

P93000048316

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April 6, 2007

FLORIDA DEPARTMENT OF STATE

Division of Corporations

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5525 N.W. 15TH AVE.  
STE. 302  
FT. LAUDERDALE, FL 33309US

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**ARTICLES OF AMENDMENT TO  
THE AMENDED ARTICLES OF INCORPORATION OF  
CARIBBEAN INTERNATIONAL AIRWAYS, INC.**

**CERTIFICATE OF DESIGNATION, PREFERENCES, AND RIGHTS OF  
SERIES A CONVERTIBLE PREFERRED STOCK**

The undersigned Chief Executive Officer of CARIBBEAN INTERNATIONAL AIRWAYS, INC., (the "Company"), a company organized and existing under the laws of the State of Florida, certifies that pursuant to the authority contained in the Company's Articles of Incorporation, and in accordance with the provisions of the resolution creating a series of the class of the Company's authorized Preferred Stock designated as Series A Convertible Preferred Stock:

**FIRST:** The Articles of Incorporation, as amended, of the Company bearing document number P93000048316 authorizes the issuance of fifty million (50,000,000) shares of common stock, par value \$0.001 per share (the "Common Stock") and ten million (10,000,000) shares of preferred stock (the "Preferred Stock"), and further, authorizes the Board of Directors of the Company, by resolution or resolutions, at any time and from time to time, to divide and establish any or all of the shares of Preferred Stock into one or more series and, without limiting the generality of the foregoing, to fix and determine the designation of each such share, and its preferences, conversion rights, cumulative, relative, participating, optional, or other rights, including voting rights, qualifications, limitations, or restrictions thereof.

**SECOND:** At a meeting of the Board of Directors, held on 2/23, 2007, the directors unanimously approved the designation of up to two hundred thousand (200,000) shares of the Preferred Stock as Series A Convertible Preferred Stock and authorized the issuance of the Series A Convertible Preferred Stock at a price of \$5.00 per share (the "Original Purchase Price"). The designations, powers, preferences and rights, and the qualifications, limitations or restrictions hereof, in respect of the Series A Convertible Preferred Stock shall be as hereinafter described.

Accordingly, "Article 4" of the Articles of Incorporation of this Company is amended to include the following:

**Series A Convertible Preferred Stock**

1. **Designation and Number of Shares.** Two hundred thousand (200,000) shares of preferred stock (the "Shares") are hereby designated as Series A Convertible Preferred Stock (the "Series A Preferred Stock").

2. **Ranking.** The Series A Preferred Stock shall, with respect to distribution rights upon the Liquidation (as defined in Section 3 below) of the Company and dividend rights, rank (a) subject to clause (b), senior to the Common Stock of the Company and all other preferred stock of the Company and (b) as applicable, junior to or on a parity with such preferred stock of the Company the terms of which expressly provide that such preferred stock will rank senior to or on a parity with Series A Preferred Stock.

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Without the consent of holders of at least 50% of the then outstanding shares of Series A Preferred Stock, the Company shall not create, authorize or issue any other series of preferred stock, which rank senior to or pari passu with the Series A Preferred Stock.

3. Liquidation.

(a) Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary ("Liquidation"), the holders of record of the shares of the Series A Preferred Stock shall be entitled to receive, immediately after any distributions required by the Company's Articles of Incorporation and any certificate(s) of designation, powers, preferences and rights in respect of any securities of the Company having priority over the Series A Preferred Stock with respect to the distribution of the assets of the Company upon Liquidation, and before and in preference to any distribution or payment of assets of the Company or the proceeds thereof may be made or set apart with respect to any securities of the Company over which the Series A Preferred Stock has priority with respect to the distribution of the assets of the Company upon Liquidation ("Junior Securities"), an amount in cash with respect to each share of Series A Preferred Stock held by such holders, equal to the Original Purchase Price per share (subject to adjustment in the event of stock splits, combinations or similar events) plus all accrued and unpaid dividends on such share as of the date of Liquidation, if any. If, upon such Liquidation, the assets of the Company available for distribution to the holders of Series A Preferred Stock and any securities of the Company having equal priority with the Series A Preferred Stock with respect to the distribution of the assets of the Company upon Liquidation ("Parity Securities") shall be insufficient to permit payment in full to the holders of the Series A Preferred Stock and Parity Securities, then the entire assets and funds of the Company legally available for distribution to such holders and the holders of the Parity Securities then outstanding shall be distributed ratably among the holders of the Series A Preferred Stock and Parity Securities based upon the proportion the total amount distributable on each share upon liquidation bears to the aggregate amount available for distribution on all shares of the Series A Preferred Stock and of such Parity Securities, if any.

(b) Upon the completion of the distributions required by paragraph (a) of this Section 3, if assets remain in the Company, they shall be distributed to holders of Junior Securities in accordance with the Company's Articles of Incorporation and any applicable Article(s) of designation, powers, preferences and rights.

(c) For purposes of this Section 3, a merger or consolidation or a sale or lease of all or substantially all of the assets of the Company shall be considered a Liquidation except in the event that in such a transaction, the holders of the Series A Preferred Stock shall be entitled to receive, in preference to the holders of the Junior Securities, the greater of: (i) a per share amount equal to the Original Purchase Price for the Series A Preferred Stock, plus any declared but unpaid dividends, and (ii) such amount per share that would have been payable if each share of Series A Preferred Stock had been converted to Common Stock immediately prior to such liquidation.

