

**PROPHOTONIX LIMITED**  
**32 Hampshire Road**  
**Salem, New Hampshire 03079**

April 15, 2011

Dear ProPhotonix Shareholders:

You are cordially invited to attend the Special Meeting being held in lieu of the 2011 Annual Meeting of Shareholders of ProPhotonix Limited, which will be held on Thursday, May 26, 2011 at 10:00 a.m., British Summer Time, at the offices of K&L Gates LLP, One New Change, London, England EC4M 9AF.

Specific details regarding admission to the meeting and the business to be conducted at the meeting are provided in the attached Notice of Special Meeting in Lieu of Annual Meeting of Shareholders and Proxy Statement. I encourage you to carefully read the attached Notice of Special Meeting and Proxy Statement.

Whether or not you plan to attend the meeting, it is important that your shares are represented and voted. Therefore, I urge you to complete, sign and date the enclosed proxy card and promptly return it in the enclosed envelope so that your shares will be represented and voted at the meeting. If you do attend the meeting, you may withdraw your proxy and vote in person if you so desire.

I look forward to greeting those of you who will be able to attend the meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark W. Blodgett', with a long horizontal line extending to the right.

Mark W. Blodgett  
President, Chief Executive Officer and  
Chairman of the Board



# ProPhotonix Limited

32 Hampshire Road  
Salem, New Hampshire 03079

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## NOTICE OF SPECIAL MEETING IN LIEU OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD THURSDAY, MAY 26, 2011

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To the Shareholders of ProPhotonix Limited:

The Special Meeting in Lieu of Annual Meeting of Shareholders (the “Annual Meeting”) of ProPhotonix Limited, a Massachusetts corporation (the “Company”), will be held at the offices of K&L Gates LLP at One New Change, London, England EC4M 9AF, on Thursday, May 26, 2011 at 10:00 a.m., British Summer Time, for the following purposes:

1. To fix the number of directors comprising the Board of Directors of the Company at six;
2. To elect Mark Blodgett, Dietmar Klenner, Timothy P. Losik, Raymond Oglethorpe, Timothy Steel and Vincent Thompson as directors to serve until the next annual meeting of shareholders and until their successors are duly elected and qualified;
3. To approve the reincorporation of the Company from Massachusetts to Delaware;
4. To authorize the Board of Directors, in its discretion, should it deem it to be appropriate and in the best interests of the Company and its shareholders, to increase the number of authorized shares of common stock by up to 50,000,000 shares, to be effected by either (i) the filing of amendment(s) to the Company’s Restated Articles of Organization with the Secretary of the Commonwealth of the Commonwealth of Massachusetts or (ii) the filing of a Certificate of Incorporation with the Secretary of State of the State of Delaware, as the case may be, without further approval or authorization of the Company’s shareholders;
5. To authorize the Company to send or supply any document or information to a shareholder via electronic communications, including by making such document or information available on a website;
6. To ratify the appointment of McGladrey & Pullen, LLP as the Company’s independent registered public accounting firm for the current fiscal year; and
7. To transact such other business that may properly come before the Annual Meeting and any adjournments or postponements of the Annual Meeting.

The Board of Directors has no knowledge of any other business to be transacted at the Annual Meeting.

Admission of shareholders to the Annual Meeting will be on a first-come, first-served basis, and picture identification will be required to enter the Annual Meeting. An individual arriving without picture identification will not be admitted unless it can be verified that the individual is a shareholder of the Company. Cameras, cellular phones, recording equipment and other electronic devices will not be permitted at the Annual Meeting. The Company reserves the right to inspect any persons or items prior to their admission to the Annual Meeting.

Only shareholders of record at the close of business on Friday, April 8, 2011 are entitled to notice of, and to vote at, the Annual Meeting. All shareholders are cordially invited to attend the Annual Meeting.

BY ORDER OF THE BOARD OF  
DIRECTORS



Thomas B. Rosedale, Secretary  
Boston, Massachusetts  
April 15, 2011

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE TO ENSURE YOUR REPRESENTATION AND THE PRESENCE OF A QUORUM AT THE ANNUAL MEETING. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED IN THE UNITED STATES.**

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# PROPHOTONIX LIMITED

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## PROXY STATEMENT

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*Special Meeting in Lieu of Annual Meeting of Shareholders  
To Be Held on Thursday, May 26, 2011*

### **General**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board of Directors” or the “Board”) of ProPhotonix Limited, a Massachusetts corporation (the “Company” “ProPhotonix” or “we”), for use at the Company’s 2011 Special Meeting in Lieu of Annual Meeting of Shareholders (the “Annual Meeting”), which will be held on Thursday, May 26, 2011 at 10:00 a.m., British Summer Time, at the offices of K&L Gates LLP at One New Change, London, England EC4M 9AF, and at any adjournments or postponements thereof, for the purposes set forth in the Notice of Special Meeting in Lieu of Annual Meeting of Shareholders.

### **Solicitation**

The cost of soliciting proxies, including expenses incurred in connection with preparing and mailing this Proxy Statement, will be borne by the Company. The Company may engage a paid proxy solicitor to assist in the solicitation. Copies of solicitation materials will be furnished to brokerage houses, nominees, fiduciaries and custodians to forward to beneficial owners of the Company’s common stock, \$.001 par value per share (the “Common Stock”), held in their names. In addition to the solicitation of proxies by mail, the Company’s directors, officers and other employees may, without additional compensation, solicit proxies by telephone, facsimile, electronic communication and personal interviews. The Company will also reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to shareholders.

### **Record Date, Voting Securities and Votes Required**

Only holders of record of the Company’s Common Stock as of the close of business on Friday, April 8, 2011 (the “Record Date”) will be entitled to receive notice of, and to vote at, the Annual Meeting and any adjournments thereof. On the Record Date, the Company had approximately 52,509,456 shares of Common Stock issued and outstanding and entitled to be voted. The holders of Common Stock are entitled to one vote for each share of Common Stock held as of the Record Date on any proposal presented at the Annual Meeting.

A majority of the shares of Common Stock issued and outstanding and entitled to be voted at the Annual Meeting will constitute a quorum at the Annual Meeting. Votes withheld, abstentions and shares held in “street name” by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter (“broker non-votes”) shall be counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting.

The affirmative vote of the holders of a majority of the shares of the Company’s Common Stock voting in person or by proxy and entitled to vote is required to fix the number of directors comprising the Board of Directors at six (Proposal No. 1), to authorize the Company to send or supply any document or information to a shareholder via electronic communications, including by making such document or information available on a website (Proposal No. 5), and to ratify the appointment of McGladrey & Pullen, LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2011 (Proposal No. 6). The affirmative vote of the holders of a plurality of the votes cast at the Annual Meeting is required for the election of directors (Proposal No. 2). The affirmative vote of a majority of all the outstanding shares of the Company’s Common Stock is required to increase the number of authorized shares of Common Stock (Proposal No. 4). The affirmative vote of two-thirds of all of the outstanding shares of the Company’s Common Stock is required to approve the reincorporation of the Company from Massachusetts to Delaware (Proposal No. 3).

Shares which abstain from voting on a particular matter and broker non-votes will not be counted as votes in favor of such matter and will also not be counted as votes cast or shares voting on such matter. Accordingly, neither abstentions nor broker non-votes will have any effect upon the outcome of voting with respect to any proposal in the Proxy Statement, except for the proposals to increase the number of authorized shares of Common Stock (Proposal No. 4) and to approve the reincorporation of the Company from Massachusetts to Delaware (Proposal No. 3). Abstentions and broker non-votes will have the same effect as a vote against Proposals No. 3 and No. 4.

An automated system administered by the Company's transfer agent tabulates the votes. The votes on each matter are tabulated separately.

To vote by mail, complete, date and sign the enclosed proxy card and return it in the enclosed envelope as promptly as possible. No postage is necessary if the proxy card is mailed in the United States using the postage prepaid envelope provided. If you hold your shares through a bank, broker or other nominee, they will give you separate instructions for voting your shares.

## **Proxies**

### *Voting by Proxy*

Voting instructions are included on your proxy card. If you properly complete, sign and date your proxy card and return it to us in time to be counted at the Annual Meeting, one of the individuals named as your proxy will vote your shares as you have directed. If you sign and timely return your proxy card but do not indicate how your shares are to be voted with respect to one or more of the proposals to be voted on at the Annual Meeting, your shares will be voted for each of such proposals and in accordance with the judgment of the individuals named in the proxy card as the proxy holders as to any other matter that may be properly brought before the Annual Meeting. The proxy holders will have discretionary authority to vote upon any adjournment of the Annual Meeting.

### *Revoking your Proxy*

You may revoke your proxy at any time before it is voted by:

- delivering a later-dated proxy or a notice of revocation in writing to the Company's Secretary at the principal executive offices of the Company at the following address: ProPhotonix Limited, 32 Hampshire Road, Salem, New Hampshire 03079, Attention: Secretary, at any time before the proxy is exercised; or
- by attending the Annual Meeting and voting in person at the Annual Meeting.

### *Voting in Person*

If you plan to attend the Annual Meeting and wish to vote in person, we will give you a ballot at the Annual Meeting. However, if your shares are held in the name of your broker, bank or other nominee, you must bring a proxy from your nominee authorizing you to vote your "street name" shares held as of the Record Date.

## **PROPOSAL NO. 1**

### **TO FIX THE NUMBER OF DIRECTORS COMPRISING THE BOARD OF DIRECTORS AT SIX**

The Company's Amended and Restated By-Laws (the "By-Laws") provide that the number of directors comprising the Board of Directors shall be fixed by the shareholders of the Company at each annual meeting of shareholders. The number of directors must not be less than three or, in the event that there are less than three shareholders, must not be less than the number of shareholders. The Company is holding a special meeting of shareholders in lieu of an annual meeting of shareholders in 2011, and this matter will be acted upon by shareholders at the Annual Meeting.

At the special meeting in lieu of an annual meeting of shareholders held last year, the number of directors comprising the Board of Directors was fixed at four. Pursuant to the Company's By-Laws, on June 29, 2010, the Board of Directors increased the size of the Board of Directors to five and elected Timothy P. Losik to the Board of Directors. On March 9, 2011, one of the members of the Board of Directors resigned. Pursuant to the Company's By-Laws, on March 9, 2011, the Board of Directors increased the size of the Board of Directors to six and elected Timothy Steel and Vincent Thompson to the Board of Directors, subject to their acceptance, to fill the vacancy left by the resignation of one of the members of the Board of Directors and by the enlargement of the size of the Board of Directors. The Board of Directors recommends fixing the size of the Board of Directors at six, which is the number of directors that the Board of Directors is nominating for re-election. By maintaining the size of the Board of Directors at six directors, the Board of Directors will continue to be sufficiently sizeable to ensure diversity of experience and viewpoints of Board members and to be able to satisfy current and future corporate governance requirements without compromising the efficiency of the Board.

The By-laws permit the Board to expand the number of directors on the Board further by vote of a majority of the directors then in office.

**The Board of Directors recommends a vote FOR fixing the number of directors constituting the Board of Directors at six.**

**PROPOSAL NO. 2**

**ELECTION OF DIRECTORS**

Under the Company's By-Laws, directors are elected to the Board of Directors to serve until the next annual meeting of shareholders following their election and until their successors have been chosen and qualified or until their earlier death, resignation or removal. The affirmative vote of the holders of a plurality of the votes cast in person or by proxy at an annual meeting of shareholders or special meeting held in lieu of an annual meeting by the shares entitled to vote is required for the election by shareholders of directors to the Board. The Board of Directors currently has the following six members: Messrs. Mark W. Blodgett, Dietmar Klenner, Timothy P. Losik, Raymond J. Oglethorpe, Timothy Steel and Vincent Thompson.

The Board of Directors recommends that the six nominees named below be elected to serve on the Board of Directors, each of whom is presently serving as a director. Each nominee has consented to being named in this Proxy Statement and has indicated his willingness to serve if elected. If, for any reason, any nominee should become unable or unwilling to serve, the persons named as proxies may vote the proxy for the election of a substitute nominee selected by the Board of Directors. The Board of Directors has no reason to believe that any nominee will be unable to serve. Shareholders may vote for no more than six nominees for director.

Biographical and certain other information concerning the Company's nominees for election to the Board of Directors is set forth below.

**Nominees for Election to Board of Directors**

<u>Name</u>	<u>Position</u>
Mark W. Blodgett	President, Chief Executive Officer and Chairman of the Board
Dietmar Klenner	Director
Timothy P. Losik	Chief Operating Officer, Chief Financial Officer and Director
Raymond J. Oglethorpe	Director (Lead Director)
Timothy Steel	Director
Vincent Thompson	Director

**Additional Information Regarding Nominees**

*Mark W. Blodgett* currently serves as the President, Chief Executive Officer and the Chairman of the Board of Directors of the Company. Mr. Blodgett has been a member of the Board of Directors and an executive officer of the Company since 1989. Mr. Blodgett worked for a private merchant bank from 1988 until 1989, was Corporate Vice President at Drexel Burnham Lambert, Inc. from 1980 until 1988 and was an associate in the area of mergers and acquisitions for Citibank N.A. from 1979 until 1980. Mr. Blodgett is a member of World Presidents' Organization (WPO) and is on the Board of Trustees for the Pomfret School.

*Dietmar Klenner* is an independent advisor and consultant to both foreign real estate firms and companies seeking investment opportunities in Austria. Mr. Klenner was a co-founder and, from March 2004 to December 2008, was the Managing Partner, of Argus Wealth Management AG. From July 2002 until February 2006, Mr. Klenner was Managing Partner of Meridian Global Advisors, which he also co-founded. From December 1989 until June 2002, Mr. Klenner worked for KS Securities Asset Management, which he co-founded and where he served as Chief Executive Officer and Managing Partner. Mr. Klenner has been a member of the Board of Directors of the Company since 2003.

*Timothy P. Losik* currently serves as Chief Operating Officer and Chief Financial Officer of the Company. Mr. Losik has been an executive officer of the Company since January 14, 2008 and has been a member of the Board of Directors of the Company since 2010. From January 2007 to October 2007, Mr. Losik served as the Chief Financial Officer of Bluesocket, Inc. From April 2006 to July 2006, Mr. Losik served as the Vice President of Operations of Globalware Solutions, Inc. and from November 2004 to April 2006 he served as the Chief Financial Officer of Globalware Solutions, Inc. From April 2002 to September 2003, Mr. Losik served as the Chief Financial Officer of Omtool, LTD.

*Raymond J. Oglethorpe* is currently President of Oglethorpe Holdings, LLC, a private investment company, and has served on the Board of Trustees of The George Washington University since 1999. Mr. Oglethorpe served as President of America Online, Inc. from 2000 until his retirement in 2002. Prior to that time, Mr. Oglethorpe was a senior vice president responsible for directing the technologies and member services organizations of America Online, Inc. Mr. Oglethorpe has been a member of the Board of Directors of the Company since 2000. Mr. Oglethorpe has been designated by the independent members of the Board of Directors as Lead Director of the Company.

