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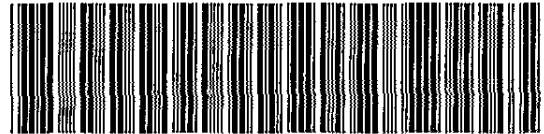
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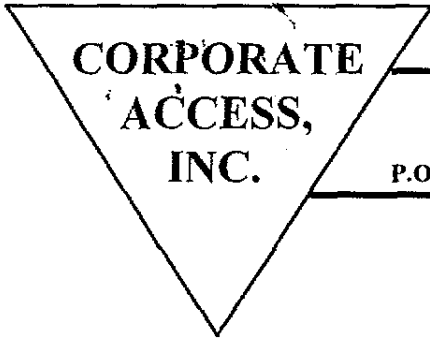
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G. Ouellette JAN 09 2004

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236 East 6th Avenue . Tallahassee, Florida 32303

P.O. Box 37066 (32315-7066) ~ (850) 222-2666 or (800) 969-1666 . Fax (850) 222-1666

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1.) Penthouse International, Inc.
(CORPORATE NAME & DOCUMENT #)

2.) _____
(CORPORATE NAME & DOCUMENT #)

3.) _____
(CORPORATE NAME & DOCUMENT #)

4.) _____
(CORPORATE NAME & DOCUMENT #)

5.) _____
(CORPORATE NAME & DOCUMENT #)

SPECIAL INSTRUCTIONS



FLORIDA DEPARTMENT OF STATE

Glenda E. Hood
Secretary of State

January 2, 2004

CORPORATE ACCESS, INC.

TALLAHASSEE, FL

SUBJECT: PENTHOUSE INTERNATIONAL, INC.
Ref. Number: P01000117542

We have received your document for PENTHOUSE INTERNATIONAL, INC. and check(s) totaling \$35.00. However, the enclosed document has not been filed and is being returned to you for the following reason(s):

Where is your original and the necessary signature for filing?

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

If you have any questions concerning the filing of your document, please call (850) 245-6903.

Cheryl Coulliette
Document Specialist

Letter Number: 204A00000032

Corrected -
Thank! ☺
Kelly

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DIVISION OF CORPORATIONS

CERTIFICATE REGARDING
THIRD AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
PENTHOUSE INTERNATIONAL, INC.

Penthouse International, Inc., a Florida corporation (the "CORPORATION"), hereby certifies the following in accordance with Section 607.1007 of the Florida Business Corporation Act:

1. The name of the Corporation is Penthouse International, Inc.
2. The Corporation's attached Third Amended and Restated Articles of Incorporation (the "RESTATED Articles") contain amendments to the Corporation's Articles of Incorporation which require shareholder approval.
3. The Restated Articles were adopted and approved on December 31, 2003 by the written consent of shareholders of the Corporation owning the number of votes sufficient for approval.

IN WITNESS WHEREOF, this Certificate has been executed on behalf of the Corporation by the undersigned this 31st day of December, 2003.

PENTHOUSE INTERNATIONAL, INC.

By:



Name: Milton Polland

Title: Chairman and CEO

FILED
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

FIRST AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

PENTHOUSE INTERNATIONAL, INC.

The original Articles of Incorporation were filed with the Secretary of State on December 11, 2001.

ARTICLE I

NAME

The name of the corporation is PENTHOUSE INTERNATIONAL, INC. (hereinafter called the "CORPORATION").

ARTICLE II

NAME

The purposes of the Corporation shall be to engage in any activities or businesses permitted under the laws of the United States of America and the State of Florida.

ARTICLE III

PRINCIPAL OFFICE

The address of the principal office and the mailing address of the Corporation is 11 Penn Plaza, New York, New York 10001.

ARTICLE IV

CAPITAL STOCK

The maximum number of shares of all classes of capital stock which the Corporation is authorized to issue is Seven Hundred Seventy Million (770,000,000) shares, consisting of (i) Seven Hundred Fifty Million (750,000,000) shares of common stock, par value \$0.0025 per share (the "COMMON STOCK"), and (ii) Twenty Million (20,000,000) shares of preferred stock, par value \$0.0025 per share (the "PREFERRED STOCK").

ARTICLE V

PREFERRED STOCK

5.1 Terms as Determined by Board of Directors. The Preferred Stock may be issued from time to time in one or more classes or series, the shares of each class or series to have such designations, powers, preferences, rights, qualifications, limitations and restrictions as are stated and expressed herein and in the resolution or resolutions providing for the issue of such class or series adopted by the Corporation's Board of Directors (the "BOARD OF DIRECTORS").

5.2 Authority of Board of Directors. Authority is hereby expressly granted to and vested in the Board of Directors to authorize the issuance of the Preferred Stock from time to time in one or more classes or series, to determine and take necessary proceedings fully to effect the issuance and redemption of any such Preferred Stock and with respect to each class or series of the Preferred Stock, to fix and state by the resolution or resolutions providing for the issuance thereof the following:

(a) whether or not the class or series is to have voting rights, full or limited, or is to be without voting rights;

(b) the number of shares to constitute the class or series and the designations thereof;

(c) the preferences and relative, participating, optional or other special rights, if any, and the qualifications, limitations or restrictions thereof, if any, with respect to any class or series;

(d) whether or not the shares of any class or series shall be redeemable and, if redeemable, the redemption price or prices and the time or times at which, and the terms and conditions upon which, such shares shall be redeemable and the manner of redemption;

(e) whether or not the shares of a class or series shall be subject to the operation of retirement or sinking funds to be applied to the purchase or redemption of such shares for retirement and, if such retirement or sinking fund or funds are established, the annual amount thereof and the terms and provisions relative to the operation thereof;

(f) the dividend rate, if any, whether dividends are payable in cash, stock of the Corporation or other property, the conditions upon which and the times when such dividends are payable, the preference to or the relation to the payment of dividends payable on any other class or classes or series of stock, whether or not such dividend shall be cumulative or non-cumulative and, if cumulative, the date or dates from which such dividends shall accumulate;

(g) the preferences, if any, and the amounts thereof which the holders of any class or series thereof shall be entitled to receive upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Corporation;

(h) whether or not the shares of any class or series shall be convertible into, or exchangeable for, the shares of any other class or classes or of any other series of the same or any other class or classes of stock of the Corporation and the conversion price or prices, the ratio or ratios or the rate or rates at which such conversion or exchange may be made, with such adjustments, if any, as shall be stated, expressed or provided for in such resolution or resolutions; and

(i) such other special rights and protective provisions with respect to any class or series as the Board of Directors may deem advisable.

5.3 Increase or Decrease of Preferred Stock. The shares of each class or series of the Preferred Stock may vary from the shares of any other class or series thereof in any or all of the foregoing respects. The Board of Directors may increase the number of shares of the Preferred Stock designated for any existing class or series by a resolution adding to such class or series authorized and unissued shares of the Preferred Stock not designated for any other class or series. The Board of Directors may decrease the number of shares of the Preferred Stock designated for any existing class or series by a resolution, subtracting from such series unissued shares of the Preferred Stock designated for such class or series, and the shares so subtracted shall become authorized, unissued and undesignated shares of the Preferred Stock.

ARTICLE VI

TERMS OF PREFERRED STOCK AND COMMON STOCK

6.1 Definitions. For the purposes of this Article VI, the following definitions apply:

6.1.1 "CAPITAL LEASE OBLIGATION" shall mean, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be so required to be capitalized on the balance sheet in accordance with GAAP.

6.1.2 "CONTROL" (including the terms "CONTROLLING," "CONTROLLED BY," and "UNDER COMMON CONTROL WITH" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person whether through ownership of voting securities, by contract or otherwise.

6.1.3 "EXPENSE ALLOCATION AGREEMENT" shall mean the Expense Allocation Agreement dated as of November 26, 1993, by and among GM, certain Subsidiaries of GM, GMI, and certain Subsidiaries of GMI, as may be amended from time to time

6.1.4 "GAAP" shall mean generally accepted accounting principles set

forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession.

6.1.5 "GM" shall mean General Media, Inc., a Delaware corporation.

6.1.6 "GMI" shall mean General Media International, Inc., a New York corporation.

6.1.7 "INDEBTEDNESS" shall mean, any indebtedness of the Corporation whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or representing Capital Lease Obligations or the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP.

6.1.8 "INTELLECTUAL PROPERTY" shall mean all worldwide trademarks, trademark applications, trade names, service marks, service mark applications, copyright, copyright applications, and all documentation and media constituting, describing or relating to the above, including, without limitation, manuals, memoranda and records.

6.1.9 "PERMITTED REPURCHASE" shall mean any repurchase of Common Stock by the Corporation from employees, officers, directors, consultants, independent contractors, advisors, other persons performing services for the Corporation in accordance with any stock purchase plan, agreement or other arrangement pursuant to which the Corporation is entitled to an option or other right to repurchase such stock.

6.1.10 "PERSON" shall mean any individual, corporation, limited liability company, partnership, association, trust or other entity or organization.

6.1.11 "SUBSIDIARY" of a Person shall mean any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are owned directly or indirectly by the Person.

6.1.12 "TAX SHARING AND INDEMNIFICATION AGREEMENT" shall mean the Tax Sharing and Indemnification Agreement dated as of December 20, 1993, by and among GM, certain Subsidiaries of GM, GMI and certain Subsidiaries of GMI, as may be amended from time to time.

