series A Preferred Stock (collectively, with the Common Stock, "Junior Securities"); and (iii) on parity with any class or series of capital stock of the Company hereafter created specifically ranking by its terms on parity with the Series A Preferred Stock (the "Parity

Securities"), in each case as to the distribution of assets upon liquidation, dissolution or winding up of the Company.

3. Dividend Provisions. Subject to the rights of any other series of Preferred Stock that may from time to time come into existence, the holders of shares of Series A Preferred Stock shall be entitled to receive: (i) cumulative dividends at the rate of 8% per annum (the "Dividend Rate"), payable in cash either (a) when, as and if declared by the Board of Directors or (b) upon any exercise of the Put Option (pursuant to Section 7), any such cumulative dividend being prior to and in preference to any declaration or payment of any distribution on the Common Stock or other Junior Securities of the Company, and such cumulative dividends accruing on each share of Series A Preferred Stock from day to day from the initial issuance thereof, whether or not there are funds legally available for payment of dividends or such dividends are earned or declared, so that if such dividends with respect to any previous dividend period have not been paid on, or declared and set apart for, all shares of Series A Preferred Stock at the time outstanding, any deficiency shall be fully paid on or declared and set apart for, such shares before any distribution shall be paid on, or declared and set apart for, the Common Stock or other Junior Securities of the Company; and (ii) such other dividends, when, as and if declared by the Board of Directors, out of any assets legally available therefor, ratably with any declaration or payment of any dividend with holders of the Common Stock or other Junior Securities of the Company, based on the number of shares of Common Stock into which each share of Series A Preferred Stock is then convertible. For purposes hereof, unless the context otherwise requires, "distribution" shall mean the transfer of cash or property without consideration, or issuance of indebtedness, whether by way of dividend or otherwise, payable other than in Common Stock, as a dividend on any class or series of capital stock of the Company on the repurchase or redemption of shares of capital stock of the Company (other than repurchases of Common Stock held by employees of the Company upon termination of their employment pursuant to agreements providing for such repurchase) for cash or property or as a payment by the Company in liquidation of all or a portion of its assets.

4. Liquidation Preference.

A. Upon any Liquidation (as defined below), the holders of record of the shares of the Series A Preferred Stock shall be entitled to receive, immediately after any distributions to Senior Securities required by the Amended and Restated Articles of Incorporation of the Company and any certificate(s) of designation, powers, preferences and rights, and before and in preference to any distribution or payment of assets of the Company or the proceeds thereof may be made or set apart for the holders of Junior Securities, an amount per share in cash equal to \$150 (the "Series A Liquidation Preference"). If, upon such Liquidation, the assets of the Company available for distribution to the holders of Series A Preferred Stock and any Parity Securities shall be insufficient to permit payment in full to the holders of the Series A Preferred Stock and Parity Securities, then the entire assets and funds of the Company legally available for distribution to such holders and the holders of the Parity Securities then outstanding shall be distributed ratably among the holders of the Series A Preferred Stock and Parity Securities based upon the proportion the total amount distributable on each share upon Liquidation bears to the aggregate amount available for distribution on all shares of the Series A Preferred Stock and of such Parity Securities, if any. The Initial Closing Date shall be the date on which the initial closing of the Private Placement occurs.

B. For purposes of this Section 4, a Liquidation shall mean (i) a dissolution or winding up of the Company, whether voluntary or involuntary; (ii) an initial public offering or reverse merger (other than a Qualified Public Offering, as defined in Section 6B); (iii) a sale of all or substantially all of the assets of the Company; (iv) a consolidation or merger of the Company with or into any other corporation or corporations in which the holders of the Company's outstanding securities immediately before such consolidation or merger do not, immediately after such consolidation or merger, retain securities representing a majority of the voting power of the surviving corporation of such consolidation or merger; and (v) an acquisition of 50% or more of the Company's voting capital stock by a single person or a group as defined in Rule 13d-5 under Securities Exchange Act of 1934, as amended (the "Exchange Act"), except in the case of clauses (iii) or (iv), (a) in the event that in such a transaction, the holders of the Series A Preferred Stock receive securities of the surviving corporation having substantially similar rights as the Series A Preferred Stock, or (b) in the event such transaction involves the formation of a holding company or constitutes an internal reorganization or classification. The acquisition of the Company's voting capital stock in connection with or pursuant to the conversion and/or exercise of the securities underlying the units issued in the private placement in connection with which this Designation was filed (the "Private Placement") shall not be a Liquidation.