*Timothy Steel* was previously Vice Chairman of Cazenove Capital Management Limited until the end of 2009 when he stepped down to pursue a portfolio career and work more closely with smaller developing businesses. Mr. Steel joined Cazenove in 1980 and became a partner in 1982. In 1983 he moved to New York as President of Cazenove Inc., returning to the U.K. in 1989 and, subsequently became Head of Institutional Broking in 1991. He was appointed Managing Director of Cazenove Fund Management Limited in February 2000 and later became Chairman in April 2001. He was appointed to the main Board of Cazenove Group plc in March 2001. Mr. Steel is currently Chairman of Castle Alternative Invest AG and also has various charitable interests. Mr. Steel has been a member of the Board of Directors since April 2011.

*Vincent Thompson* currently serves as the managing partner of Easton Partners LLP, a corporate finance boutique, which he founded in 2009. Mr. Thompson has over 30 years of experience in corporate finance. Mr. Thompson spent the majority of his career with Morgan Grenfell & Co. Limited and Hambros Bank Limited (later Société Générale, following the takeover of Hambros Bank Limited) and was a Director at both. From 2003 to 2006 he served as a Director at MacArthur & Co. Limited and from 2007 to 2008, as an Associate of Corbett Keeling & Co, both corporate finance boutiques. Mr. Thompson has been a member of the Board of Directors since April 2011.

**The Board of Directors recommends a vote FOR the election of the nominees named in the table above as directors of the Company.**

### **PROPOSAL NO. 3**

#### **REINCORPORATION FROM MASSACHUSETTS TO DELAWARE**

##### **General**

The Board of Directors has approved and recommends to the shareholders a proposal to convert from a Massachusetts corporation to a Delaware corporation (the “Reincorporation”). If our shareholders approve the Reincorporation in Delaware, we will accomplish the Reincorporation by domesticating in Delaware as provided in the Delaware General Corporation Law (the “DGCL”) and the Massachusetts Business Corporation Act (the “MBCA”).

The Reincorporation will not involve any change in the business, properties, corporate headquarters, management or stock ticker symbol of the Company. The directors and officers of the Company immediately prior to the Reincorporation will serve as the directors and officers of the Company following the Reincorporation, and there will be no changes in the operations, assets, liabilities and obligations of the Company as a result of the Reincorporation.

A copy of the Plan of Domestication adopted by our Board of Directors (the “Plan of Domestication”) is attached as Appendix A. Approval of this Proposal No. 3 will constitute approval of the Plan of Domestication.

When the Reincorporation becomes effective, each outstanding share of the Company’s Common Stock will continue to be an outstanding share of the Company’s Common Stock, as incorporated in Delaware. At the same time, each outstanding option, right or warrant to acquire shares of the Company’s Common Stock will continue to be an option, right or warrant to acquire an equal number of shares of the Company’s Common Stock under the same terms and conditions. Furthermore, when the Reincorporation becomes effective, the Company will be governed by the Certificate of Incorporation (the “Delaware Charter”) attached hereto as Appendix B and by the Bylaws (the “Delaware Bylaws”) attached hereto as Appendix C. Approval of this Proposal No. 3 will constitute approval of the Delaware Charter and Delaware Bylaws. Please note that the Delaware Charter attached hereto as Appendix B authorizes either (i) 100,000,000 shares of Common Stock, \$0.001 par value, if Proposal No. 4, as detailed below, is not approved by the shareholders at the Annual Meeting or (i) 150,000,000 shares of Common Stock, \$0.001 par value, if Proposal No. 4 is approved by the shareholders at the Annual Meeting. Approval of this Proposal No. 3 only constitutes approval of the Delaware Charter with 100,000,000 authorized shares of Common Stock. A shareholder must also vote FOR Proposal No. 4 in order to increase the number of authorized shares to 150,000,000 in the Delaware Charter.

Following the Reincorporation, the Company will be governed by the DGCL instead of the MBCA. The Company's current Articles of Organization (the "Massachusetts Charter") and By-Laws (the "Massachusetts Bylaws") will not be applicable to the Company upon completion of the Reincorporation.

### **Reasons for and Advantages of the Reincorporation in Delaware**

The Board of Directors and management believe that it is essential to be able to draw upon well-established principles of corporate governance in making legal and business decisions. The prominence and predictability of Delaware corporate law provide a reliable foundation on which our Company's governance decisions can be based, and we believe that our shareholders will benefit from the responsiveness of Delaware corporate law to their needs and to those of the corporation they own. The principal factors the Board considered in electing to pursue the Reincorporation are summarized below.

*Predictability, Flexibility and Responsiveness to Corporate Needs.* Delaware has adopted comprehensive and flexible corporate laws which are revised regularly to meet changing business circumstances. The Delaware legislature is particularly sensitive to issues regarding corporate law and is especially responsive to developments in modern corporate law. In addition, Delaware offers a system of specialized Chancery Courts to deal with corporate law questions, which have streamlined procedures and processes that help provide relatively quick decisions. These courts have developed considerable expertise in dealing with corporate issues, as well as a substantial and influential body of case law construing Delaware's corporate law, which should result in less future litigation as corporate transactions will be constructed with the well-developed case law in mind. In contrast, Massachusetts does not have a similar specialized court established to hear only corporate law cases. Rather, disputes involving questions of Massachusetts corporate law are either heard by the Massachusetts Superior Court, the general trial court in Massachusetts that hears all manner of cases, or, if federal jurisdiction exists, a federal district court. In addition, the Delaware Secretary of State is particularly flexible, expert and responsive in its administration of the filings required for mergers, acquisitions and other corporate transactions.

Delaware has become a preferred domicile for most major American corporations and Delaware law and administrative practices have become comparatively well-known and widely understood. As a result of these factors, it is anticipated that Delaware law will provide greater efficiency, predictability and flexibility in our legal affairs, resulting in lower legal fees, than is presently available under Massachusetts law.

*Enhanced Ability to Attract and Retain Directors and Officers.* The Board of Directors believes that the Reincorporation will enhance our ability to attract and retain qualified directors and officers, as well as encourage directors and officers to continue to make independent decisions in good faith on behalf of the Company. We are in a competitive industry and compete for talented individuals to serve on our management team and on our Board of Directors. The vast majority of public companies are incorporated in Delaware. Not only is Delaware law more familiar to directors, Delaware offers greater certainty and stability from the perspective of those who serve as corporate officers and directors. The parameters of director and officer liability are more extensively addressed in Delaware court decisions and are therefore better defined and better understood than under Massachusetts law. It is anticipated that D&O insurance costs will be lower in Delaware due to the extensive Delaware court decisions on director and officer liability. The Board believes that the Reincorporation in Delaware will provide appropriate protection for shareholders from possible abuses by directors and officers, while enhancing our ability to recruit and retain directors and officers. In this regard, it should be noted that directors' personal liability is not, and cannot be, eliminated under Delaware law for intentional misconduct, bad faith conduct or any transaction from which the director derives an improper personal benefit. We believe that the better understood and comparatively stable corporate environment afforded by Delaware will enable the Company to compete more effectively with other public companies in the recruitment of talented and experienced directors and officers.

*Greater Access to Capital.* In the opinion of the Board of Directors, the Reincorporation in Delaware may provide the Company with more opportunities to raise capital. Many of our shareholders and investors are not based in the United States and they are more familiar with Delaware laws than with Massachusetts laws. In the opinion of the Board of Directors, underwriters and other members of the financial services industry may be more willing and better able to assist in capital-raising programs for corporations having the greater flexibility afforded by the DGCL.

In addition to the advantages listed above, should both this Proposal No. 3 and Proposal No. 4 be approved by the shareholders at the Annual Meeting, the one-time filing fee in Delaware would be nominal in amount. However, if Proposal No. 4 is approved by the shareholders at the Annual Meeting, but this Proposal No. 3 is not approved by the shareholders at the Annual Meeting, the Company may have to pay a filing fee to the Secretary of the Commonwealth of the Commonwealth of Massachusetts of up to \$50,000 in order to increase the number of authorized shares of Common Stock.

## **Possible Disadvantages of the Reincorporation in Delaware**

Notwithstanding the belief of the Board of Directors as to the benefits to the Company and its shareholders of the Reincorporation, it should be noted that Delaware law has been criticized by some commentators and institutional shareholders on the grounds that it does not afford minority shareholders the same substantive rights and protections as are available in a number of other states. Accordingly, the Reincorporation may make it more difficult for minority shareholders to influence the Company's policies.

In addition, franchise taxes in Delaware are expected to be greater than franchise taxes in Massachusetts. Specifically, the Company estimates that after the Reincorporation, based on tax rates currently in effect, the Company's annual franchise tax in Delaware will initially be approximately \$14,000. Currently, the Company's annual franchise tax in Massachusetts is nominal in amount.

The Board of Directors considered the potential disadvantages of the Reincorporation and concluded that the potential benefits of the Reincorporation outweighed the possible disadvantages.

## **Plan of Domestication**

The Plan of Domestication provides that the Company will reincorporate in Delaware and all operations, assets and liabilities of the Company, including obligations under outstanding indebtedness, contracts, options and warrants, will remain the same. Our existing Board of Directors and officers will continue to be our directors and officers following the Reincorporation for identical terms of office.

Each outstanding share of the Company's Common Stock will remain unaffected by the Reincorporation. You will not have to exchange your existing stock certificates of the Company for new stock certificates. At the effective time of the Reincorporation, our Common Stock will continue to be traded on the Pink Sheets and depositary interests representing our Common Stock will continue to be traded on the AIM Market of the London Stock Exchange or other market or exchange on which shares of the Company's Common Stock are listed or quoted for trading under the symbol "STKR", "PPIX" or "PPIR", as applicable. There will be no interruption in the trading of the Company's Common Stock as a result of the Reincorporation.

The Plan of Domestication was unanimously approved by the Board of Directors of the Company. Approval of the Reincorporation proposal (which constitutes approval of the Plan of Domestication) requires the affirmative vote of the holders of two-thirds of all of the votes entitled to be cast.

## **Effective Time**

If approved by the requisite vote of the holders of shares of the Company's Common Stock, it is anticipated that the Reincorporation will become effective at the time set forth in each of the Certificate of Conversion from a Non-Delaware Corporation to a Delaware Corporation to be filed with the Secretary of State of the State of Delaware in accordance with the DGCL and the Articles of Charter Surrender to be filed with the Secretary of Commonwealth of the Commonwealth of Massachusetts in accordance with the MBCA. However, the Plan of Domestication may be terminated, deferred or abandoned by action of the Board of Directors of the Company at any time prior to the effective time of the Reincorporation, whether before or after the shareholders of the Company approve this proposal to effect the Reincorporation, if the Board of Directors of the Company determines for any reason, in its sole judgment and discretion, that the consummation of the Reincorporation would be inadvisable or not in the best interests of the Company and its shareholders.

## **Effect of Not Obtaining the Required Vote for Approval**

If the Reincorporation proposal fails to obtain the requisite vote for approval, the Reincorporation will not be consummated and the Company will continue to be incorporated in Massachusetts.

## **Comparison of Shareholder Rights Before and After the Reincorporation**

Because of differences between the MBCA and the DGCL, as well as differences between the Company's charter and bylaws before and after the Reincorporation, the Reincorporation will effect some changes in the rights of the Company's shareholders. Summarized below are the most significant differences between the rights of the shareholders of the Company before and after the Reincorporation, as a result of the differences among the MBCA and the DGCL, the Massachusetts Charter and the Delaware Charter, and the Massachusetts Bylaws and the Delaware Bylaws.

The summary below is not intended to be relied upon as an exhaustive list of all differences or a complete description of the differences between the DGCL and the Delaware Charter and Delaware Bylaws, on the one hand, and the MBCA and the Massachusetts Charter and Massachusetts Bylaws, on the other hand. The summary below is qualified in its entirety by reference to the actual text of the MBCA, the Massachusetts Charter, the Massachusetts Bylaws, the DGCL, the Delaware Charter and the Delaware Bylaws.

### **Authorized Capital Stock**

#### *Massachusetts*

The Company's Massachusetts Charter authorizes 100,000,000 shares of Common Stock, of which 52,509,456 shares were issued and outstanding as of April 8, 2011. Under the MBCA, the holders of the Company's Common Stock are entitled to one vote per share on all matters voted on by shareholders, including the election of directors. The holders of shares of the Company's Common Stock are not entitled to any cumulative voting, conversion, redemption or preemptive rights. Upon any liquidation of the Company, the holders of shares of the Company's Common Stock will be entitled to receive pro rata all assets of the Company available for distribution to such holders.

#### *Delaware*

The Delaware Charter, which will be filed as a condition to the consummation of the Reincorporation, authorizes either (i) 100,000,000 shares of Common Stock, \$0.001 par value, if Proposal No. 4 as detailed below is not approved by the shareholders at the Annual Meeting or (ii) 150,000,000 shares of Common Stock, \$0.001 par value, if Proposal No. 4 is approved by the shareholders at the Annual Meeting.

Under the Delaware Charter and the DGCL, the holders of shares of the Company's Common Stock following the Reincorporation will be entitled to one vote for each share on all matters voted on by stockholders, including the election of directors. The holders of shares of the Company's Common Stock will not have any cumulative voting, conversion, redemption or preemptive rights. Upon any liquidation of the Company, the holders of the shares of the Company's Common Stock will be entitled to receive pro rata all assets of the Company available for distribution to such holders.

### **Number of Directors; Election; Removal; Filling Vacancies**

#### *Massachusetts*

The Massachusetts Bylaws provide that the shareholders of the Company must fix the number of directors and elect the number of directors so fixed at each annual meeting of shareholders, and the number of directors may not be less than three, or less than the number of shareholders if the number of shareholders is less than three. The Board of Directors may be enlarged by the shareholders at any meeting or by vote of a majority of the directors then in office. Any vacancy in the Board of Directors, including a vacancy resulting from an enlargement of the Board, may be filled by the shareholders or by a majority of the Board of Directors. A director may be removed from office (i) with or without cause by vote of the holders of a majority of the shares of stock entitled to vote in the election of directors, or (ii) for cause by vote of a majority of the directors then in office. A director may be removed for cause only after reasonable notice and opportunity to be heard before the body proposing to remove him.

#### *Delaware*

The Delaware Charter and Delaware Bylaws provide that the number of directors will be fixed from time to time by action of the Board of Directors. The directors are elected by the stockholders at the annual meeting and all directors hold office until their successors are elected and qualified, or until their earlier death, resignation or removal. The Delaware Charter and Delaware Bylaws provide that any director may be removed with or without cause by the affirmative vote of the holders of a majority of the votes which all stockholders would be entitled to cast in an election of directors. Unlike under the Massachusetts Bylaws, the directors do not have the power to remove a director. Any vacancy created as a result of the removal of a director or a vacancy resulting from an enlargement of the board may be filled only by the vote of a majority of the remaining directors then in office. A director elected to fill a vacancy shall hold office until the next annual meeting of stockholders at which directors are elected.