6.2 Designation. Two series of Preferred Stock are established and shall be designated as "Series A Preferred Stock" and "Series B Preferred Stock," respectively.

6.3 Number. The number of shares of Series A Preferred Stock authorized to be issued is 5,000 and the number of shares of Series B Preferred Stock authorized to be issued is 5,000. Such numbers may be increased or decreased by resolution of the Board of Directors; provided, however, that no decrease shall reduce the number of shares of Series A Preferred Stock or Series B Preferred Stock to a number less than that of the respective number of shares then outstanding.

6.4 Dividend Rights.

6.4.1 Dividend Preference. Except with respect to Permitted Repurchases, the holders of the then outstanding Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any funds and assets of the Corporation legally available to be distributed to the Corporation's shareholders (the "AVAILABLE FUNDS AND ASSETS"), non-cumulative dividends in an aggregate amount equal to five percent (5%) of the total amount of dividends that is declared by the Board of Directors (the "TOTAL DECLARED DIVIDENDS"), and the holders of the then outstanding Series B Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of the Available Funds and Assets, non-cumulative

dividends in an aggregate amount equal to five percent (5%) of the Total Declared Dividends. Payments of any dividends to the holders of Series A Preferred Stock and Series B Preferred Stock shall be paid pro rata, on an equal priority, pari passu basis according to their respective dividend preferences as set forth herein. Dividends on Series A Preferred Stock and Series B Preferred Stock shall not be mandatory, and no rights or interest shall accrue to the holders of Series A Preferred Stock or Series B Preferred Stock by reason of the fact that the Corporation shall fail to declare or pay dividends on either such series of Preferred Stock in the amount of the respective annual dividend rate for each such series or in any other amount in any fiscal year of the Corporation, whether or not the earnings of the Corporation in any fiscal year were sufficient to pay such dividends in whole or in part.

6.4.2 No Participation Rights. Other than pursuant to Section 6.4.1 above, the Series A Preferred Stock and the Series B Preferred Stock shall not be entitled to participate in any dividends declared by the Board of Directors.

6.4.3 Non-Cash Dividends. Whenever a dividend provided for in this Section 6.4 shall be payable in property other than cash, the value of such dividend shall be deemed to be the fair market value of such property as determined in good faith by the Board of Directors.

6.5 Liquidation, Dissolution or Winding Up. If the Corporation shall commence a voluntary case under the federal bankruptcy laws or any other applicable federal or state bankruptcy, insolvency or similar law, or consent to the entry of an order for relief in an involuntary case under any law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due, or if a decree or order for relief in respect of the Corporation shall be entered by a court having jurisdiction in the premises in an involuntary case under the federal bankruptcy laws or any other applicable federal or state bankruptcy, insolvency or similar law resulting in the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order shall be unstayed and in effect for a period of thirty (30) consecutive days and, on account of any such event, the Corporation shall liquidate, dissolve or wind up, or if the Corporation shall otherwise liquidate, dissolve or wind up (each such event being considered a "LIQUIDATION EVENT"), the Available Funds and Assets shall be distributed in the following manner:

6.5.1 Series B Preferred Stock. The holder(s) of Series B Preferred Stock then outstanding shall be entitled to be paid, out of the Available Funds and Assets, and prior and in preference to any payment or distribution (or any setting apart of any payment or distribution) of any Available Funds and Assets on any shares of Series A Preferred Stock or Common Stock, an aggregate amount equal to Five Million Dollars (\$5,000,000). If upon a Liquidation Event, the Available Funds and Assets to be distributed to the holders of the Series B Preferred Stock shall be insufficient to permit the payment to such shareholders of their full preferential amount described in this subsection, then all of the Available Funds and Assets shall be distributed among the holders of the then outstanding Series B Preferred Stock pro rata, according to the number of outstanding shares of Series B Preferred Stock held by each holder thereof.

6.5.2 Series A Preferred Stock. Subject to payment in full of the liquidation preference of the Series B Preferred Stock as provided above, the holder(s) of Series A Preferred Stock then outstanding shall be entitled to be paid, out of the remaining Available Funds and Assets, if any, and prior and in preference to any payment or distribution (or any setting apart of any payment or distribution) of any Available Funds and Assets on any shares of Common Stock, an aggregate amount equal to Five Million Dollars (\$5,000,000). If upon a Liquidation Event, and after payment in full of the preferential amount specified for the Series B Preferred Stock in Section 6.5.1 above, the Available Funds and Assets shall be insufficient to permit the payment to holders of the Series A Preferred Stock of their full preferential amount described in this subsection, then all of the remaining Available Funds and Assets shall be distributed among the holders of the then outstanding Series A Preferred Stock pro rata, according to the number of outstanding shares of Series A Preferred Stock held by each holder thereof.

6.5.3 Remaining Assets. If there are any Available Funds and Assets remaining after the payment or distribution (or the setting aside for payment or distribution) to the holders of the Preferred Stock of their full preferential amounts described in Sections 6.5.1 and 6.5.2 above, then all such remaining Available Funds and Assets shall be distributed among the holders of the then outstanding Common Stock pro rata according to the number of shares of Common Stock held by each holder thereof.

6.5.4 Merger or Sale of Assets. At the option of the holders of the Series A Preferred Stock and the holders of Series B Preferred Stock, respectively, with each such series voting as a separate series, the sale, conveyance or disposition of all or substantially all of the assets of the Corporation, the effectuation by the Corporation of a transaction or series of related transactions in which more than fifty percent (50%) of the voting power of the Corporation is disposed of, or the consolidation or merger of the Corporation with or into any other Person (as defined below) or Persons when the Corporation is not the survivor (in each case except for a transaction with a Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Corporation) (see Section 6.1.2 for definition of "control") shall be deemed to be a Liquidation Event pursuant to which the Corporation shall be required to distribute, upon consummation of and as a condition to such transaction, an amount equal to the liquidation preference with respect to each outstanding share of Preferred Stock in accordance with and subject to the terms of this Section 6.5; provided, however, that all holders of Series A Preferred Stock and all holders of Series B Preferred Stock, respectively, shall be deemed to elect the option set forth above if at least a majority in interest of the holders of shares of their respective series, with each such series voting as a separate series, elect such option.

6.5.5 Non-Cash Consideration. If any assets of the Corporation distributed to shareholders in connection with any Liquidation Event are other than cash, then the value of such assets shall be their fair market value as determined by the Board of Directors in good faith, except that any securities to be distributed to shareholders in connection with a Liquidation Event shall be valued as follows:

(a) The method of valuation of securities not subject to investment representation letter or other similar restrictions on free marketability shall be as follows:

(i) unless otherwise specified in a definitive agreement for the acquisition of the Corporation, if the securities are then traded on a national securities exchange or the NASDAQ National Market (or a similar national quotation system), then the value shall be deemed to be the average of the closing prices of the securities on such exchange or system over the thirty (30) calendar day period ending three (3) trading days prior to the distribution; and

(ii) if (i) above does not apply but the securities are actively traded over-the-counter, then, unless otherwise specified in a definitive agreement for the acquisition of the Corporation, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the distribution; and

(iii) if there is no active public market as described in clauses (i) or (ii) above, then the value shall be the fair market value thereof, as determined in good faith by the Board of Directors.

(b) The method of valuation of securities subject to investment letter or other restrictions on free marketability shall be to make an appropriate discount from the market value determined as above in subparagraphs (a)(i), (ii) or (iii) of this Section 6.5.5 to reflect the approximate fair market value thereof, as determined in good faith by the Board of Directors.

6.6 Voting Rights.

6.6.1 Common Stock. Each holder of shares of Common Stock shall be entitled to one (1) vote for each such share thereof held.

6.6.2 Preferred Stock. Each holder of shares of Series A Preferred Stock or Series B Preferred Stock shall have no voting rights except as otherwise provided by the Florida Business Corporation Act ("FBCA") and in these First Amended and Restated Articles of Incorporation of the Corporation (the "RESTATED ARTICLES").

6.6.3 Cumulative Voting. Except as may be provided by the resolutions of the Board of Directors authorizing the issuance of any class or series of Preferred Stock, cumulative voting by any shareholder is hereby expressly denied.

6.6.4 Notice to Holders of Preferred Stock. Notwithstanding the above, the Corporation shall provide each holder of Series A Preferred Stock or Series B Preferred Stock with prior notification of any meeting of the stockholders (and copies of proxy materials and other information sent to stockholders). In the event of any taking by the Corporation of a record of its stockholders for the purpose of determining stockholders who are entitled to receive payment of any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire (including by way of merger, consolidation or recapitalization) any share of any class or any other securities or property, or to receive any other right, or for the purpose of determining stockholders who are entitled to vote in connection with any proposed Liquidation Event, the Corporation shall mail a notice to each holder of Series A Preferred Stock or Series B Preferred Stock, at least thirty (30) days prior to (or such shorter period that the Corporation first becomes aware of) the consummation of the transaction or event, whichever is earlier, of the date on which any such action is to be taken for the purpose of such dividend, distribution, right or other event, and a brief statement regarding the amount and character of such dividend, distribution, right or other event to the extent known at such time.

