

Document Number Only

V47564

C T Corporation System

Requestor's Name
660 East Jefferson Street

Address
Tallahassee, FL 32301

City State Zip Phone

CORPORATION(S) NAME

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HSSI Travel Nurse Operations, Inc.

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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FILED

- ☐ Profit ☒ Amendment ☐ Merge
☐ NonProfit ☐ Dissolution/Withdrawal ☐ Mark
☐ Limited Liability Company ☐ Other
☐ Foreign ☐ Annual Report ☐ Change of R.A.
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Gary Amend

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FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

January 21, 1998

C T CORPORATION SYSTEM

TALLAHASSEE, FL

SUBJECT: HSSI TRAVEL NURSE OPERATIONS, INC.
Ref. Number: V47564

We have received your document for HSSI TRAVEL NURSE OPERATIONS, INC. and your check(s) totaling \$87.50. However, the enclosed document has not been filed and is being returned for the following correction(s):

The date of adoption of each amendment must be included in the document.

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 487-6957.

Joy Moon-French
Corporate Specialist

Letter Number: 498A00003295

*Joy,
Please backdate this filing if
possible. Thank you!
Hpe*

RECEIVED
98 JAN 22 AM 11:10
DIVISION OF CORPORATION

ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF

FILED
98 JAN 20 PM 4:20
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

HSSI TRAVEL NURSE OPERATIONS, INC.

(present name)

Pursuant to the provisions of section 607.1006, Florida Statutes, this Florida profit corporation adopts the following articles of amendment to its articles of incorporation:

FIRST: Amendment(s) adopted: *(indicate article number(s) being amended, added or deleted)*

See attachment

SECOND: If an amendment provides for an exchange, reclassification or cancellation of issued shares provisions for implementing the amendment if not contained in the amendment itself, are as follows:

THIRD: The date of each amendment's adoption: Jan. 19, 1998

FOURTH: Adoption of Amendment(s) (CHECK ONE)

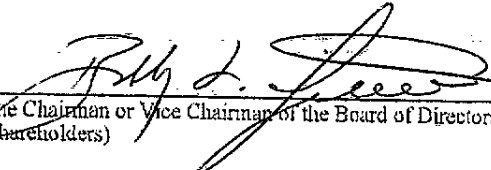
- ☒ The amendment(s) was/were approved by the shareholders. The number of votes cast for the amendment(s) was/were sufficient for approval.
- ☐ The amendment(s) was/were approved by the shareholders through voting groups. *The following statement must be separately provided for each voting group entitled 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 30th day of DECEMBER, 19 97

Signature


(By the Chairman or Vice Chairman of the Board of Directors, President or other officer if adopted by the shareholders)

OR

(By a director if adopted by the directors)

OR

(By an incorporator if adopted by the incorporators)

BOBBY L. SHIELDS
Typed or printed name

VICE PRESIDENT
Title

**ATTACHMENT TO
AMENDMENT TO ARTICLES OF INCORPORATION OF
HSSI TRAVEL NURSE OPERATIONS, INC.**

1. ARTICLE IV of the Articles of Incorporation is hereby deleted in its entirety and amended to read as follows:

"The total number of shares of stock which the Corporation shall be authorized to issue is 27,500, consisting of:

- (i) 2,500 shares of Common Stock, \$.001 par value per share; and
- (ii) 25,000 shares of Series A Cumulative Convertible Preferred Stock, \$.01 par value per share, with the powers, preferences, rights, qualifications, limitations and restrictions set forth on Exhibit A hereto."

2. ARTICLE VII of the Articles of Incorporation is hereby deleted in its entirety and amended to read as follows:

"This Corporation shall have not less than one (1) and not more than seven (7) directors and the number of directors shall be determined by resolution of the Corporation's Board of Directors."

Exhibit A

HSSI TRAVEL NURSE OPERATIONS, INC.

DESIGNATION
OF
THE POWERS, PREFERENCES, RIGHTS, QUALIFICATIONS,
LIMITATIONS AND RESTRICTIONS OF
SERIES A CUMULATIVE CONVERTIBLE PREFERRED STOCK

Section 1. Designation and Amount.