### **Cumulative Voting for Directors**

#### *Massachusetts*

Massachusetts law permits cumulative voting for directors only if provided in the articles of organization. The Massachusetts Charter does not provide for cumulative voting rights.

## *Delaware*

Delaware law permits cumulative voting if provided in the certificate of incorporation. The Delaware Charter does not provide for cumulative voting rights.

### **Business Combinations with Interested Shareholders**

#### *Massachusetts*

The MBCA does not have any provisions governing transactions with large or significant shareholders. However, under Chapter 110D of the Massachusetts General Laws, Massachusetts regulates “control share acquisitions”, which are defined as the acquisition by any person of beneficial ownership of shares of an issuing public corporation, which, but for the provisions of Chapter 110D, would have voting rights and which, when added to all other shares of the corporation owned by such person, would entitle the person to vote shares of the corporation having voting power in the election of directors within any of the following ranges of voting power: (i) one-fifth or more but less than one-third of all voting power, (ii) one-third or more but less than a majority of all voting power, or (iii) a majority or more of all voting power. A person who has made a control share acquisition may deliver to the corporation a control acquisition statement containing, among other things, the identity of the person making the control share acquisition, the number of shares of the corporation beneficially owned by such person and the number of shares of the corporation acquired or proposed to be acquired by such person pursuant to the control share acquisition.

The control share acquisition statute provides that any shares acquired in a control share acquisition will have the same voting rights as all other shares of the same class or series of the corporation only to the extent authorized by vote of the shareholders of the corporation at an annual or special meeting of shareholders. The authorization requires the affirmative vote of the holders of a majority of all of the shares entitled to vote generally in the election of directors, excluding interested shares. If the articles of organization or bylaws of the corporation provide, the corporation may redeem, without the agreement of the person making the control share acquisition, all of the shares acquired by the person in the control share acquisition for fair market value if (i) the person did not deliver a control acquisition statement to the corporation or (ii) a control acquisition statement was delivered and voting rights were not authorized for the shares by the shareholders of the corporation.

An acquisition of shares pursuant to a tender offer, merger or consolidation, if such transaction is pursuant to an agreement to which the corporation is a party, and an acquisition directly from the corporation, are not included in the definition of control share acquisition. The control share acquisition statute is only applicable to a corporation that has (i) two hundred or more shareholders of record, (ii) its principal executive office or substantial assets within Massachusetts, and (iii) either more than 10% of its shareholders of record residing in Massachusetts or more than 10% of its issued and outstanding shares owned of record by residents of Massachusetts.

#### *Delaware*

Following the Reincorporation, the Company will be governed by Section 203 of the DGCL. Section 203 of the DGCL provides that, subject to certain exceptions specified therein, a corporation shall not engage in any business combination with any “interested stockholder” for a three-year period following the date that such stockholder becomes an interested stockholder unless (i) prior to such date, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder, (ii) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding shares held by directors who are also officers and employee stock purchase plans in which employee participants do not have the right to determine confidentially whether plan shares will be tendered in a tender or exchange offer), or (iii) on or subsequent to such date, the business combination is approved by the board of directors of the corporation and by the affirmative vote at an annual or special meeting, and not by written consent, of at least  $66\frac{2}{3}\%$  of the outstanding voting stock which is not owned by the interested stockholder. Except as specified in Section 203 of the DGCL, an interested stockholder is defined to include (a) any person that is the owner of 15% or more of the outstanding voting stock of the corporation or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the relevant date, and (b) the affiliates and associates of any such person.

Under certain circumstances, Section 203 of the DGCL may make it more difficult for a person who would be an “interested stockholder” to effect various business combinations with a corporation for a three-year period, although the corporation’s certificate of incorporation or stockholders may elect to exclude a corporation from the restrictions imposed thereunder. The Delaware Charter does not exclude the Company from the restrictions imposed under Section 203 of the DGCL. It is anticipated that the provisions of Section 203 of the DGCL may encourage companies interested in acquiring the Company to negotiate in advance with the Board of Directors, since the stockholder approval requirement would be avoided

if a majority of the directors then in office approve either the business combination or the transaction which results in the stockholder becoming an interested stockholder.

### **Limitation of Liability of Directors**

#### *Massachusetts*

The MBCA authorizes a Massachusetts corporation to adopt a charter provision eliminating or limiting the personal liability of directors to the corporation for monetary damages for breach of fiduciary duty as directors, provided that the provision may not eliminate or limit the liability of directors for (i) any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) any acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) any improper distributions to shareholders under Section 6.40 of the MBCA, or (iv) any transaction from which the director derived an improper personal benefit. The Massachusetts Charter limits the liability of the Company's directors in accordance with the MBCA.

#### *Delaware*

The DGCL permits a corporation to include a provision in its certificate of incorporation eliminating or limiting the personal liability of a director to the corporation or its stockholders for damages for certain breaches of the director's fiduciary duty. However, no such provision may eliminate or limit the liability of a director for (i) any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) declaration of unlawful dividends or illegal redemptions or stock repurchases, or (iv) any transaction from which the director derived an improper personal benefit.

The Delaware Charter provides that, except to the extent that the DGCL prohibits the elimination or limitation of liability of directors for breaches of fiduciary duties, no director of the Company will be personally liable to the Company or its stockholders for monetary damages for any breach of fiduciary duty as a director. No amendment to that provision of the Delaware Charter will have any effect on the liability of any director of the Company with respect to acts occurring prior to the amendment.

### **Indemnification of Officers and Directors**

#### *Massachusetts*

The MBCA provides that a corporation may indemnify an individual who is a party to a proceeding because he is a director or officer against liability incurred if (i) he acted in good faith, (ii) he reasonably believed his conduct was in the best interests of the corporation or was not opposed to the best interests of the corporation, and (iii) in the case of a criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. The MBCA also provides that a corporation must indemnify a director or officer who was successful, on the merits or otherwise, in the defense of any proceeding to which he was a party because he was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding.

The Massachusetts Charter and Massachusetts Bylaws provide that the Company must indemnify its directors and officers against all expenses incurred in any proceedings in which they were involved as a result of their service as a director or officer, except that no indemnification is allowed (i) for a matter as to which it is determined that the officer or director did not act in good faith and in the reasonable belief that his action was in the best interests of the Company, (ii) with respect to a criminal matter with respect to which the officer or director had reasonable cause to believe that his conduct was unlawful, or (iii) if the individual is adjudged to have received an improper personal benefit. In addition, the Company is required to advance expenses incurred by an officer or director in defending any proceeding in advance of final disposition of the proceeding upon receipt of a written undertaking from the officer or director to repay such amount if he is determined under the Massachusetts Charter or Massachusetts Bylaws, or adjudicated, to be ineligible for indemnification.

#### *Delaware*

The DGCL provides that a corporation may indemnify an individual who is a party to a proceeding because he is a director or officer against liability incurred if (i) he acted in good faith, (ii) he reasonably believed his conduct was in the best interests of the corporation or was not opposed to the best interests of the corporation, and (iii) in the case of a criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. The DGCL also provides that a corporation must indemnify a director or officer who was successful, on the merits or otherwise, in the defense of any proceeding to which he was a party because he was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding. The DGCL provides that indemnification may not be made for any matter as to which a person has been

adjudged by a court of competent jurisdiction to be liable to the corporation, unless and only to the extent a court determines that the person is entitled to indemnity for such expenses as the court deems proper.

The Delaware Charter provides that the Company shall indemnify each person who is a party or threatened to be made a party to any proceeding by reason of the fact that he is a director or officer of the Company, or if he served in a similar capacity for another entity at the request of the Company, against all expenses incurred by the individual in connection with the proceeding provided that the individual acted in good faith and in a manner that he reasonably believed to be in, or not opposed to, the best interests of the Company and with respect to any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. The Company shall also indemnify an officer or director on the same terms and conditions who is made a party or threatened to be made a party to any action or suit brought by or in the right of the Company to procure a judgment in the Company's favor. The Delaware Charter also provides that the Company must advance expenses to any officer or director who is made a party to a proceeding in his capacity as such in advance of the final disposition of the proceeding so long as the officer or director undertakes to repay all amounts so advanced in the event that it is ultimately determined that the individual is not entitled to be indemnified by the Company.

### **Special Meetings of Shareholders**

#### *Massachusetts*

Under the MBCA, a special meeting of shareholders may be called (i) by the board of directors of the corporation, (ii) in the case of a corporation other than a public corporation, by the shareholders holding at least 10% (or a lesser percentage established in the articles of organization) of all the votes entitled to be cast on any issue to be considered at the proposed meeting, and (iii) in the case of a public corporation, unless otherwise provided in the articles of organization or bylaws, by the shareholders holding at least 40% of the votes entitled to be cast on any issue to be considered at the proposed meeting.

The Massachusetts Bylaws provide that special meetings of shareholders may be called (i) by the Chairman of the Board of Directors or a majority of the directors, and (ii) upon written application of shareholders who hold at least 50% of the outstanding capital stock entitled to vote at such meeting.

#### *Delaware*

Under the DGCL, a special meeting of stockholders may be called by the corporation's board of directors or by such persons as may be authorized by the corporation's certificate of incorporation or bylaws. The Delaware Bylaws provide that a special meeting may be called at any time by (i) the Company's Board of Directors, (ii) the Chairman of the Board of Directors, (iii) the Chief Executive Officer or President, and (iv) upon the written demand of the holders of at least a majority of all the votes entitled to be cast on any issues to be considered at the proposed special meeting.

### **Amendment or Repeal of the Certificate of Incorporation**

#### *Massachusetts*

Under the MBCA, any amendments to the articles of organization must be adopted by the board of directors and, unless a greater percentage is required by the articles of organization or the bylaws, the amendment must generally be approved by the holders of two-thirds of all the shares entitled to vote on the matter. If the amendment relates solely to (i) an increase or reduction in the corporation's capital stock of any class or series then authorized, (ii) a change in the corporation's authorized shares into a different number of shares or the exchange thereof pro rata for a different number of shares of the same class or series, or (iii) a change of the corporation's corporate name, the required vote shall be a majority instead of two-thirds. The Massachusetts Charter and the Massachusetts Bylaws do not contain a greater percentage requirement for the adoption of amendments to the Massachusetts Charter.

#### *Delaware*

Under the DGCL, unless the certificate of incorporation otherwise provides, amendments to the certificate of incorporation generally require the approval of the holders of a majority of the outstanding stock entitled to vote thereon, and if the amendment would increase or decrease the number of authorized shares of any class or series or the par value of such shares, or would adversely affect the rights, powers or preferences of such class or series, a majority of the outstanding stock of such class or series also would have to approve the amendment. The Delaware Charter does not contain a greater percentage requirement for the adoption of amendments to the Delaware Charter.

### **Amendment to Bylaws**

#### *Massachusetts*

The MBCA and the Massachusetts Bylaws provide that the shareholders have the power to make, amend or repeal the bylaws. If authorized in the articles of organization, or in the bylaws pursuant to authorization in the articles or organization, the Board of Directors may also make, amend, or repeal the bylaws, except with respect to any provision of the bylaws which by virtue of an express provision in the MBCA, the articles of organization, or the bylaws, requires action by the shareholders. If the Board of Directors amends the bylaws, notice must be delivered to the shareholders explaining the amendment to the bylaws and any action taken by the Board of Directors with respect to the bylaws may be amended or repealed by the shareholders.

#### *Delaware*

Under the DGCL, directors may amend the bylaws of a corporation only if such right is expressly conferred upon the directors in its certificate of incorporation. The Delaware Charter provides that the Board of Directors has the power to make, alter or repeal the Delaware Bylaws and that the Delaware Bylaws also may be made, altered or repealed by the stockholders.

### **Merger with Subsidiary**

#### *Massachusetts*

The MBCA provides that a parent corporation may merge into a subsidiary of which it holds at least 90% of the voting power of each class and series of outstanding shares, and the subsidiary may merge into the parent, without the approval of the board of directors or shareholders of the subsidiary, unless the articles of organization of any of the corporations otherwise provide or, in the case of a foreign subsidiary, unless approval by the board of directors or shareholders is required by the laws under which the subsidiary is organized. If approval of a merger is not required by the subsidiary's shareholders, the parent corporation shall, within 10 days after the merger, notify each shareholder of the subsidiary that the merger has become effective.

#### *Delaware*

The DGCL provides that a parent corporation who owns at least 90% of the outstanding shares of each class of a subsidiary may merge into the subsidiary, and the subsidiary may merge into its parent, without the approval of the stockholders of the subsidiary by filing a certificate of ownership and merger that includes a copy of the resolution of its board of directors approving the merger.

### **Committees of the Board of Directors**

#### *Massachusetts*

The MBCA provides that the board of directors of a corporation may create one or more committees which may generally exercise the authority of the board of directors provided that a committee may not authorize distributions, approve or propose to shareholders action that the MBCA requires be approved by shareholders, change the number of the board of directors, remove directors from office or fill vacancies on the board of directors, amend the articles of organization, adopt, amend or repeal bylaws, or authorize or approve reacquisitions of shares, except according to a formula or method prescribed by the board of directors.

#### *Delaware*

The DGCL provides that the board of directors may delegate certain of its duties to one or more committees elected by a majority of the board. A Delaware corporation can delegate to a committee of the board of directors, among other things, the responsibility of nominating candidates for election to the office of director, to fill vacancies on the board of directors, to reduce earned or capital surplus, and to authorize the acquisition of the corporation's own stock. In addition, if the corporation's certificate of incorporation or bylaws, or the resolution of the board of directors creating the committee so permits, a committee of the board of directors may declare dividends and authorize the issuance of stock.

### **Mergers and Acquisitions**

#### *Massachusetts*

Under the MBCA, a merger, share exchange and sale of all or substantially all of the assets of a corporation must be approved by the board of directors and, unless a greater percentage vote is required by the articles of organization, bylaws or the board of directors, the merger, share exchange or sale of assets must be approved by two-thirds of all the shares entitled to vote on the matter. The articles of organization may provide for a lesser vote than two-thirds but not less than a majority of the shares entitled to vote on the matter. The Massachusetts Charter does not provide for a lower voting threshold by the shareholders in the case of a merger, share exchange or sale of substantially all of the assets of the Company.

Approval of a merger or share exchange by the shareholders of a corporation is not required if (i) the corporation will survive the merger or is the acquiring corporation in a share exchange, (ii) except for certain permitted amendments, the corporation's articles of organization will not be changed, (iii) each shareholder of the corporation whose shares were outstanding immediately before the effective date of the merger or share exchange will hold the same number of shares, with identical preferences, limitations, and relative rights, immediately after the effective date of change, and (iv) the shares of any class or series of stock of the corporation to be issued or delivered pursuant to the plan of merger does not exceed 20% of the shares of such corporation of the same class or series outstanding immediately before the effective date of the merger.