6.6.5 Approval by Holders of Preferred Stock. To the extent that under the FBCA the approval of the holders of Series A Preferred Stock or Series B Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Corporation, the affirmative approval of the holders of at least a majority of the shares of Series A Preferred Stock or Series B Preferred Stock, respectively, represented by written consent of the holders of a majority of the shares of Series A Preferred Stock or Series B Preferred Stock (except as otherwise may be required under the FBCA) shall constitute the approval of such action by the class or series as applicable. Holders of Series A Preferred Stock and holders of Series B Preferred Stock shall be entitled to notice of all stockholder meetings or written consents (and copies of proxy materials and other information sent to stockholders) with respect to which they would be entitled to consent, which notice would be provided pursuant to the Corporation's Bylaws and the FBCA.

6.7 Conversion.

6.7.1 Series A Preferred Stock. The outstanding shares of Series A Preferred Stock shall not be convertible into shares of Common Stock.

6.7.2 Series B Preferred Stock. The outstanding shares of Series B Preferred Stock shall not be convertible into shares of Common Stock.

6.8 Redemption. The Corporation shall not have the right to redeem the Series A Preferred Stock or Series B Preferred Stock.

6.9 Restrictions.

6.9.1 Protective Provisions Regarding Series A Preferred Stock. For so long as shares of Series A Preferred Stock remain outstanding, the Corporation shall not, without the approval of the holders of at least sixty percent (60%) of Series A Preferred Stock then outstanding:

(a) in any manner alter or change the terms, designations, powers, preferences or relative, participating, optional or other special rights, or the qualifications, limitations or restrictions, or, except as provided in Section 6.9.1(b) below, increase the authorized number of shares of the Series A Preferred Stock;

(b) in any manner authorize, create, designate, issue or sell any class or series of capital stock (including any treasury shares) or

rights, options, warrants or other securities convertible into or exercisable or exchangeable for capital stock (other than (i) shares of Series B Preferred Stock or (ii) securities granted or issued to employees, officers, directors, consultants or advisors to the Corporation pursuant to incentive agreements, stock purchase or stock option plans, stock bonuses or awards, or other arrangements that are approved by the Board of Directors) or any debt security which by its terms is convertible into or exchangeable for any equity security or has any other equity feature or any security that is a combination of debt and equity, which, in each case, as to the payment of dividends, distribution of assets or redemptions, including, without limitation, distributions to be made upon a liquidation, is senior to or pari passu with the Series A Preferred Stock, or which in any manner adversely affects the holders of shares of the Series A Preferred Stock in their capacity as such;

(c) reclassify the shares of any class or series of capital stock of the Corporation into shares of any class or series of capital stock (i) ranking, either as to payment of dividends, distributions of assets or redemptions, including, without limitation, distributions to be made upon a liquidation, pari passu or senior to the Series A Preferred Stock, or (ii) which in any manner adversely affects the rights of the holders of shares of the Series A Preferred Stock in their capacity as such;

(d) repurchase capital stock of the Corporation, other than as required hereunder or pursuant to any agreements in effect as of the date hereof;

(e) permit Indebtedness of the Corporation (excluding any Indebtedness of any Subsidiaries) to exceed, at any given time, the aggregate principal amount of Five Million Dollars (\$5,000,000);

(f) declare and pay dividends or make any distribution of cash or property or both with respect to any class of capital stock of the Corporation;

(g) amend, restate or otherwise modify the Restated Articles or the Corporation's Bylaws in any manner adversely affecting the holders of shares of Series A Preferred Stock;

(h) do any act or thing not authorized or contemplated by the Restated Articles which would result in taxation of the holders of shares of the Series A Preferred Stock under Section 305 of the Internal Revenue Code of 1986, as amended (or any comparable provision of the Internal Revenue Code as hereafter from time to time amended); or

(i) sell, convey, exchange, transfer (for cash, shares of stock, securities or other consideration) or otherwise dispose of all or substantially all of the property or assets of the Corporation, to liquidate or dissolve the Corporation, or to merge or consolidate the corporation into one or more corporations (in each case except for a transaction with a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Corporation).

6.9.2 Protective Provisions Regarding Series B Preferred Stock. For so long as shares of Series B Preferred Stock remain outstanding, the Corporation shall not, without the approval of the holders of at least sixty percent (60%) of Series B Preferred Stock then outstanding:

(a) in any manner alter or change the terms, designations, powers, preferences or relative, participating, optional or other special rights, or the qualifications, limitations or restrictions, or, except as provided in subclause (b) below, increase the authorized number of shares of the Series B Preferred Stock;

(b) in any manner authorize, create, designate, issue or sell any class or series of capital stock (including any treasury shares) or rights, options, warrants or other securities convertible into or exercisable or exchangeable for capital stock (other than securities granted or issued to employees, officers, directors, consultants or advisors to the Corporation pursuant to incentive agreements, stock purchase or stock option plans, stock bonuses or awards, or other arrangements that are approved by the Board of Directors) or any debt security which by its terms is convertible into or

exchangeable for any equity security or has any other equity feature or any security that is a combination of debt and equity, which, in each case, as to the payment of dividends, distribution of assets or redemptions, including, without limitation, distributions to be made upon a liquidation, is senior to or pari passu with the Series B Preferred Stock, or which in any manner adversely affects the holders of shares of the Series B Preferred Stock in their capacity as such;

(c) reclassify the shares of any class or series of capital stock of the Corporation into shares of any class or series of capital stock (i) ranking, either as to payment of dividends, distributions of assets or redemptions, including, without limitation, distributions to be made upon a liquidation, pari passu or senior to the Series B Preferred Stock, or (ii) which in any manner adversely affects the rights of the holders of shares of the Series B Preferred Stock in their capacity as such;

(d) repurchase capital stock of the Corporation, other than as required hereunder or pursuant to any agreements in effect as of the date hereof;

(e) permit Indebtedness of the Corporation (excluding any Indebtedness of any Subsidiaries) to exceed, at any given time, the aggregate principal amount of Five Million Dollars (\$5,000,000);

(f) declare and pay dividends or make any distribution of cash or property or both with respect to any class of capital stock of the Corporation;

(g) amend, restate or otherwise modify the Restated Articles or the Corporation's Bylaws in any manner adversely affecting the holders of shares of Series B Preferred Stock;

(h) do any act or thing not authorized or contemplated by the Restated Articles which would result in taxation of the holders of shares of the Series B Preferred Stock under Section 305 of the Internal Revenue Code of 1986, as amended (or any comparable provision of the Internal Revenue Code as hereafter from time to time amended); or

(i) sell, convey, exchange, transfer (for cash, shares of stock, securities or other consideration) or otherwise dispose of all or substantially all of the property or assets of the Corporation, to liquidate or dissolve the Corporation, or to merge or consolidate the Corporation into one or more corporations (in each case except for a transaction with a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Corporation).

6.9.3 Protective Provisions Regarding Subsidiaries. For so long as shares of Series A Preferred Stock or Series B Preferred Stock remain outstanding, the Corporation shall not permit any of its Subsidiaries to take any of the following actions, without the approval of the holders of at least sixty percent (60%) of Series A Preferred Stock then outstanding or sixty percent (60%) of Series B Preferred Stock then outstanding (each voting as a separate series), respectively:

(a) become a party to any long-term (longer than one year, exclusive of renewals) agreements providing for any license or right to use Intellectual Property; or

(b) become a party to any agreement (other than the Expense Allocation Agreement and the Tax Sharing and Indemnification Agreement) to which GMI and GMI's Subsidiaries are parties other than on substantially the same terms as those applicable to the GMI Subsidiaries.

6.9.4 Indenture Documents. Notwithstanding any provision of the Restated Articles to the contrary, no action shall constitute a violation of any of the protective provisions set forth in Sections 6.9.1, 6.9.2 or 6.9.3 hereof if such action was taken or caused to be taken by the Corporation in the good faith belief, based upon the advice of counsel, that such action was reasonably required in order to comply with any obligations or covenants of the Corporation or any Subsidiary thereof under the Indenture dated as of December 21, 1993, by and among General Media, Inc., the subsidiary guarantors as listed in the

Indenture, and IBJ Schröder Bank & Trust Company, or any documents related thereto, including, without limitation, supplements to the Indenture.

6.10 Preemptive Rights. No shareholder of the Corporation shall have, by reason of holding shares of any class or series of stock of the Corporation, any preemptive or preferential rights to purchase or subscribe for any other shares of any class or series of the Corporation now or hereafter authorized, any other equity securities of the Corporation or any notes, debentures, warrants, bonds or other securities convertible into, or carrying options or warrants to purchase shares of, any class stock of the Corporation, now or hereafter authorized, whether or not the issuance of any such shares, or such notes, debentures, bonds or other securities, would adversely affect the dividend or voting rights of such shareholder.

ARTICLE VI(B) SERIES C PREFERRED STOCK

1. The Company has agreed to create a new series of Series C Preferred Stock, and issue shares of such Series C Preferred Stock as consideration of certain assets.

2. The Company's Articles of Incorporation, as amended, authorizes the issuance of Preferred Shares, and expressly vests in the Board of Directors the authority provided therein to issue any or all of such Preferred Shares in one or more series, and by resolution or resolutions the designation, number, full or limited voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations, restrictions, and other distinguishing characteristics of each series to be issued.