(A) The shares of such series shall be designated "Series A Cumulative Convertible Preferred Stock" (the "Series A Preferred Stock"). The number initially constituting the Series A Preferred Stock shall be twenty five thousand (25,000), which number may be decreased (but not increased) by the Board of Directors without a vote of stockholders; provided, however, that such number may not be decreased below the number of then outstanding shares of Series A Preferred Stock.

(B) The Series A Preferred Stock shall, with respect to dividend rights and rights on liquidation, dissolution or winding up, rank prior to the Common Stock, par value \$0.001 per share, of the Corporation (the "Common Stock").

Section 1. Dividends and Distributions.

(A) From the date of the execution of that certain Preferred Stock Investment Agreement entered into by the Corporation, Hospital Staffing Services, Inc. and Preferred Employers Acquisition Corp. (the "Investment Agreement"), until the earlier of (1) the sixtieth day following the issuance by the holders of the Series A Preferred Stock of a Put Notice or the issuance by the Corporation of a Call Notice as such terms are defined in that certain Put-Call Agreement entered into by the Corporation, Hospital Staffing Services, Inc. and Preferred Employers Acquisition Corp. (the "Put-Call Agreement") or (2) the date on which all of the conditions to closing under Article VI of that certain Asset Purchase Agreement entered into by the Corporation, Hospital Staffing Services, Inc. and Preferred Employers Acquisition Corp. (the "Asset Purchase Agreement") have been satisfied or waived and holders of the Series A Preferred Stock shall have tendered to the Corporation the Purchase Price (as such term is defined in the Asset Purchase Agreement) (such date herein referred to as the "Trigger Date"), the Corporation shall be permitted to declare, out of assets of the Corporation legally available therefor, dividends payable in cash, distributable to the holders of the Common Stock of the Corporation; provided, however, that (i) such dividends may be distributed a maximum of once every five business days; (ii) the distribution of such dividends shall not, in any way, interfere

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with the Corporation's ability to pay all of its anticipated expenses or to otherwise conduct its business in the ordinary course, taking into consideration, among other factors, the balance of the accounts payable and accounts receivable reasonably anticipated to be paid and collected, respectively, within the remainder of the then current fiscal month; (iii) a reserve equal to twenty five percent (25%) of the amount of the proposed dividend shall have been established by and maintained by the Corporation; and (iv) three business days written notice of such intended dividend shall have been given to the holders of the Series A Preferred Shares, such notice to include the calculations made by the Corporation to justify the amount of the dividend. If for any reason, the holders of the Series A Preferred Shares disagree with the determination made by the Corporation, they shall, during the three business days referenced herein notify the Corporation of the basis for their objection, and until the objection shall have been resolved by the parties, the amount in dispute shall be added to the reserve.

(B) On and after the Trigger Date, the Corporation shall not be permitted to declare any further dividends on Common Stock of the Corporation without the prior written approval of the holders of the Series A Preferred Stock, which approval shall be in their absolute discretion.

(C) On and after the Trigger Date, the holders of shares of Series A Preferred Stock, in preference to the holders of shares of Common Stock and of any shares of other capital stock of the Corporation ranking junior to the Series A Preferred Stock as to payment of dividends or liquidation, shall be entitled to receive, when, as and if declared by the Board of Directors, out of assets of the Corporation legally available therefor, quarterly dividends payable in cash on the last day of each fiscal quarter of the Corporation in each year or such other dates as the Board of Directors of the Corporation shall approve (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date following the Trigger Date, in an amount per share equal to \$1.00.

(D) The holders of the shares of the Series A Preferred Stock shall not be entitled to receive any dividends or other distributions except as provided herein.

(E) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Trigger Date and such dividends shall begin to accrue and be cumulative from such date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than sixty (60) days prior to the date fixed for the payment thereof.

Section 2. Voting Rights.

(A) Each holder of outstanding shares of Series A Preferred Stock shall be entitled to the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock held by such holder are convertible (as adjusted from time to time pursuant to Section 7 hereof) at each meeting of stockholders of the Corporation (and written actions of stockholders in lieu of meetings) with respect to any and all matters presented to the stockholders of the Corporation for their action or consideration. Except as provided by law or by the terms hereof, holders of the Series A Preferred Stock shall vote together with the holders of the Common Stock as a single class. Notwithstanding the above, until the Trigger Date, the holders of the Series A Preferred Stock shall not be entitled to elect a majority of the Board of Directors of the Company.