#### *Delaware*

Under the DGCL, a merger, consolidation, sale of all or substantially all of a corporation's assets other than in the regular course of business or dissolution of a corporation must be approved by a majority of the outstanding shares entitled to vote. No vote of stockholders of a constituent corporation surviving a merger, however, is required (unless the corporation provides otherwise in its certificate of incorporation) if (i) the merger agreement does not amend the certificate of incorporation of the surviving corporation; (ii) each share of stock of the surviving corporation outstanding before the merger is an identical outstanding or treasury share after the merger; and (iii) the number of shares to be issued by the surviving corporation in the merger does not exceed 20% of the shares outstanding immediately prior to the merger.

### **Preemptive Rights**

#### *Massachusetts*

Under the MBCA, the shareholders of a corporation do not have preemptive rights to acquire the corporation's unissued shares except as provided in the articles of organization or any contract to which the corporation is a party. The Massachusetts Charter does not provide for preemptive rights.

#### *Delaware*

Under Delaware law, stockholders do not have preemptive rights unless such rights are specifically granted in the certificate of incorporation. The Delaware Charter does not provide for preemptive rights.

### **Transactions with Officers and Directors**

#### *Massachusetts*

The MBCA provides that a transaction in which a director has a material direct or indirect interest is not voidable by the corporation solely because of the director's interest in the transaction if any one of the following is true: (i) the material facts of the transaction and the director's interest were disclosed or known to the board of directors or a committee of the board of directors and the board of directors or committee authorized, approved, or ratified the transaction, (ii) the material facts of the transaction and the director's interest were disclosed or known to the shareholders entitled to vote and they authorized, approved, or ratified the transaction, or (iii) the transaction was fair to the corporation.

#### *Delaware*

The DGCL provides that contracts or transactions between a corporation and one or more of its officers or directors or an entity in which they have a financial interest is not void or voidable solely because of such interest or the participation of the director or officer in a meeting of the board of directors or a committee which authorizes the contract or transaction if (i) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board of directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of disinterested directors, even though the disinterested directors are less than a quorum, (ii) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders, or (iii) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee thereof or the stockholders.

### **Stock Redemptions and Repurchases**

#### *Massachusetts*

Under the MBCA, a corporation may acquire its own shares and such shares constitute authorized but unissued shares.

#### *Delaware*

Under the DGCL, a corporation may purchase or redeem its own shares of capital stock, except when the capital of the corporation is impaired or when such purchase or redemption would cause any impairment of the capital of the corporation.

## **Proxies**

### *Massachusetts*

Under the MBCA, unless otherwise provided in the appointment form, a proxy executed by a shareholder will remain valid for a period of 11 months from the date the shareholder signed the form or, if it is undated, from the date of its receipt.

### *Delaware*

Under the DGCL, a proxy executed by a stockholder will remain valid for a period of three years unless the proxy provides for a longer period.

## **Consideration for Stock**

### *Massachusetts*

Under the MBCA, the board of directors may authorize shares to be issued for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation.

### *Delaware*

Under the DGCL, a corporation may accept as consideration for its stock a combination of cash, property or benefit to the corporation, the total of which must equal at least the par value of the issued stock, as determined by the board of directors.

## **Shareholders Rights to Examine Books and Records**

### *Massachusetts*

The MBCA provides that upon five business days written notice a shareholder of a corporation is entitled to inspect and copy, during regular business hours at the office where they are maintained, copies of any of the following records of the corporation: (i) articles of organization, (ii) bylaws, (iii) resolutions adopted by the board of directors creating one or more classes or series of shares and fixing their rights and preferences, (iv) minutes and written consents of all shareholders' meetings for the past three years, (v) all written communications to shareholders generally within the past three years, including financial statements furnished to shareholders, (vi) a list of the names and business addresses of the corporation's current directors and officers, and (vii) the corporation's most recent annual report delivered to the Secretary of the Commonwealth.

If the shareholder makes his demand in good faith and for a proper purpose, describes with reasonable particularity his purpose and the records he desires to inspect, the records are directly connected with his purpose, and the corporation does not determine in good faith that disclosure of the records would adversely affect the corporation in the conduct of its business or constitute material non-public information in the case of a public corporation, then a shareholder may also inspect and copy, upon five business days written notice (i) excerpts from minutes of meetings or actions without a meeting of the board of directors or shareholders, (ii) accounting records of the corporation, and (iii) a list of the shareholders of the corporation showing their names, addresses and the number and class of shares held by each.

### *Delaware*

The DGCL provides that any stockholder of record may, upon written demand, inspect and copy during usual hours of business the corporation's stock ledger, a list of its stockholders and its other books and records for any proper purpose. If management of the corporation refuses, the stockholder can compel release of the books and records by court order.

## **Appraisal and Dissenters' Rights**

### *Massachusetts*

Under the MBCA, a shareholder is entitled to appraisal rights and to obtain payment of the fair value of his shares in the event of any of the following corporate actions (except for certain limited exceptions): (i) a merger, (ii) a share exchange, (iii) a sale of all or substantially all of the property of the corporation, (iv) an amendment to the articles of organization that materially and adversely affects the rights of a shareholder with respect to his shares, (v) an amendment of the articles of organization or bylaws or the entering into by the corporation of any agreement to which the shareholder is not a party that

adds restrictions on the transfer or registration of the shares held by the shareholder in a manner that is materially adverse to the ability of the shareholder to transfer his shares, (vi) any corporate action taken pursuant to a shareholder vote to the extent the articles of organization, bylaws or a resolution of the board of directors provides that shareholders are entitled to appraisal, (vii) the conversion of the corporation to nonprofit status, or (viii) the conversion of the corporation into a form of other entity.

If proposed corporate action requiring appraisal rights is submitted to vote at a shareholders' meeting, a shareholder who wishes to assert appraisal rights with respect to his shares must (i) deliver written notice to the corporation before the vote is taken of his intent to demand payment if the proposed action is effectuated, and (ii) not vote any shares in favor of the proposed action. The corporation is required to pay fair value to a shareholder exercising appraisal rights for the shares held by such shareholder. If fair value is unsettled, the MBCA provides for resolution of fair value in a single equitable proceeding in a court in the county in Massachusetts where the corporation's principal office or registered office is located.

#### *Delaware*

Under the DGCL, stockholders have appraisal rights, in the event of certain corporate actions such as a merger or consolidation. These rights include the right to dissent from voting to approve such corporate action, and to demand fair value for the shares of the dissenting stockholder. If a proposed corporate action creating dissenters' rights is submitted to a vote at a stockholders meeting, a stockholder who wishes to assert dissenters' rights must (i) deliver to the corporation, before the vote is taken, written notice of his intent to demand payment for his shares if the proposed action is effected, and (ii) not vote his shares in favor of the proposed action. If fair value is unsettled, the DGCL provides for the dissenter and the corporation to petition the Court of Chancery.

### **Dividends**

#### *Massachusetts*

The MBCA provides that a corporation may make distributions to its shareholders provided that no distribution may be made if after giving it effect (i) the corporation would not be able to pay its existing and reasonably foreseeable debts, liabilities and obligations as they become due, or (ii) the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed if the corporation would be dissolved at the time of the distribution to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

#### *Delaware*

The DGCL provides that a corporation may pay dividends out of surplus, out of the corporation's net profits for the preceding fiscal year, or both, provided that there remains in the stated capital account an amount equal to the par value represented by all shares of the corporation's stock having a distribution preference.

### **Corporate Action Without a Shareholder Meeting**

#### *Massachusetts*

The MBCA permits corporate action without a meeting of shareholders upon the written consent of (i) all shareholders entitled to vote on the action, or (ii) to the extent permitted by the articles of organization, by shareholders having not less than the minimum number of votes necessary to take the action at a meeting at which all shareholders entitled to vote on the action are present and voting. If action is taken by written consent of shareholders without a meeting, at least seven days before the action pursuant to the consent is taken, the corporation must give notice of the action to all nonvoting shareholders and to all shareholders who did not consent to the action. The Massachusetts Bylaws provide that any action that may be taken at a meeting of shareholders may be taken by the shareholders without a meeting if all shareholders entitled to vote on the matter consent to the action in writing.

#### *Delaware*

The DGCL permits corporate action without a meeting of stockholders upon the written consent of the holders of that number of shares necessary to authorize the proposed corporate action being taken, unless the certificate of incorporation expressly provides otherwise. In the event such proposed corporate action is taken without a meeting by less than the unanimous written consent of stockholders, the DGCL requires that prompt notice of the taking of such action be sent to those stockholders who have not consented in writing. The Delaware Bylaws provide that stockholders may approve a matter without a meeting if the holders having not less than the minimum number of votes that would be necessary to authorize or take such action consent to such action in writing.

## Certain Material United States Federal Income Tax Considerations of the Reincorporation

The following discussion summarizes the material U.S. federal income tax consequences of the Reincorporation to holders of the Company's Common Stock. This summary is not exhaustive of all possible tax considerations. The discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), regulations promulgated under the Code by the U.S. Treasury Department (including proposed and temporary regulations), rulings, current administrative interpretations and official pronouncements of the Internal Revenue Service (the "IRS"), and judicial decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. Such change could materially and adversely affect the tax consequences described below. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described herein.

This summary is for general information only and does not address all aspects of U.S. federal income taxation that may be important to a particular holder in light of its investment or tax circumstances or to holders subject to special tax rules, such as partnerships, subchapter S corporations or other pass-through entities, banks, financial institutions, tax-exempt entities, insurance companies, regulated investment companies, real estate investment trusts, trusts and estates, dealers in stocks, securities or currencies, traders in securities that have elected to use the mark-to-market method of accounting for their securities, persons holding our common stock as part of an integrated transaction, including a "straddle," "hedge," "constructive sale," or "conversion transaction," persons whose functional currency for tax purposes is not the U.S. dollar and persons subject to the alternative minimum tax provisions of the Code. This summary does not include any description of the tax laws of any state or local governments, or of any foreign government, that may be applicable to a particular holder.

This summary is directed solely to holders that hold the Company's Common Stock as capital assets within the meaning of Section 1221 of the Code, which generally means as property held for investment. In addition, the following discussion only addresses "U.S. persons" for U.S. federal income tax purposes, generally defined as beneficial owners of our Common Stock who are:

- individuals who are citizens or residents of the United States;
- corporations (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any state of the United States or the District of Columbia;
- estates the income of which is subject to U.S. federal income taxation regardless of its source;
- trusts if a court within the United States is able to exercise primary supervision over the administration of any such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust; or
- trusts in existence on August 20, 1996 that have valid elections in effect under applicable Treasury regulations to be treated as U.S. persons.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Common Stock of the Company, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. A partner of a partnership holding the Company's Common Stock should consult its own tax advisor regarding the U.S. federal income tax consequences to the partner of the Reincorporation.

**This summary is not a comprehensive description of all of the U.S. federal tax consequences that may be relevant to holders. We urge you to consult your own tax advisor regarding your particular circumstances and the U.S. federal income and estate tax consequences to you of the Reincorporation, as well as any tax consequences arising under the laws of any state, local, foreign or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.**

We have not requested a ruling from the IRS or an opinion of counsel regarding the U.S. federal income tax consequences of the Reincorporation. However, we believe the Reincorporation will constitute a tax-free reorganization under Section 368(a) of the Code.

## REGULATORY APPROVALS

The Company expects the Reincorporation to become effective upon the filing of the Delaware Charter and the Certificate of Conversion from a Non-Delaware Corporation to a Delaware Corporation with the Secretary of State of the State of Delaware and the filing of Articles of Charter Surrender with the Secretary of the Commonwealth of the Commonwealth of Massachusetts.

### **STOCK CONSEQUENCES**

After the Reincorporation, the Company will continue to be a publicly-held company, the shares of Common Stock of the Company will continue to be traded on the Pink Sheets and depositary interests representing our Common Stock will continue to be traded on the AIM Market of the London Stock Exchange or other market or exchange on which shares of the Company's Common Stock are listed or quoted for trading under the symbol "STKR", "PPIX" or "PPIR", as applicable, and the Company will continue to provide to its shareholders the same types of information that the Company has previously provided. Shareholders whose Common Stock is freely tradable before the Reincorporation will have freely tradable shares of the Company's Common Stock. Shareholders holding restricted shares of Common Stock will continue to hold shares of Common Stock which are subject to the same restrictions on transfer as those to which their shares of Common Stock are presently subject. In summary, the Company and its shareholders will be in the same respective positions under the applicable securities laws after the Reincorporation as were the Company and its shareholders prior to the Reincorporation.

### **ABANDONMENT, DEFERRAL AND AMENDMENT**

Notwithstanding a favorable vote of the shareholders, the Company reserves the right, by action of the Company's Board of Directors, to abandon the Reincorporation prior to effectiveness of the Reincorporation or to amend the Plan of Domestication if it determines that such abandonment or amendment is in the best interests of the Company. The Company also reserves the right, by action of the Company's Board of Directors, to defer the Reincorporation for a reasonable period of time if, in the opinion of the Board of Directors of the Company, such action would be in the best interests of the Company. The Plan of Domestication, however, may not be amended after shareholder approval if such amendment would have a material adverse effect on the rights of such shareholders or violate applicable law. The Company's Board of Directors has made no determination as to any circumstances which may prompt a decision to abandon or defer the Reincorporation.

### **RECOMMENDATION OF THE BOARD**

Pursuant to the MBCA, this proposal to reincorporate the Company in Delaware pursuant to the Plan of Domestication must be approved by the affirmative vote of the holders of two-thirds of the shares entitled to vote on the matter.

**The Company's Board of Directors recommends a vote FOR the Reincorporation of the Company from Massachusetts to Delaware.**

### **PROPOSAL NO. 4**

**TO AUTHORIZE THE BOARD OF DIRECTORS, IN ITS DISCRETION, SHOULD IT DEEM IT TO BE APPROPRIATE AND IN THE BEST INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS, TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK BY UP TO 50,000,000 SHARES, AT ANY TIME ON OR PRIOR TO THE DATE OF THE COMPANY'S NEXT ANNUAL MEETING OF SHAREHOLDERS FOLLOWING THE ANNUAL MEETING, WITHOUT FURTHER APPROVAL OR AUTHORIZATION OF THE COMPANY'S SHAREHOLDERS**

#### **General**

If the Reincorporation is not approved and the Company remains a Massachusetts corporation, the Company may consider increasing the number of authorized shares of Common Stock on or prior to the date of the Company's next annual meeting of shareholders following the Annual Meeting if such action is deemed appropriate and in the best interests of the Company and its shareholders. If the Reincorporation is approved, the Company will increase the number of authorized shares of Common Stock at the time of the filing of the Delaware Charter, if this Proposal No. 4 is approved by the Company's shareholders. Such action would be taken, among other reasons, in order to raise capital. Given the time and expense associated with convening a special meeting of shareholders, which would be required to consider this issue at a later

time, the Board of Directors has determined that it is most efficient and in the best interests of the Company's shareholders to seek approval and authorization of an increase in the number of authorized shares of Common Stock by up to 50,000,000 shares at the Annual Meeting. The current number of total authorized shares of Common Stock is 100,000,000 shares. If this proposal is approved by the Company's shareholders at the Annual Meeting or at an adjournment or postponement thereof, the Board of Directors would then have the discretion to increase the number of authorized shares of Common Stock, pursuant to either (i) one or more amendments to the Company's Massachusetts Charter, provided that in no event shall the aggregate number of total authorized shares of Common Stock exceed 150,000,000, at any time on or prior to the date of the Company's next annual meeting of shareholders following the Annual Meeting or (ii) the filing of the Delaware Charter authorizing 150,000,000 shares of Common Stock should the shareholders approve the Reincorporation, without seeking further approval or authorization of the Company's shareholders, based on its determination that such increase(s) is/are appropriate and in the best interests of the Company and its shareholders.