C. Other than as required by Section 4A, holders of the Series A Preferred Stock shall not be entitled to distributions upon a Liquidation.

5. Redemption. The Series A Preferred Stock is not redeemable except as set forth in Section 7 hereof.

6. Conversion. The holders of the Series A Preferred Stock shall be convertible into Common Stock as follows:

A. Optional Conversion. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time after issuance at the office of the Company or any transfer agent for such stock, or if there is none, then at the office of the transfer agent for the Common Stock, or if there is no such transfer agent, at the principal executive office of the Company, into that number of fully paid and non-assessable shares of Common Stock determined by dividing (i) the product of (a) the number of shares Series A Preferred Stock and (b) the Original Purchase Price plus accrued and unpaid dividends by (ii) the conversion price in effect at the time of conversion (the "Conversion Price"), determined as hereinafter provided. The Conversion Price shall initially be equal to \$4.46, but shall be subject to adjustment as set forth in Section 6D. The shares of Common Stock to be issued upon such conversion are herein referred to as the "Conversion Shares."

B. Automatic Conversion by the Company. The outstanding shares of Series A Preferred Stock shall automatically convert into Common Stock at the Conversion Price then in effect upon either:

- (i) The consummation of a Qualified Public Offering; or

(ii) At any time after the Company becomes a reporting company pursuant to the Exchange Act (other than pursuant to a Qualified Public Offering) if (a) for twenty (20) consecutive trading days ending within five days of each notice to the holders of conversion (the "20-day trailing period") the closing bid price per share of the Common Stock has equaled or exceeded 300% of the then Conversion Price; (b) the Common Stock is then trading on the Nasdaq SmallCap, Nasdaq National Market or a national securities exchange; and (c) either (X) a registration statement covering the resale of the Conversion Shares has been declared effective by the Securities and Exchange Commission (the "SEC") and remains effective or (Y) all of the Conversion Shares are eligible for resale pursuant to Rule 144(k) under the Securities Act of 1933, as amended (the "Securities Act").

A "Qualified Public Offering" shall mean an initial public offering or other transaction which results in the Company becoming a reporting company pursuant to the Exchange Act, such as a reverse merger provided the Company raises gross proceeds in excess of \$20,000,000 at an initial per share purchase price in excess of \$13.38, subject to adjustment for stock splits and similar events.

C. Mechanics of Conversion.

(i) Voluntary Conversion. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock pursuant to the provisions of Section 6A hereof, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent for the Series A Preferred Stock, and shall give written notice to the Company 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 Company shall, as soon as practicable thereafter, issue and deliver to such holder of Series A 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 Conversion Shares, 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.

(ii) Automatic Conversion. In the event of a conversion pursuant to the provisions of Section 6B, the Company shall deliver to each such holder at its address appearing on the records of the Company a written notice of the imminent conversion of the shares (the "Conversion Notice"), requesting surrender of the holder's certificate or certificates therefor for cancellation and written instructions regarding the registration and delivery of a certificate for the Conversion Shares. In the event the holder receives a Conversion Notice, the holder shall be required to surrender such certificate or certificates for the shares for cancellation within five business days of the Conversion Notice (the "Conversion Date"), but the failure of the holder so to surrender the certificates shall not affect the conversion of the shares into Conversion Shares, provided that if the certificate or certificates are not surrendered, an affidavit of lost certificate(s) shall be provided. No holder of the shares shall be entitled upon conversion of such shares to have the Conversion Shares registered in the name of another person or entity without first complying with all applicable restrictions on the transfer of the shares. In the event the holder

does not provide the Company with written instructions regarding the registration and delivery of certificates for the Conversion Shares, the Company shall issue such shares in the name of the holder and shall forward such certificates to the holder at its address appearing on the records of the Company. The person entitled to receive the Conversion Shares shall be deemed to have become the holder of record of such Conversion Shares at the close of business on the Conversion Date and the person entitled to receive a share certificate for the Conversion Shares shall be regarded for all corporate purposes after the Conversion Date as the record holder of the number of Conversion Shares to which it is entitled upon the conversion. The Company may rely on record ownership of the shares for all corporate purposes, notwithstanding any contrary notice. After the Conversion Date, the certificates shall, until surrendered to the Company, represent the right to receive the Conversion Shares through, but excluding the Conversion Date.