(B) So long as any shares of Series A Preferred Stock shall be outstanding, the Corporation shall not, without either (a) the affirmative vote (at a meeting at which the holders of such shares shall be entitled to vote separately as a class, or by written consent) of the holders of a majority of the outstanding shares of Series A Preferred Stock, voting together as a single class, or (b) the affirmative vote of the Series A Director: (i) issue any Series A Preferred Stock; (ii) create, issue or increase the authorized number of shares of any class or series of stock ranking prior to or on a parity with the Series A Preferred Stock either as to dividends or upon liquidation; (iii) amend, alter or repeal any of the provisions of the Certificate of Incorporation, the By-laws of the Corporation, the Preferred Stock Investment Agreement, the Put-Call Agreement or this Certificate of Designation, so as to affect adversely the preferences, special rights or powers of the Series A Preferred Stock; (iv) authorize any reclassification of the Series A Preferred Stock; (v) require the exchange of Series A Preferred Stock for other securities (whether or not issued by the Corporation) or assets; or (vi) enter into any transaction involving a merger or consolidation of the Corporation, or sale of all or substantially all of the Corporation's assets.

(C) Upon the execution of the Preferred Stock Investment Agreement, or at any time thereafter, the holders of the Series A Preferred Stock may exercise their right to designate one director (the "Series A Director"), at a special meeting of the holders of the Series A Preferred Stock, at an annual meeting of the stockholders of the Corporation held for the purpose of electing directors, or by written consent. While any shares of Series A Preferred Stock are outstanding, the Articles of Incorporation and By-laws of the Corporation will contain provisions such that the exercise by the holders of shares of Series A Preferred Stock of the right to elect the Series A Director as provided in this section will not violate the Articles of Incorporation or By-laws of the Corporation.

Section 3. Certain Restrictions.

(A) At any time following the Trigger Date, and so long as any shares of Series A Preferred Stock are outstanding, the Corporation shall not:

(i) Declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) Declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) Redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (as to dividends and upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) Without the prior approval of a majority of the holders of the Series A Preferred Stock or of the Series A Director, the Corporation shall not (a) declare or pay any dividends or make any distributions to any holder or holders of its capital stock, (b) purchase or otherwise acquire for value, directly or indirectly, any security of the Corporation, or (c) authorize or issue any other equity or other security.

(v) Without the prior approval of a majority of the holders of the Series A Preferred Stock or of the Series A Director, the Corporation shall not (a) create, incur, assume, guarantee, secure or in any manner become liable in respect of any indebtedness, or permit any liens, claims or encumbrances to exist against the Corporation or any of its assets, except for trade payables incurred in the ordinary course of business consistent with past practices or (b) issue any shares of its preferred stock or any securities convertible into its preferred stock.

(vi) The Corporation will provide all holders of the Series A Preferred Stock with copies of all notices and information, including without limitation notices and proxy statements in connection with any meetings, that are provided to the holders of shares of the Corporation, contemporaneously with the delivery of such notices or information to such holders.

(vii) Without the prior approval of a majority of the holders of the Series A Preferred Stock or of the Series A Director, the Corporation shall not (a) offer, sell, contract to sell or otherwise issue or deliver or dispose of any debt or any other securities or any securities which are convertible into or exchangeable for its equity securities or any convertible security, or any warrants or other rights to subscribe for or to purchase or any options for the purchase of equity securities, or (b) obtain any financing from any third party (excluding trade payables incurred in the ordinary course of business consistent with past practices).

(B) Until the Trigger Date, the Corporation shall not, without the approval of the holders of the Series A Preferred Stock or the Series A Director:

(i) Make any distributions (other than declaration or payment of dividends) on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) Declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) Create, incur, assume, guarantee, secure or in any manner become liable in respect of any indebtedness, or permit any liens (other than Permitted Liens, as such term is defined in the Asset Purchase Agreement, and liens for the benefit of Capital HealthCare Financing which were in existence upon the execution of the Asset Purchase Agreement), claims or encumbrances to exist against the Corporation or any of its assets, other than (a) trade payables incurred in the ordinary course of business consistent with past practices and (b) following the issuance by the holders of the Series A Preferred Stock of a Put Notice or the issuance by the Corporation of a Call Notice (as such terms are defined in the Put-Call Agreement), in connection with a loan agreement entered into by the Corporation to satisfy payment of the Purchase Price (as defined in the Put-Call Agreement) and to satisfy payment of the Loan (as defined in that certain Loan and Security Agreement entered into by the Corporation and Preferred Employers Acquisition Corp. (the "Loan and Security Agreement"))).