3. Designation Of The Series. The Board of Directors of the Company, pursuant to authority expressly vested in it as aforesaid, has adopted the following, creating a Series C issue of Preferred Stock;

There shall be a series of convertible Preferred Stock designated as "Series C Preferred Stock." The Series C Preferred Stock of such series shall be referred to herein as the "Series C Preferred Stock." Upon initial issuance by the Company, the price per share of the Series C Preferred Stock shall be \$10.00 (the "Purchase Price"). The par value per share is \$0.01. The authorized number of such Series C Preferred Stock is 11,550,000.

The terms of the Series C Preferred Stock are as follows:

4. Dividends

4.1 Dividend Preference. Except with respect to Permitted Repurchases, the holders of the then outstanding Series C Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any funds and assets of the Company generated from the sale the Property as defined in the Membership Interests Purchase Agreement between the Company and Del Sol Investments GP, which funds and assets after paying off all obligations and indebtedness of the Company, are then legally available to be distributed to the Company's shareholders (the "Available Funds and Assets"), cumulative dividends in an aggregate amount equal to four percent (4%) of the sum of (i) the stated value of the Series C Preferred Stock, plus (ii) the aggregate amount of then accrued but unpaid dividends on the Series C Preferred Stock. The Series C Preferred Stock accrued dividend shall be paid quarterly in kind. The Series C Preferred Stock holders shall not be entitled to participate in the common stock dividends paid to common shareholders.

4.2 No Participation Rights. Other than pursuant to Section 4.1 above, the Series C Preferred Stock shall not be entitled to participate in any dividends declared by the Board of Directors.

4.3 Non-Cash Dividends. Whenever a dividend provided for in this Section 4.1 shall be payable in property other than cash, the value of such dividend shall be deemed to be the fair market value of such property as determined in good faith by the Board of Directors.

4.4 Board of Directors. The Holders of the Series C Preferred Stock shall two of a total of seven members to the board of directors of the Company, one of which member shall be Enrique Fernando Molina or his designee, so long as the Series C Preferred Stock Preferred remains outstanding.

4.5 Redemption. The Series C Preferred Stock Holder shall have no right to require the Company to redeem any of the Series C Preferred Stock at any time. The Company shall have the right to redeem the Series C Preferred Stock at any time by payment in cash of an amount equal to the Liquidation Price. The Company shall provide at least thirty (30) days prior written notice to the holders of the Series C Preferred Stock of any such redemption. The Company shall be required to redeem all, or if specifically permitted hereunder, a portion of the Series C Preferred Stock, in the event, without the prior written consent of the holders of at least 50% of the outstanding Series C Preferred Stock, the Company or its subsidiary shall (i) issue, sell, transfer or encumber (other than as provided herein) any of the capital stock of Del Sol, or increase the authorized capital stock of Del Sol, or (ii) sell, transfer or encumber Del Sol or any of its assets.

5. Conversion.

5.1. Series C Preferred Stock. Upon not less than sixty-one days (61) prior written notice by the Series C Preferred Stock Holders, unless such notice period is waived by the Company, the Series C Preferred Stock shall be convertible into the common stock of the Company, at the option of the Holder, at any time upon five (5) days' prior written notice, at a conversion rate equal to the Liquidation Price per share of Series C Preferred Stock, divided by (i) eighty percent (80%) of the lesser of the NASDAQ Fair Market Value, the OTC Fair Market Value or the Board of Directors Fair Market Value, but not less than (ii) three dollars (\$3.00) per share; provided, however, that notwithstanding the foregoing, the Series C Preferred Stock may not be converted into common stock by the Holder, until such time as the Company's common stock is traded on a national stock exchange.

5.2. Adjustments to Conversion Ratio. For so long as any shares of the Series C Preferred Stock are outstanding, if after the Issue Date the Corporation issues and sells (A) Common Shares at a purchase price on the date of issuance thereof that is lower than the Conversion Price at such date, other than with respect to the exercise of options, warrants or convertible securities outstanding on the Issue Date or on conversion of the Series C Preferred Stock Preferred (B) warrants or options with an exercise price representing a percentage of the Current Market Price with an exercise price on the date of issuance of the warrants or options that is lower than the Conversion Price at such date, except for employee stock option agreements or stock incentive agreements of the Corporation, or (C) convertible, exchangeable or exercisable securities with a right to exchange at lower than the Conversion Price on the Issue Date, as applicable, of such convertible, exchangeable or exercisable securities, except, in each case, for stock option agreements or stock incentive agreements, then the Conversion Ratio shall be reduced to equal the lowest of any such lower rates since the most recently received Conversion Notice, and such Adjusted Conversion Price shall apply to any future Conversion Notices received by the Corporation. The Adjusted Conversion Price as it may exist from time to time shall not apply retroactively to any shares of Series C Preferred Stock converted prior to the implementation of such Adjusted Conversion Price.

5.3. The Conversion Price and the number of Common Shares into which the Series C Preferred Stock shall be convertible shall be adjusted for stock splits, combinations, or other similar events. Additionally, an adjustment will be made in the case of an exchange of Common Shares, consolidation or merger of the Corporation with or into another corporation or sale of all or substantially all of the assets of the Corporation in order to enable the holder of Series C Preferred Stock to acquire the kind and the number of shares of stock or other securities or property receivable in such event by a holder of the number of Common Shares that might otherwise have been issued upon the conversion of the Series C Preferred Stock. No adjustment to the Conversion Price will be made for dividends (other than stock dividends), if any, paid on the Common Shares.

6. Liquidation Rights

6.1 Liquidation, Dissolution or Winding Up. If the Company shall commence a voluntary case under the federal bankruptcy laws or any other applicable federal or state bankruptcy, insolvency or similar law, or consent to the entry of an order for relief in an involuntary case under any law or to the appointment of a

receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due, or if a an involuntary case under the federal bankruptcy laws or any other applicable federal or state bankruptcy, insolvency or similar law is commenced against the Company, or any of its subsidiaries, and such involuntary case is not dismissed within sixty (60) days following commencement, or if the Company shall liquidate, dissolve or wind up, or be ordered by a court of competent jurisdiction to liquidate, dissolve or wind up (each such event being considered a "Liquidation Event"), the Available Funds and Assets shall be distributed in the following manner:

6.2. Senior Preferred Stock. If, and only if, under the terms of authorized, issued and outstanding shares of Preferred Stock of the Company as in effect on _____, 2003, (i) the Company is prohibited from, and does not have the right to, create or designate a series of Preferred Stock with a liquidation preference senior to the liquidation preference of such existing series of Preferred Stock, and (ii) the holder(s) of any such series of Preferred Stock then outstanding shall be entitled to be paid a liquidation preference, out of the Available Funds and Assets, and prior and in preference to any payment or distribution (or any setting apart of any payment or distribution) of any Available Funds and Assets on the Series C Preferred Stock or Common Stock, then the Company shall pay the minimum liquidation preference required to be paid under the terms of such series of Preferred Stock. If upon a Liquidation Event, the Available Funds and Assets to be distributed to the holders of the such series of Preferred Stock shall be insufficient to permit the payment to such shareholders of their full preferential amount described in this subsection, then all of the Available Funds and Assets shall be distributed among the holders of then outstanding series of such Preferred Stock pro rata, according to the number of outstanding shares of such Preferred Stock held by each holder thereof. The Company shall not create, designate or authorize any series of Preferred Stock with liquidation preferences or rights equal to, or senior to, the liquidation rights and preference held by the holder of the Series C Preferred Stock Convertible Preferred Stock.

6.3. Series C Preferred Stock. To the extent not prohibited under the terms of authorized, issued and outstanding shares of Preferred Stock of the Company as in effect on _____, 2003, the holder(s) of Series C Preferred Stock then outstanding shall be entitled to be paid, out of the Available Funds and Assets, and prior and in preference to any payment or distribution (or any setting apart of any payment or distribution) of any Available Funds and Assets on any other series or shares of Preferred Stock, except as set forth in Section 1.3.1, (including, subject to Section 1.3.3 below, the Series C Preferred Stock and Series C Preferred Stock) or Common Stock, an aggregate amount equal to Ten Dollars (\$10.00) per share of Series C Preferred Stock, plus any accrued but unpaid dividends thereon (the "Liquidation Price"). If upon a Liquidation Event, the Available Funds and Assets to be distributed to the holders of the Series C Preferred Stock shall be insufficient to permit the payment to such shareholders of their full preferential amount described in this subsection, then all of the Available Funds and Assets shall be distributed among the holders of the then outstanding Series C Preferred Stock pro rata, according to the number of outstanding shares of Series C Preferred Stock held by each holder thereof.

6.4. All other Shares of Junior Preferred Stock. Subject to payment in full of the liquidation preference of the Series C Preferred Stock as provided above, the holder(s) of all other series of Preferred Stock of the Company then outstanding shall be entitled to be paid, out of the remaining Available Funds and Assets, if any, and prior and in preference to any payment or distribution (or any setting apart of any payment or distribution) of any Available Funds and Assets on any shares of Common Stock, the amount of any liquidation preference or other payment required under the terms of such Preferred Stock.

6.5. Remaining Assets. If there are any Available Funds and Assets remaining after the payment or distribution (or the setting aside for payment or distribution) to the holders of the Preferred Stock of their full preferential amounts described in Sections herein above, then all such remaining Available Funds and Assets shall be distributed among the holders of the then outstanding Common Stock pro rata according to the number of shares of Common Stock held by each holder thereof.

