

J51673

Florida Department of State

Division of Corporations

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BASIC AMENDMENT

PROGRESSIVE GENERAL CORPORATION

Certificate of Status	0
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AMEND
#20
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Friday, December 11, 1998

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**ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
PROGRESSIVE GENERAL CORPORATION**

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to Section 607.1006 of the Business Corporation Act of the State of Florida, the undersigned, being the President of Progressive General Corporation, a corporation organized and existing under and by virtue of the Business Corporation Act of the State of Florida ("Corporation"), bearing document number J51673, does hereby certify:

FIRST: That pursuant to written consent of all of the Board of Directors and majority consent of the Shareholders of the Corporation, dated November 19, 1998, the Board of Directors and Shareholders approved the Amendment to the Corporation's Articles of Incorporation as follows:

Article IV of the Corporation's Articles of Incorporation shall be deleted in its entirety and replaced with the following:

**"ARTICLE IV
SHARES**

The maximum number of shares that this Corporation shall be authorized to issue and have outstanding at any one time shall be 50,000,000 shares of common stock, par value \$.001 per share and 10,000,000 shares of Preferred Stock, par value \$.001 per share. Series of the Preferred Stock may be created and issued from time to time, with such designations, preferences, conversion rights, cumulative, relative, participating, optional or other rights, including voting rights, qualifications, limitations or restrictions thereof as shall be stated and expressed in the resolution or resolutions providing for the creation and issuance of such series of Preferred Stock as adopted by the Board of Directors pursuant to the authority in this paragraph given.

Series A Convertible Preferred Stock

The Board of Directors of the Corporation desires, pursuant to its authority as aforesaid, to determine and fix the rights, preferences, privileges and restrictions relating to a class of said Preferred Stock to be designated as follows:

Matthew W. Miller, Esq., Florida Bar No. 0121398
Atlas, Peariman, Trop & Borkson, P.A.
200 East Las Olas Blvd., Suite 1900
Fort Lauderdale, Florida 33301
(954) 763-1200

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1. Designation and Amount. The shares of such series shall be designated as the Series A Convertible Preferred Stock (the "Series A Convertible Preferred Stock") and shall have a stated value of \$.001 (the "Stated Value") per share, and the number of shares constituting such series shall be 7,500,000.

2. Dividends. The holders of the Series A Convertible Preferred Stock of the Corporation are not entitled to receive dividends.

3. Preference.

(a) In the event of any liquidation, dissolution, or winding up of the affairs of the Corporation, whether voluntary or involuntary, except as set forth in subparagraph (b) below, the holders of the Series A Convertible Preferred Stock shall be entitled, before any assets of the Corporation shall be distributed among or paid over to the holders of the Common Stock, to be paid \$.001 per share. After payment to the holders of the Series A Convertible Preferred Stock as set forth in the previous sentence and as provided in subparagraph (b) below, any additional amount available for distribution to the shareholders of the Corporation shall, subject to subparagraph (b) below, be shared by the holders of the Series A Convertible Preferred Stock and the Common Stock on a share-for-share basis (with each share of Series A Convertible Preferred Stock being deemed to be equal to the number of shares of Common Stock (including fractions of a share) into which such Series A Convertible Preferred Stock is convertible immediately prior to the close of business on the business day fixed for such distribution.

(b) If, upon such liquidation, dissolution or winding up, the assets of the Corporation distributable as aforesaid among the holders of the Series A Convertible Preferred Stock shall be insufficient to permit the payment to such holders of at least the amounts provided in subparagraph (a) above, the entire assets shall be distributed pro rata among the holders of the Series A Convertible Preferred Stock based upon their respective liquidation preferences as set forth in subparagraph (a) above. The amounts distributable to the holders of Series A Convertible Preferred Stock under subparagraph (a) above shall be adjusted appropriately for subdivisions (by stock splits, stock dividends or otherwise), combinations (by reverse stock splits or otherwise) or other recapitalizations of the Series A Convertible Preferred Stock.

(c) Written notices of such liquidation, dissolution or winding up, stating a payment date and the place where said payments shall be made, shall be given not less than twenty (20) days prior to the payment date stated therein.

(d) The sale or transfer by the Corporation of all or substantially all of its assets, shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of the provisions of this paragraph 3, unless the holders of a majority of the shares of Series A Convertible Preferred Stock shall, prior to the

effective date of such sale or transfer, consent in writing or by vote at a meeting to such transaction.