If approved by the Company's shareholders, and the Board of Directors determines that an increase in the number of authorized shares of Common Stock is appropriate and in the best interests of the Company and its shareholders, the proposed increase could become effective on (i) any date selected by the Board of Directors on or prior to the date of the Company's next annual meeting of shareholders following the Annual Meeting or (ii) on the date of the filing of the Delaware Charter if the shareholders approve the Reincorporation. If the Reincorporation is not approved and the Company remains a Massachusetts corporation, the Board of Directors may effect multiple increases, pursuant to one or more amendments to the Company's Massachusetts Charter, in the number of authorized shares of Common Stock on or prior to the date of the Company's next annual meeting of shareholders following the Annual Meeting, provided that in no event shall the aggregate amount of such increases exceed 50,000,000 shares of Common Stock and the total number of authorized shares of Common Stock shall not exceed 150,000,000. Moreover, the Board of Directors reserves the right, even after shareholder approval, to forego effecting an increase if such action is determined not to be appropriate and in the best interests of the Company and its shareholders. If the increase approved by the shareholders is subsequently not implemented by the Board of Directors and effected by the date of the next annual meeting of shareholders following the Annual Meeting, the proposal will be deemed abandoned, without any further effect. In such case, the Board of Directors may again seek shareholder approval at a future date for an increase in the number of authorized shares of Common Stock if it deems an increase to be advisable at that time. At the special meeting in lieu of annual meeting of shareholders held last year, the shareholders of the Company approved a proposal to authorize the Board of Directors, in its discretion, should it deem it to be appropriate and in the best interests of the Company and its shareholders, to increase the number of authorized shares of Common Stock by up to 150,000,000 shares, which authorization expires on May 26, 2011. The Board of Directors does not currently plan or expect to exercise the authority granted to them to increase the number of authorized shares of Common Stock by up to 150,000,000, and, therefore, is seeking shareholder approval of this Proposal No. 4 at the Annual Meeting.

#### **Reasons for the Proposed Increase in the Number of Authorized Shares of Common Stock**

The additional authorized shares could be used by the Company for business and financial purposes as determined by the Board of Directors from time to time to be necessary or desirable. Subject to favorable market conditions and approval of this proposal, the Company currently plans to use a number of the additional shares of Common Stock to raise capital. The Board of Directors has determined that the proposed increase in the number of authorized shares of Common Stock is necessary because the current number of authorized shares of Common Stock that are not reserved or outstanding is not sufficient to raise sufficient capital.

As of the Record Date, there were 52,509,456 shares of Common Stock issued and outstanding and held by the Company's shareholders. In addition to these shares, as of the Record Date, there were 11,075,101 shares of Common Stock reserved for issuance under the Company's equity compensation plans and 7,963,188 shares of Common Stock reserved for issuance upon the exercise of outstanding warrants. Therefore, only 28% of the currently authorized shares of Common Stock are available for future corporate purposes; accordingly, the Board of Directors has determined that the proposed increase in the number of authorized shares of Common Stock is necessary.

Other possible business and financial uses for the additional shares of Common Stock include, without limitation, future stock splits, acquiring other companies, businesses or products in exchange for shares of Common Stock, attracting and retaining employees by the issuance of additional securities under the Company's various equity compensation plans, and other transactions and corporate purposes that the Board of Directors deems are in the Company's best interest. The additional authorized shares would enable the Company to act quickly in response to opportunities that may arise for these types of transactions, in most cases without the necessity of obtaining further shareholder approval and holding a special shareholders' meeting before such issuance(s) could proceed, except as provided under Massachusetts or Delaware law, as applicable. As of the date of this Proxy Statement, the Company has no current plans, arrangements or understandings

regarding the additional shares that would be authorized pursuant to this proposal. However, the Company reviews and evaluates potential capital raising activities, transactions and other corporate actions on an on-going basis to determine if such actions would be in the best interests of the Company and its shareholders.

### **Possible Effects of the Proposed Increase in the Number of Authorized Shares of Common Stock**

If the proposed increase is approved at the Annual Meeting and the Board of Directors determines that an increase is appropriate and in the best interests of the Company and its shareholders and elects to effect an increase and either (i) files the Delaware Charter authorizing 150,000,000 shares of Common Stock if the Reincorporation is approved or (ii) files one or more amendments to the Massachusetts Charter if the Reincorporation is not approved, the additional shares of authorized Common Stock would have rights identical to the currently outstanding shares of Common Stock. Any increase would not have any immediate dilutive effect on the proportionate voting power or other rights of existing shareholders. However, to the extent that the additional authorized shares of Common Stock are issued in the future, they may decrease existing shareholders' percentage equity ownership and could be dilutive to the voting rights of existing shareholders and have a negative effect on the market price of the Common Stock. Current shareholders have no preemptive or similar rights, which means that current shareholders do not have a prior right to purchase any new issue of Common Stock in order to maintain their proportionate ownership thereof.

The Company would also be able to use the additional shares to oppose a hostile takeover attempt or delay or prevent changes in control or management of the Company. For example, without further shareholder approval, the Board could sell shares of Common Stock in a private transaction to purchasers who would oppose a takeover or favor the current Board. Although this proposal to increase the authorized number of shares of Common Stock has been prompted by business and financial considerations and not by the threat of any known or threatened hostile takeover attempt, shareholders should be aware that approval of this proposal could facilitate future efforts by the Company to oppose changes in control of the Company and perpetuate the Company's management, including transactions in which the shareholders might otherwise receive a premium for their shares over then current market prices.

The Company could also use the additional shares of Common Stock for potential strategic transactions including, among other things, acquisitions, spin-offs, strategic partnerships, joint ventures, restructurings, divestitures, business combinations and investments, although the Company has no present plans to do so.

### **Board Discretion to Increase the Number of Authorized Shares of Common Stock**

If the proposed increase in the number of authorized shares of Common Stock is approved at the Annual Meeting, the Board of Directors may, in its discretion, should it deem it to be appropriate and in the best interests of the Company and its shareholders, from time to time and at any time prior to the date of the Company's next annual meeting of shareholders following the Annual Meeting, authorize an increase in the number of authorized shares of Common Stock in an aggregate amount of up to 50,000,000, and file either (i) one or more amendments to the Company's Massachusetts Charter with the Secretary of the Commonwealth of the Commonwealth of Massachusetts if the Reincorporation is not approved or (ii) the Delaware Charter authorizing 150,000,000 shares of Common Stock if the Reincorporation is approved. The form of amendment to the Company's Massachusetts Charter is attached as Appendix D to this Proxy Statement and would be tailored to (i) the specific amount of shares authorized per the Board of Directors at such time, provided that in no event shall the total number of authorized shares of Common Stock exceed 150,000,000 and (ii) the specific requirements of any pre-printed form of the Commonwealth of Massachusetts. The determination by the Board of Directors to increase the number of authorized shares of the Company's Common Stock and the amount chosen would be based on a number of factors, including raising sufficient capital.

Notwithstanding approval of the increase in the number of authorized shares of Common Stock at the Annual Meeting, the Board of Directors may, in its discretion, determine not to increase the number of authorized shares of Common Stock by up to 50,000,000 or at all.

Note that the Delaware Charter set forth on Appendix B includes both 100,000,000 and 150,000,000 as the authorized number of shares of Common Stock. Should this Proposal No. 4 not pass, the amount of 150,000,000 will be deleted prior to filing, and should this Proposal No. 4 pass, the amount of 100,000,000 will be deleted prior to filing, subject to shareholder approval of the Reincorporation (Proposal No. 3 above).

**The Board of Directors recommends a vote FOR the proposal to authorize the Board of Directors, in its discretion, should it deem it to be appropriate and in the best interests of the Company and its shareholders, to increase the number of authorized shares of Common Stock by up to 50,000,000 shares, at any time on or prior to the date of the Company's next annual meeting of shareholders following the Annual Meeting, without further approval or authorization of the Company's shareholders.**

#### **PROPOSAL NO. 5**

##### **TO AUTHORIZE THE COMPANY TO SEND OR SUPPLY ANY DOCUMENT OR INFORMATION TO A SHAREHOLDER VIA ELECTRONIC COMMUNICATIONS, INCLUDING BY MAKING SUCH DOCUMENT OR INFORMATION AVAILABLE ON A WEBSITE**

In accordance with the AIM Rules for Companies, the Company is required to seek authority at the Annual Meeting to send or supply annual accounts, notices of meeting and other relevant shareholder documents and information (the "shareholder information") to shareholders via electronic communications, including by making documents and information of this nature available on a website. Increased use of electronic communications (including website communication) will deliver savings to the Company in terms of administration, printing and postage costs. It will also expedite the communication of information to shareholders and at the same time deliver environmental benefits through reduced use of paper and reduced consumption of the energy required for its production and distribution.

In addition to obtaining shareholder authority for website communication at the Annual Meeting, the Company is also required, in accordance with the AIM Rules for Companies, to ask shareholders to agree on an individual basis to receive shareholder information via electronic communications, including by means of a website.

If a shareholder has previously elected to receive the shareholder information via electronic communications, such shareholder will not need to make such election again. If a shareholder has previously elected to continue to receive shareholder information in paper form, such shareholder will continue to receive all shareholder information in paper form, regardless of the approval of this Proposal No. 5. Further, the Company will continue to supply all shareholder information in accordance with all applicable federal and state laws, regardless of the approval of this Proposal No. 5.

If the shareholders approve this Proposal No. 5, the Company will notify each shareholder that has agreed to receive shareholder information via electronic communications when shareholder information is available to access on a website and will provide the shareholders with: (i) the address of the website; (ii) the place on the website where shareholder information may be accessed; and (iii) details of how to access shareholder information. The Company will provide this notification to each shareholder by mail sent to the shareholder's registered address or by email if the shareholder has provided an email address to the Company for this purpose, provided that such notification complies with all applicable federal and state laws.

Please note that there may be circumstances in which the Company needs to send shareholder information in paper form rather than by website or in electronic form, in which case the Company reserves the right to do so.

Each shareholder who agrees to receive shareholder information via electronic communications may elect on an individual basis to recommence receiving shareholder information in paper form at any time by request to the Company's registrars.

**The Board of Directors recommends a vote FOR the proposal to authorize the Company to send or supply any document or information to a shareholder via electronic communications, including by making such document or information available on a website.**

#### **PROPOSAL NO. 6**

##### **RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors (the "Audit Committee") has selected McGladrey & Pullen, LLP ("McGladrey") as the Company's independent registered public accounting firm to audit the Company's financial statements for the fiscal year ending December 31, 2011. Effective July 20, 2010, Caturano and Company, P.C. ("Caturano"), the Company's former independent registered public accountant, was acquired by McGladrey. The Audit Committee appointed McGladrey as the Company's new independent registered public accountant on September 22, 2010. The Board of Directors is asking the Company's shareholders to ratify the selection of McGladrey as the Company's independent registered public

accounting firm. Although ratification is not required by the Company's By-Laws or otherwise, the Board is submitting the selection of McGladrey to the shareholders for ratification as a matter of good corporate practice. If the shareholders do not ratify the selection of McGladrey as the Company's independent registered public accounting firm, the Audit Committee will reconsider its selection. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the Company's and its shareholders' best interests.

**The Board of Directors recommends a vote FOR the ratification of the selection of McGladrey & Pullen, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011.**

## CORPORATE GOVERNANCE AND BOARD MATTERS

### Independence of Members of Board of Directors

The Board of Directors has determined that each of Messrs. Dietmar Klenner, Raymond J. Oglethorpe, Timothy Steel and Vincent Thompson (collectively, the "Independent Directors"), constituting a majority of the directors of the Company, satisfies the criteria for being an "independent director" under the standards of the Nasdaq Stock Market, Inc. ("Nasdaq") and the UK Corporate Governance Code and has no material relationship with the Company other than by virtue of service on the Board of Directors.

### Board and Committee Meetings

The Board of Directors held 22 meetings during the fiscal year ended December 31, 2010. Each incumbent director attended at least 75% of the aggregate number of meetings of the Board of Directors and of the committees on which he served during the fiscal year ended December 31, 2010 or any portion of the fiscal year during which he served. It is the policy of the Board of Directors that all directors and nominees for director are strongly encouraged to attend the annual meeting of shareholders of the Company or any special meeting held in lieu of the annual meeting.

The Independent Directors met in executive session three times during the fiscal year ended December 31, 2010. Executive sessions are chaired by the Lead Director. The Governance, Nominations and Remuneration Committee (the "GNR Committee") nominates an Independent Director to serve as the Lead Director if the Chairman of the Board is not an Independent Director. The nominee must be approved by a majority of the Independent Directors. The Lead Director works with the Chairman of the Board in the preparation of the agenda for Board meetings, consults with the Chairman of the Board on matters relating to corporate governance and Board performance and facilitates communications between other members of the Board and the Chairman of the Board. Mr. Oglethorpe has been designated by the Independent Directors to serve as Lead Director.

### Committees of the Board of Directors

The Board of Directors has designated the following two principal standing committees: (i) the Audit Committee of the Board of Directors (the "Audit Committee") and (ii) the GNR Committee. The current members of the Audit Committee and the GNR Committee are identified in the following table:

<u>Name</u>	<u>Audit Committee</u>	<u>GNR Committee</u>
Dietmar Klenner		X
Raymond J. Oglethorpe	X	X (Chair)
Timothy Steel	X	X
Vincent Thompson	X (Chair)	

#### *Audit Committee*

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and in accordance with the UK Corporate Governance Code and as of April 12, 2011 consists of Messrs. Raymond J. Oglethorpe, Timothy Steel and Vincent Thompson, each of whom have been determined by the Board of Directors to be an "independent director", as defined in Nasdaq Rule 5605(a)(2), to satisfy the heightened

independence requirements of the Securities and Exchange Commission (the “SEC”) applicable to all members of a registrant’s Audit Committee and to otherwise satisfy the applicable audit committee membership requirements promulgated by the SEC and Nasdaq. In addition, each member of the Audit Committee satisfies the independence requirements of the UK Corporate Governance Code. The Audit Committee acts pursuant to the Amended and Restated Audit Committee Terms of Reference, a copy of which is available on the Investor Relations section of the Company’s website at [www.prophotonix.com](http://www.prophotonix.com). During the fiscal year ended December 31, 2010, the Audit Committee met three times.

