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Articles of Merger

filed 10-31-86

57 pgs.

176669

ARTICLES OF MERGER

SAUNDERS SYSTEM, INC.
(Document Number: 819596)

merging into

RYDER TRUCK RENTAL, INC.

Surviving document number: 176669

File date: October 31, 1986



3800 NW 82nd Avenue
Miami, Florida 33166

Law Department

(305) 583-3267

RYDER SYSTEM, INC.

	11/10/86	00035	010
	MERGERS		
October 28, 1986	CERT/PHOTO COPY		30.00
	MERGER		30.00
TOTAL			60.00

COURIER
Return When Ready

PERSONAL AND CONFIDENTIAL
VIA FEDERAL EXPRESS

Florida Secretary of State
409 East Gaines Street
Tallahassee, Florida 32301

Attention: Ms. Mary Kacur
Division of Corporations

Re: Merger of Saunders System, Inc.
into Ryder Truck Rental, Inc.

RECEIVED
1986 OCT 29 AM 9:28
DEPARTMENT OF STATE
DIVISION OF CORPORATIONS
TALLAHASSEE, FLORIDA

Dear Mary:

Pursuant to our conversation of October 27, 1986, enclosed is the executed Articles of Merger (in triplicate), together with my personal check in the amount of \$60.00 (\$30.00 filing fee and \$30.00 for two certified copies) which you have agreed to hold (and not file) until I call you on Friday, October 31, 1986.

Also enclosed is a completed airbill so that the certified copies can be sent to me via Federal Express.

Mary, I'll call you as early as possible on Friday, and once again I want you to know that we really appreciate your assistance.

Sincerely,

Beverly
Beverly Bayne
Paralegal

Name	Availability
Document Examiner	<i>(mk)</i>
Updater	<i>LT</i>
Updater Verifier	<i>LT</i>
Acknowledgement	<i>LT</i>
W. P. Verifier	<i>LT</i>

COURIER
Return When Ready

C. TAX	
FILING	<i>Called 10/29/86</i>
R. AGENT FEE	<i>30</i>
C. COPY	<i>30</i>
TOTAL	<i>60</i>
N. BANK	
BALANCE DUE	<i>1064A</i>
RE. UND.	<i>enclosures</i>

cc: Aubrey Mince
Jeff Murphy
Fred Ray Stuever

Called 10/31/86
(mk)
File today

FILED
1986 OCT 31 AM 11:39
SECRETARY OF STATE
TALLAHASSEE, FLORIDA
acc's 30 30 6 0

DOMESTIC CORPORATION AND FOREIGN CORPORATION

ARTICLES OF MERGER

of

SAUNDERS SYSTEM, INC.
(Merging Corporation)

into

RYDER TRUCK RENTAL, INC.
(Surviving Corporation)

FILED
1936 OCT 31 AM 11:39
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

The undersigned corporations, pursuant to Section 607.234 of the Florida General Corporation Act hereby execute the following Articles of Merger:

FIRST: The names of the corporations proposing to merge and the names of the States under the laws of which such corporations are organized are as follows:

<u>NAME OF CORPORATION</u>	<u>STATE OF INCORPORATION</u>
SAUNDERS SYSTEM, INC. (Merging Corporation)	Delaware
RYDER TRUCK RENTAL, INC. (Surviving Corporation)	Florida

SECOND: The laws of the state under which such foreign corporation is organized permit such merger.

THIRD: The name of the Surviving Corporation is RYDER TRUCK RENTAL, INC. and it shall be governed by the Laws of the State of Florida.

FOURTH: The Agreement and Plan of Merger is attached hereto as Exhibit "A".

FIFTH: The Certificate of Incorporation, as amended, of RYDER TRUCK RENTAL, INC. shall be the Certificate of Incorporation of the Surviving Corporation, provided that ARTICLE III of the Certificate of Incorporation is hereby amended in its entirety so as to read in

form as Exhibit "B" attached hereto and made a part hereof as if set out in full herein.

SIXTH: The Agreement and Plan of Merger was adopted by the shareholders of RYDER TRUCK RENTAL, INC., the undersigned Florida corporation, on the 22nd day of October, 1986, and was adopted by the shareholders of SAUNDERS SYSTEM, INC., the undersigned foreign corporation, on the 31st day of October, 1986.

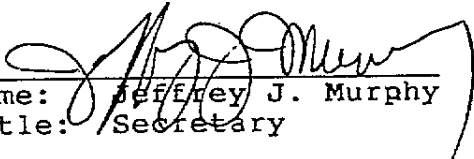
SEVENTH: All provisions of the law of the State of Florida and the State of Delaware applicable to the merger have been complied with.

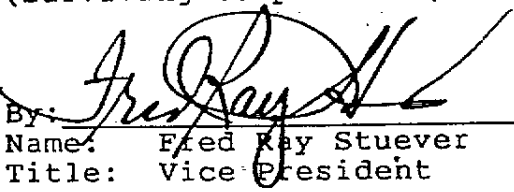
EIGHTH: The effective date of the Certificate of Merger shall be the 31st day of October, 1986.

SIGNED this 31st day of October, 1986.

Attest:

RYDER TRUCK RENTAL, INC.
(Surviving Corporation)

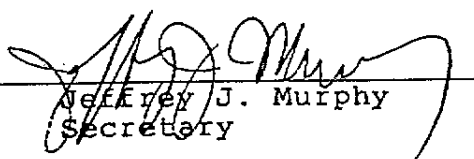

Name: Jeffrey J. Murphy
Title: Secretary

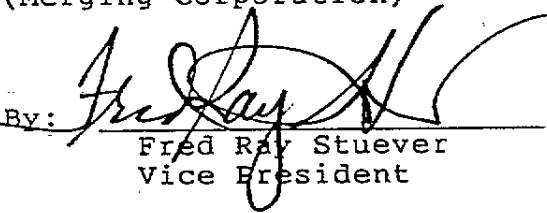
By: 
Name: Fred Ray Stuever
Title: Vice President

VAM
10/23/86

Attest:

SAUNDERS SYSTEM, INC.
(Merging Corporation)


Name: Jeffrey J. Murphy
Title: Secretary

By: 
Name: Fred Ray Stuever
Title: Vice President

STATE OF FLORIDA)
) SS:
COUNTY OF DADE)

The foregoing instrument was acknowledged before me this 31st day of October, 1986, by Fred Ray Stuever, Vice President of RYDER TRUCK RENTAL, INC., on behalf of the Surviving Corporation.



Notary Public

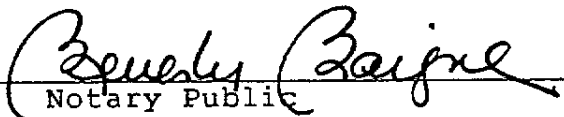
My commission expires:

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP MAY 29, 1986
BONDED THRU GENERAL INS. UND.

(Seal)

STATE OF FLORIDA)
) SS:
COUNTY OF DADE)

The foregoing instrument was acknowledged before me this 31st day of October, 1986, by Fred Ray Stuever, Vice President of SAUNDERS SYSTEM, INC., on behalf of the Merging Corporation.



Notary Public

My commission expires:

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP MAY 29, 1986
BONDED THRU GENERAL INS. UND.

(Seal)

0370C

EXHIBIT "A" to
Florida Articles of Merger

AGREEMENT AND PLAN OF MERGER

SAUNDERS SYSTEM, INC.
(Merging Corporation)

into

RYDER TRUCK RENTAL, INC.
(Surviving Corporation)

AGREEMENT AND PLAN OF MERGER (the "Agreement") dated as of the 1st day of October, 1986, between RYDER TRUCK RENTAL, INC., a Florida corporation, and SAUNDERS SYSTEM, INC., a Delaware corporation.

WITNESSETH that:

WHEREAS, all of the constituent corporations desire to merge into a single corporation; and

WHEREAS, said RYDER TRUCK RENTAL, INC., a corporation organized under the laws of the State of Florida had its Certificate of Incorporation filed in the Office of the Secretary of State of Florida on December 28, 1953, and has an authorized capital stock consisting of one hundred (100) shares of common stock, without par value, of which stock one hundred (100) shares are now issued and outstanding and such shares shall remain issued and outstanding; and

WHEREAS, said SAUNDERS SYSTEM, INC., had its Certificate of Incorporation filed in the Office of the Secretary of State of Delaware on May 23, 1966, has an amended authorized capital stock, (filed in the Office of the Secretary of State of Delaware on September 30, 1986), consisting of 23,000,000 shares, divided into 1,500,000 shares of preferred stock of the par value of \$1.00 per share and 21,500,000 shares of common stock of the par value of \$1.00 per share, of which stock 2,920 shares of Series C Preference Stock, 343,583 shares of \$1.20 Convertible Exchangeable Preference Stock and 1,000 shares of common stock are now issued and outstanding; and

WHEREAS, the registered office of said RYDER TRUCK RENTAL, INC. in the State of Florida is located at 3600 N.W. 82nd Avenue in the City of Miami, County of Dade, and the name and address of its registered agent is James M. Herron, 3600 N.W. 82nd Avenue, Miami, Florida 33166; and

the registered office of SAUNDERS SYSTEM, INC. in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle and the name of its registered agent at such address is The Corporation Trust Company;

NOW, THEREFORE, the corporations, parties of this Agreement, in consideration of the mutual covenants, agreements and provisions hereinafter contained do hereby prescribe the terms and conditions of said merger and mode of carrying the same into effect as follows:

FIRST: RYDER TRUCK RENTAL, INC. hereby merges into itself SAUNDERS SYSTEM, INC. and said SAUNDERS SYSTEM, INC. shall be and hereby is merged into RYDER TRUCK RENTAL, INC., which shall be the Surviving Corporation.

SECOND: Article III of the Certificate of Incorporation of RYDER TRUCK RENTAL, INC. shall be amended in its entirety so as to read in form as Exhibit "A" attached hereto and made a part hereof as if set out in full herein. The Certificate of Incorporation of Ryder Truck Rental, Inc., as so amended, shall be the Certificate of Incorporation of the Surviving Corporation.

THIRD: The manner of converting the outstanding shares of the capital stock of each of the constituent corporations into the shares or other securities of the Surviving Corporation shall be as follows:

(a) Each share of common stock of the Surviving Corporation, which shall be issued and outstanding on the effective date of this merger, shall remain issued and outstanding.

(b) Inasmuch as all of the issued and outstanding shares of common stock of the Merging Corporation and all the issued and outstanding shares of common stock of the Surviving Corporation are owned by Ryder System, Inc., a Florida corporation, on the effective date of the merger all of the issued and outstanding shares of common stock of the Merging Corporation shall be surrendered and cancelled and no shares of common stock of the Surviving Corporation or other consideration shall be issued or delivered in exchange therefor.

(c) Each share of the Series C Preference Stock, \$1.00 par value per share, of the Merging Corporation which

shall be outstanding on the effective date of this merger, and all rights in respect thereof, shall forthwith be changed and converted into one (1) fully paid and non-assessable share of Series C Preference stock, \$1.00 par value per share, of the Surviving Corporation.