(iv) Obtain any financing from any third party other than (a) trade payables incurred in the ordinary course of business consistent with past practices, (b) a working capital facility with an institutional lender in form and substance and with a lender reasonably satisfactory to the holders of the Series A Preferred Stock, secured by the Corporation's outstanding accounts receivable, which working capital facility shall not exceed the outstanding balance of trade receivables generated by the Corporation in the ordinary course of business, as

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such balance may be increased or decreased from time to time and (c) following the issuance by the holders of the Series A Preferred Stock of a Put Notice or the issuance by the Corporation of a Call Notice (as such terms are defined in the Put-Call Agreement), in connection with a loan agreement entered into by the Corporation to satisfy payment of the Purchase Price (as defined in the Put-Call Agreement) and to satisfy payment of the Loan (as defined in the Loan and Security Agreement)

(C) So long as any shares of Series A Preferred Stock are outstanding, the Corporation shall not, without the prior approval of a majority of the holders of the Series A Preferred Stock or of the Series A Director, file, or consent by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangements or any other petition in bankruptcy.

(D) The Corporation will provide all holders of the Series A Preferred Stock with copies of all notices and information, including without limitation notices and proxy statements in connection with any meetings, that are provided to the holders of shares of the Corporation, contemporaneously with the delivery of such notices or information to such holders.

Section 4. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 5. Liquidation, Dissolution or Winding Up.

(A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received per share, the amount of ten dollars (\$10.00), plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) the Conversion Ratio (as defined in Section 7(A) below). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Preferred Stock and Common Stock, respectively, holders of Series A Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Conversion Ratio to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(B) In the event there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Series A Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

Section 6. Conversion. The holders of the Series A Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(A) Optional Conversion. Each share of Series A Preferred Stock shall be convertible at the option of the holder thereof, at any time after the Trigger Date, at the office of the Corporation or any transfer agent for the Series A Preferred Stock; provided, however, that concurrently with the tender of the shares of Series A Preferred Stock for conversion hereunder, the holders of the Series A Preferred Stock exercise the Option granted by the Loan and Security Agreement by applying the Obligations outstanding under the Loan (as defined in the Loan and Security Agreement), into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing (i) the aggregate of all shares of Common Stock outstanding on the date of the first conversion of the Series A Preferred Stock, plus the number of Common Shares issuable upon exercise of outstanding rights, options or warrants or upon conversion of

outstanding securities issued by the Corporation (other than conversion of the Series A Preferred Stock) plus one (1) by (ii) 25,000 (the "Conversion Ratio").

(B) Mechanics of Conversion. No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, such fractional amount shall be rounded up to the nearest whole share. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock, it shall surrender its certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series A Preferred Stock, and shall give written notice to the Corporation at such office that it elects to convert the same. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock (1) a certificate or certificates, registered in such names as are specified by the holder, for the number of shares of Common Stock to which such holder shall be entitled as aforesaid, and (2) if less than the full number of the shares of Series A Preferred Stock evidenced by surrendered certificate or certificates are converted, a certificate, registered in such names as are specified by the holder, representing the unconverted shares of the Series A Preferred Stock. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date.

(C) Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the date of issuance of the Series A Preferred Stock makes or issues, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than shares of Common Stock), then and in each such event provision shall be made so that the holders of the Series A Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Corporation which they would have received had their Series A Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section 7 with respect to the rights of the holders of the Series A Preferred Stock.

(D) Adjustments for Reclassification, Exchange and Substitution. In the event that at any time or from time to time after the date of issuance of the Series A Preferred Stock, the Common Stock issuable upon the conversion of the Series A Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets, provided for elsewhere in this Section 7), then, and in any such event each holder of the Series A Preferred Stock shall have the right thereafter to convert the Series A Preferred Stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such shares of the Series A Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein.