6.6. Merger or Sale of Assets. At the option of the holders of the Series C Preferred Stock, with such series voting as a separate series, the sale, conveyance or disposition of all the Property or substantially all of the assets of Del

Sol Investments, LLC ("Del Sol"), the effectuation by the Company or Del Sol of a transaction or series of related transactions in which more than fifty percent (50%) of the voting power of Del Sol or any of its subsidiaries is disposed of, or the consolidation or merger of Del Sol or any of its subsidiaries with or into any other Person (as defined below) or Persons when Del Sol or such subsidiary is not the survivor (in each case except for a transaction with a Person directly or indirectly controlling or controlled by or under direct or indirect common control with Del Sol) (see Section 1.1.2 for definition of "control") shall be deemed to be a Liquidation Event pursuant to which the Company shall be required to distribute, upon consummation of and as a condition to such transaction, an amount equal to either (i) the liquidation preference with respect to each outstanding share of Series C Preferred Stock in accordance with and subject to the terms of this Section, or (ii) all of the issued and outstanding capital stock of Del Sol, free of any encumbrances or claims, so long as Del Sol then owns the Del Sol Property, free of any encumbrances other than a Qualified Financing or the mortgage described in the last sentence of Section 1.6; provided, however, that all holders of Series C Preferred Stock shall be deemed to elect the option set forth above if at least a majority in interest of the holders of shares of Series C Preferred Stock, voting as a separate series, elect such option.

6.7 Non-Cash Consideration. If any assets of the Company distributed to shareholders in connection with any Liquidation Event are other than cash, then the value of such assets shall be their fair market value as determined by the Board of Directors in good faith, except that any securities to be distributed to shareholders in connection with a Liquidation Event shall be valued as follows:

(a) The method of valuation of securities not subject to investment representation letter or other similar restrictions on free marketability shall be as follows:

(i) unless otherwise specified in a definitive agreement for the acquisition of the Company, if the securities are then traded on a national securities exchange or the NASDAQ National Market (or a similar national quotation system), then the value shall be deemed to be the average of the three lowest closing prices of the securities on such exchange or system over the ten (10) trading days prior to the distribution (the "NASDAQ Fair Market Value"); and

(ii) if (i) above does not apply but the securities are actively traded over-the-counter, then, unless otherwise specified in a definitive agreement for the acquisition of the Company, the value shall be deemed to be the average of the three lowest closing bid prices over the ten (10) trading days prior to the distribution (the "OTC Fair Market Value"); and

(iii) if there is no active public market as described in clauses (i) or (ii) above, then the value shall be the fair market value thereof, as determined in good faith by the Board of Directors (the "Board of Directors Fair Market Value").

(b) The method of valuation of securities subject to investment letter or other restrictions on free marketability shall be to make an appropriate discount from the market value determined as above in subparagraphs (a)(i), (ii) or (iii) of this Section 6.7 to reflect the approximate fair market value thereof, as determined in good faith by the Board of Directors.

7. Voting Rights.

7.1 Preferred Stock. The holders of shares of Series C Preferred Stock shall have no voting rights, except if otherwise required by the laws of the state of Florida.

7.2 Notice to Holders of Preferred Stock. Notwithstanding the above, the Company shall provide each holder of Series C Preferred Stock with prior notification of any meeting of the stockholders (and copies of proxy materials and other information sent to stockholders). In the event of any taking by the Company of a record of its stockholders for the purpose of determining stockholders who are entitled to receive payment of any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire (including by way of merger, consolidation or recapitalization) any share of any class or any other securities or property, or to receive any other right, or for the purpose of determining stockholders who are entitled

to vote in connection with any proposed Liquidation Event, the Company shall mail a notice to each holder of Series C Preferred Stock, at least thirty (30) days prior to (or such shorter period that the Company first becomes aware of) the consummation of the transaction or event, whichever is earlier, of the date on which any such action is to be taken for the purpose of such dividend, distribution, right or other event, and a brief statement regarding the amount and character of such dividend, distribution, right or other event to the extent known at such time.

7.3 Approval by Holders of Preferred Stock. To the extent that under the Florida law the approval of the holders of Series C Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Company, and to the extent approval of the holders of Series C Preferred Stock is required for any specific Corporate action set forth herein, the affirmative approval of the holders of at least a majority of the shares of Series C Preferred Stock, represented by written consent of the holders of a majority of the shares of Series C Preferred Stock (except as otherwise may be required under Florida law) shall constitute the approval of such action by the class or series as applicable. Holders of Series C Preferred Stock shall be entitled to notice of all stockholder meetings or written consents (and copies of proxy materials and other information sent to stockholders), which notice would be provided pursuant to the Company's Bylaws and Florida law.

8. Protective Covenants. For so long as shares of Series C Preferred Stock remain outstanding, the Company shall not, without the written consent of the holders of at least fifty percent (50%) of Series C Preferred Stock then outstanding:

8.1 Create, incur, assume or suffer to exist any Lien upon or with respect to any of its properties, whether now owned or hereafter acquired; file or suffer to exist under the Uniform Commercial Code or any similar law or statute of any jurisdiction, a financing statement (or the equivalent thereof) that names it as debtor; sign or suffer to exist any security agreement authorizing any secured party thereunder to file such financing statement (or the equivalent thereof); sell any of its property or assets subject to an understanding or agreement, contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable) with recourse to it or assign or otherwise transfer any account or other right to receive income; other than the first mortgage of \$3.5 million granted in connection with the Membership Purchase Agreement and the Assumed Liabilities ("Permitted Liens").

8.2 Create, incur, assume, guarantee or suffer to exist, or otherwise become or remain liable with respect to any Indebtedness other than a Qualified Financing.

8.3 Wind-up, liquidate or dissolve, or merge, consolidate or amalgamate with any Person, or convey, sell, lease or sublease, transfer or otherwise dispose of, whether in one transaction or a series of related transactions, all or any part of its business, property or assets, whether now owned or hereafter acquired (or agree to do any of the foregoing), or purchase or otherwise acquire, whether in one transaction or a series of related transactions, all or substantially all of the assets of any Person (or any division thereof) (or agree to do any of the foregoing); provided, however, that the Company or any of its subsidiaries (a "Loan Party") may dispose of (i) obsolete or worn-out equipment in the ordinary course of business and (ii) artwork under terms and conditions acceptable to the Series C Preferred Stock Holder and the Required Lenders.

8.4 Make any change in the nature of its business as described in Section 1.

8.5 Make or commit or agree to make any loan, advance guarantee of obligations, other extension of credit or capital contributions to, or hold or invest in or commit or agree to hold or invest in, or purchase or otherwise acquire or commit or agree to purchase or otherwise acquire any shares of the Capital Stock, bonds, notes, debentures or other securities of, or make or commit or agree to make any other investment in, any other Person, or purchase or own any futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, except for: (i) investments existing on the date hereof, but not any increase in the amount thereof as set forth in such Schedule or any other modification of the terms thereof, (ii) loans and advances by it to its Subsidiaries and by such Subsidiaries to it, made in the ordinary course of business, and (iii) Permitted Investments.

8.6 Create, incur or suffer to exist any obligations as lessee (i) for the payment of rent for any real or personal property in connection with any sale and leaseback transaction, or (ii) for the payment of rent for any real or personal property under leases or agreements to lease other than (A) existing leases as at the date hereof, and (B) Operating Lease Obligations which would not cause the aggregate amount of all Operating Lease Obligations owing by all Loan Parties after the Filing Date to exceed \$100,000.

8.7 Make or commit or agree to make any Capital Expenditure (by purchase made or Capitalized Lease entered into after the Filing Date) that would cause the aggregate amount of all such Capital Expenditures arising from purchases made or Capitalized Leases entered into after the Filing Date by the Loan Parties to exceed \$100,000.

8.8 (i) Declare or pay any dividend or other distribution, direct or indirect, on account of any Capital Stock of any Loan Party now or hereafter outstanding, (ii) make any repurchase, redemption, retirement, defeasance, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Capital Stock of any Loan Party or any direct or indirect parent of any Loan Party, now or hereafter outstanding, (iii) make any payment to retire, or to obtain the surrender of, any outstanding warrants, options or other rights for the purchase or acquisition of shares of any class of Capital Stock of any Loan Party, now or hereafter outstanding, (iv) return any Capital Stock to any shareholders or other equity holders of any Loan Party or any of its Subsidiaries, or make any other distribution of property, assets, shares of Capital Stock, warrants, rights, options, obligations or securities thereto as such or (v) pay any management fees or any other fees or expenses (including the reimbursement thereof by any Loan Party) pursuant to any management, consulting or other services agreement to any of the shareholders or other equity holders of any Loan Party or other Affiliates, or to any other Subsidiaries or Affiliates of any Loan Party; provided, however, any Subsidiary of the Company may pay dividends to the Company.

8.9 Enter into, renew, extend or be a party to any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate, except (i) in the ordinary course of business in a manner and to an extent consistent with past practice and necessary or desirable for the prudent operation of its business, for fair consideration and on terms no less favorable to it than would be obtainable in a comparable arm's length transaction with a Person that is not an Affiliate thereof, (ii) transactions with another Subsidiary.