(d) Each share of the \$1.20 Convertible Exchangeable Preference Stock, \$1.00 par value per share, of the Merging Corporation which shall be outstanding on the effective date of this merger, and all rights in respect thereof, shall forthwith be changed and converted into one (1) fully paid and nonassessable share of \$1.20 Convertible Exchangeable Preference Stock, \$1.00 par value per share, of the Surviving Corporation.

(e) No certificates representing shares of the Series C Preference Stock, \$1.00 par value per share, and the \$1.20 Convertible Exchangeable Preference Stock, \$1.00 par value per share, of the Surviving Corporation will be issued in exchange for the certificates representing shares of the Series C Preference Stock, \$1.00 par value per share, and \$1.20 Convertible Exchangeable Preference Stock, \$1.00 par value per share, respectively, of the Merging Corporation. For all corporate purposes, the Surviving Corporation shall treat certificates representing shares of the Series C Preference Stock, \$1.00 par value per share, and the \$1.20 Convertible Exchangeable Preference Stock, \$1.00 par value per share, of the Merging Corporation as evidencing the ownership of the same number of shares of the Series C Preference Stock, \$1.00 par value per share, and the \$1.20 Convertible Exchangeable Preference Stock, \$1.00 par value per share, respectively, of the Surviving Corporation as though an exchange of certificates had taken place.

FOURTH: The terms and conditions of the merger are as follows:

(a) The By-Laws of the Surviving Corporation as they shall exist on the effective date of this merger shall be and remain the By-Laws of the Surviving Corporation until the same shall be altered, amended or repealed as therein provided.

(b) The officers and directors of the Surviving Corporation will be the same officers and directors in office prior to the merger.

(c) The Surviving Corporation will pay all expenses of carrying into effect and accomplishing the merger.

(d) The Merging Corporation and the Surviving Corporation shall take, or cause to be taken, all action, or cause to be done, all things necessary, proper or advisable in accordance with the laws of the State of Florida and the State of Delaware, to consummate and make effective the merger.

(e) This merger shall become effective on October 31, 1986.

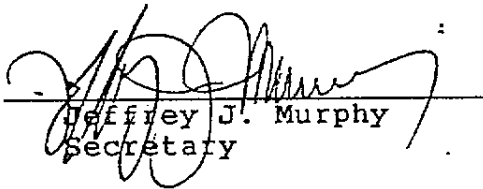
(f) Upon the merger becoming effective, all the property, rights, privileges, franchises, patents, trademarks, licenses, registrations, and other assets of every kind and description of the Merging Corporation shall be transferred to, vested in and devolve upon the Surviving Corporation without further act or deed and all property, rights, and every other interest of the Surviving Corporation and the Merging Corporation shall be as effectively the property of the Surviving Corporation as they were of the Surviving Corporation and the Merging Corporation respectively. The Merging Corporation hereby agrees from time to time, as and when requested by the Surviving Corporation or by its successors or assigns, to execute and deliver or cause to be executed and delivered all such deeds and instruments and to take or cause to be taken such further or other action as the Surviving Corporation may deem necessary or desirable in order to vest in and confirm to the Surviving Corporation title to and possession of any property of the Merging Corporation acquired or to be acquired by reason of or as a result of the merger herein provided for and otherwise to carry out the intent and purposes hereof and the proper officers and directors of the Merging Corporation and the proper officers and directors of the Surviving Corporation are fully authorized in the name of the Merging Corporation or otherwise to take any and all such action.

(g) The Surviving Corporation may be served with process in the State of Delaware in any proceeding for enforcement of any obligation of SAUNDERS SYSTEM, INC., as well as for enforcement of any obligation of the Surviving Corporation arising from the merger, including any suit or other proceeding to enforce the right of any stockholder as determined in appraisal proceedings

pursuant to the provisions of Section 262 of Title 8 of the Delaware Code of 1953; and it does hereby irrevocably appoint the Secretary of State of Delaware as its agent to accept service of process in any such suit or other proceeding. The address to which a copy of such process shall be mailed by the Secretary of State of Delaware is: 3600 N.W. 82nd Avenue, Post Office Box 020816, Miami, Florida 33102-0816 (Attention: General Counsel) until the Surviving Corporation shall have hereafter designated in writing to the said Secretary of State a different address for such purpose. Service of such process may be made by personally delivering to and leaving with the Secretary of State of Delaware duplicate copies of such process, one of which copies the Secretary of State of Delaware shall forthwith send by registered mail to said RYDER TRUCK RENTAL, INC. at the above address.

IN WITNESS WHEREOF, the parties to this Agreement, pursuant to the approval and authority duly given by resolution adopted by their respective Boards of Directors have caused these presents to be executed by the Vice President and attested by the Secretary of each party hereto as the respective act, deed and agreement of each of said corporations, as of the 1st day of October, 1986.

Attest:

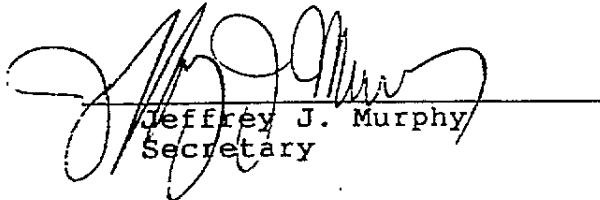

Jeffrey J. Murphy
Secretary

RYDER TRUCK RENTAL, INC.
(Surviving Corporation)

By: 
Fred Ray Stuever
Vice President

VAM
10/2/86

Attest:


Jeffrey J. Murphy
Secretary

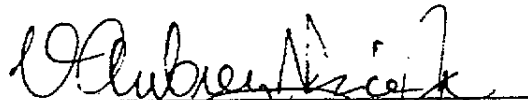
SAUNDERS SYSTEM, INC.
(Merging Corporation)

By: 
Fred Ray Stuever
Vice President

00372C

I, V. Aubrey Mince, Jr., Assistant Secretary of SAUNDERS SYSTEM, INC., a corporation organized and existing under the laws of the State of Delaware, hereby certify, as such Assistant Secretary, that the Agreement and Plan of Merger to which this Certificate is attached, after having been first duly signed on behalf of the said corporation and having been signed on behalf of RYDER TRUCK RENTAL, INC., a corporation of the State of Florida, was duly submitted to the common stockholders of said SAUNDERS SYSTEM, INC., at special meeting of said stockholders called and held separately from the meeting of stockholders of any other corporation after at least twenty (20) days' notice by mail as provided by Section 252 and Section 251 of Title 8 of the Delaware Code of 1953 on the 31st day of October, 1986, for the purpose of considering and taking action upon the proposed Agreement and Plan of Merger; that 1,000 shares of stock of said corporation were on said date issued and outstanding, having voting power; that the proposed Agreement and Plan of Merger was approved by the stockholders by an affirmative vote representing at least a majority of the outstanding stock of said corporation entitled to vote thereon, and that thereby the Agreement and Plan of Merger was at said meeting duly adopted as the act of the stockholders of said SAUNDERS SYSTEM, INC. and the duly adopted agreement of said corporation.

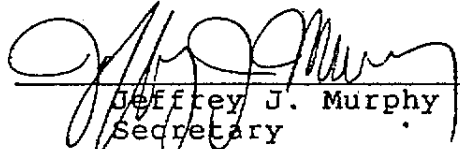
WITNESS my hand on this 31st day of October, 1986.


V. Aubrey Mince, Jr.
Assistant Secretary
SAUNDERS SYSTEM, INC.

0372C

I, Jeffrey J. Murphy, Secretary of RYDER TRUCK RENTAL, INC., a corporation organized and existing under the laws of the State of Florida, hereby certify, as such Secretary, that the Agreement and Plan of Merger to which this Certificate is attached, after having been first duly signed on behalf of the said corporation and having been signed on behalf of SAUNDERS SYSTEM, INC., a corporation of the State of Delaware, was duly submitted to the stockholders of said RYDER TRUCK RENTAL, INC., at special meeting of said stockholders called and held separately from the meeting of stockholders of any other corporation, upon waiver of notice, signed by all stockholders, for the purpose of considering and taking action upon the proposed Agreement and Plan of Merger; that one hundred (100) shares of stock of said corporation were on said date issued and outstanding, having voting power; that the proposed Agreement and Plan of Merger was approved by the stockholders by an affirmative vote representing at least a majority of the outstanding stock of said corporation entitled to vote thereon, and that thereby the Agreement and Plan of Merger was at said meeting duly adopted as the act of the stockholders of said RYDER TRUCK RENTAL, INC. and the duly adopted agreement of said corporation.

WITNESS my hand on this 31st day of October, 1986.



Jeffrey J. Murphy
Secretary
RYDER TRUCK RENTAL, INC.

VAM
10/23/86

0372C

ARTICLE III

CAPITAL STOCK

The number of shares that the Corporation is authorized to have outstanding at any time is as follows:

One Hundred (100) shares of common stock, all of which shall be without par value.

Two Thousand Nine Hundred Twenty (2,920) shares of Series C Preference Stock at \$1.00 par value per share.

Three Hundred Forty Three Thousand Five Hundred and Eighty Three (343,583) shares of \$1.20 Convertible Exchangeable Preference Stock at \$1.00 par value per share.

Part A

Series C Preference Stock

The Series C Preference Stock shall have the following powers, preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions, to wit:

1. Voting Rights. The Series C Preference Stock shall have no voting powers, and the holders thereof shall have no voting rights with respect to any matter voted on by the stockholders of the Corporation, except that if dividends payable on the Series C Preference Stock for any six quarterly periods (whether or not consecutive) shall be unpaid, a special meeting of the holders of the Series C Preference Stock shall be called and held within thirty (30) days after the failure by the Corporation to pay said dividends for six quarterly periods, and the holders of the Series C Preference Stock shall be entitled to notice of and to vote at said special meeting and all subsequent meetings of stockholders at which directors are to be elected and to elect, voting separately as a class, two members of the Board of Directors of the Corporation, which two members shall be in addition to those members

elected by the holders of Common Stock and other series of preference stock, until all arrears in dividends payable on the Series C Preference Stock shall have been paid in full and the fixed quarterly dividend thereon for the then current quarterly dividend period shall have been declared and set apart in full. Any directors so elected by the holders of Series C Preference Stock shall be qualified to serve on the Board of Directors only until all arrears in dividends payable on the Series C Preference Stock have been paid in full and the fixed quarterly dividend thereon for the then current quarterly dividend period shall have been declared and set apart in full, whereupon they shall cease to be qualified to serve as directors of the Corporation and their term of office shall thereupon terminate.

2. Dividends. The holders of the Series C Preference Stock shall be entitled to receive cash dividends payable quarterly on the fifteenth day of March, June, September and December in each year, with respect to the quarterly periods ending on the last day of each of such months, in the aggregate amount of \$97.50 annually per share of such Preference Stock, on a parity with the Convertible Exchangeable Preference Stock, but before any sum or sums shall be set apart for or applied to the purchase or redemption of the Common Stock, and before any dividend or other distribution shall be declared or paid upon or set apart for the Common Stock; and such dividend upon the Series C Preference Stock shall be cumulative, so that if dividends upon the outstanding shares of the Convertible Exchangeable Preference Stock, in the aggregate amount of \$1.20 annually per share, and upon the outstanding shares of the Series C Preference Stock, in the aggregate amount of \$97.50 annually per share, computed from the date on which such shares are issued to the end of the quarterly dividend period for such stock ended on the day next preceding such payment date, shall not have been paid or declared and a sum sufficient for the payment thereon set apart, the amount of the deficiency shall be paid (but without interest) or dividends in such amount shall be declared and a sum sufficient for the payment thereof set aside in trust for the holders of such Convertible Exchangeable Preference Stock and Series C Preference Stock, before any sum or sums shall be set apart for or applied to the purchase or redemption of the Common Stock and before any dividend or other distribution shall be declared or paid or set apart for the Common Stock.