The Audit Committee assists the Board of Directors in fulfilling its responsibilities to shareholders concerning the Company’s financial reporting and internal controls, oversees the Company’s independent registered public accounting firm and facilitates open communication among the Audit Committee, the Board of Directors, the Company’s independent registered public accounting firm and management. The Audit Committee discusses with management and the Company’s independent registered public accounting firm the financial information developed by the Company, the Company’s systems of internal controls and the Company’s audit process and various matters relating to the results of the annual audit of the Company. The Audit Committee is directly responsible for appointing, evaluating, retaining, and, when necessary, terminating the engagement of the independent registered public accounting firm who will conduct the annual audit of the financial statements of the Company. The Audit Committee is also responsible for pre-approving all audit services, as well as all review, attest and non-audit services to be provided to the Company by the Company’s independent registered public accounting firm. The Audit Committee oversees investigations into complaints received by the Company regarding accounting, internal accounting controls or auditing matters. The Audit Committee reviews all related party transactions on an ongoing basis, and all such transactions must be approved by the Audit Committee. The Audit Committee is authorized, without further action by the Board of Directors, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities.

#### *Governance, Nominations and Remuneration Committee*

The GNR Committee, as of April 12, 2011, consists of Messrs. Dietmar Klenner, Raymond J. Oglethorpe and Timothy Steel, each of whom have been determined by the Board of Directors to be an “independent director”, as defined in Nasdaq Rule 5605(a)(2), and to otherwise meet the nominating and compensation committee membership requirements promulgated by the SEC and Nasdaq. In addition, each member of the GNR Committee satisfies the independence requirements of the UK Corporate Governance Code. The GNR Committee acts pursuant to the Governance, Nominations and Remuneration Committee Terms of Reference, a copy of which is available at the Investor Relations section of the Company’s website at [www.prophotonix.com](http://www.prophotonix.com).

Through June 29, 2010, the Company had a prior governance, nominating and compensation committee known as the Governance, Nominating and Compensation Committee. On June 29, 2010, in connection with the Company’s decision to be listed on the AIM Market of the London Stock Exchange and in order to comply with the UK Corporate Governance Code, the Board of Directors dissolved such committee and formed two new separate committees, the Nominations Committee and the Remuneration Committee, which committees assumed the applicable duties of the Governance, Nominating and Compensation Committee. From June 29, 2010 through April 6, 2011, the Nominations Committee and Remuneration Committee were in existence. On April 6, 2011, the Board of Directors combined the Nominations Committee and Remuneration Committee into the GNR Committee, which committee assumed the duties of the Nominations Committee and Remuneration Committee. During the fiscal year ended December 31, 2010, the Governance, Nominating and Compensation Committee met two times. Neither the Nominations Committee nor the Remuneration Committee met during the fiscal year ended December 31, 2010.

The GNR Committee generally assists the Board of Directors with respect to matters involving the compensation of the Company’s directors and executive officers, oversight of corporate governance matters and identifying individuals qualified to become members of the Board. The responsibilities of the GNR Committee with respect to director and executive officer compensation include determining salaries and other forms of compensation for the Chief Executive Officer and the other executive officers of the Company, reviewing and making recommendations to the Board of Directors with respect to director compensation, periodically reviewing and making recommendations to the Board with respect to the design and operation of incentive-compensation and equity-based plans and generally administering the Company’s equity-based incentive plans. The GNR Committee may form, and delegate authority to, one or more subcommittees as it deems appropriate under the circumstances. In addition, to the extent permitted by applicable law and the provisions of a given equity-based incentive plan, the GNR Committee may delegate to one or more executive officers of the Company the power to grant options or other stock awards pursuant to such plan to employees of the Company or any subsidiary of the Company who are not directors or executive officers of the Company. Historically, the Chief Executive Officer and Chief Financial

Officer, in consultation with the GNR Committee and within certain per-person and per-year limits established by the GNR Committee, have been authorized to make limited stock option grants to non-executive officers of the Company.

The Company's Chief Executive Officer generally makes recommendations to the GNR Committee regarding the compensation of other executive officers. In addition, the Chief Executive Officer is often invited to attend GNR Committee meetings and participates in discussions regarding the compensation of other executive officers, but the GNR Committee ultimately approves the compensation of all executive officers. Other than making recommendations and participating in discussions regarding the compensation of other executive officers, the Company's Chief Executive Officer generally does not play a role in determining the amount or form of executive compensation. Except for the participation by the Chief Executive Officer in meetings regarding the compensation of other executive officers, the GNR Committee meets without the presence of executive officers when approving or deliberating on executive officer compensation. The Chief Executive Officer does not make proposals or recommendations regarding his own compensation.

The GNR Committee has the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of executive officer compensation. However, the GNR Committee did not engage the services of any compensation consultants in determining or recommending the amount or form of executive and director compensation for the fiscal year ended December 31, 2010.

With respect to corporate governance matters, the GNR Committee is responsible for establishing and monitoring the adequacy of, and the Company's compliance with, policies and processes regarding principles of corporate governance, monitoring and taking appropriate action with respect to corporate governance requirements of the SEC and Nasdaq, overseeing an annual self-evaluation of the Board and its committees, conducting an annual evaluation of the Company's senior executives and reviewing and recommending appropriate action to the Board with respect to all shareholder proposals submitted to the Company. In addition to the annual self-evaluation of the Board overseen by the GNR Committee, the individual directors conduct annual evaluations of the other directors and the Chief Executive Officer.

With respect to director nomination matters, the GNR Committee is responsible for establishing qualifications to be considered when evaluating candidates for nomination for election to the Board of Directors and appointment to the committees thereof. In addition, the GNR Committee is responsible for identifying, evaluating and recommending qualified director candidates to the Board of Directors and its committees for nomination or appointment, as the case may be, evaluating the continued qualification of directors nominated for re-election, and annually reviewing the composition of the Board to ensure that the directors, as a group, provide a significant breadth of experience, knowledge and abilities to the Board.

## ADDITIONAL INFORMATION

### Independent Registered Public Accounting Firm Fees

The following table presents fees for professional audit services and other services rendered by McGladrey and Caturano\*, the Company's independent registered public accountants, for the fiscal years ended December 31, 2010 and 2009:

	2010	2009
Audit Fees (1) .....	\$109,261	\$187,307
Audit-Related Fees (2).....	20,000	—
Total Audit and Audit-Related Fees.....	129,261	187,307
Tax Fees (3).....	35,750	15,500
All Other Fees (4) .....	—	—
Total Fees .....	\$165,011	\$202,807

\*Effective July 20, 2010, Caturano, the Company's independent registered public accountant, was acquired by McGladrey. The Audit Committee appointed McGladrey as the Company's new independent registered public accountant on September 22, 2010.

- (1) Audit fees for fiscal 2010 are comprised of: (i) fees of \$103,081 for professional services rendered by McGladrey for the audit of the Company's annual financial statements, the review of the Company's quarterly financial statements and direct out-of-pocket expenses of McGladrey; and (ii) fees of \$6,180 for professional services rendered by Caturano for the review of the Company's quarterly financial statements and direct out-of-pocket expenses of Caturano. Audit fees for fiscal 2009 are comprised of fees for professional services rendered by Caturano for the audit of the Company's annual financial statements, the review of the Company's quarterly financial statements and direct out-of-pocket expenses of Caturano.
- (2) Audit-related fees are comprised of fees for assurance and related attestation services that are reasonably related to the performance of the audit of the Company's annual financial statements or the review thereof and fees for due diligence services. The audit-related fees for fiscal 2010 are comprised of fees for due diligence services rendered by Caturano in connection with the Company's listing on the AIM Market of the London Stock Exchange.
- (3) Tax fees for fiscal 2010 are comprised of fees of \$21,750 and \$14,000 for professional services performed by McGladrey and Caturano, respectively, with respect to corporate tax compliance, tax planning and tax advice. Tax fees for fiscal 2009 are comprised of fees for professional services performed by Caturano with respect to corporate tax compliance, tax planning and tax advice.
- (4) The Company did not incur any other fees during fiscal 2010 and 2009 for products and services provided by McGladrey or Caturano other than those disclosed above.

#### **Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**


Pursuant to policies adopted by the Audit Committee of the Board of Directors and ratified by the Board of Directors, in order to ensure compliance with the rules of the SEC regarding auditor independence, any audit and permissible non-audit services to be provided by the independent registered public accounting firm of the Company must be pre-approved by the Audit Committee. These services may include audit services, audit-related services, tax services and other services. At present, the Audit Committee reviews and, as appropriate, approves each engagement for audit and permissible non-audit services on a case-by-case basis prior to the provision of any such services. During fiscal 2010 and 2009, all services rendered by McGladrey or Caturano to the Company were pre-approved by the Audit Committee.

#### **Other Matters**

The Board of Directors does not know of any other matters which may come before the Annual Meeting. However, if any other matters are properly presented at the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote, or otherwise act, in accordance with their judgment on such matters. Discretionary authority for them to do so is contained in the enclosed proxy card.

An adjournment of the Annual Meeting may be made from time to time by the chairman of the Annual Meeting or by approval of the holders of shares representing a majority of the votes present in person or by proxy at the Annual Meeting, whether or not a quorum exists. In their discretion, the proxies named in the proxy card are authorized to vote upon any adjournment of the Annual Meeting.

By order of the Board of Directors,

  
THOMAS B. ROSEDALE  
*Secretary*

Boston, Massachusetts  
April 15, 2011

PROPHOTONIX LIMITED  
PLAN OF DOMESTICATION

This Plan of Domestication has been adopted by ProPhotonix Limited, a Massachusetts corporation (the "Corporation") as of April 6, 2011.

WITNESSETH:

WHEREAS, the Corporation is a corporation duly organized and existing under the laws of the Commonwealth of Massachusetts and is authorized to issue 100,000,000 shares of Common Stock, \$0.001 par value per share (the "Common Stock");

WHEREAS, the Corporation wishes to change its domicile of incorporation from Massachusetts to Delaware by domesticating in Delaware on the terms set forth herein; and

WHEREAS, the Board of Directors of the Corporation has adopted a resolution approving this Plan of Domestication;

NOW THEREFORE, the Corporation agrees as follows:

1. Conversion and Domestication. The Corporation shall convert from a Massachusetts corporation to a Delaware corporation by domesticating in Delaware pursuant to Section 265 of the Delaware General Corporation Law and Section 9.20 of the Massachusetts Business Corporation Act. Following the domestication the Corporation shall be governed by the laws of the State of Delaware. The domestication of the Corporation in Delaware shall herein be referred to as the "Domestication."

2. Stockholder Approval. As soon as practicable after the execution of this Plan of Domestication, the Corporation shall submit this Plan of Domestication to its stockholders for approval.

3. Effective Date. The Domestication shall be effective upon the filing of a Certificate of Conversion from a Non-Delaware corporation to a Delaware corporation (the "Certificate of Conversion") with the Secretary of State of the State of Delaware and the filing of Articles of Charter Surrender with the Secretary of the Commonwealth of the Commonwealth of Massachusetts, which filings shall be made as soon as practicable after all required stockholder approvals have been obtained. The time of such effectiveness shall herein be referred to as the "Effective Date."

4. Common Stock of the Corporation. On the Effective Date, by virtue of the Domestication and without any action on the part of the holders thereof, each share of Common Stock of the Corporation issued and outstanding immediately prior thereto shall be unchanged, shall continue to represent one share of Common Stock of the Corporation as a Delaware corporation, and shall remain in effect immediately after consummation of the Domestication.

5. Options of the Corporation. On the Effective Date, by virtue of the Domestication and without any action on the part of the holders thereof, all of the Corporation's employee benefit plans in effect on the Effective Date with respect to which employee options, rights or accrued benefits are outstanding and unexercised as of such date shall continue and remain in effect upon the same terms and conditions as were in effect immediately prior to the Domestication, and the Corporation shall continue to reserve that number of shares of Common Stock with respect to each such employee benefit plan as was reserved by the Corporation prior to the Effective Date with no other changes in the terms and conditions thereof.

6. Warrants of the Corporation. On the Effective Date, by virtue of the Domestication and without

any action on the part of the holders thereof, all of the Corporation's outstanding warrants on the Effective Date with respect to which the Corporation is obligated to issue shares of Common Stock shall continue and remain in effect upon the same terms and conditions as were in effect immediately prior to the Domestication, and the Corporation shall continue to reserve that number of shares of Common Stock with respect to such warrants as was reserved by the Corporation prior to the Effective Date with no other changes in the terms and conditions thereof.

7. Stock Certificates. On and after the Effective Date, all of the outstanding certificates which prior to that time represented shares of the Common Stock of the Corporation shall be deemed for all purposes to continue to evidence ownership of and to represent the shares of the Corporation into which the shares represented by such certificates have been converted as herein provided. The registered owner on the books and records of the Corporation or its transfer agent of any such outstanding stock certificate shall, until such certificate shall have been surrendered for transfer or conversion or otherwise accounted for to the Corporation or its transfer agent, have and be entitled to exercise any voting and other rights with respect to and to receive any dividend and other distributions upon the shares of the Corporation evidenced by such outstanding certificate as above provided.

8. Succession. On the Effective Date, all of the rights, privileges, debts, liabilities, powers and property of the Corporation as a Massachusetts corporation shall continue to be the rights, privileges, debts, liabilities and powers of the Corporation as a Delaware corporation in the manner and as more fully set forth in Section 265 of the Delaware General Corporation Law. Without limiting the foregoing, upon the Effective Date, all property, rights, privileges, franchises, patents, trademarks, licenses, registrations, agreements, contracts and other assets of every kind and description of the Corporation shall continue to be vested in and devolved upon the Corporation without further act or deed. All rights of creditors of the Corporation and all liens upon any property of the Corporation shall be preserved unimpaired, and all debts, liabilities and duties of the Corporation shall continue to be obligations of the Corporation.

9. Certificate of Incorporation and By-Laws. Immediately prior to or simultaneously with the filing of the Certificate of Conversion, the Corporation shall file the Certificate of Incorporation in the form of Exhibit A hereto (the "Certificate of Incorporation") with the Secretary of State of the State of Delaware, which shall be the Certificate of Incorporation of the Corporation following the Domestication. The Bylaws set forth as Exhibit B hereto (the "Bylaws") shall be the Bylaws of the Corporation following the Effective Date of the Domestication.

10. Directors and Officers. The members of the Board of Directors and the officers of the Corporation immediately prior to the Effective Date shall continue in office following the Effective Date of the Domestication until the expiration of their respective terms of office and until their successors have been elected and qualified.