(E) Reorganization, Merger, Consolidations or Sales of Assets. Subject to Section 6 hereof, if at any time or from time to time after the date of issuance of the Series A Preferred Stock, there is a capital reorganization of the Common Stock (other than a recapitalization, subdivision, combination of shares, reclassification or exchange of shares provided for elsewhere in this Section 7 or a merger or consolidation of the Corporation with or into another corporation, or the sale of all or substantially all of the Corporation's properties and assets to any other person), then, as a part of such reorganization, merger, consolidation or sale, provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of such Series A Preferred Stock the number of shares of stock or other securities or property of the Corporation, or of the successor corporation resulting from such merger or consolidation or sale, to which a holder of the number of shares of Common Stock deliverable upon conversion would have been entitled on such capital reorganization, merger, consolidation or sale, including any anti-dilution adjustments. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 7 with respect to the rights of the holders of such Series A Preferred Stock after the reorganization, merger, consolidation or sale to the end that the provisions of this Section 7 (including adjustment of the Conversion Ratio then in effect and the number of shares purchasable upon conversion of such Series A Preferred Stock) shall be applicable after that event and be as nearly equivalent as may be practicable.

(F) Accountants' Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Ratio or the number of shares of Common Stock or other securities issuable upon conversion of the Series A Preferred Stock, the Corporation, at its expense, shall cause independent public accountants of recognized standing selected by the Corporation (who may be the independent public accountants then auditing the books of the Corporation) to compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of the Series A

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Preferred Stock at the holder's address as shown in the Corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of the type and amount, if any, of other property which at the time would be received upon conversion of the Series A Preferred Stock.

(G) Notices of Record Date. In the event of (i) any taking by the Corporation of record of the holders of any class of securities for the purpose of determining the holders thereof (A) who are entitled to receive any dividend or other distribution, or (B) for any stock splits or combinations, or (ii) any capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation with or into any other corporation, or any transfer of all or substantially all of the assets of the Corporation to any other person or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the Corporation shall mail to each holder of Series A Preferred Stock at least thirty (30) days prior to the record date specified therein (or such shorter period as may be agreed to by holders of more than fifty percent (50%) of the Series A Preferred Stock), a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (2) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective, and (3) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

(H) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the Series A Preferred Stock, 1.5 times the number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series A Preferred Stock at the Conversion Ratio as provided in Section 7(A) (which figure may be reduced by the number of shares of Common Stock actually delivered pursuant to conversion of Series A Preferred Stock under the Designation and shall be appropriately and equitably adjusted for any stock split, reverse split, stock dividend or reclassification of the shares of Common Stock), and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all the then outstanding Series A Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose, including without limitation engaging in best efforts to obtain any requisite shareholder approval.

(I) Notices. All notices and other communications required by the provisions of this Section 7 shall be in writing and shall be deemed to have been duly given if delivered

personally, mailed by certified mail (return receipt requested) or sent by overnight delivery service, cable, telegram, facsimile transmission or telex to each holder of record at the address of such holder appearing on the books of the Corporation. Notice so given shall, in the case of notice so given by mail, be deemed to be given and received on the fourth calendar day after posting, in the case of overnight delivery service, on the date of actual delivery and, in the case of notice so given by cable, telegram, facsimile transmission, telex or personal delivery, on the date of actual transmission or, as the case may be, personal delivery.

(J) Payment of Taxes. The Corporation will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of the Series A Preferred Stock; provided, however, that the Corporation will not pay, any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of the Series A Preferred Stock so converted were registered.

(K) No Dilution or Impairment. The Corporation shall not (i) amend its Articles of Incorporation, or (ii) participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, each which could have the effect, directly or indirectly, of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, and will at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series A Preferred Stock against dilution or other impairment.

Section 7. Ranking. All shares of Series A Preferred Stock, with respect to dividend payments and distribution of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, shall rank senior and prior in right to all of the Corporation's now or hereafter issued Common Stock and, except as otherwise explicitly permitted hereby, any other capital stock of any class of the Corporation.

Section 8. Amendment. The Certificate of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without either (a) the affirmative vote of the holders of a majority or more of the outstanding shares of Series A Preferred Stock, voting separately as a class or (b) the affirmative vote of the Series A Director.