After full cumulative dividends in the annual amount of \$1.20 per share of outstanding Convertible Exchangeable Preference Stock and in the annual amount of \$97.50 per share of outstanding Series C Preference Stock, computed from the date on which such shares are issued, as aforesaid, to the end of the last quarterly dividend period for such stock, shall have been paid, or declared and set apart for payment, the holders of the Common Stock shall be entitled, to the exclusion of the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock, to all further dividends declared and paid in such quarter.

3. Liquidation. The Series C Preference Stock shall, except as hereinafter provided, rank on a parity with the Convertible Exchangeable Preference Stock and any series of Preference Stock hereinafter issued which is not by its terms subordinated to the Series C Preference Stock ("Parity Stock"), and shall be preferred over the Common Stock as to assets. In the event of any voluntary liquidation, dissolution or winding up of the Corporation, the holders of the Series C Preference Stock shall be entitled to receive, out of the assets of the Corporation available for distribution to its stockholders (whether from capital or surplus), an amount equal to the then applicable Optional Redemption Price (as provided in Section 4(c) below) per share of Series C Preference Stock, together with all dividends thereon accrued and in arrears, before any distribution of the assets shall be made to the holders of the Common Stock, and shall be entitled to no other or further distribution. In the event of any involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Series C Preference Stock shall, except as hereinafter provided, be entitled to receive out of the assets of the Corporation available for distribution to its stockholders (whether from capital or surplus), an amount equal to \$1,000 per share of Series C Preference Stock, together with all dividends thereon accrued and in arrears, before any distribution of the assets shall be made to the holders of the Common Stock, and shall be entitled to no other or further distribution. If, upon the voluntary liquidation, dissolution or winding up of the Corporation, the assets distributable among the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock and any Parity Stock hereinafter issued shall be insufficient to permit

the payment in full to the holders of said series of Preference Stock of the preferential amounts to which they are entitled, the assets available for distribution shall be distributed ratably among the holders of the Convertible Exchangeable Preference Stock and C Preference Stock and any series of Parity Stock hereafter issued, according to the amount to which they would have been respectively entitled to receive in a voluntary liquidation of such assets were sufficient to permit the payment in full of such amounts. If, upon the involuntary liquidation, dissolution or winding up of the Corporation, the assets distributable among the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock and any series of Parity Stock hereafter issued shall be insufficient to permit the payment in full to the holders of said series of Preference Stock of the preferential amounts to which they are entitled, the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock and any series of Parity Stock hereafter issued shall be entitled to receive a portion of the total amount of assets available for distribution, determined as follows:

(a) The Convertible Exchangeable Preference Stock shall be entitled to receive a portion of the total amount of assets available for distribution determined by multiplying such total amount by a fraction the numerator of which shall be the total claims of holders of the Convertible Exchangeable Preference Stock in the case of an involuntary liquidation and the denominator of which shall be the total claims of the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock and any series of Parity Stock hereafter issued.

(b) The Series C Preference Stock shall be entitled to receive a portion of the total amount of assets available for distribution determined by multiplying such total amount by a fraction the numerator of which shall be the total claims of the holders of the Series C Preference Stock in the case of an involuntary liquidation and the denominator of which shall be the total claims of the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock and any series of Parity Stock hereafter issued.

(c) Any Parity Stock hereafter issued shall be entitled to receive the balance of the total amount of assets available for distribution, which balance of assets shall be distributed ratably among the holders of said Parity Stock according to the amount they would respectively have been entitled to receive in an involuntary liquidation if such assets were sufficient to permit the payment in full of such amounts.

If there has been satisfaction in full of the amount payable in respect to all series of Preference Stock, as aforesaid, the holders of the Common Stock thereafter shall be entitled, to the exclusion of the holders of all series of Preference Stock, to share ratably in all the remaining assets of the Corporation available for distribution to its stockholders. A consolidation or merger of the Corporation with or into any other corporation, if such consolidation or merger has been submitted to the Corporation's shareholders for a vote to the extent required by applicable state law, and a sale of all or substantially all of the assets of the Corporation, shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 3.

4. Redemption.

(a) So long as any shares of the Series C Preference Stock remain outstanding, the Corporation shall on the 15th day of December, or the next succeeding business day if the 15th day of December is not a business day (hereinafter the "Mandatory Redemption Date") of each year, redeem 360 shares of the Series C Preference Stock at the price of \$1,000 per share, plus accrued and unpaid dividends thereon. On December 15, 1993 all of the Series C Preference Stock, if any, then remaining outstanding shall be redeemed at the price of \$1,000 per share, plus accrued and unpaid dividends thereon. In the event that the shares of the Series C Preference Stock should be registered in different names, each payment pursuant to this Section 4(a) shall be applied proportionately to the shares registered in each different name, to the nearest \$1,000, so as to retire the same proportion, to the nearest \$1,000, of all shares registered in each different name.

(b) In addition to the mandatory redemption provided for in Section 4(a) above, the Corporation may on each Mandatory Redemption Date, redeem up to but not exceeding an additional 360 shares of the Series C Preference Stock at the price of \$1,000 per share, plus accrued and unpaid dividends thereon. The right under this Section 4(b) to make optional redemption payments shall be non-cumulative, and any such payments shall be applied against the mandatory redemption payments in inverse order. In the event that the shares of the Series C Preference Stock should be registered in different names, each payment pursuant to this Section 4(b) shall be applied to said shares proportionately, in the manner specified in Section 4(a) above.

(c) In addition to the redemption as provided in Section 4(b) hereof, the Series C Preference Stock outstanding may be redeemed and cancelled by the Corporation, in whole or in part, at the election of the Corporation expressed by resolution of its Board of Directors, upon not less than thirty (30) days' previous notice to the holders of the Series C Preference Stock to be redeemed and cancelled, given as hereinafter provided, at the following prices ("Optional Redemption Price"), plus all dividends thereon accrued and in arrears:

<u>If Redeemed During</u> <u>12 Month Period</u> <u>Beginning January 1,</u>	<u>Per Share Optional</u> <u>Redemption Price</u>
1986	1,048.75
1987	1,041.79
1988	1,034.82
1989	1,027.86
1990	1,020.89
1991	1,013.93
1992	1,006.96
1993	1,000.00

However, the Corporation may not before January 1, 1989 redeem any shares of the Series C Preference Stock pursuant to the provisions of this Section 4(c) as a part of, or by the application of the proceeds of, or in anticipation of, any refunding operation involving, directly or indirectly, borrowed funds having an interest rate less than 9-3/4% per annum or the issuance or sale of any preference stock of the Corporation having a dividend rate

lower than 9-3/4% per annum per share or having a shorter average life than the Series C Preference Stock then outstanding. In the event that the shares of the Series C Preference Stock should be registered in different names, each payment pursuant to this Section 4(c) shall be applied to said shares proportionately, in the manner specified in Section 4(a) above.

(d) Notice of any redemption pursuant to Section 4(b) or (c) above shall be mailed by the Corporation, postage prepaid, by registered mail, return receipt requested, not less than 30 nor more than 60 days prior to such redemption date, addressed to the respective holders of record of the Series C Preference Stock to be redeemed, at their respective addresses as the same shall appear on the stock transfer records of the Corporation.

(e) Notice having been so given, from and after the date fixed therein as the date of redemption, unless default shall be made by the Corporation in providing moneys for the payment of the redemption price, all dividends upon the shares of stock thereby called for redemption shall cease to accrue; and from and after the date of redemption so specified, unless default shall be made by the Corporation, as aforesaid, or from and after the date (prior to the date of redemption so specified) on which the Corporation shall provide the moneys for the payment of the redemption price by depositing the amount thereof in trust for the holders of the Series C Preference Stock called for redemption, with a bank or trust company doing business in Jefferson County, Alabama, and having a capital and surplus of at least \$25,000,000 (provided that the notice of redemption shall state the intention of the Corporation to deposit such amount on a date in such notice specified), all rights of the holders of the stock so called for redemption as stockholders of the Corporation except the right to receive the redemption price (but without interest), shall cease and determine. Any moneys so deposited which remain unclaimed by the holders of such Series C Preference Stock at the end of six years after the redemption date, together with any interest thereon which shall be allowed by the bank or trust company with which the deposit shall have been made, shall be paid by the bank or trust company to the Corporation.

5. Restricted Payments. Without the prior written consent of the majority of the outstanding shares of the Series C Preference Stock, the Corporation shall not, directly or indirectly:

(a) Declare or pay any dividends, either in cash or property, on any stock which is not on a parity with or prior to the Series C Preference Stock ("Junior Stock") (except dividends payable solely in Junior Stock); or

(b) Purchase, redeem (for sinking fund purposes or otherwise) or otherwise acquire any Junior Stock or any warrants, rights or options to purchase or acquire any Junior Stock; or

(c) Make any other distribution in respect of any Junior Stock;

(such declarations or payments of dividends, purchases, redemptions or other acquisitions of stock and warrants, rights or options, and all such other distributions being herein collectively called "Restricted Payments"), if after giving effect thereto the aggregate amount of Restricted Payments made by the Corporation during the period from and after January 1, 1978, to and including the date of the making of the Restricted Payment in question, would exceed the sum of (1) \$500,000 plus (2) 50% of the consolidated net income (or minus 100% thereof in case of a deficit) of the Corporation, determined in accordance with generally accepted accounting principles, during the period from January 1, 1978 through the end of the fiscal quarter preceding the proposed Restricted Payment (computed on a cumulative basis for the entire period); provided, that (A) there shall be excluded from the restrictions and from all calculations in this Section 5 any Junior Stock purchased, redeemed or otherwise acquired from the proceeds of a substantially concurrent sale of Junior Stock to a person other than a subsidiary of the Corporation and also any exchange of one class of Junior Stock for another; and (B) nothing contained hereinabove in this Section 5 shall prevent the Corporation from making required dividend payments on any Junior Stock which is preference stock, but all such dividend payments shall be included in computing the amount of Restricted Payments made from and after January 1, 1978.

Notwithstanding anything to the contrary contained above in this Section 5, the Corporation shall not make any Restricted Payments at any time while there exists any arrears in the payment of dividends on, or any default in the mandatory redemption of, any of the Series C Preference Stock.

Without the prior written consent of the holders of two-thirds of the outstanding shares of the Series C Preference Stock, the Corporation shall not sell or dispose of all of substantially all of its assets; provided, however, that, if such prior written consent is not so given within fifteen (15) days after it is requested by the Corporation in writing, the Corporation shall have the right, at the election of the Corporation expressed by resolution of its Board of Directors, upon not less than fifteen (15) days previous notice to the respective holders of record of the Series C Preference Stock not so consenting, to redeem and cancel all of the Series C Preference Stock held by such holders not so consenting at a price of \$1,000 per share, plus accrued and unpaid dividends thereon, with the giving of such notice to have the same effect on the rights of such holders as if given pursuant to the provisions of Section 6 above.