8.10 Engage in any business, enter into any transaction, use any securities or take any other action or permit any of its Subsidiaries to do any of the foregoing, that would cause it or any of its Subsidiaries to become subject to the registration requirements of the Investment Company Act of 1940, as amended, by virtue of being an "investment company" or a company "controlled" by an "investment company" not entitled to an exemption within the meaning of such Act.

8.13 in any manner alter or change the terms, designations, powers, preferences or relative, participating, optional or other special rights, or the qualifications, limitations or restrictions, or increase the authorized number of shares of the Series C Preferred Stock;

8.14 in any manner authorize, create, designate, issue or sell any class or series of capital stock (including any treasury shares) or rights, options, warrants or other securities convertible into or exercisable or exchangeable for capital stock or any debt security which by its terms is convertible into or exchangeable for any equity security or has any other equity feature or any security that is a combination of debt and equity, and which, in each case, as to the payment of dividends, distribution of assets or redemptions, including, without limitation, distributions to be made upon a liquidation, is senior to or pari passu with the rights of the holders of the Series C Preferred Stock to receive the Liquidation Price from Available Funds and Assets;

8.15 reclassify the shares of any class or series of capital stock of the Company into shares of any class or series of capital stock ranking, either as to payment of dividends, distributions of assets or redemptions, including, without limitation, distributions to be made upon a liquidation, pari passu or senior to rights of the holders of the Series C Preferred Stock to receive the Liquidation Price from Available Funds and Assets;

8.16 amend, restate or otherwise modify the Restated Articles or the Company's Bylaws in any manner adversely affecting the rights of the holders of shares of Series C Preferred Stock to receive the Liquidation Price from Available Funds and Assets;

8.17 do any act or thing not authorized or contemplated by the Restated Articles which would result in taxation of the holders of shares of the Series C Preferred Stock under Section 305 of the Internal Revenue Code of 1986, as amended (or any comparable provision of the Internal Revenue Code as hereafter from time to time amended);

8.18 sell, transfer, encumber, alienate, mortgage, hypothecate, convey, exchange, assign, transfer or otherwise dispose of (a "Transfer"), any shares of the capital stock of Del Sol, or issue any new shares of the capital stock of Del Sol; or

8.19 except for a Qualified Financing as set forth herein, Transfer (for cash, shares of stock, securities or other consideration) or otherwise dispose of all or substantially all of the property or assets of Del Sol, or any interest in those certain two real estate properties consisting of approximately 350 ocean-front acres located at the city and harbor of Zihuatanejo, State of Guerrero, Mexico (the "Del Sol Property"), beneficially owned and/or controlled by Del Sol, to liquidate or dissolve Del Sol, or to merge or consolidate Del Sol into one or more corporations (in each case except for a transaction with a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or Del Sol).

8.20 terminate, replace or cause not to be reelected, the directors to be appointed by Del Sol Investments GP.

9. Affirmative Covenants. The Company shall use its best efforts to perform or cause to be performed, diligently and in good faith, each of the following covenants and so long as any of the Series C Preferred Stock or any other Obligation (whether or not due) shall remain unpaid or the Series C Preferred Stock Preferred Holder shall have any Commitment hereunder, the Company will, unless the Series C Preferred Stock Preferred Holder shall otherwise consent in writing:

9.1 secure a third party loan, secured by the Del Sol Property or the assets of Del Sol, the net proceeds of which are not less than USD\$25,000,000 (a "Qualified Financing");

9.2 retain an amount equal to six months of interest payments in Del Sol, and use such funds to make such interest payments on the Qualified Financing;

9.3 Reporting Requirements. Furnish to the Series C Preferred Stock Holder and each Lender:

(i) as soon as available and in any event within 30 days after the end of each fiscal quarter of the Company and its Subsidiaries commencing with the first fiscal quarter of the Company and its Subsidiaries ending after the Interim Facility Effective Date, (A) consolidated balance sheets, consolidated statements of operations and retained earnings and consolidated statements of cash flows of the Company and its Subsidiaries, and (B) consolidating balance sheets, consolidating statements of operations and retained earnings and consolidating statements of cash flows of the Company and each of its Subsidiaries, in each case, as at the end of such quarter, and for the period commencing at the end of the immediately preceding Fiscal Year and ending with the end of such quarter, setting forth in each case in comparative form the figures for the corresponding date or period of the immediately preceding Fiscal Year, all in reasonable detail and certified by the Authorized Officer of the Company as fairly presenting, in all material respects, the financial position of the Company and its Subsidiaries, as of the end of such quarter and the results of operations and cash flows of the Company and its Subsidiaries, for such quarter, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements of the Company and its Subsidiaries, furnished to the Series C Preferred Stock Holder and the Lenders, subject to normal year-end adjustments;

(ii) as soon as available, and in any event within 30 days after the end of each fiscal month of the Company and its Subsidiaries commencing with the first fiscal month of the Company and its Subsidiaries ending after the Interim Facility Effective Date, (A) internally prepared consolidated balance sheets, consolidated statements of operations and retained earnings and consolidated statements

of cash flows of the Company and its Subsidiaries, and (B) consolidating balance sheets, consolidating statements of operations and retained earnings and consolidating statements of cash flows of the Company and each of its Subsidiaries, in each case, as at the end of such fiscal month, and for the period commencing at the end of the immediately preceding Fiscal Year and ending with the end of such fiscal month, all in reasonable detail and certified by the Authorized Officer of the Company as fairly presenting, in all material respects, the financial position of the Company and its Subsidiaries, as at the end of such fiscal month and the results of operations, retained earnings and cash flows of the Company and its Subsidiaries, for such fiscal month, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements furnished to the Series C Preferred Stock Holder and the Lenders, subject to normal year-end adjustments;

(iii) as soon as possible, and in any event within three (3) days after the occurrence of an Event of Default or Default or the occurrence of any event or development that could have a Material Adverse Effect, the written statement of the Authorized Officer of the Company setting forth the details of such Event of Default or Default or other event or development that could have a Material Adverse Effect and the action which the affected Loan Party proposes to take with respect thereto;

(iv) promptly after the commencement thereof but in any event not later than 5 days after service of process with respect thereto on, or the obtaining of knowledge thereof by, any Loan Party, notice of each action, suit or proceeding before any court or other Governmental Authority or other regulatory body or any arbitrator which, if adversely determined, could have a Material Adverse Effect;

(v) promptly after the sending or filing thereof, copies of all statements, reports and other information any Loan Party sends to any holders of its Indebtedness or its securities or files with the SEC or any national (domestic or foreign) securities exchange;

(vi) promptly upon receipt thereof, copies of all financial reports (including, without limitation, management letters), if any, submitted to any Loan Party by its auditors in connection with any annual or interim audit of the books thereof;

(vi) promptly upon request, copies of all minutes of meetings of the Board of Directors of any Loan Party and all other statements, reports and other information sent by the Board of Directors of any Loan Party to any Person or submitted by any Person to the Board of Directors of any Loan Party; and

(vii) promptly upon request, such other information concerning the condition or operations, financial or otherwise, of any Loan Party as the Series C Preferred Stock Holder may from time to time may reasonably request.

(h) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, (i) paying before the same become delinquent, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any of its properties, and (ii) paying all lawful claims which if unpaid might become a Lien or charge upon any of its properties, except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP.

(i) Preservation of Existence, Etc. Maintain and preserve its existence, rights and privileges, and become or remain duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary.

(j) Keeping of Records and Books of Account. Keep adequate records and books of account, with complete entries made to permit the preparation of financial statements in accordance with GAAP.

(k) Inspection Rights. Permit the Series C Preferred Stock Holders and representatives of the Series C Preferred Stock Holder at any time and from time to time during normal business hours, at the expense of the The Company, to examine and make copies of and abstracts from its records and books of account, to visit and inspect its properties, to verify materials, leases, notes, accounts receivable, deposit accounts and its other assets, to conduct audits, physical counts, valuations,

appraisals, or examinations and to discuss its affairs, finances and accounts with any of its directors, officers, managerial employees, independent accountants or any of its other representatives. In furtherance of the foregoing, the Company hereby authorizes its independent accountants to discuss the affairs, finances and accounts of such Person (independently or together with representatives of such Person) with the Series C Preferred Stock Holders and representatives of the Series C Preferred Stock Holder and the Series C Preferred Stock Holder.

(l) Obtaining of Permits, Etc. Obtain, maintain and preserve and take all necessary action to timely renew, all permits, licenses, authorizations, approvals, entitlements and accreditations which are necessary or useful in the proper conduct of its business, except where the failure to obtain, maintain or preserve such licenses, authorizations, approvals, entitlements and accreditations is not reasonably likely to have a Material Adverse Effect..

(m) Further Assurances. Take such action and execute, acknowledge and deliver, at its sole cost and expense, such agreements, instruments or other documents as the Series C Preferred Stock Holder may require from time to time in order (i) to carry out more effectively the purposes of this Agreement, (ii) to subject to valid and perfected first priority Liens any of the Collateral or any other property of the Company, (iii) to establish and maintain the validity and effectiveness of any of the Documents and the validity, perfection and priority of the Liens intended to be created thereby, and (iv) to better assure, convey, grant, assign, transfer and confirm unto the Series C Preferred Stock Holder the rights now or hereafter intended to be granted to it under this Agreement. In furtherance of the foregoing, the Company (i) authorizes the Series C Preferred Stock Holder to execute any such agreements, instruments or other documents in such Company's name and to file such agreements, instruments or other documents in any appropriate filing office, (ii) authorizes the Series C Preferred Stock Holder to file any financing statement required hereunder or under any other Document, and any continuation statement or amendment with respect thereto, in any appropriate filing office without the signature of such Company, and (iii) ratifies the filing of any financing statement, and any continuation statement or amendment with respect thereto, filed without the signature of such Company prior to the date hereof.