11. Amendment. This Plan of Domestication may be amended by the Board of Directors of the Corporation at any time prior to the Effective Date, provided that an amendment made subsequent to the approval of this plan by the stockholders of the Corporation shall not alter or change (a) the amount or kind of shares or other securities, interests, obligations, rights to acquire shares, other securities or interests, cash, or other property to be received by the stockholders hereunder, (b) any term of the Certificate of Incorporation or the Bylaws, other than changes permitted by the Delaware General Corporation Law comparable to those permitted by Section 10.5 of the Massachusetts Business Corporation Act, or (c) any of the terms and conditions of this Plan of Domestication if such alteration or change would adversely affect the holders of any class or series of the stock of the Corporation.

12. Abandonment or Deferral. At any time before the Effective Time, this Plan of Domestication may be terminated and the Domestication may be abandoned by the Board of Directors of the Corporation, notwithstanding the approval of this Plan of Domestication by the shareholders of the Corporation or the consummation of the Domestication may be deferred for a reasonable period of time if, in the opinion of the Board of Directors of the Corporation, such action would be in the best interest of the Corporation. In the event of termination of this Plan of Domestication, this Plan of Entity Domestication shall become void and of no effect and there shall be no liability on the part of the Corporation or its Board of Directors or shareholders with respect thereto, except that the Corporation shall pay all expenses incurred in connection with the Domestication or in respect of this Plan of Domestication or relating thereto.

This Plan of Domestication has been adopted by the Board of Directors of ProPhotonix Limited as of the date set forth above.

ProPhotonix Limited (a  
Massachusetts corporation)

By: /s/ Mark W. Blodgett  
Name: Mark W. Blodgett  
Title: President, Chief Executive Officer  
and Chairman of the Board

CERTIFICATE OF INCORPORATION  
OF  
PROPHOTONIX LIMITED

FIRST: The name of the Corporation is ProPhotonix Limited.

SECOND: The address of the Corporation's registered office in the State of Delaware is 1400 Peoples Plaza, Suite 104, in the City of Newark, County of New Castle. The name of its registered agent at such address is Corporate Filing Solutions, LLC.

THIRD: The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is [100,000,000][150,000,000]<sup>1</sup> shares of Common Stock, \$.001 par value per share ("Common Stock").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of the Common Stock of the Corporation.

1. Voting. The holders of the Common Stock shall have voting rights at all meetings of stockholders, each such holder being entitled to one vote for each share thereof held by such holder; there shall be no cumulative voting.

The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of Delaware.

2. Dividends. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor as and when determined by the Board of Directors.

3. Liquidation. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders.

FIFTH: Except as otherwise provided herein, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute and this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

SIXTH: Subject to the provisions hereof, the Board of Directors of the Corporation is expressly authorized to make, alter or repeal By-laws of the Corporation, but the stockholders may make additional By-laws and may alter or repeal any By-law whether adopted by them or otherwise.

SEVENTH: Except to the extent that the General Corporation Law of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability. No amendment to or repeal of this provision shall

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<sup>1</sup> If both the Reincorporation proposal (Proposal No. 3) and the increase in authorized shares by up to 50,000,000 shares proposal (Proposal No. 4) are approved by the shareholders, then the amount will be 150,000,000. If the Reincorporation proposal is approved by the shareholders but the increase in authorized shares by up to 50,000,000 shares proposal is not approved by the shareholders, then the amount will be 100,000,000.

apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

EIGHTH: The Corporation shall provide indemnification as follows:

1. Actions, Suits and Proceedings Other than by or in the Right of the Corporation. The Corporation shall indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) (all such persons being referred to hereafter as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

2. Actions or Suits by or in the Right of the Corporation. The Corporation shall indemnify any Indemnitee who was or is a party to or threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made under this Section 2 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation, unless, and only to the extent, that the Court of Chancery of Delaware shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses (including attorneys' fees) which the Court of Chancery of Delaware shall deem proper.

3. Indemnification for Expenses of Successful Party. Notwithstanding any other provisions of this Article, to the extent that an Indemnitee has been successful, on the merits or otherwise, in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article EIGHTH, or in defense of any claim, issue or matter therein, or on appeal from any such action, suit or proceeding, Indemnitee shall be indemnified against all expenses (including attorneys' fees) actually and reasonably incurred by or on behalf of Indemnitee in connection therewith. Without limiting the foregoing, if any action, suit or proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to Indemnitee, (ii) an adjudication that Indemnitee was liable to the Corporation, (iii) a plea of guilty or nolo contendere by Indemnitee, (iv) an adjudication that Indemnitee did not act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and (v) with respect to any criminal proceeding, an adjudication that Indemnitee had reasonable cause to believe his conduct was unlawful, Indemnitee shall be considered for the purposes hereof to have been wholly successful with respect thereto.

4. Notification and Defense of Claim. As a condition precedent to an Indemnitee's right to be indemnified, such Indemnitee must notify the Corporation in writing as soon as practicable of any action, suit, proceeding or investigation involving such Indemnitee for which indemnity will or could be sought. With respect to

any action, suit, proceeding or investigation of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to Indemnatee. After notice from the Corporation to Indemnatee of its election so to assume such defense, the Corporation shall not be liable to Indemnatee for any legal or other expenses subsequently incurred by Indemnatee in connection with such action, suit, proceeding or investigation, other than as provided below in this Section 4. Indemnatee shall have the right to employ his or her own counsel in connection with such action, suit, proceeding or investigation, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of Indemnatee unless (i) the employment of counsel by Indemnatee has been authorized by the Corporation, (ii) counsel to Indemnatee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and Indemnatee in the conduct of the defense of such action, suit, proceeding or investigation or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, suit, proceeding or investigation, in each of which cases the fees and expenses of counsel for Indemnatee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article. The Corporation shall not be entitled, without the consent of Indemnatee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for Indemnatee shall have reasonably made the conclusion provided for in clause (ii) above. The Corporation shall not be required to indemnify Indemnatee under this Article EIGHTH for any amounts paid in settlement of any action, suit, proceeding or investigation effected without its written consent. The Corporation shall not settle any action, suit, proceeding or investigation in any manner which would impose any penalty or limitation on Indemnatee without Indemnatee's written consent. Neither the Corporation nor Indemnatee will unreasonably withhold or delay its consent to any proposed settlement.

5. Advance of Expenses. Subject to the provisions of Section 6 of this Article EIGHTH, in the event of any action, suit, proceeding or investigation of which the Corporation receives notice under this Article, any expenses (including attorneys' fees) incurred by or on behalf of Indemnatee in defending an action, suit, proceeding or investigation or any appeal therefrom shall be paid by the Corporation in advance of the final disposition of such matter; provided, however, that the payment of such expenses incurred by or on behalf of Indemnatee in advance of the final disposition of such matter shall be made only upon receipt of an undertaking by or on behalf of Indemnatee to repay all amounts so advanced in the event that it shall ultimately be determined that Indemnatee is not entitled to be indemnified by the Corporation as authorized in this Article; and further provided that no such advancement of expenses shall be made under this Article EIGHTH if it is determined (in the manner described in Section 6) that (i) Indemnatee did not act in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, or (ii) with respect to any criminal action or proceeding, Indemnatee had reasonable cause to believe his conduct was unlawful. Such undertaking shall be accepted without reference to the financial ability of Indemnatee to make such repayment.

6. Procedure for Indemnification. In order to obtain indemnification or advancement of expenses pursuant to Section 1, 2, 3 or 5 of this Article EIGHTH, an Indemnatee shall submit to the Corporation a written request. Any such advancement of expenses shall be made promptly, and in any event within 60 days after receipt by the Corporation of the written request of Indemnatee, unless (i) the Corporation has assumed the defense pursuant to Section 4 of this Article EIGHTH (and none of the circumstances described in Section 4 of this Article EIGHTH that would nonetheless entitle the Indemnatee to indemnification for the fees and expenses of separate counsel have occurred) or (ii) the Corporation determines within such 60-day period that Indemnatee did not meet the applicable standard of conduct set forth in Section 1, 2 or 5 of this Article EIGHTH, as the case may be. Any such indemnification, unless ordered by a court, shall be made with respect to requests under Section 1 or 2 only as authorized in the specific case upon a determination by the Corporation that the indemnification of Indemnatee is proper because Indemnatee has met the applicable standard of conduct set forth in Section 1 or 2, as the case may be. Such determination shall be made in each instance (a) by a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the action, suit or proceeding in question ("disinterested directors"), whether or not a quorum, (b) by a committee of disinterested directors designated by majority vote of disinterested directors, whether or not a quorum, (c) if there are no disinterested directors, or if the disinterested directors so direct, by independent legal counsel (who may, to the extent permitted by law, be regular legal counsel to the Corporation) in a written opinion, or (d) by the stockholders of the Corporation.

7. Remedies. The right to indemnification or advancement of expenses as granted by this Article shall be enforceable by Indemnatee in any court of competent jurisdiction. Neither the failure of the

Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation pursuant to Section 6 of this Article EIGHTH that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. Indemnitee's expenses (including attorneys' fees) reasonably incurred in connection with successfully establishing Indemnitee's right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Corporation.

8. Limitations. Notwithstanding anything to the contrary in this Article, except as set forth in Section 7 of the Article EIGHTH, the Corporation shall not indemnify an Indemnitee pursuant to this Article EIGHTH in connection with a proceeding (or part thereof) initiated by such Indemnitee unless the initiation thereof was approved by the Board of Directors of the Corporation. Notwithstanding anything to the contrary in this Article, the Corporation shall not indemnify an Indemnitee to the extent such Indemnitee is reimbursed from the proceeds of insurance, and in the event the Corporation makes any indemnification payments to an Indemnitee and such Indemnitee is subsequently reimbursed from the proceeds of insurance, such Indemnitee shall promptly refund indemnification payments to the Corporation to the extent of such insurance reimbursement.

9. Subsequent Amendment. No amendment, termination or repeal of this Article or of the relevant provisions of the General Corporation Law of Delaware or any other applicable laws shall affect or diminish in any way the rights of any Indemnitee to indemnification under the provisions hereof with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

10. Other Rights. The indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which an Indemnitee seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), agreement or vote of stockholders or disinterested directors or otherwise, both as to action in Indemnitee's official capacity and as to action in any other capacity while holding office for the Corporation, and shall continue as to an Indemnitee who has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of Indemnitee. Nothing contained in this Article shall be deemed to prohibit, and the Corporation is specifically authorized to enter into, agreements with officers and directors providing indemnification rights and procedures different from those set forth in this Article. In addition, the Corporation may, to the extent authorized from time to time by its Board of Directors, grant indemnification rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article.

11. Partial Indemnification. If an Indemnitee is entitled under any provision of this Article to indemnification by the Corporation for some or a portion of the expenses (including attorneys' fees), judgments, fines or amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with any action, suit, proceeding or investigation and any appeal therefrom but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of such expenses (including attorneys' fees), judgments, fines or amounts paid in settlement to which Indemnitee is entitled.

12. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) against any expense, liability or loss incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of Delaware.

13. Savings Clause. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

14. Definitions. Terms used herein and defined in Section 145(h) and Section 145(i) of the General Corporation Law of Delaware shall have the respective meanings assigned to such terms in such Section 145(h) and Section 145(i).

NINTH: This Article is inserted for the management of the business and for the conduct of the affairs of the Corporation.

1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

2. Number of Directors; Election of Directors. The number of directors of the Corporation shall be established by the Board of Directors. Election of directors need not be by written ballot, except as and to the extent provided in the By-laws of the Corporation.

3. Terms of Office. Each director shall hold office until the next annual meeting of shareholders and until his successor is chosen and qualified, subject to his earlier death, resignation or removal.

4. Quorum. A majority of the directors at any time in office shall constitute a quorum. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

5. Action at Meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number is required by law or by this Certificate of Incorporation.

6. Vacancies. Any vacancy or newly created directorships in the Board of Directors, however occurring, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. A director elected to fill a vacancy shall hold office until the next annual meeting of stockholders at which directors are elected, subject to the election and qualification of a successor and to such director's earlier death, resignation or removal.

TENTH: Stockholders of the Corporation may take any action by written consent in lieu of a meeting in accordance with the By-laws of the Corporation.

ELEVENTH: Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors, the Chairman of the Board or the President, and shall be called by the Secretary, or another officer in the case of the death, absence, incapacity or refusal of the Secretary, if the holders of at least a majority of all the votes entitled to be cast on any issue to be considered at the proposed special meeting sign, date and deliver to the Secretary one or more written demands for the meeting describing the purpose for which it is to be held. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

TWELFTH: The Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the General Corporation Law of the State of Delaware or the Corporation's Certificate of Incorporation or By-laws (as each may be amended from time to time), or (iv) any action asserting a claim against the corporation governed by the internal affairs doctrine.

THIRTEENTH: The name and mailing address of the incorporator of the Corporation is Mark W. Blodgett, 32 Hampshire Road, Salem, New Hampshire 03079.

IN WITNESS WHEREOF, this Certificate of Incorporation of the Corporation has been executed this  
\_\_\_\_\_ day of \_\_\_\_\_, 2011.

By: \_\_\_\_\_  
Mark W. Blodgett  
Incorporator

BY-LAWS  
OF  
PROPHOTONIX LIMITED

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**ARTICLE I**  
**STOCKHOLDERS**

1.1 Place of Meetings. All meetings of stockholders shall be held at such place as may be designated from time to time by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President or, if not so designated, at the principal office of the corporation.

1.2 Annual Meeting. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held on a date and at a time designated by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President (which date shall not be a legal holiday in the place where the meeting is to be held). If no annual meeting is held in accordance with the foregoing provisions, a special meeting may be held in lieu of the annual meeting, and any action taken at that special meeting shall have the same effect as if it had been taken at the annual meeting, and in such case all references in these By-laws to the annual meeting of the stockholders shall be deemed to refer to such special meeting.

1.3 Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President, and shall be called by the Secretary, or another officer in the case of the death, absence, incapacity or refusal of the Secretary, if the holders of at least a majority of all the votes entitled to be cast on any issue to be considered at the proposed special meeting sign, date and deliver to the Secretary one or more written demands for the meeting describing the purpose for which it is to be held. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

1.4 Notice of Meetings. Except as otherwise provided by law, notice of each meeting of stockholders, whether annual or special, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. Without limiting the manner by which notice otherwise may be given to stockholders, any notice shall be effective if given by a form of electronic transmission consented to (in a manner consistent with the General Corporation Law of the State of Delaware) by the stockholder to whom the notice is given. The notices of all meetings shall state the place, date and time of the meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If notice is given by mail, such notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. If notice is given by electronic transmission, such notice shall be deemed given at the time specified in Section 232 of the General Corporation Law of the State of Delaware.