6. Additional Series of Preference Stock. The Board of Directors of the Corporation shall have the authority at any time and from time to time to provide for the issuance of additional series of Preference Stock, provided that, so long as any shares of the Series C Preference Stock are outstanding, the Corporation shall not, without the prior written consent of the holders of at least two-thirds of the outstanding shares of Series C Preference Stock (i) increase the authorized number of shares of Series C Preference Stock, (ii) issue shares of stock or create or authorize any class of stock ranking prior to (but may issue shares of stock or create or authorize any class of stock ranking on a parity with or junior to) the Series C Preference Stock in respect to any claim for dividends accrued or in arrears thereon or for the distribution of assets, or (iii) change any of the terms of Series C Preference Stock so as to affect adversely the holders thereof.

Part B

\$1.20 Convertible Exchangeable Preference Stock

The \$1.20 Convertible Exchangeable Preference Stock, \$1.00 par value (hereinafter called the "Convertible Exchangeable Preference Stock") shall have the following powers, preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions, to wit:

1. Stated Value. The stated value shall be \$10 per share. The Convertible Exchangeable Preference Stock shall rank on a parity with the Corporation's Series C Preference Stock as to dividends and upon liquidation.

2. Voting Rights. The holders of Convertible Exchangeable Preference Stock shall not, by virtue of their ownership thereof, be entitled to vote upon any matter except as otherwise provided in Section 7 herein or by law. Whenever the holders of the Convertible Exchangeable Preference Stock shall be entitled to exercise voting rights, as a class voting separately, each holder of record thereof shall have one vote for each share so held.

3. Liquidation Rights. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation, the holders of shares of Convertible Exchangeable Preference Stock are entitled to receive out of assets of the Corporation available for distribution to stockholders, before any distribution of assets is made to holders of any class of Common Stock or any other stock ranking junior to the Convertible Exchangeable Preference Stock as to liquidation, liquidating distributions in the amount of the stated value of \$10 per share, plus accumulated and unpaid dividends. If upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the amounts payable with respect to the Convertible Exchangeable Preference Stock and any other shares of stock of the Corporation ranking as to any such distribution on a parity with the Convertible Exchangeable Preference Stock are not paid in full, the holders of the Convertible Exchangeable Preference Stock and of such other shares will share ratably in such distribution of assets

of the Corporation in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of shares of Convertible Exchangeable Preference Stock will not be entitled to any further participation in any distribution of assets by the Corporation. Neither the consolidation or merging of the Corporation with or into any other corporation or corporations, nor the sale or lease of all or substantially all of the assets of the Corporation shall be deemed to be a liquidation, dissolution or a winding up of the Corporation within the meaning of any of the provisions of this Section 3.

4. Dividends. Holders of shares of Convertible Exchangeable Preference Stock will be entitled to receive, when and as declared by the Board of Directors of the Corporation out of assets of the Corporation legally available for payment, an annual cash dividend of \$1.20 per share, and no more, payable in quarterly installments on March 31, June 30, September 30, and December 31 (unless such day is a non-business day, in which event on the next business day). The Corporation will pay dividends on the Convertible Exchangeable Preference Stock to the persons who are registered holders at the close of business on March 15, June 15, September 15 and December 15 next preceding the dividend payment date. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the \$1.20 annual dividend rate. The dividends on the shares of Convertible Exchangeable Preference Stock will be cumulative and accrue from the first date of issue of any of such shares (the "Issue Date"). Dividends payable on the date of any redemption of the Convertible Exchangeable Preference Stock not occurring on a regular dividend payment date, shall be calculated on the basis of the actual number of days elapsed (including the date of redemption) over a 360-day year of twelve 30-day months.

No dividends shall be declared or paid or set apart for payment on any stock ranking, as to dividends, junior to the Convertible Exchangeable Preference Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid (or declared and a sum sufficient for the payment thereof set apart for such payment) on the Convertible Exchangeable Preference

Stock for all dividends payment periods terminating on or prior to the date of payment of such dividends on such junior stock. When dividends are not paid in full upon the Convertible Exchangeable Preference Stock and other stock ranking on a parity as to dividends with the Convertible Exchangeable Preference Stock, all dividends declared upon shares of Convertible Exchangeable Preference Stock and any other stock ranking on a parity as to dividends shall be declared pro rata so that in all cases the amount of dividends declared per share on the Convertible Exchangeable Preference Stock and such other stock shall bear to each other the same ratio that accumulated dividends per share on the shares of Convertible Exchangeable Preference Stock and such other stock bear to each other. Except as provided in the preceding sentence, unless full cumulative dividends on the Convertible Exchangeable Preference Stock have been paid, no dividends (other than in common stock or another stock ranking junior to the Convertible Exchangeable Preference Stock as to dividends or liquidation rights) shall be declared or paid or set aside for payment or other distribution made upon any class of common stock of the Corporation or any other stock of the Corporation ranking junior to or on a parity with the Convertible Exchangeable Preference Stock as to dividends or liquidation rights, nor may any common stock or any other stock of the Corporation ranking junior to or on a parity with the Convertible Exchangeable Preference Stock as to dividends be redeemed or purchased (nor any payment made to or available for a sinking fund for the redemption of any shares of such stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to the Convertible Exchangeable Preference Stock as to dividends and liquidation rights).

5. Optional Redemption. The shares of Convertible Exchangeable Preference Stock will not be redeemable prior to March 31, 1987. With respect to redemptions on or after March 31, 1987, the Convertible Exchangeable Preference Stock is redeemable in whole or in part at the option of the Corporation, at the following redemption prices:

If redeemed during the 12-month period beginning

<u>Year</u>	<u>Price</u>	<u>Year</u>	<u>Price</u>
1987	\$10.96	1991	\$10.48
1988	\$10.84	1992	\$10.36
1989	\$10.72	1993	\$10.24
1990	\$10.60	1994	\$10.12

and thereafter at the redemption price of \$10 without premium, plus in each case accumulated and unpaid dividends to the date fixed for redemption. If full cumulative dividends on the Convertible Exchangeable Preference Stock have not been paid, the Convertible Exchangeable Preference Stock may not be redeemed in part and the Corporation may not purchase or acquire any share of the Convertible Exchangeable Preference Stock otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of the Convertible Exchangeable Preference Stock.

6.2 General Provisions Applicable to Redemptions.

(A) If less than all of the outstanding shares of Convertible Exchangeable Preference Stock are to be redeemed, the Board of Directors of the Corporation will select those redeemed by lot or a substantially equivalent method.

(B) Notice of any redemption shall be mailed not less than fifteen (15) nor more than sixty (60) days prior to the date fixed for redemption to the holders of records of shares of Convertible Exchangeable Preference Stock to be redeemed at their respective addresses as the same appear upon the books of the Corporation; but no defect in the publication or mailing of such notice shall affect the validity of the proceedings for the redemption of any shares of Convertible Exchangeable Preference Stock. Payment of the redemption price of the shares redeemed shall be made at such place or places of redemption as shall be determined by the Board of Directors of the Corporation and shall be specified in the notice of redemption and shall be made against the surrender for cancellation of the certificates for the shares redeemed. Any shares of Convertible Exchangeable Preference Stock so noticed for redemption may be converted into \$15.15 in cash per share, as hereinafter provided, at any time prior to the close of business on the date of redemption.

If notice of redemption shall have been mailed as hereinbefore provided and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by the Corporation so as to be available therefor and only therefor for the benefit of the holders of the shares so called for redemption, then from and after the date fixed for

redemption the shares of Convertible Exchangeable Preference Stock so called for redemption, notwithstanding that any certificate therefor shall not have been surrendered or cancelled, shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on the redemption date cease and terminate, except only the right of the holders thereof to receive upon surrender of certificates therefor the amount payable upon redemption thereof, but without interest.

(C) All shares of Convertible Exchangeable Preference Stock so redeemed shall be restored to the status of authorized and unissued Preference Stock. Shares so redeemed shall not be reissued as shares of Convertible Exchangeable Preference Stock.

7. Contingent Voting Rights. If the equivalent of six quarterly dividends payable on the Convertible Exchangeable Preference Stock, or on any other series of Preference Stock heretofore or hereafter issued ranking on a parity with the Convertible Exchangeable Preference Stock as to dividends or liquidation rights, are in arrears, the number of directors of the Corporation will be increased by two and the holders of outstanding Convertible Exchangeable Preference Stock, together with the holders of any outstanding series of such parity Preference Stock, voting as a single class without regard to series, will be entitled to elect the additional two directors at any annual meeting of stockholders or special meeting called as hereinafter provided. Whenever all dividends in arrears have been paid or declared and set apart for payment, the number of directors of the Corporation will be reduced by two and such additional directors elected pursuant to this Section 7 shall forthwith cease to be directors. When such voting rights shall have vested in the holders of the Convertible Exchangeable Preference Stock, a special meeting to elect the additional directors may be called by the Chief Executive Officer of the Corporation or by the holders of 25% or more of the shares of Preference Stock of all series affected, in the manner provided in the Corporation's By-Laws or by law if no such provision is in effect.

The Corporation shall not amend, alter or repeal any of the preferences or rights of the holders of the Convertible Exchangeable Preference Stock in a manner

which would adversely affect the rights of such holders without the vote or consent of the holders of at least two-thirds of the number of shares of Convertible Exchangeable Preference Stock then outstanding, voting or consenting, as a class, together with the holders of any other outstanding shares of Preference Stock similarly affected.

8. Conversion Rights.

(A) Conversion Provisions. At any time, the holders of the Convertible Exchangeable Preference Stock may, at their option, convert shares of Convertible Exchangeable Preference Stock, on the terms and conditions set forth in this Section 8, into \$15.15 in cash per share (the "Conversion Price") except that, with respect to any shares of the Convertible Exchangeable Preference Stock called for redemption, the conversion right shall terminate at the close of business on the date fixed for redemption thereof, unless default be made in the payment of the redemption price.

(B) Conversion Procedure. Upon surrender to the Corporation at the office of the Conversion Agent, or at such other place or places, if any, as the Board of Directors of the Corporation may determine, of certificates, duly endorsed to the Corporation or in blank, for shares of Conversion Exchangeable Preference Stock to be converted, together with appropriate evidence of the payment of any transfer or similar tax, if required, and notice in writing to the Corporation instructing it to convert such shares and specifying the name and address of the person, corporation, firm or other entity to whom the Conversion Price is to be paid, the Corporation will cause the Conversion Agent to pay the Conversion Price in accordance with such instructions. Such conversion shall be deemed to have been effected immediately prior to the close of business on the date on which such notice shall have been received by the Corporation and such certificates shall have been surrendered as aforesaid, and at such time the rights of the holder of such certificates as a holder of Convertible Exchangeable Preference Stock shares shall cease.