(n) Change in Collateral; Collateral Records; Collateral Locations. (i) Give the Series C Preferred Stock Holder not less than 30 days' prior written notice of any change in the location of any Collateral, (ii) advise the Series C Preferred Stock Holder promptly, in sufficient detail, of any material adverse change relating to the type, quantity or quality of the Collateral or the Lien granted thereon, (iii) execute and deliver to the Series C Preferred Stock Holder for the benefit of the Lenders from time to time, solely for the Series C Preferred Stock Holder's convenience in maintaining a record of Collateral, such written statements and schedules as the Series C Preferred Stock Holder may reasonably require, designating, identifying or describing the Collateral and (iv) upon the request of the Series C Preferred Stock Holder, move all Collateral to a location owned or leased by the Company or to a warehouse or other secure location satisfactory to the Series C Preferred Stock Holder.

10. Reclassification, Consolidation, Merger or Mandatory Share Exchange; Adjustments for Splits, Combinations.

(a) At any time while the Series C Preferred Stock remains outstanding and any shares thereof have not been converted, in case of any reclassification or change of Outstanding Common Shares issuable upon conversion of the Series C Preferred Stock (other than a change in par value, or from par value to no par value per share, or from no par value per share to par value or as a result of a subdivision or combination of outstanding securities issuable upon conversion of the Series C Preferred Stock) or in case of any consolidation, merger or mandatory share exchange of the Corporation with or into another corporation (other than a merger or mandatory share exchange with another corporation in which the Corporation is a continuing corporation and which does not result in any reclassification or change, other than a change in par value, or from par value to no par value per share, or from no par value per share to par value, or as a result of a subdivision or combination of Outstanding Common Shares upon conversion of the Series C Preferred Stock), or in the case of any sale or transfer to another corporation of the property of the Corporation as an entirety or substantially as an entirety, the Corporation, or such successor, resulting or purchasing corporation, as the case may be, shall, without payment of any additional consideration therefor, execute a new Series C Preferred Stock providing that the Holder shall have the right to convert such new Series C Preferred Stock (upon terms and conditions not less favorable to the Holder than those in effect pursuant to the Series C Preferred Stock) and to receive upon such exercise, in lieu of each Common Share

theretofore issuable upon conversion of the Series C Preferred Stock, the kind and amount of shares of stock, other securities, money or property receivable upon such reclassification, change, consolidation, merger, mandatory share exchange, sale or transfer by the holder of one Common Share issuable upon conversion of the Series C Preferred Stock had the Series C Preferred Stock been converted immediately prior to such reclassification, change, consolidation, merger, mandatory share exchange or sale or transfer. The provisions of this Section shall similarly apply to successive reclassifications, changes, consolidations, mergers, mandatory share exchanges and sales and transfers.

11. Miscellaneous

11.1. Loss, Theft, Destruction of Preferred Stock. Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction or mutilation of shares of Series C Preferred Stock and, in the case of any such loss, theft or destruction, upon receipt of indemnity or security reasonably satisfactory to the Corporation, or, in the case of any such mutilation, upon surrender and cancellation of the Series C Preferred Stock, the Corporation shall make, issue and deliver, in lieu of such lost, stolen, destroyed or mutilated shares of Series C Preferred Stock, new shares of Series C Preferred Stock of like tenor. The Series C Preferred Stock shall be held and owned upon the express condition that the provisions of this Section are exclusive with respect to the replacement of mutilated, destroyed, lost or stolen shares of Series C Preferred Stock and shall preclude any and all other rights and remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement of negotiable instruments or other securities without the surrender thereof.

11.2. Who Deemed Absolute Owner. The Corporation may deem the Person in whose name the Series C Preferred Stock shall be registered upon the registry books of the Corporation to be, and may treat it as, the absolute owner of the Series C Preferred Stock for the purpose of the conversion of the Series C Preferred Stock and for all other purposes, and the Corporation shall not be affected by any notice to the contrary. All such payments and such conversion shall be valid and effectual to satisfy and discharge the liability upon the Series C Preferred Stock to the extent of the sum or sums so paid or the conversion so made.

11.3. Register. The Corporation shall keep at its principal office a register in which the Corporation shall provide for the registration of the Series C Preferred Stock. Upon any transfer of the Series C Preferred Stock in accordance with the provisions hereof, the Corporation shall register such transfer on the Series C Preferred Stock register.

11.4. Reservation of Stock. The Corporation, upon the effective date of this Certificate of Designations, has a sufficient number of shares of Common Stock available to reserve for issuance upon the conversion of all outstanding shares of Series C Preferred Stock, including the Additional Amount, at an assumed Conversion Price of \$3.00. The Corporation will at all times reserve and keep available out of its authorized Common Stock, solely for the purpose of issuance upon the conversion of Series C Preferred Stock as herein provided, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares of Series C Preferred Stock. The Corporation covenants that all shares of Common Stock which shall be so issued shall be duly and validly issued, fully paid and non-assessable. The Corporation will take all such action as may be so taken without violation of any applicable law or regulation, or of any requirement of any national securities exchange upon which the Common Stock may be listed to have a sufficient number of authorized but unissued shares of Common Stock to issue upon conversion of the Series C Preferred Stock. The Corporation will not take any action which results in any adjustment of the conversion rights if the total number of shares of Common Stock issued and issuable after such action upon conversion of the Series C Preferred Stock would exceed the total number of shares of Common Stock then authorized by the Corporation's Certificate of Incorporation, as amended.

11.5 Notices.

If to Series C Preferred Stock Holder, at :

Del Sol Investments GP
c/o Baker and McKenzie
Attention: Antonio Ambrosio, Esq.

Plaza Inverlat Piso 12
Blvd. M. Avila Camadho I
11009 Mexico, D.F.

If to Company, at its principal address as set forth in its most recent filing with the US Securities and Exchange Commission.

11.6 Withholding. To the extent required by applicable law, the Corporation may withhold amounts for or on account of any taxes imposed or levied by or on behalf of any taxing authority in the United States having jurisdiction over the Corporation from any payments made pursuant to the Series C Preferred Stock.

11.7 Headings. The headings of the Articles and Sections of this Certificate of Designations are inserted for convenience only and do not constitute a part of this Certificate of Designations.

11.8 Definitions. For the purposes of this Article VI(B), the following definitions apply:

"Control" (including the terms "controlling," "controlled by," and "under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person whether through ownership of voting securities, by contract or otherwise.

"Event of Default" means any one of the following events, occurrences or conditions:

(a) the Corporation or any of its Subsidiaries shall (1) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code or any other federal, state or other bankruptcy, insolvency or similar law, other than the current proceedings of general media and subsidiaries pursuant to a voluntary bankruptcy petition (2) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (3) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for any such Person or for any substantial part of its property or assets, (4) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (5) make a general assignment for the benefit of creditors, (6) fail generally to pay its debts as they become due or (7) take any corporate or stockholder action in furtherance of any of the foregoing;

(b) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (A) relief in respect of the Corporation or any of its Subsidiaries, or of any substantial part of their respective property or assets, under Title 11 of the United States Code or any other federal, state or other bankruptcy, insolvency or similar law, (B) the appointment of a receiver, trustee, custodian, sequestrator or similar official for any such Person or for any substantial part of its property or (C) the winding-up or liquidation of any such Person, and such proceeding, petition or order shall continue unstayed and in effect for a period of 60 consecutive days;

(c) a final judgment for the payment of money in an amount in excess of \$100,000 shall be rendered by a court or other tribunal against the Corporation or any of its Subsidiaries and shall remain undischarged for a period of 60 consecutive days during which such judgment and any levy or execution thereof shall not have been effectively stayed or vacated; or

(d) any event shall occur or condition shall exist or fail to occur or exist if the effect of such occurrence or failure is to cause the holders of any Indebtedness of the Corporation or any of its Subsidiaries in a principal amount in excess of \$100,000 to declare an event of default with respect to such Indebtedness and such occurrence or failure shall not have been remedied within the greater of (A) any applicable period of grace or (B) 30 days after such occurrence, or any such Indebtedness shall not be paid after 30 days following its due date and demand for payment therefor, whether by acceleration or otherwise, or the holder of any Lien upon property of the Corporation or any of its Subsidiaries securing any such Indebtedness shall commence foreclosure of such Lien.