4. Voting Rights. Upon issuance, and subject to increase and additional rights as provided below, holders of the Series A Convertible Preferred Stock shall be entitled to vote with the holders of the Common Stock as a single class on all matters presented for a vote to the shareholders of the Company. The number of votes per share of the Series A Convertible Preferred Stock which can be cast shall be adjusted at such time or times as the conversion price is adjusted so that the number of votes per share of this series of Series A Convertible Preferred Stock which may be cast shall always be equal to the full number of shares of Common Stock into which each share of Series A Convertible Preferred Stock may be converted when voting with the holders of Common Stock as a single class.

5. Conversion.

(a) For every \$1.00 of net earnings of the Corporation at the end of each fiscal year, one share of Series A Convertible Preferred Stock shall be automatically converted (the "Conversion") into one (1) share of Common Stock of the Company; provided however, in the event net earnings in any one year is negative, such negative net earnings shall reduce future years net earnings and no conversion shall be permitted until such time as the sum of all such years is positive, and only to the extent the sum exceeds \$0.

(b) All shares of Common Stock acquired by conversion of Series A Convertible Preferred Stock ("Conversion Shares"), upon issuance, will be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof, provided that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder of the Series A Convertible Preferred Stock which is being converted;

(c) So long as any shares of Series A Convertible Preferred Stock are outstanding, the Corporation will use its best efforts to have at all times authorized, and reserved (free from pre-emptive rights) for the purpose of issue or transfer upon exercise of the rights evidenced by the Series A Convertible Preferred Stock, a sufficient number of shares of its Common Stock to provide therefor;

(d) No fractional shares of Common Stock shall be issued upon conversion of the Series A Convertible Preferred Stock, and the number of shares of Common Stock to be issued shall be rounded to the nearest whole share. Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Convertible Preferred Stock the holder is at the

time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

6. Redemption. The shares of Series A Convertible Preferred Stock will not be redeemable for a period of five (5) years from the date hereof, at which time the Series A Convertible Preferred Stock shall be redeemed by the Company for \$.001 per share.

7. Consolidation, Merger, Exchange, etc. In case the Corporation shall enter into any consolidation, merger, combination, statutory share exchange or other transaction in which the Common Shares are exchanged for or changed into other stock or securities, money and/or any other property, then in any such case the Series A Convertible Preferred Stock shall at the same time be similarly exchanged or changed into preferred shares of the surviving entity providing the holders of such preferred shares with (to the extent possible) the same relative rights and preferences as the Series A Convertible Preferred Stock.

8. Stock Dividends; Stock Splits, etc. If, prior to the date on which all shares of Series A Convertible Preferred Stock are converted, the Corporation shall (i) pay a dividend in shares of Common Stock, (ii) subdivide its outstanding Common Stock, or (iii) combine its outstanding Common Stock into a smaller number of shares of Common Shares, the Conversion Price in effect on the opening of business on the record date for determining shareholders entitled to participate in such transaction shall thereupon be adjusted, or, if necessary, the right to convert shall be amended, such that the number of shares of Common Stock receivable upon conversion of the shares of Series A Convertible Preferred Stock immediately prior thereto shall be adjusted so that the holders of the Series A Convertible Preferred Stock shall be entitled to receive, upon the conversion of such shares of Series A Convertible Preferred Stock, the kind and number of shares of Common Stock or other securities of the Corporation which it would have owned or would have been entitled to receive after the happening of any of the events described above had the Series A Convertible Preferred Stock been converted immediately prior to the happening of such event or any record date with respect thereto. Any adjustment made pursuant to this Paragraph 8 shall become effective immediately after the effective date of such event and such adjustment shall be retroactive to the record date, if any, for such event."

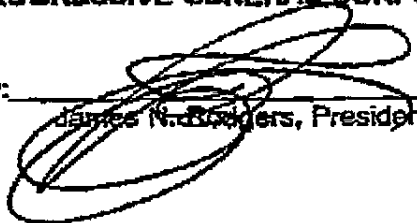
SECOND: The foregoing amendment was adopted by the Board of Directors of the Corporation pursuant to a Written Consent of All of the Board of Directors of the Corporation and by a majority of the Shareholders of the Common Stock of the Corporation dated November 19, 1998, acting by Written Consent pursuant to Sections 607.0821 and 607.0704 of the Florida Business Corporation Act. Therefore, the number of votes cast for the amendment to the Corporation's Articles of Incorporation was sufficient for approval.

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IN WITNESS WHEREOF, the undersigned, being the President of this Corporation, has executed these Articles of Amendment as of December 10, 1998.

PROGRESSIVE GENERAL CORPORATION

By: _____


James N. Rodgers, President

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