9. Exchange Provision.

(A) The Convertible Exchangeable Preference Stock is exchangeable in whole at the option only of the

Corporation, by a resolution duly adopted by the Board of Directors, on any dividend payment date beginning March 31, 1987 for the Corporation's 12% Convertible Subordinated Debentures Due 2005 (the "Debentures") substantially in the form set forth in Exhibit 4(f) to the Registration Statement on Form S-2 of Saunders System, Inc. (Registration No. 2-86686) as filed with the Securities and Exchange Commission (the "Registration Statement"). No exchange shall be made unless full cumulative dividends have been declared and paid (or declared and a sum sufficient for the payment thereof set apart for payment) on or prior to the exchange. Each share of Convertible Exchangeable Preference Stock with a stated value of \$10 is exchangeable for \$10 principal amount of Debentures. The Corporation will mail to each record holder of the Convertible Exchangeable Preference Stock written notice of its intention to exchange, and the place or places for such exchange, not less than 30 nor more than 90 days prior to the exchange. Prior to giving notice of intention to exchange, the Corporation shall execute and deliver with a bank or trust company selected by the Corporation and indenture substantially in the form filed as Exhibit 4(f) to the Registration Statement with such changes as may be required by law, stock exchange rule or usage (the "Indenture"). A copy of the Indenture may be inspected by the holders of any shares of Convertible Exchangeable Preference Stock, or of any depository receipts issued in respect thereof, at the offices of the Corporation during normal business hours.

(B) The Corporation will not give notice of its intention to exchange under paragraph (A) above unless it shall file at the office or agency of the Corporation maintained for the exchange of Convertible Exchangeable Preference Stock an opinion of counsel (who may be an employee of the Corporation) that the Indenture has been duly authorized, executed and delivered by the Corporation, has been duly qualified under the Trust Indenture Act of 1939 (or that such qualification is not necessary) and constitutes a valid and binding instrument enforceable against the Corporation in accordance with its terms (subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles, and subject to such other qualifications as are then customarily contained in opinions of counsel experienced in such matters); to the effect that

the Debentures have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered in exchange for the shares of Convertible Exchangeable Preference Stock, will constitute valid and binding obligations of the Corporation entitled to the benefits of the Indenture (subject as aforesaid); that neither the execution nor delivery of the Indenture or the Debentures nor compliance with the terms, conditions or provisions of such instruments will result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument, known to such counsel, to which the Corporation or any of its subsidiaries is a party or by which it or any of them is bound, or any decree, judgment, order, rule or regulation, known to counsel, of any court or governmental agency or body having jurisdiction over the Corporation and such subsidiaries or any of their properties; that the Debentures have been duly registered for such exchange with the Securities and Exchange Commission under a registration statement that has become effective under the Securities Act of 1933 (the "Act") or that the exchange of the Debentures for the shares of Convertible Exchangeable Preference Stock is exempt from registration under the Act.

(C) If notice of the intention to exchange shall have been mailed as hereinbefore provided and if on or before the exchange date specified in such notice the Debentures shall have been set aside by the Corporation so as to be available therefor and only therefor for the benefit of the holders of the Convertible Exchangeable Preference Stock then, from and after the date fixed for exchange, the shares of Convertible Exchangeable Preference Stock so called for exchange, notwithstanding that any certificate therefor shall not have been surrendered or cancelled, shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on the exchange date cease and terminate, except only the right of the holders thereof to receive upon surrender of certificates therefor the Debentures. Upon due surrender of a certificate representing shares of Convertible Exchangeable Preference Stock, the holder thereof shall receive the principal amount of Debentures to which such holder is thereby entitled, plus the interest accrued from the exchange date upon such Debentures.

(D) All shares of Convertible Exchangeable Preference Stock so exchanged shall be restored to the status of authorized and unissued Preference Stock. Shares so exchanged shall not be reissued as shares of Convertible Exchangeable Preference Stock.

(E) Shares of Convertible Exchangeable Preference Stock may be converted into \$15.15 in cash per share, as herein provided, at any time prior to the close of business on the date set for exchange in the notice thereof, but not at any time thereafter.

10. Subdivision of Shares. The Board of Directors may at any time subdivide the shares of Convertible Exchangeable Preference Stock as of an effective date fixed by the Board of Directors. Notice of the proposed subdivision and the effective date shall be mailed to each holder of record of Convertible Exchangeable Preference Stock not less than 15 days before the effective date. The stated value, dividend rate, conversion rate, liquidation rights and rate of exchange into Debentures of the Convertible Exchangeable Preference Stock in effect immediately prior to the close of business on the effective date of such subdivision shall be proportionately reduced as of the close of business on the effective date of such division.

11. No Preemptive Rights. The holders of the Convertible Exchangeable Preference Stock shall not have any preemptive rights.

12. Agent. Manufacturers Hanover Trust Company of New York is hereby appointed Transfer Agent, Registrar, Conversion Agent and Dividend Disbursing Agent for the Convertible Exchangeable Preference Stock.

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ARTICLE III

CAPITAL STOCK

The number of shares that the Corporation is authorized to have outstanding at any time is as follows:

One Hundred (100) shares of common stock, all of which shall be without par value.

Two Thousand Nine Hundred Twenty (2,920) shares of Series C Preference Stock at \$1.00 par value per share.

Three Hundred Forty Three Thousand Five Hundred and Eighty Three (343,583) shares of \$1.20 Convertible Exchangeable Preference Stock at \$1.00 par value per share.

Part A

Series C Preference Stock

The Series C Preference Stock shall have the following powers, preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions, to wit:

1. Voting Rights. The Series C Preference Stock shall have no voting powers, and the holders thereof shall have no voting rights with respect to any matter voted on by the stockholders of the Corporation, except that if dividends payable on the Series C Preference Stock for any six quarterly periods (whether or not consecutive) shall be unpaid, a special meeting of the holders of the Series C Preference Stock shall be called and held within thirty (30) days after the failure by the Corporation to pay said dividends for six quarterly periods, and the holders of the Series C Preference Stock shall be entitled to notice of and to vote at said special meeting and all subsequent meetings of stockholders at which directors are to be elected and to elect, voting separately as a class, two members of the Board of Directors of the Corporation, which two members shall be in addition to those members

elected by the holders of Common Stock and other series of preference stock, until all arrears in dividends payable on the Series C Preference Stock shall have been paid in full and the fixed quarterly dividend thereon for the then current quarterly dividend period shall have been declared and set apart in full. Any directors so elected by the holders of Series C Preference Stock shall be qualified to serve on the Board of Directors only until all arrears in dividends payable on the Series C Preference Stock have been paid in full and the fixed quarterly dividend thereon for the then current quarterly dividend period shall have been declared and set apart in full, whereupon they shall cease to be qualified to serve as directors of the Corporation and their term of office shall thereupon terminate.

2. Dividends. The holders of the Series C Preference Stock shall be entitled to receive cash dividends payable quarterly on the fifteenth day of March, June, September and December in each year, with respect to the quarterly periods ending on the last day of each of such months, in the aggregate amount of \$97.50 annually per share of such Preference Stock, on a parity with the Convertible Exchangeable Preference Stock, but before any sum or sums shall be set apart for or applied to the purchase or redemption of the Common Stock; and before any dividend or other distribution shall be declared or paid upon or set apart for the Common Stock; and such dividend upon the Series C Preference Stock shall be cumulative, so that if dividends upon the outstanding shares of the Convertible Exchangeable Preference Stock, in the aggregate amount of \$1.20 annually per share, and upon the outstanding shares of the Series C Preference Stock, in the aggregate amount of \$97.50 annually per share, computed from the date on which such shares are issued to the end of the quarterly dividend period for such stock ended on the day next preceding such payment date, shall not have been paid or declared and a sum sufficient for the payment thereon set apart, the amount of the deficiency shall be paid (but without interest) or dividends in such amount shall be declared and a sum sufficient for the payment thereof set aside in trust for the holders of such Convertible Exchangeable Preference Stock and Series C Preference Stock, before any sum or sums shall be set apart for or applied to the purchase or redemption of the Common Stock and before any dividend or other distribution shall be declared or paid or set apart for the Common Stock.

After full cumulative dividends in the annual amount of \$1.20 per share of outstanding Convertible Exchangeable Preference Stock and in the annual amount of \$97.50 per share of outstanding Series C Preference Stock, computed from the date on which such shares are issued, as aforesaid, to the end of the last quarterly dividend period for such stock, shall have been paid, or declared and set apart for payment, the holders of the Common Stock shall be entitled, to the exclusion of the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock, to all further dividends declared and paid in such quarter.

3. Liquidation. The Series C Preference Stock shall, except as hereinafter provided, rank on a parity with the Convertible Exchangeable Preference Stock and any series of Preference Stock hereinafter issued which is not by its terms subordinated to the Series C Preference Stock ("Parity Stock"), and shall be preferred over the Common Stock as to assets. In the event of any voluntary liquidation, dissolution or winding up of the Corporation, the holders of the Series C Preference Stock shall be entitled to receive, out of the assets of the Corporation available for distribution to its stockholders (whether from capital or surplus), an amount equal to the then applicable Optional Redemption Price (as provided in Section 4(c) below) per share of Series C Preference Stock, together with all dividends thereon accrued and in arrears, before any distribution of the assets shall be made to the holders of the Common Stock, and shall be entitled to no other or further distribution. In the event of any involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Series C Preference Stock shall, except as hereinafter provided, be entitled to receive out of the assets of the Corporation available for distribution to its stockholders (whether from capital or surplus), an amount equal to \$1,000 per share of Series C Preference Stock, together with all dividends thereon accrued and in arrears, before any distribution of the assets shall be made to the holders of the Common Stock, and shall be entitled to no other or further distribution. If, upon the voluntary liquidation, dissolution or winding up of the Corporation, the assets distributable among the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock and any Parity Stock hereinafter issued shall be insufficient to permit

the payment in full to the holders of said series of Preference Stock of the preferential amounts to which they are entitled, the assets available for distribution shall be distributed ratably among the holders of the Convertible Exchangeable Preference Stock and C Preference Stock and any series of Parity Stock hereafter issued, according to the amount to which they would have been respectively entitled to receive in a voluntary liquidation of such assets were sufficient to permit the payment in full of such amounts. If, upon the involuntary liquidation, dissolution or winding up of the Corporation, the assets distributable among the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock and any series of Parity Stock hereafter issued shall be insufficient to permit the payment in full to the holders of said series of Preference Stock of the preferential amounts to which they are entitled, the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock and any series of Parity Stock hereafter issued shall be entitled to receive a portion of the total amount of assets available for distribution, determined as follows:

(a) The Convertible Exchangeable Preference Stock shall be entitled to receive a portion of the total amount of assets available for distribution determined by multiplying such total amount by a fraction the numerator of which shall be the total claims of holders of the Convertible Exchangeable Preference Stock in the case of an involuntary liquidation and the denominator of which shall be the total claims of the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock and any series of Parity Stock hereafter issued.

(b) The Series C Preference Stock shall be entitled to receive a portion of the total amount of assets available for distribution determined by multiplying such total amount by a fraction the numerator of which shall be the total claims of the holders of the Series C Preference Stock in the case of an involuntary liquidation and the denominator of which shall be the total claims of the holders of the Convertible Exchangeable Preference Stock and Series C Preference Stock and any series of Parity Stock hereafter issued.

(c) Any Parity Stock hereafter issued shall be entitled to receive the balance of the total amount of assets available for distribution, which balance of assets shall be distributed ratably among the holders of said Parity Stock according to the amount they would respectively have been entitled to receive in an involuntary liquidation if such assets were sufficient to permit the payment in full of such amounts.