1.5 Voting List. The Secretary shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least 10 days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

1.6 Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, the holders of a majority in voting power of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at the meeting, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or represented by proxy, shall constitute a quorum for the transaction of business. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

1.7 Adjournments. Any meeting of stockholders may be adjourned from time to time to any other time and to any other place at which a meeting of stockholders may be held under these By-laws by the stockholders

present or represented at the meeting and entitled to vote, although less than a quorum, or, if no stockholder is present, by any officer entitled to preside at or to act as secretary of such meeting. It shall not be necessary to notify any stockholder of any adjournment of less than 30 days if the time and place of the adjourned meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

1.8 Voting and Proxies. Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided by law or the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders may vote in person (including by means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such meeting) or may authorize another person or persons to vote for such stockholder by a proxy executed or transmitted in a manner permitted by the General Corporation Law of the State of Delaware by the stockholder or such stockholder's authorized agent and delivered (including by electronic transmission) to the Secretary of the corporation. No such proxy shall be voted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

1.9 Action at Meetings. When a quorum is present at any meeting, any matter other than the election of directors to be voted upon by the stockholders at such meeting shall be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock present or represented and voting on such matter (or if there are two or more classes of stock entitled to vote as separate classes, then in the case of each such class, the holders of a majority in voting power of the shares of stock of that class present or represented and voting on such matter), except when a different vote is required by law, the Certificate of Incorporation or these By-laws. When a quorum is present at any meeting, any election by stockholders of directors shall be determined by a plurality of the votes cast by the stockholders entitled to vote on the election.

1.10 Conduct of Meetings.

(a) Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in the Chairman's absence by the Vice Chairman of the Board, if any, or in the Vice Chairman's absence by the Chief Executive Officer, or in the Chief Executive Officer's absence, by the President, or in the President's absence by a Vice President, or in the absence of all of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen by vote of the stockholders at the meeting. The Secretary shall act as secretary of the meeting, but in the Secretary's absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

(b) The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of stockholders of the corporation as it shall deem appropriate including, without limitation, such guidelines and procedures as it may deem appropriate regarding the participation by means of remote communication of stockholders and proxyholders not physically present at a meeting. Except to the extent inconsistent with such rules, regulations and procedures as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as shall be determined; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(c) The chairman of the meeting shall announce at the meeting when the polls for each matter to be voted upon at the meeting will be opened and closed. If no announcement is made, the polls shall be

deemed to have opened when the meeting is convened and closed upon the final adjournment of the meeting. After the polls close, no ballots, proxies or votes or any revocations or changes thereto may be accepted.

(d) In advance of any meeting of stockholders, the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President shall appoint one or more inspectors of election to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is present, ready and willing to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by law, inspectors may be officers, employees or agents of the corporation. Each inspector, before entering upon the discharge of such inspector's duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by law.

1.11 Action by Consent in Lieu of a Meeting. Any action required to be taken or which may be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, and shall be delivered to the corporation to its principal place of business within 60 days of the earliest dated consent. A consent signed under this section has the effect of a vote at a meeting.

## ARTICLE II

### DIRECTORS

2.1 General Powers. The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by law or the Certificate of Incorporation.

2.2 Number, Election and Qualification. The number of directors of the Corporation shall be established by the Board of Directors. Election of directors need not be by written ballot. Directors need not be stockholders of the corporation.

2.3 Terms of Office. Each director shall hold office until the next annual meeting of stockholders and until his successor is chosen and qualified, subject to such director's earlier death, resignation or removal.

2.4 Quorum. The greater of (a) a majority of the directors at any time in office and (b) one-third of the number of directors fixed by the Board of Directors shall constitute a quorum. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

2.5 Action at Meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number is required by law or by the Certificate of Incorporation.

2.6 Removal. Directors of the corporation may be removed with or without cause by the affirmative vote of the holders of a majority of the shares then entitled to vote in an election of directors unless a greater number is required by law or by the Certificate of Incorporation.

2.7 Vacancies. Any vacancy or newly-created directorships on the Board of Directors, however occurring, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. A director elected to fill a vacancy shall hold office until the next annual meeting of stockholders at which directors are elected, subject to the election and qualification of a successor or until such director's earlier death, resignation or removal.

2.8 Resignation. Any director may resign by delivering a resignation in writing or by electronic transmission to the corporation at its principal office or to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some later time or upon the happening of some later event.

2.9 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.10 Special Meetings. Special meetings of the Board of Directors may be held at any time and place designated in a call by the Chairman of the Board, the Chief Executive Officer, the President, two or more directors, or by one director in the event that there is only a single director in office.

2.11 Notice of Special Meetings. Notice of any special meeting of directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director (a) in person or by telephone at least 24 hours in advance of the meeting, (b) by sending written notice via reputable overnight courier, teletype or electronic mail, or delivering written notice by hand, to such director's last known business, home or electronic mail address at least 48 hours in advance of the meeting, or (c) by sending written notice via first-class mail to such director's last known business or home address at least 72 hours in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

2.12 Meetings by Conference Communications Equipment. Directors may participate in meetings of the Board of Directors or any committee thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

2.13 Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent to the action in writing or by electronic transmission, and the written consents or electronic transmissions are filed with the minutes of proceedings of the Board of Directors or committee.

2.14 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of law, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these By-laws for the Board of Directors. Except as otherwise provided in the Certificate of Incorporation, these Bylaws, or the resolution of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

2.15 Compensation of Directors. Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the corporation or any of its parent or subsidiary entities

in any other capacity and receiving compensation for such service.

## ARTICLE III

### OFFICERS

3.1 Titles. The officers of the corporation shall consist of a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine, including a Chairman of the Board, a Vice Chairman of the Board, and one or more Vice Presidents, Assistant Treasurers, and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate.

3.2 Election. The Chief Executive Officer, President, Treasurer and Secretary shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the Board of Directors at such meeting or at any other meeting.

3.3 Qualification. No officer need be a stockholder. Any two or more offices may be held by the same person.

3.4 Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these By-laws, each officer shall hold office until such officer's successor is elected and qualified, unless a different term is specified in the resolution electing or appointing such officer, or until such officer's earlier death, resignation or removal.

3.5 Resignation and Removal. Any officer may resign by delivering a written resignation to the corporation at its principal office or to the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some later time or upon the happening of some later event.

Any officer may be removed at any time, with or without cause, by vote of a majority of the directors then in office. Except as the Board of Directors may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following such officer's resignation or removal, or any right to damages on account of such removal, whether such officer's compensation be by the month or by the year or otherwise, unless such compensation is expressly provided for in a duly authorized written agreement with the corporation.

3.6 Vacancies. The Board of Directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of Chief Executive Officer, President, Treasurer and Secretary. Each such successor shall hold office for the unexpired term of such officer's predecessor and until a successor is elected and qualified, or until such officer's earlier death, resignation or removal.

3.7 Chairman of the Board. The Board of Directors may appoint from its members a Chairman of the Board, who need not be an employee or officer of the corporation. If the Board of Directors appoints a Chairman of the Board, such Chairman shall perform such duties and possess such powers as are assigned by the Board of Directors and, if the Chairman of the Board is also designated as the corporation's Chief Executive Officer, shall have the powers and duties of the Chief Executive Officer prescribed in Section 3.8 of these By-laws. Unless otherwise provided by the Board of Directors, the Chairman of the Board shall preside at all meetings of the Board of Directors and stockholders.

3.8 President; Chief Executive Officer. Unless the Board of Directors has designated the Chairman of the Board or another person as the corporation's Chief Executive Officer, the President shall be the Chief Executive Officer of the corporation. The Chief Executive Officer shall have general charge and supervision of the business of the Corporation subject to the direction of the Board of Directors. The President shall perform such other duties and shall have such other powers as the Board of Directors or the Chief Executive Officer (if the President is not the Chief Executive Officer) may from time to time prescribe. In the event of the absence, inability or refusal to act of

the Chief Executive Officer or the President (if the President is not the Chief Executive Officer), the Vice President (or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the Chief Executive Officer and when so performing such duties shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer.

3.9 Vice Presidents. Any Vice President shall perform such duties and possess such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.10 Secretary and Assistant Secretaries. The Secretary shall perform such duties and shall have such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the secretary, including without limitation the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to attend all meetings of stockholders and the Board of Directors and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.

In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the chairman of the meeting shall designate a temporary secretary to keep a record of the meeting.

3.11 Treasurer and Assistant Treasurers. The Treasurer shall perform such duties and shall have such powers as may from time to time be assigned by the Board of Directors or the Chief Executive Officer. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the corporation, to deposit funds of the corporation in depositories selected in accordance with these By-laws, to disburse such funds as ordered by the Board of Directors, to make proper accounts of such funds, and to render as required by the Board of Directors statements of all such transactions and of the financial condition of the corporation.

The Assistant Treasurers shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Treasurer, the Assistant Treasurer (or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Treasurer.

3.12 Salaries. Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

## ARTICLE IV

### CAPITAL STOCK

4.1 Issuance of Stock. Subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any shares of the authorized capital stock of the corporation held in the corporation's treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such lawful consideration and on such terms as the Board of Directors may determine.

4.2 Certificates of Stock. Shares may but need not be represented by certificates. If shares are represented by certificates, the certificates shall be in such form as may be prescribed by law and by the Board of Directors, and shall certify the number and class of shares owned by the holder in the corporation. Each such certificate shall be signed by, or in the name of the corporation by, the Chairman or Vice Chairman, if any, of the

Board of Directors, or the President or a Vice President, and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation. Any or all of the signatures on the certificate may be a facsimile.

Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, these By-laws, applicable securities laws or any agreement among any number of stockholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

There shall be set forth on the face or back of each certificate representing shares of such class or series of stock of the corporation a statement that the corporation will furnish without charge to each stockholder who so requests a copy of the full text of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

4.3 Uncertificated Shares. The Board of Directors may authorize the issue of some or all of the shares of any or all of the corporation's classes or series of stock without certificates. The authorization shall not affect shares already represented by certificates until they are surrendered to the corporation.

4.4 Transfers. Except as otherwise established by rules and regulations adopted by the Board of Directors, and subject to applicable law, shares of stock may be transferred on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate representing such shares (if any) properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these By-laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the corporation in accordance with the requirements of these By-laws.

4.5 Lost, Stolen or Destroyed Certificates. The corporation may issue a new certificate of stock, or uncertificated shares, in place of any previously issued certificate alleged to have been lost, stolen or destroyed, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity and posting of such bond as the Board of Directors may require for the protection of the corporation or any transfer agent or registrar.

4.6 Record Date. The Board of Directors may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than 60 or less than 10 days before the date of such meeting, nor more than 60 days prior to any other action to which such record date relates.

If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. If no record date is fixed, the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

## ARTICLE V

### GENERAL PROVISIONS

5.1 Fiscal Year. Except as from time to time otherwise designated by the Board of Directors, the fiscal year of the corporation shall begin on the first day of January of each year and end on the last day of December in each year.

5.2 Corporate Seal. The corporate seal shall be in such form as shall be approved by the Board of Directors.

5.3 Waiver of Notice. Whenever notice is required to be given by law, by the Certificate of Incorporation or by these By-laws, a written waiver signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before, at or after the time stated in such notice, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

5.4 Voting of Securities. Except as the Board of Directors may otherwise designate, the Chief Executive Officer, the President or the Treasurer may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this corporation (with or without power of substitution) at any meeting of stockholders or security holders of any other entity, the securities of which may be held by this corporation.

5.5 Evidence of Authority. A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

5.6 Certificate of Incorporation. All references in these By-laws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

5.7 Severability. Any determination that any provision of these By-laws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these By-laws.

5.8 Pronouns. All pronouns used in these By-laws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

## **ARTICLE VI**

### **AMENDMENTS**

These By-laws may be altered, amended or repealed, in whole or in part, or new By-laws may be adopted by the Board of Directors or by the stockholders as provided in the Certificate of Incorporation.

D  
PC

The Commonwealth of Massachusetts  
William Francis Galvin  
Secretary of the Commonwealth  
One Ashburton Place, Boston, Massachusetts 02108-1512

FORM MUST BE TYPED

Articles of Amendment  
(General Laws Chapter 156D, Section 10.06; 950 CMR 113.34)

FORM MUST BE TYPED

(1) Exact name of corporation: ProPhotonix Limited

(2) Registered office address: 425 Boylston Street, 3rd Floor, Boston, MA 02116  
*(number, street, city or town, state, zip code)*

(3) These articles of amendment affect article(s): 3  
*(specify the number(s) of article(s) being amended (I-VI))*

(4) Date adopted: May 26, 2011  
*(month, day, year)*

(5) Approved by:

*(check appropriate box)*

- the incorporators.
- the board of directors without shareholder approval and shareholder approval was not required.
- the board of directors and the shareholders in the manner required by law and the articles of organization.

(6) State the article number and the text of the amendment. Unless contained in the text of the amendment, state the provisions for implementing the exchange, reclassification or cancellation of issued shares.

To change the number of shares and the par value, \* if any, of any type, or to designate a class or series, of stock, or change a designation of class or series of stock, which the corporation is authorized to issue, complete the following:

Total authorized prior to amendment:

WITHOUT PAR VALUE		WITH PAR VALUE		
TYPE	NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR VALUE
		Common	100,000,000	\$.001

Total authorized after amendment:

WITHOUT PAR VALUE		WITH PAR VALUE		
TYPE	NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR VALUE
		Common	150,000,000	\$.001

(7) The amendment shall be effective at the time and on the date approved by the Division, unless a later effective date not more than 90 days from the date and time of filing is specified: \_\_\_\_\_

*\*G.L. Chapter 156D eliminates the concept of par value, however a corporation may specify par value in Article III. See G.L. Chapter 156D, Section 6.21, and the comments relative thereto.*

Signed by: \_\_\_\_\_,  
*(signature of authorized individual)*

- Chairman of the board of directors,
- President,
- Other officer,
- Court-appointed fiduciary,

on this \_\_\_\_\_ day of May, 2011.

**COMMONWEALTH OF MASSACHUSETTS**

**William Francis Galvin**  
Secretary of the Commonwealth  
One Ashburton Place, Boston, Massachusetts 02108-1512

**Articles of Amendment**  
**(General Laws Chapter 156D, Section 10.06; 950 CMR 113.34)**

I hereby certify that upon examination of these articles of amendment, it appears that the provisions of the General Laws relative thereto have been complied with, and the filing fee in the amount of \$\_\_\_\_\_ having been paid, said articles are deemed to have been filed with me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ a.m./p.m.  
*time*

Effective date: \_\_\_\_\_  
*(must be within 90 days of date submitted)*

**WILLIAM FRANCIS GALVIN**  
*Secretary of the Commonwealth*

Filing fee: Minimum filing fee \$100 per article amended, stock increases \$100 per 100,000 shares, plus \$100 for each additional 100,000 shares or any fraction thereof.

\_\_\_\_\_  
Examiner

\_\_\_\_\_  
Name approval

\_\_\_\_\_  
C

\_\_\_\_\_  
M

**TO BE FILLED IN BY CORPORATION**  
Contact Information:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

Upon filing, a copy of this filing will be available at [www.sec.state.ma.us/cor](http://www.sec.state.ma.us/cor). If the document is rejected, a copy of the rejection sheet and rejected document will be available in the rejected queue.

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