D. Conversion Price Adjustments. The Conversion Price of the Series A Preferred Stock shall be subject to adjustment from time to time as set forth below.

(i) In case the Company shall hereafter (a) declare a dividend or make a distribution on its outstanding shares of Common Stock in shares of Common Stock, (b) subdivide or reclassify its outstanding shares of Common Stock into a greater number of shares, or (c) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect at the time of such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Conversion Price by a fraction, the denominator of which shall be the number of shares of Common Stock outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action. Such adjustment shall be made successively whenever any event listed above shall occur.

(ii) Subject to the provisions of Subsection (ix) below, in case the Company shall fix a record date for the issuance of rights or warrants to all holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price (the "Subscription Price") (or having a conversion price per share) less than the Conversion Price on such record date, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the date of issuance by a fraction, the numerator of which shall be the sum of the (X) number of Common Stock Equivalents Outstanding on the record date mentioned below and (Y) the number of additional shares of Common Stock which the aggregate offering price of the total number of shares of Common Stock so offered (or the aggregate conversion price of the convertible securities so offered) would purchase at the Conversion Price in effect immediately prior to the date of such issuance, and the denominator of which shall be the sum of (X) the number of Common Stock Equivalents Outstanding on the record date mentioned below and (Y) the number of additional shares of Common Stock offered for subscription or purchase (or into which the convertible securities so offered are convertible). For purposes of this Section, "Common Stock Equivalents Outstanding" shall mean the number of shares of Common Stock that is equal to the sum of (1) all shares of Common Stock of the Company that are outstanding at the time in question, plus (2) all shares of Common Stock of the Company issuable, directly or indirectly, upon conversion of all shares of preferred stock or other stock or other securities convertible into or exchangeable, directly or indirectly, for shares

of Common Stock without the payment of additional consideration ("Convertible Securities") that are outstanding at the time in question. Such adjustment shall be made successively whenever such rights or warrants are issued and shall become effective immediately after the record date for the determination of shareholders entitled to receive such rights or warrants; and to the extent that shares of Common Stock are not delivered (or securities convertible into Common Stock are not delivered) after the expiration of such rights or warrants the Conversion Price shall be readjusted to the Conversion Price which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made upon the basis of delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered.

(iii) In case the Company shall hereafter distribute to the holders of its Common Stock evidences of its indebtedness or assets (excluding cash dividends or distributions and dividends or distributions referred to in Subsection (i) above) or subscription rights or warrants (excluding those referred to in Subsection (ii) above), then in each such case the Conversion Price in effect thereafter shall be determined by multiplying the Conversion Price in effect immediately prior thereto by a fraction, the numerator of which shall be (X) the total number of Common Stock Equivalents Outstanding multiplied by the current market price per share of Common Stock, less (Y) the fair market value (as determined by the Board of Directors) of said assets or evidences of indebtedness so distributed or of such rights or warrants, and the denominator of which shall be the total number of Common Stock Equivalents Outstanding multiplied by such current market price per share of Common Stock. Such adjustment shall be made successively whenever such a record date is fixed. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution.

(iv) Subject to the provisions of Subsection (ix) below, in case the Company shall hereafter issue shares of its Common Stock (excluding shares (a) issued in any of the transactions described in Subsections (i), (ii) or (v), (b) issued to shareholders of any corporation which merges into the Company in proportion to their stock holdings of such corporation immediately prior to such merger, upon such merger, (c) issued in a bona fide public offering pursuant to a firm commitment underwriting, (d) issued in connection with an acquisition of a business or technology which has been approved by a majority of the Company's non-employee directors, (e) issued in connection with the payment of interest or dividends with respect to any securities issued to investors or placement agents and/or their designees in connection with the Private Placement or upon conversion or exercise of such securities, or (f) issued upon exercise of options, warrants, convertible securities and convertible debentures) for a consideration per share (the "Offering Price") less than the Conversion Price, the Conversion Price shall be adjusted immediately thereafter so that it shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the date of issuance by a fraction, the numerator of which shall be (X) the number of Common Stock Equivalents Outstanding immediately prior to the issuance of such additional shares and (Y) the number of shares of Common Stock which the aggregate consideration received (determined as provided in Subsection (vii) below) for the issuance of such additional shares would purchase at the Conversion Price in effect immediately prior to the date of such issuance, and the denominator of which shall be the number of Common Stock Equivalents Outstanding immediately after the issuance of such additional shares. Such adjustment shall be made successively whenever such

an issuance is made, and to the extent that shares of Common Stock (or securities convertible into Common Stock), expire, are cancelled or are redeemed after their issuance, the Conversion Price shall be readjusted to the Conversion Price that would then be in effect had the adjustments made upon the issuance of convertible securities been made upon the basis of delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually issued.