^ If there has been satisfaction in full of the amount payable in respect to all series of Preference Stock, as aforesaid, the holders of the Common Stock thereafter shall be entitled, to the exclusion of the holders of all series of Preference Stock, to share ratably in all the remaining assets of the Corporation available for distribution to its stockholders. A consolidation or merger of the Corporation with or into any other corporation, if such consolidation or merger has been submitted to the Corporation's shareholders for a vote to the extent required by applicable state law, and a sale of all or substantially all of the assets of the Corporation, shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 3.

4. Redemption.

(a) So long as any shares of the Series C Preference Stock remain outstanding, the Corporation shall on the 15th day of December, or the next succeeding business day if the 15th day of December is not a business day (hereinafter the "Mandatory Redemption Date") of each year, redeem 360 shares of the Series C Preference Stock at the price of \$1,000 per share, plus accrued and unpaid dividends thereon. On December 15, 1993 all of the Series C Preference Stock, if any, then remaining outstanding shall be redeemed at the price of \$1,000 per share, plus accrued and unpaid dividends thereon. In the event that the shares of the Series C Preference Stock should be registered in different names, each payment pursuant to this Section 4(a) shall be applied proportionately to the shares registered in each different name, to the nearest \$1,000, so as to retire the same proportion, to the nearest \$1,000, of all shares registered in each different name.

(b) In addition to the mandatory redemption provided for in Section 4(a) above, the Corporation may on each Mandatory Redemption Date, redeem up to but not exceeding an additional 360 shares of the Series C Preference Stock at the price of \$1,000 per share, plus accrued and unpaid dividends thereon. The right under this Section 4(b) to make optional redemption payments shall be non-cumulative, and any such payments shall be applied against the mandatory redemption payments in inverse order. In the event that the shares of the Series C Preference Stock should be registered in different names, each payment pursuant to this Section 4(b) shall be applied to said shares proportionately, in the manner specified in Section 4(a) above.

(c) In addition to the redemption as provided in Section 4(b) hereof, the Series C Preference Stock outstanding may be redeemed and cancelled by the Corporation, in whole or in part, at the election of the Corporation expressed by resolution of its Board of Directors, upon not less than thirty (30) days' previous notice to the holders of the Series C Preference Stock to be redeemed and cancelled, given as hereinafter provided, at the following prices ("Optional Redemption Price"), plus all dividends thereon accrued and in arrears:

<u>If Redeemed During</u> <u>12 Month Period</u> <u>Beginning January 1,</u>	<u>Per Share Optional</u> <u>Redemption Price</u>
1986	1,048.75
1987	1,041.79
1988	1,034.82
1989	1,027.86
1990	1,020.89
1991	1,013.93
1992	1,006.96
1993	1,000.00

However, the Corporation may not before January 1, 1989 redeem any shares of the Series C Preference Stock pursuant to the provisions of this Section 4(c) as a part of, or by the application of the proceeds of, or in anticipation of, any refunding operation involving, directly or indirectly, borrowed funds having an interest rate less than 9-3/4% per annum or the issuance or sale of any preference stock of the Corporation having a dividend rate

lower than 9-3/4% per annum per share or having a shorter average life than the Series C Preference Stock then outstanding. In the event that the shares of the Series C Preference Stock should be registered in different names, each payment pursuant to this Section 4(c) shall be applied to said shares proportionately, in the manner specified in Section 4(a) above.

(d) Notice of any redemption pursuant to Section 4(b) or (c) above shall be mailed by the Corporation, postage prepaid, by registered mail, return receipt requested, not less than 30 nor more than 60 days prior to such redemption date, addressed to the respective holders of record of the Series C Preference Stock to be redeemed, at their respective addresses as the same shall appear on the stock transfer records of the Corporation.

(e) Notice having been so given, from and after the date fixed therein as the date of redemption, unless default shall be made by the Corporation in providing moneys for the payment of the redemption price, all dividends upon the shares of stock thereby called for redemption shall cease to accrue; and from and after the date of redemption so specified, unless default shall be made by the Corporation, as aforesaid, or from and after the date (prior to the date of redemption so specified) on which the Corporation shall provide the moneys for the payment of the redemption price by depositing the amount thereof in trust for the holders of the Series C Preference Stock called for redemption, with a bank or trust company doing business in Jefferson County, Alabama, and having a capital and surplus of at least \$25,000,000 (provided that the notice of redemption shall state the intention of the Corporation to deposit such amount on a date in such notice specified), all rights of the holders of the stock so called for redemption as stockholders of the Corporation except the right to receive the redemption price (but without interest), shall cease and determine. Any moneys so deposited which remain unclaimed by the holders of such Series C Preference Stock at the end of six years after the redemption date, together with any interest thereon which shall be allowed by the bank or trust company with which the deposit shall have been made, shall be paid by the bank or trust company to the Corporation.

5. Restricted Payments. Without the prior written consent of the majority of the outstanding shares of the Series C Preference Stock, the Corporation shall not, directly or indirectly:

(a) Declare or pay any dividends, either in cash or property, on any stock which is not on a parity with or prior to the Series C Preference Stock ("Junior Stock") (except dividends payable solely in Junior Stock); or

(b) Purchase, redeem (for sinking fund purposes or otherwise) or otherwise acquire any Junior Stock or any warrants, rights or options to purchase or acquire any Junior Stock; or

(c) Make any other distribution in respect of any Junior Stock;

(such declarations or payments of dividends, purchases, redemptions or other acquisitions of stock and warrants, rights or options, and all such other distributions being herein collectively called "Restricted Payments"), if after giving effect thereto the aggregate amount of Restricted Payments made by the Corporation during the period from and after January 1, 1978, to and including the date of the making of the Restricted Payment in question, would exceed the sum of (1) \$500,000 plus (2) 50% of the consolidated net income (or minus 100% thereof in case of a deficit) of the Corporation, determined in accordance with generally accepted accounting principles, during the period from January 1, 1978 through the end of the fiscal quarter preceding the proposed Restricted Payment (computed on a cumulative basis for the entire period); provided, that (A) there shall be excluded from the restrictions and from all calculations in this Section 5 any Junior Stock purchased, redeemed or otherwise acquired from the proceeds of a substantially concurrent sale of Junior Stock to a person other than a subsidiary of the Corporation and also any exchange of one class of Junior Stock for another; and (B) nothing contained hereinabove in this Section 5 shall prevent the Corporation from making required dividend payments on any Junior Stock which is preference stock, but all such dividend payments shall be included in computing the amount of Restricted Payments made from and after January 1, 1978.

Notwithstanding anything to the contrary contained above in this Section 5, the Corporation shall not make any Restricted Payments at any time while there exists any arrears in the payment of dividends on, or any default in the mandatory redemption of, any of the Series C Preference Stock.

Without the prior written consent of the holders of two-thirds of the outstanding shares of the Series C Preference Stock, the Corporation shall not sell or dispose of all of substantially all of its assets; provided, however, that, if such prior written consent is not so given within fifteen (15) days after it is requested by the Corporation in writing, the Corporation shall have the right, at the election of the Corporation expressed by resolution of its Board of Directors, upon not less than fifteen (15) days previous notice to the respective holders of record of the Series C Preference Stock not so consenting, to redeem and cancel all of the Series C Preference Stock held by such holders not so consenting at a price of \$1,000 per share, plus accrued and unpaid dividends thereon, with the giving of such notice to have the same effect on the rights of such holders as if given pursuant to the provisions of Section 6 above.

6. Additional Series of Preference Stock. The Board of Directors of the Corporation shall have the authority at any time and from time to time to provide for the issuance of additional series of Preference Stock, provided that, so long as any shares of the Series C Preference Stock are outstanding, the Corporation shall not, without the prior written consent of the holders of at least two-thirds of the outstanding shares of Series C Preference Stock (i) increase the authorized number of shares of Series C Preference Stock, (ii) issue shares of stock or create or authorize any class of stock ranking prior to (but may issue shares of stock or create or authorize any class of stock ranking on a parity with or junior to) the Series C Preference Stock in respect to any claim for dividends accrued or in arrears thereon or for the distribution of assets, or (iii) change any of the terms of Series C Preference Stock so as to affect adversely the holders thereof.

Part B

\$1.20 Convertible Exchangeable Preference Stock

The \$1.20 Convertible Exchangeable Preference Stock, \$1.00 par value (hereinafter called the "Convertible Exchangeable Preference Stock") shall have the following powers, preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions, to wit:

1. Stated Value. The stated value shall be \$10 per share. The Convertible Exchangeable Preference Stock shall rank on a parity with the Corporation's Series C Preference Stock as to dividends and upon liquidation.

2. Voting Rights. The holders of Convertible Exchangeable Preference Stock shall not, by virtue of their ownership thereof, be entitled to vote upon any matter except as otherwise provided in Section 7 herein or by law. Whenever the holders of the Convertible Exchangeable Preference Stock shall be entitled to exercise voting rights, as a class voting separately, each holder of record thereof shall have one vote for each share so held.

3. Liquidation Rights. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation, the holders of shares of Convertible Exchangeable Preference Stock are entitled to receive out of assets of the Corporation available for distribution to stockholders, before any distribution of assets is made to holders of any class of Common Stock or any other stock ranking junior to the Convertible Exchangeable Preference Stock as to liquidation, liquidating distributions in the amount of the stated value of \$10 per share, plus accumulated and unpaid dividends. If upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the amounts payable with respect to the Convertible Exchangeable Preference Stock and any other shares of stock of the Corporation ranking as to any such distribution on a parity with the Convertible Exchangeable Preference Stock are not paid in full, the holders of the Convertible Exchangeable Preference Stock and of such other shares will share ratably in such distribution of assets

of the Corporation in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of shares of Convertible Exchangeable Preference Stock will not be entitled to any further participation in any distribution of assets by the Corporation. Neither the consolidation or merging of the Corporation with or into any other corporation or corporations, nor the sale or lease of all or substantially all of the assets of the Corporation shall be deemed to be a liquidation, dissolution or a winding up of the Corporation within the meaning of any of the provisions of this Section 3.

4. Dividends. Holders of shares of Convertible Exchangeable Preference Stock will be entitled to receive, when and as declared by the Board of Directors of the Corporation out of assets of the Corporation legally available for payment, an annual cash dividend of \$1.20 per share, and no more, payable in quarterly installments on March 31, June 30, September 30, and December 31 (unless such day is a non-business day, in which event on the next business day). The Corporation will pay dividends on the Convertible Exchangeable Preference Stock to the persons who are registered holders at the close of business on March 15, June 15, September 15 and December 15 next preceding the dividend payment date. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the \$1.20 annual dividend rate. The dividends on the shares of Convertible Exchangeable Preference Stock will be cumulative and accrue from the first date of issue of any of such shares (the "Issue Date"). Dividends payable on the date of any redemption of the Convertible Exchangeable Preference Stock not occurring on a regular dividend payment date, shall be calculated on the basis of the actual number of days elapsed (including the date of redemption) over a 360-day year of twelve 30-day months.