(e) In the event that the Corporation shall, without the prior written consent of the Requisite Preferred Holders, (a) sell, convey or otherwise dispose of or encumber all or substantially all of its property or business or merge into or

consolidate with any other corporation (other than a wholly-owned subsidiary corporation) or effect any transaction or series of related transactions in which more than fifty percent (50%) of the voting power of the Corporation is disposed of, (b) alter or change the rights, preferences or privileges of the Preferred Stock so as to affect adversely the holders of such Preferred Stock, (c) increase or decrease (other than by redemption or conversion) the total number of authorized or issued shares of Preferred Stock, (d) authorize or issue, or obligate itself to issue, any other Security, including any Common Stock Equivalent, (1) having a preference over, or being on a parity with, the Preferred Stock upon liquidation, or (2) having rights similar to any of the rights of the Preferred Stock under this section, (e) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any Common Stock or Common Stock Equivalents, provided, however, that this restriction shall not apply to the repurchase of Common Stock or Common Stock Equivalents from either (1) the sellers of any business, material assets or a corporation or other business entity where, in connection with such acquisition, the Corporation agreed to repurchase such Common Stock Equivalents upon the occurrence of agreed upon events (including the passage of time, performance targets or other events), or (2) employees, officers, directors, consultants or other persons performing services for the Company or any subsidiary pursuant to agreements under which the Corporation has the option to repurchase such Common Stock or Common Stock Equivalents at "cost" (as defined in any such agreements) upon the occurrence of certain events, such as the termination of employment, (f) amend the Corporation's Certificate of Incorporation or Bylaws, or (g) change the authorized number of directors of the Corporation.

(f) In the event the Company shall breach or violate any of the terms and conditions contained in this Certificate of Designations including without limitation this Section 11.8, then the holders of the Series C Preferred Stock shall have the right to take any or all actions set forth in that certain Pledge Agreement, dated as of the date hereof, all of the terms and conditions of which are incorporated herein by this reference

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession.

"Indebtedness" shall mean, any indebtedness of the Company (or Del Sol, if applicable) whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or representing Capital Lease Obligations or the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP.

"Intellectual Property" shall mean all worldwide trademarks, trademark applications, trade names, service marks, service mark applications, copyright, copyright applications, and all documentation and media constituting, describing or relating to the above, including, without limitation, manuals, memoranda and records.

"Permitted Repurchase" shall mean any repurchase of Common Stock by the Company from employees, officers, directors, consultants, independent contractors, advisors, other persons performing services for the Company in accordance with any stock purchase plan, agreement or other arrangement pursuant to which the Company is entitled to an option or other right to repurchase such stock.

"Person" shall mean any individual, Company, limited liability company, partnership, association, trust or other entity or organization.

"Subsidiary" of a Person shall mean any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are owned directly or indirectly by the Person.

ARTICLE VII

BOARD OF DIRECTORS

7.1 Election. The Board of Directors shall consist of not less than one director with the exact number to be fixed from time to time by the affirmative vote of a majority of directors then in office or the affirmative vote of the holders of a majority of the shares entitled to vote on the matter. Whenever any vacancy on the Board of Directors shall occur for any reason, a majority of directors then in office, although less than a quorum of the entire Board of Directors, or the holders of a majority of the shares entitled to vote on the matter, may fill the vacancy or vacancies for the balance of the unexpired term or terms, at which time a successor or successors shall be duly elected by the shareholders and qualified.

7.2 Repeal or Amendment of Article VII. This Article VII may not be repealed or amended in any respect, and no provision inconsistent with this Article VII may be adopted, unless such action is approved by the affirmative vote of the holders of not less than sixty-five percent (65%) of the combined voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

ARTICLE VIII

MEETINGS OF SHAREHOLDERS

Except as otherwise required by law, the Corporation shall not be required to hold a special meeting of shareholders of the Corporation unless, in addition to any other requirements of law, (i) the holders of not less than thirty percent (30%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and deliver to the Corporation's secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held or (ii) the meeting is called by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors or by the Corporation's Chairman. Only business within the purpose or purposes described in the special meeting notice required by the FBCA may be conducted at a special shareholders' meeting.

ARTICLE IX

BUSINESS COMBINATIONS

9.1 Shareholder Approval. In addition to any affirmative vote required by law or the Restated Articles, the affirmative vote of the holders of not less than sixty-five percent (65%) of the outstanding shares of "VOTING STOCK" (as hereinafter defined) of the corporation shall be required for the approval or authorization of any "BUSINESS COMBINATION" (as hereinafter defined) or of any series of transactions which, if taken together, would constitute a Business Combination of the Corporation or any Subsidiary (as defined in Section 6.1.10 above) with any "RELATED PERSON" (as hereinafter defined); provided, however, that the sixty-five percent (65%) voting requirement shall not be applicable if:

9.1.1 The "CONTINUING DIRECTORS" of the Corporation (as hereinafter defined) by a majority vote (i) have expressly approved in advance the acquisition of Voting Stock of the Corporation that caused the Related Person to become a Related Person, or (ii) have approved the Business Combination; or

9.1.2 The Business Combination is a merger or consolidation and the cash or fair market value of the property, securities or other consideration to be received per share by holders of Common Stock of the Corporation in the Business Combination is not less than the highest per share price (with appropriate adjustments for recapitalizations and for stock splits, stock dividends and like distributions) paid by the Related Person in acquiring any of its holdings of the Corporation's Common Stock either in or subsequent to the transaction or series of transactions in which the Related Person became a Related Person.

Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

9.2 Definitions. For the purposes of this Article IX:

9.2.1 The term "BUSINESS COMBINATION" shall mean (i) any merger or consolidation of the Corporation or a Subsidiary with or into a Related Person, (ii) any sale, lease, exchange, transfer or other disposition, including without limitation a mortgage or any other security device, of all or any "SUBSTANTIAL PART" (as hereinafter defined) of the assets either of the Corporation (including without limitation any voting securities of a subsidiary) or of a Subsidiary, to a Related Person, (iii) any merger or consolidation of a Related Person with or into the Corporation or a Subsidiary of the Corporation, (iv) any sale, lease, exchange, transfer or other disposition of all or any Substantial Part of the assets of a Related Person to the Corporation or a Subsidiary of the Corporation, (v) the issuance or transfer of any securities of the Corporation or a Subsidiary of the Corporation to a Related Person, (vi) any reclassification of securities (including a reverse stock split) or recapitalization that would have the effect of increasing the voting power of a Related Person, and (vii) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of any Related Person.

9.2.2 The term "RELATED PERSON" shall mean and include any individual, corporation, partnership or other person or entity which, together with its "AFFILIATES" and "ASSOCIATES" (as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended), "BENEFICIALLY OWNS" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended) in the aggregate fifteen percent (15%) or more of the outstanding Voting Stock of the Corporation, any Affiliate or Associate of any such individual, corporation, partnership or other person or entity, and any assignee of any of the foregoing. The term "RELATED PERSON" shall not include Robert C. Guccione, the Robert C. Guccione Family Trust No. 1, GMI or GM.

9.2.3 The term "SUBSTANTIAL PART" shall mean more than thirty percent (30%) of the fair market value of the total assets of the Corporation in question, as of the end of its most recent fiscal year ending prior to the time the determination is being made.

9.2.4 Without limitation, any shares of Voting Stock of the corporation that any Related Person has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed beneficially owned by the Related Person.

9.2.5 For the purposes of Section 9.1.2 of this Article IX, the term "OTHER CONSIDERATION TO BE RECEIVED" shall include, without limitation, Common Stock of the Corporation retained by its existing stockholders in the event of a Business Combination in which the Corporation is the surviving corporation.

9.2.6 The term "VOTING STOCK" shall mean all outstanding shares of capital stock of the corporation or another corporation entitled to vote generally in the election of directors and each reference to a proportion of shares of Voting Stock shall refer to such proportion of the votes entitled to be cast by such shares.

9.2.7 The term "CONTINUING DIRECTOR" shall mean a director who either (i) was a member of the Board of Directors of the corporation immediately prior to the time that the Related Person involved in a Business Combination became a Related Person or (ii) was designated (before his or her initial election as director) as a Continuing Director by a majority of the then Continuing Directors.

9.2.8 This Article IX may not be repealed or amended in any respect, and no provision inconsistent with this Article IX may be adopted, unless such action is approved by the affirmative vote of the holders of not less than sixty-five percent (65%) of the outstanding shares of Voting Stock of the corporation.

ARTICLE X

BYLAWS

Unless otherwise provided by law, the Bylaws of the Corporation may be altered, amended or repealed, in whole or in part, or new Bylaws may be adopted, by the affirmative vote of a majority of the directors in office or the affirmative vote of holders of a majority of the shares entitled to vote on the

matter.

ARTICLE XI

INDEMNITY

The Corporation shall indemnify, and shall advance expenses on behalf of, its officers and directors to the fullest extent not prohibited by any law in existence either now or hereafter.

ARTICLE XII

REGISTERED OFFICE AND AGENT

The street address of the Corporation's registered office shall be 1200 South Pine Island Road, Plantation, Florida 33324, and the registered agent for the Corporation at such address shall be CT Corporation System.

ARTICLE XIII

AMENDMENT

Except as provided herein, the Restated Articles may be altered, amended or repealed by the shareholders of the Corporation in accordance with the applicable laws of the State of Florida.

IN WITNESS WHEREOF, the Corporation has caused the Restated Articles to be executed this 31st day of December, 2003.

PENTHOUSE INTERNATIONAL, INC.

By: 

Name: Milton Polland

Title: Chairman and CEO

[SIGNATURE PAGE TO THE THIRD AMENDED AND RESTATED ARTICLES OF INCORPORATION OF
PENTHOUSE INTERNATIONAL, INC.]