(v) Subject to the provisions of Subsection (ix) below, in case the Company shall hereafter issue any securities convertible into or exercisable or exchangeable for its Common Stock (excluding (a) securities issued in transactions described in Subsections (ii), (iii) and (iv)(a) through (f), (b) options granted to the Company's officers, directors, employees and consultants under a plan or plans adopted by the Board of Directors, if such options would otherwise be included in this Subsection (v) (but only to the extent that the aggregate number of shares issuable upon conversion of the options excluded hereby and issued after the date hereof, shall not exceed 5% of the Common Stock outstanding, on a fully diluted basis, at the time of any issuance unless such excess issuances are approved by the non-employee members of the Board of Directors or by a committee comprised of a majority of non-employee directors) and (c) options, warrants, convertible securities and convertible debentures outstanding as of the date hereof or upon issuance, or subsequent exercise or conversion of, or in connection with the payment of in kind interest or dividends with respect to, any securities issued to investors or the placement agents and/or their designees in connection with the Placement or upon conversion or exercise of such securities) for a consideration per share of Common Stock (the "Exchange Price") initially payable and thereafter deliverable upon conversion, exercise or exchange of such securities (determined as provided in Subsection (vii) below) less than the Conversion Price, the Conversion Price shall be adjusted immediately thereafter so that it shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the date of issuance by a fraction, the numerator of which shall be the sum of (X) the number of Common Stock Equivalents Outstanding immediately prior to the issuance of such securities and (Y) the number of shares of Common Stock which the aggregate consideration received (determined as provided in Subsection (vii) below) for such securities would purchase at the Conversion Price in effect immediately prior to the date of such issuance, and the denominator of which shall be the sum of (X) the number of Common Stock Equivalents Outstanding immediately prior to the issuance of such securities and (Y) the maximum number of shares of Common Stock deliverable upon conversion of or in exchange for such securities at the initial conversion or exchange price or rate. Such adjustment shall be made successively whenever such an issuance is made; and to the extent that shares of Common Stock are not delivered after the expiration of such securities the Conversion Price shall be readjusted to the Conversion Price which would then be in effect had the adjustments made upon the issuance of such securities been made upon the basis of delivery of only the number of shares of Common Stock actually delivered.

(vi) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least five cents (\$0.05) in such price; provided, however, that any adjustments which by reason of this Section 6D are not required to be made shall be carried forward and taken into account in any subsequent adjustment required to be made hereunder.

(vii) For purposes of any computation respecting consideration received pursuant to Subsections (iv) and (v) above, the following shall apply:

(a) In the case of the issuance of shares of Common Stock for cash, the consideration shall be the amount of such cash, provided that in no case shall any deduction be made for any commissions, discounts or other expenses incurred by the Company for any underwriting of the issue or otherwise in connection therewith;

(b) In the case of the issuance of shares of 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 market value thereof as determined in good faith by the Board of Directors (irrespective of the accounting treatment thereof), whose determination shall be conclusive; and

(c) In the case of the issuance of securities convertible into or exchangeable for shares of Common Stock, the aggregate consideration received therefor shall be deemed to be the consideration received by the Company for the issuance of such securities plus the additional minimum consideration, if any, to be received by the Company upon the conversion or exchange thereof (the consideration in each case to be determined in the same manner as provided in clauses (a) and (b) of this Subsection (vii)).

(viii) All calculations under this Section 6D shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be. Anything in this Section 6D to the contrary notwithstanding, the Company shall be entitled, but shall not be required, to make such changes in the Conversion Price, in addition to those required by this Section 6D, as it shall determine, in its sole discretion, to be advisable in order that any dividend or distribution in shares of Common Stock, or any subdivision, reclassification or combination of Common Stock, hereafter made by the Company shall not result in any Federal Income tax liability to the holders of Common Stock or securities convertible into Common Stock (including the shares of Series A Preferred Stock and the warrants issuable in connection therewith).