No dividends shall be declared or paid or set apart for payment on any stock ranking, as to dividends, junior to the Convertible Exchangeable Preference Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid (or declared and a sum sufficient for the payment thereof set apart for such payment) on the Convertible Exchangeable Preference

Stock for all dividends payment periods terminating on or prior to the date of payment of such dividends on such junior stock. When dividends are not paid in full upon the Convertible Exchangeable Preference Stock and other stock ranking on a parity as to dividends with the Convertible Exchangeable Preference Stock, all dividends declared upon shares of Convertible Exchangeable Preference Stock and any other stock ranking on a parity as to dividends shall be declared pro rata so that in all cases the amount of dividends declared per share on the Convertible Exchangeable Preference Stock and such other stock shall bear to each other the same ratio that accumulated dividends per share on the shares of Convertible Exchangeable Preference Stock and such other stock bear to each other. Except as provided in the preceding sentence, unless full cumulative dividends on the Convertible Exchangeable Preference Stock have been paid, no dividends (other than in common stock or another stock ranking junior to the Convertible Exchangeable Preference Stock as to dividends or liquidation rights) shall be declared or paid or set aside for payment or other distribution made upon any class of common stock of the Corporation or any other stock of the Corporation ranking junior to or on a parity with the Convertible Exchangeable Preference Stock as to dividends or liquidation rights, nor may any common stock or any other stock of the Corporation ranking junior to or on a parity with the Convertible Exchangeable Preference Stock as to dividends be redeemed or purchased (nor any payment made to or available for a sinking fund for the redemption of any shares of such stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to the Convertible Exchangeable Preference Stock as to dividends and liquidation rights).

5. Optional Redemption. The shares of Convertible Exchangeable Preference Stock will not be redeemable prior to March 31, 1987. With respect to redemptions on or after March 31, 1987, the Convertible Exchangeable Preference Stock is redeemable in whole or in part at the option of the Corporation, at the following redemption prices:

If redeemed during the 12-month period beginning

<u>Year</u>	<u>Price</u>	<u>Year</u>	<u>Price</u>
1987	\$10.96	1991	\$10.48
1988	\$10.84	1992	\$10.36
1989	\$10.72	1993	\$10.24
1990	\$10.60	1994	\$10.12

and thereafter at the redemption price of \$10 without premium, plus in each case accumulated and unpaid dividends to the date fixed for redemption. If full cumulative dividends on the Convertible Exchangeable Preference Stock have not been paid, the Convertible Exchangeable Preference Stock may not be redeemed in part and the Corporation may not purchase or acquire any share of the Convertible Exchangeable Preference Stock otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of the Convertible Exchangeable Preference Stock.

6. General Provisions Applicable to Redemptions.

(A) If less than all of the outstanding shares of Convertible Exchangeable Preference Stock are to be redeemed, the Board of Directors of the Corporation will select those redeemed by lot or a substantially equivalent method.

(B) Notice of any redemption shall be mailed not less than fifteen (15) nor more than sixty (60) days prior to the date fixed for redemption to the holders of records of shares of Convertible Exchangeable Preference Stock to be redeemed at their respective addresses as the same appear upon the books of the Corporation; but no defect in the publication or mailing of such notice shall affect the validity of the proceedings for the redemption of any shares of Convertible Exchangeable Preference Stock. Payment of the redemption price of the shares redeemed shall be made at such place or places of redemption as shall be determined by the Board of Directors of the Corporation and shall be specified in the notice of redemption and shall be made against the surrender for cancellation of the certificates for the shares redeemed. Any shares of Convertible Exchangeable Preference Stock so noticed for redemption may be converted into \$15.15 in cash per share, as hereinafter provided, at any time prior to the close of business on the date of redemption.

If notice of redemption shall have been mailed as hereinbefore provided and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by the Corporation so as to be available therefor and only therefor for the benefit of the holders of the shares so called for redemption, then from and after the date fixed for

redemption the shares of Convertible Exchangeable Preference Stock so called for redemption, notwithstanding that any certificate therefor shall not have been surrendered or cancelled, shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on the redemption date cease and terminate, except only the right of the holders thereof to receive upon surrender of certificates therefor the amount payable upon redemption thereof, but without interest.

(C) All shares of Convertible Exchangeable Preference Stock so redeemed shall be restored to the status of authorized and unissued Preference Stock. Shares so redeemed shall not be reissued as shares of Convertible Exchangeable Preference Stock.

7. Contingent Voting Rights. If the equivalent of six quarterly dividends payable on the Convertible Exchangeable Preference Stock, or on any other series of Preference Stock heretofore or hereafter issued ranking on a parity with the Convertible Exchangeable Preference Stock as to dividends or liquidation rights, are in arrears, the number of directors of the Corporation will be increased by two and the holders of outstanding Convertible Exchangeable Preference Stock, together with the holders of any outstanding series of such parity Preference Stock, voting as a single class without regard to series, will be entitled to elect the additional two directors at any annual meeting of stockholders or special meeting called as hereinafter provided. Whenever all dividends in arrears have been paid or declared and set apart for payment, the number of directors of the Corporation will be reduced by two and such additional directors elected pursuant to this Section 7 shall forthwith cease to be directors. When such voting rights shall have vested in the holders of the Convertible Exchangeable Preference Stock, a special meeting to elect the additional directors may be called by the Chief Executive Officer of the Corporation or by the holders of 25% or more of the shares of Preference Stock of all series affected, in the manner provided in the Corporation's By-Laws or by law if no such provision is in effect.

The Corporation shall not amend, alter or repeal any of the preferences or rights of the holders of the Convertible Exchangeable Preference Stock in a manner

which would adversely affect the rights of such holders without the vote or consent of the holders of at least two-thirds of the number of shares of Convertible Exchangeable Preference Stock then outstanding, voting or consenting, as a class, together with the holders of any other outstanding shares of Preference Stock similarly affected.

8. Conversion Rights.

(A) Conversion Provisions. At any time, the holders of the Convertible Exchangeable Preference Stock may, at their option, convert shares of Convertible Exchangeable Preference Stock, on the terms and conditions set forth in this Section 8, into \$15.15 in cash per share (the "Conversion Price") except that, with respect to any shares of the Convertible Exchangeable Preference Stock called for redemption, the conversion right shall terminate at the close of business on the date fixed for redemption thereof, unless default be made in the payment of the redemption price.

(B) Conversion Procedure. Upon surrender to the Corporation at the office of the Conversion Agent, or at such other place or places, if any, as the Board of Directors of the Corporation may determine, of certificates, duly endorsed to the Corporation or in blank, for shares of Conversion Exchangeable Preference Stock to be converted, together with appropriate evidence of the payment of any transfer or similar tax, if required, and notice in writing to the Corporation instructing it to convert such shares and specifying the name and address of the person, corporation, firm or other entity to whom the Conversion Price is to be paid, the Corporation will cause the Conversion Agent to pay the Conversion Price in accordance with such instructions. Such conversion shall be deemed to have been effected immediately prior to the close of business on the date on which such notice shall have been received by the Corporation and such certificates shall have been surrendered as aforesaid, and at such time the rights of the holder of such certificates as a holder of Convertible Exchangeable Preference Stock shares shall cease.

9. Exchange Provision.

(A) The Convertible Exchangeable Preference Stock is exchangeable in whole at the option only of the

Corporation, by a resolution duly adopted by the Board of Directors, on any dividend payment date beginning March 31, 1987 for the Corporation's 12% Convertible Subordinated Debentures Due 2005 (the "Debentures") substantially in the form set forth in Exhibit 4(f) to the Registration Statement on Form S-2 of Saunders System, Inc. (Registration No. 2-86686) as filed with the Securities and Exchange Commission (the "Registration Statement"). No exchange shall be made unless full cumulative dividends have been declared and paid (or declared and a sum sufficient for the payment thereof set apart for payment) on or prior to the exchange. Each share of Convertible Exchangeable Preference Stock with a stated value of \$10 is exchangeable for \$10 principal amount of Debentures. The Corporation will mail to each record holder of the Convertible Exchangeable Preference Stock written notice of its intention to exchange, and the place or places for such exchange, not less than 30 nor more than 90 days prior to the exchange. Prior to giving notice of intention to exchange, the Corporation shall execute and deliver with a bank or trust company selected by the Corporation and indenture substantially in the form filed as Exhibit 4(f) to the Registration Statement with such changes as may be required by law, stock exchange rule or usage (the "Indenture"). A copy of the Indenture may be inspected by the holders of any shares of Convertible Exchangeable Preference Stock, or of any depositary receipts issued in respect thereof, at the offices of the Corporation during normal business hours.

(B) The Corporation will not give notice of its intention to exchange under paragraph (A) above unless it shall file at the office or agency of the Corporation maintained for the exchange of Convertible Exchangeable Preference Stock an opinion of counsel (who may be an employee of the Corporation) that the Indenture has been duly authorized, executed and delivered by the Corporation, has been duly qualified under the Trust Indenture Act of 1939 (or that such qualification is not necessary) and constitutes a valid and binding instrument enforceable against the Corporation in accordance with its terms (subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles, and subject to such other qualifications as are then customarily contained in opinions of counsel experienced in such matters); to the effect that

the Debentures have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered in exchange for the shares of Convertible Exchangeable Preference Stock, will constitute valid and binding obligations of the Corporation entitled to the benefits of the Indenture (subject as aforesaid); that neither the execution nor delivery of the Indenture or the Debentures nor compliance with the terms, conditions or provisions of such instruments will result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument, known to such counsel, to which the Corporation or any of its subsidiaries is a party or by which it or any of them is bound, or any decree, judgment, order, rule or regulation, known to counsel, of any court or governmental agency or body having jurisdiction over the Corporation and such subsidiaries or any of their properties; that the Debentures have been duly registered for such exchange with the Securities and Exchange Commission under a registration statement that has become effective under the Securities Act of 1933 (the "Act") or that the exchange of the Debentures for the shares of Convertible Exchangeable Preference Stock is exempt from registration under the Act.

(C) If notice of the intention to exchange shall have been mailed as hereinbefore provided and if on or before the exchange date specified in such notice the Debentures shall have been set aside by the Corporation so as to be available therefor and only therefor for the benefit of the holders of the Convertible Exchangeable Preference Stock then, from and after the date fixed for exchange, the shares of Convertible Exchangeable Preference Stock so called for exchange, notwithstanding that any certificate therefor shall not have been surrendered or cancelled, shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on the exchange date cease and terminate, except only the right of the holders thereof to receive upon surrender of certificates therefor the Debentures. Upon due surrender of a certificate representing shares of Convertible Exchangeable Preference Stock, the holder thereof shall receive the principal amount of Debentures to which such holder is thereby entitled, plus the interest accrued from the exchange date upon such Debentures.

(D) All shares of Convertible Exchangeable Preference Stock so exchanged shall be restored to the status of authorized and unissued Preference Stock. Shares so exchanged shall not be reissued as shares of Convertible Exchangeable Preference Stock.

(E) Shares of Convertible Exchangeable Preference Stock may be converted into \$15.15 in cash per share, as herein provided, at any time prior to the close of business on the date set for exchange in the notice thereof, but not at any time thereafter.