(ix) Notwithstanding the provisions of this Section 6D, in the event that the Company shall (X) at any time prior to the first anniversary of the Initial Closing Date issue securities under Subsections (ii), (iv) or (v) (but subject to the exemptions specified therein) having a Subscription Price, Offering Price or Exchange Price less than the Conversion Price (whether initially or due to provisions in such securities requiring price reductions solely as a result of the passage of time), or (Y) at any time issue to any officer, director or holder of 5% or more of the Company's outstanding capital stock securities under Subsections (ii), (iv) or (v) (but subject to the exemptions specified therein) having a Subscription Price, Offering Price or Exchange Price less than the Conversion Price (whether initially or due to provisions in such securities requiring price reductions solely as a result of the passage of time) then the Conversion Price shall be immediately reset to equal such lower Subscription Price, Offering Price or Exchange Price.

(x) In the event that at any time, as a result of an adjustment made pursuant to Subsection (i) above, the holder of the shares of Series A Preferred Stock thereafter shall become entitled to receive any shares of the Company, other than Common Stock, thereafter the number of such other shares so receivable upon conversion of the Series A

Preferred Stock shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock contained in Subsections (i) to (ix), inclusive above.

(xi) In case of any reclassification or capital reorganization, or in case of any consolidation or merger of the Company with or into another corporation (other than a merger with a subsidiary in which merger the Company is the continuing corporation and which does not result in any reclassification or capital reorganization) or in case of any sale, lease or conveyance to another corporation of the property of the Company as an entirety, the Company shall, as a condition precedent to such transaction, cause effective provisions to be made so that the holder of the Series A Preferred Stock shall have the right thereafter upon conversion of the shares of Series A Preferred Stock in accordance with the provisions of this Section 6D, to purchase the kind and amount of shares of stock and other securities and property receivable upon such reclassification, capital reorganization, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock which might have been received upon conversion of the Series A Preferred Stock immediately prior to such reclassification, consolidation, merger, sale or conveyance. Any such provision shall include provision for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Designation. The Company shall not effect any such consolidation, merger, sale, transfer or other disposition, unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing or otherwise acquiring such properties shall assume, by written instrument executed and mailed or delivered to the holder of the Series A Preferred Stock at the last address of such holder appearing on the books of the Company, the obligation to deliver to such holder such shares of stock, securities, cash or properties as, in accordance with the foregoing provisions, such holder may be entitled to acquire. The above provisions of this paragraph shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales, transfers or other dispositions.

(xii) The Company shall promptly give written notice of any adjustment under this Section 6D to Commonwealth Associates, L.P. and each holder of the Series A Preferred Stock.

E. Reservation of Shares. The Company shall at all times reserve and keep available, out of its authorized but unissued shares of Common Stock or out of shares of Common Stock held in its treasury, solely for the purpose of effecting the conversion of the shares of the Series A Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all shares of the Series A Preferred Stock from time to time outstanding.

F. Fractional Shares.

(i) If the number of shares of Common Stock issuable upon the conversion of Series A Preferred Stock is adjusted pursuant to Section 6D hereof, the Company shall nevertheless not be required to issue fractions of shares, upon conversion of the Series A Preferred Stock or otherwise, or to distribute certificates that evidence fractional shares. With respect to any fraction of a share called for upon any conversion hereof, the Company shall pay

to the holder an amount in cash equal to such fraction multiplied by the current market value of such fractional share, determined in accordance with Subsection (ii).

(ii) For the purpose of any computation under Subsection (i) above, the current market price per share of Common Stock on the Conversion Date shall be determined as follows:

(a) If the Common Stock is listed on a national securities exchange or admitted to unlisted trading privileges on such exchange or listed for trading on the Nasdaq Stock Market, the current market value of the Common Stock shall be equal to the average of the closing prices for the 10 consecutive trading days immediately prior to the Conversion Date (the "10-day Period") on such exchange or market on such trading day or if no such sale is made on such day, the average closing bid and asked prices for the 10-day Period on such exchange or market;

(b) If the Common Stock is not so listed or admitted to unlisted trading privileges, but is traded in the over-the-counter market, the current market value shall be the mean of the average of the last reported bid and asked prices reported by the National Quotation Bureau, Inc. for the 10-day Period ; or

(c) If the Common Stock is not so listed or admitted to unlisted trading privileges and bid and asked prices are not so reported, the current market value shall be an amount, not less than book value thereof as at the end of the most recent fiscal year of the Company ending prior to such business day, determined in such reasonable manner as may be prescribed by the Board of Directors.