10. Subdivision of Shares. The Board of Directors may at any time subdivide the shares of Convertible Exchangeable Preference Stock as of an effective date fixed by the Board of Directors. Notice of the proposed subdivision and the effective date shall be mailed to each holder of record of Convertible Exchangeable Preference Stock not less than 15 days before the effective date. The stated value, dividend rate, conversion rate, liquidation rights and rate of exchange into Debentures of the Convertible Exchangeable Preference Stock in effect immediately prior to the close of business on the effective date of such subdivision shall be proportionately reduced as of the close of business on the effective date of such division.

11. No Preemptive Rights. The holders of the Convertible Exchangeable Preference Stock shall not have any preemptive rights.

12. Agent. Manufacturers Hanover Trust Company of New York is hereby appointed Transfer Agent, Registrar, Conversion Agent and Dividend Disbursing Agent for the Convertible Exchangeable Preference Stock.

0373C

FILED
25 DEC 19 11 10 AM
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLES OF MERGER
of
THE MOTOR TRANSPORTATION COMPANY
(Subsidiary Corporation)
into
RYDER TRUCK RENTAL, INC.
(Parent Corporation)

Pursuant to Section 607.227 of the Florida General Corporation Act, the undersigned corporations adopt the following Articles of Merger:

FIRST: RYDER TRUCK RENTAL, INC., is a corporation organized under the laws of the State of Florida, owning all of the shares of THE MOTOR TRANSPORTATION COMPANY, a corporation organized under the laws of the State of Missouri.

SECOND: The attached Plan of Merger was approved by resolution of the Board of Directors of RYDER TRUCK RENTAL, INC.

THIRD: The number of outstanding shares of each class of the Subsidiary Corporation and the number of shares of each class owned by the Parent Corporation is:

<u>Class</u>	<u>Number of Shares Outstanding</u>	<u>Number of Shares Owned by Parent</u>
common stock \$1 par value	62,360	62,360
Series #1 - 5% Cumulative Preferred Stock \$100 par value	5,795.5	5,795.5
Series #2 - 6% Cumulative Preferred Stock \$100 par value	2,839.5	2,839.5

<u>Class</u>	<u>Number of Shares Outstanding</u>	<u>Number of Shares Owned by Parent</u>
Series #3A - 6% Cumulative Preferred Stock \$1 par value	106,675	106,675
Series #3B - 6% Cumulative Preferred Stock \$9 par value	106,675	106,675

FOURTH: The mailing of the Plan of Merger to the shareholders of the Subsidiary Corporation was waived by all the shareholders.

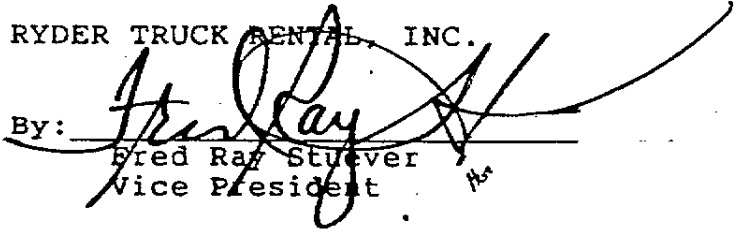
FIFTH: The effective date of the merger is the date of filing with the Secretary of State.

SIGNED this 8th day of December, 1986.

Attest:


 Randall G. Kominsky
 Assistant Secretary

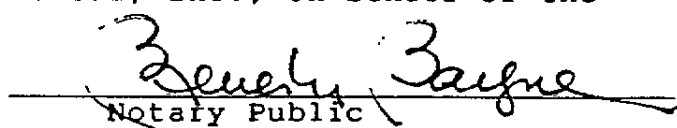
RYDER TRUCK RENTAL, INC.

By: 
 Fred Ray Stuever
 Vice President

(Seal)

STATE OF FLORIDA)
) ss:
 COUNTY OF DADE)

The foregoing instrument was acknowledged before me this 8th day of December, 1986, by Fred Ray Stuever, Vice President of Ryder Truck Rental, Inc., on behalf of the corporation.


 Notary Public

My commission expires:

NOTARY PUBLIC STATE OF FLORIDA
 My Commission Exp. May 25, 1990
 BONDED TO THE GENERAL INS. UND.

(Seal)

0381C

PLAN OF MERGER

FILED
DEC 10 1957
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

WHEREAS Ryder Truck Rental, Inc. is a corporation duly organized under the laws of the State of Florida (the "Parent Corporation"); and

WHEREAS The Motor Transportation Company is a corporation duly organized under the laws of the State of Missouri (the "Subsidiary Corporation"); and

WHEREAS the Parent Corporation purchased, and is the legal and beneficial owner, of all the issued and outstanding shares of the capital stock of the Subsidiary Corporation; and

WHEREAS the Parent and Subsidiary Corporations are desirous of simplifying their business procedures, book-keeping and administrative structure and of eliminating duplicative functions;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto, pursuant to the applicable provisions of the laws of the State of Florida and the State of Missouri, agree as follows:

1. The Subsidiary Corporation will be merged into the Parent Corporation and, upon the effective date of such merger, the Subsidiary Corporation shall cease to exist and will no longer exercise its rights, powers, privileges, and franchises, pursuant to the laws of the State of Missouri.

All of the property, rights, privileges, leases and patents of the Subsidiary Corporation are to be transferred to and become the property of the Parent Corporation, the survivor.

The officers and board of directors of the above named corporations are authorized to execute all deeds, assignments, and documents of every nature which may be needed to effectuate a full and complete transfer of ownership.

2. The number of shares of the Subsidiary and Parent Corporations issued and outstanding are as follows:

RYDER TRUCK RENTAL, INC.

100 Shares of Common Stock
(Without Par Value)

101,761 shares of \$1.20
Convertible Exchangeable
Preference Stock (\$1.00 Par
Value)

THE MOTOR TRANSPORTATION
COMPANY

62,360 shares of Common
Stock (\$1.00 par value)

5,795.5 shares of Series #1 -
5% Cumulative Preferred Stock
(\$100 par value)

2,839.5 shares of Series #1 -
6% Cumulative Preferred Stock
(\$100 par value)

106,675 shares of Series #3A -
6% Cumulative Preferred Stock
(\$1 par value)

106,675 shares of Series #3B -
6% Cumulative Preferred Stock
(\$9 par value)

3. Inasmuch as the Parent Corporation owns all the issued and outstanding shares of the Subsidiary Corporation, the shares of the Subsidiary Corporation will not be converted into shares of the Parent Corporation, but shall be surrendered and cancelled, and the authorized and presently existing issued and outstanding shares of the capital stock of the Parent Corporation will not be changed but will be and remain the same as before the merger.

4. The State of Incorporation of the Parent Corporation will be and remain the State of Florida.

5. The officers and directors of the Parent Corporation will be the same officers and directors in office prior to the merger.

6. The name of the Parent Corporation, upon the effective date of the merger, will be RYDER TRUCK RENTAL, INC.

7. All provisions of the existing Certificate of Incorporation of the Parent Corporation, on file with the Secretary of State of Florida, will remain the same and will

constitute the Certificate of Incorporation of the Parent Corporation.

8. The Parent Corporation will pay all expenses of carrying into effect and accomplishing the merger.

9. The Subsidiary Corporation and the Parent Corporation shall take, or cause to be taken, all action, or cause to be done, all things necessary, proper or advisable in accordance with the laws of the State of Florida and the State of Missouri, to consummate and make effective the merger.

10. It is agreed that, upon and after the issuance of a Certificate of Merger by the Secretary of State of the State of Missouri:

(a) The Parent Corporation may be served with process in the State of Missouri in any proceeding for the enforcement of any obligation of any corporation organized under the laws of the State of Missouri which is a party to the merger and in any proceeding for the enforcement of the rights of a dissenting shareholder of any such corporation organized under the laws of the State of Missouri against the Parent corporation;

(b) The Secretary of State of the State of Missouri shall be and hereby is irrevocably appointed as the agent of the Parent Corporation to accept service of process in any such proceeding; the address to which the service of process in any such proceeding shall be mailed is:

Post Office Box 020816
3600 N.W. 82nd Avenue
Miami, Florida 33166

Attention: General Counsel

(c) The Parent Corporation will promptly pay to the dissenting shareholders of the Subsidiary Corporation which is a party to the merger the amount, if any, to which they shall be entitled under the provisions of "The General and Business Corporation Law of Missouri" with respect to the rights of dissenting shareholders.

10. This Plan will be effective as of filing with the Secretary of State of Florida.

IN WITNESS WHEREOF, the Parent Corporation and the Subsidiary Corporation have caused these presents to be executed by the below named officers, this 8th day of December, 1986, by direction of the Board of Directors of each corporation.

RYDER TRUCK RENTAL, INC.
(Parent Corporation)

THE MOTOR TRANSPORTATION COMPANY
(Subsidiary Corporation)

By: [Signature]
Fred Ray Stuever
Vice President

By: [Signature]
Fred Ray Stuever
Vice President

Attest:

Attest:

[Signature]
Randall G. Kominsky
Assistant Secretary

[Signature]
Randall G. Kominsky
Assistant Secretary

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

Before me personally appeared Fred Ray Stuever and Randall G. Kominsky, to me known and known to me to be the individuals described in and who executed the foregoing instrument as Vice President and Assistant Secretary of the above named RYDER TRUCK RENTAL, INC., a Florida corporation, and severally acknowledged to and before me that they executed such instrument as such Vice President and Assistant Secretary, respectively, of said corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that it was affixed to said instrument by due and regular corporate authority, and that said instrument is the free act and deed of said corporation.

Witness my hand and official seal, this 8th day of December, 1986.

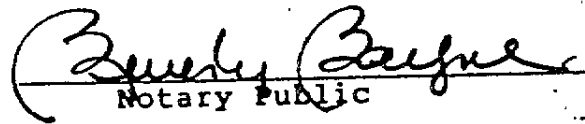
[Signature]
Notary Public

NOTARY PUBLIC STATE OF FLORIDA (Seal)
N. COMMISSION EXPIRES MAY 29, 1990
BONDED THROUGH GENERAL INS. UNCL.

STATE OF FLORIDA)
) ss:
COUNTY OF DADE)

Before me personally appeared Fred Ray Stuever and Randall G. Kominsky, to me known and known to me to be the individuals described in and who executed the foregoing instrument as Vice President and Assistant Secretary of the above named THE MOTOR TRANSPORTATION COMPANY, a Missouri corporation, and severally acknowledged to and before me that they executed such instrument as such Vice President and Assistant Secretary, respectively, of said corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that it was affixed to said instrument by due and regular corporate authority, and that said instrument is the free act and deed of said corporation.

Witness my hand and official seal, this 8th day of December, 1986.


Notary Public

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP. MAY 29, 1990
BONDED THRU GENERAL INS. UND.

(Seal)

0380C

CERTIFICATION PURSUANT TO
FLORIDA GENERAL CORPORATION ACT,
SECTION: 607.221 (5)

I, Randall G. Kominsky, Assistant Secretary of RYDER TRUCK RENTAL, INC., the Parent Corporation pursuant to the Plan of Merger to which this Certification is attached do hereby certify that said Plan of Merger was adopted pursuant to Section 607.221 (5) and that, as of the date hereof, the outstanding shares of the corporation were such as to render Section 607.221 (5) applicable.

RYDER TRUCK RENTAL, INC.

By: 

Randall G. Kominsky
Assistant Secretary

Date: December 8, 1986

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