G. Taxes, Etc. The Company will pay any documentary, stamp or similar taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of shares of the Series A Preferred Stock. However, the Company shall not be required to pay any tax which may be payable in respect to any transfer involved in the issue and delivery of shares of Common Stock upon conversion in a name other than that in which the shares of the Series A Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax, or has established, to the satisfaction of the Company, that such tax has been paid.

H. Assurances. The Company will not, by amendment of its Certificate of Incorporation, as amended, 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 Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 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 Series A Preferred Stock against impairment.

I. Reissuance. No shares of Series A Preferred Stock which have been converted to Common Stock shall be reissued by the Company, provided, however, that any such share, upon being converted and canceled, shall be restored to the status of an authorized but unissued share of preferred stock without designation as to series, rights or preferences and may thereafter be issued as a share of preferred stock not designated as Series A Preferred Stock.

7. Put Option.

A. In the event that a Liquidity Event (as defined below) has not occurred on or before the three year anniversary of the Initial Closing Date, the holders of a majority of the then outstanding Series A Preferred Stock shall have the right, upon written notification to the Company (the "Put Notice"), to force the Company to redeem their shares of Series A Preferred Stock, for cash, at a price per share equal to the Original Purchase Price together with accrued and unpaid dividends through the date of the Put Notice.

B. A "Liquidity Event" for the purposes of this Section 7 shall mean either (i) the Common Stock is trading on the Nasdaq SmallCap, Nasdaq National Market or a national securities exchange and a registration statement covering the resale of the Conversion Shares has been declared effective by the SEC and remains effective or the Conversion Shares are eligible for resale pursuant to Rule 144(c) under the Securities Act; or (ii) all or substantially all of the assets or stock of the Company having been sold in exchange for cash and/or securities are freely tradable as set forth in Subsection (i) or will become freely tradable within six months after the issuance date of such securities.

C. The Company shall make the payments required under this Section 7 no later than five (5) business days following receipt of the Put Notice.

8. Voting Rights.

A. In addition to any other rights provided for herein or by law, the holders of Series A Preferred Stock shall be entitled to vote, together with the holders of Common Stock as one class, on all matters as to which holders of Common Stock shall be entitled to vote, in the same manner and with the same effect as such Common Stock holders. In any such vote each share of Series A Preferred Stock shall entitle the holder thereof to the number of votes per share that equals the number of whole shares of Common Stock into which each such share of Series A Preferred Stock is then convertible, calculated to the nearest whole share.

B. The consent of the holders of a majority of the then outstanding Series A Preferred Stock, voting as one class, either expressed in writing or at a meeting called for that purpose, shall be necessary to repeal, amend or otherwise change this Designation or the Company's Amended and Restated Articles of Incorporation, in a manner which would alter or change the powers, preferences, rights, privileges, restrictions and conditions of the Series A Preferred Stock so as to adversely affect the Series A Preferred Stock. Furthermore, the affirmative vote of holders of a majority of the then outstanding shares of Series A Preferred Stock shall be entitled to authorize any waivers or consents with respect to the Series A Preferred Stock, including, but not limited to, waivers with respect to any restrictive covenants or anti-dilution or conversion provisions, thereby binding all holders of Series A Preferred Stock.

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C. Each share of the Series A Preferred Stock shall entitle the holder thereof to one vote on all matters to be voted on by the holders of the Series A Preferred Stock, as set forth above.

D. In the event that the holders of the Series A Preferred Stock are required to vote as a class on any other matter, the affirmative vote of holders of not less than fifty percent (50%) of the outstanding shares of Series A Preferred Stock shall be required to approve each such matter to be voted upon, and if any matter is approved by such requisite percentage of holders of Series A Preferred Stock, such matter shall bind all holders of Series A Preferred Stock.

9. Miscellaneous.

A. There is no sinking fund with respect to the Series A Preferred Stock.

B. The shares of the Series A Preferred Stock shall not have any preferences, voting powers or relative, participating, optional, preemptive or other special rights except as set forth above in this Designation and in the Amended and Restated Articles of Incorporation of the Company.


C. The holders of the Series A Preferred Stock shall be entitled to receive all communications sent by the Company to the holders of the Common Stock.

IN WITNESS WHEREOF, Duos Technologies, Inc. has caused this Designation to be executed this 6th day of October, 2006.

DUOS TECHNOLOGIES, INC.

By: 
Name: Gianni Arcaini
Title: President

Attest:

By: 
Name: Sarah Pipherio
Title: Paralegal.