4. Dividends. None.

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5. Conversion Rights. Each holder of record of shares of the Series A Preferred Stock shall have the right to convert all or any part of such holder's shares of Series A Preferred Stock into Common Stock, at any time or from time to time, after a period commencing one (1) year after the date of issuance of the Series A Preferred Stock, to convert any of such shares of Series A Preferred Stock into fully paid and non-assessable shares of Common Stock determined on a per share basis by dividing (A) the Original Purchase Price of such shares of Series A Preferred Stock by (B) the Conversion Price (as defined in Section (5)(a) below) in effect on the Conversion Date (as defined in Section 5(b) below) upon the terms hereinafter set forth.

(a) Conversion Price. Each share of the Series A Preferred Stock shall be convertible into that number of fully paid and non-assessable shares of Common Stock of the Company equal to the Original Purchase Price divided by the conversion price in effect at the time of conversion (the "Conversion Price"), determined as hereinafter provided. The Conversion Price shall initially be \$2.50 per share of Common Stock. The number of shares of Common Stock into which each share of Preferred Stock is convertible is herein referred to as the "Conversion Rate."

(b) Mechanics of Conversion. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock, such holder shall surrender the certificate(s) or other proper title therefor, duly endorsed, at the office of the Company or of any transfer agent for the Series A Preferred Stock, and shall give written notice to the Company at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Conversion shall be deemed to have been effected on the date when delivery of notice of an election to convert and certificates for shares is made and such date is referred to herein as the "Conversion Date."

(c) Conversion Price Adjustments. The Conversion Price shall be subject to the adjustment provisions of Section 6 below.

6. Anti-Dilution Provisions. The Conversion Price in effect at any time and the number and kind of securities issuable upon the conversion of the Series A Preferred Stock shall be subject to adjustment from time to time, upon the happening of the following events:

(a) Consolidation, Merger or Sale. If any consolidation or merger of the Company with another person, or the sale, transfer or lease of all or substantially all of its assets to another person shall be effected in such a way that holders of shares of Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for their shares of Common Stock, then provision shall be made, in accordance with this Section 6(a), whereby each holder of shares of Series A Preferred Stock shall thereafter have the right to receive such securities or assets as would have

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been issued or payable with respect to or in exchange for the shares of Common Stock into which the shares of Series A Preferred Stock held by such holder were convertible immediately prior to the closing of such merger, sale, transfer or lease, as applicable. The Company will not effect any such consolidation, merger, sale, transfer or lease unless prior to the consummation thereof the successor entity (if other than the Company) resulting from such consolidation or merger or the entity purchasing or leasing such assets shall assume by written instrument (i) the obligation to deliver to the holders of Series A Preferred Stock such securities or assets as, in accordance with the foregoing provisions, such holders may be entitled to purchase, and (ii) all other obligations of the Company hereunder. The provisions of this Section 6(a) shall similarly apply to successive mergers, sales, transfers or leases.

(b) Common Stock Dividends, Subdivisions, Combinations, etc. In case the Company shall hereafter (i) declare a dividend or make a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) subdivide or reclassify its outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Conversion Price by a fraction, the denominator of which shall be the number of shares of Common Stock outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action. Such adjustment shall be made successively whenever any event listed above shall occur.

(c) Adjustment of Conversion Shares. Whenever the Conversion Price is adjusted pursuant to Sections 6(b) above and (e) below, the number of Conversion Shares issuable upon conversion of the Series A Preferred Stock shall simultaneously be adjusted by multiplying the number of Conversion Shares initially issuable upon conversion of the Series A Preferred Stock by the Conversion Price in effect on the date hereof and dividing the product so obtained by the Conversion Price, as adjusted.

(d) Notice of Adjustment. Whenever the Conversion Price is adjusted, as herein provided, the Company shall promptly but no later than 10 days after any request for such an adjustment by the Holder, cause a notice setting forth the adjusted Conversion Price and adjusted number of Conversion Shares issuable upon exercise of each share of Series A Preferred Stock, and, if requested, information describing the transactions giving rise to such adjustments, to be mailed to the Holders at their last addresses appearing in the Share Register, and shall cause a certified copy thereof to be mailed to its transfer agent, if any. The Company may retain a firm of independent certified public accountants selected by the Board of Directors (who may be the regular accountants employed by the Company) to make any computation required by this Section 6, and a certificate signed by such firm shall be conclusive evidence of the correctness of such adjustment.

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(e) **Receipt of Securities Other than Common Stock.** In the event that at any time, as a result of an adjustment made pursuant to Section 6(b) above, the holders of the Series A Preferred Stock thereafter shall become entitled to receive any shares of the Company, other than Common Stock, thereafter the number of such other shares so receivable upon conversion of the Series A Preferred Stock shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock contained in Sections 6(a) to (b) above.

7. **Redemption.** Neither the Company nor the holders of the Series A Preferred Stock shall have any right at any time to require the redemption of any of the shares of Series A Preferred Stock, except upon and by reason of any liquidation, dissolution or winding-up of the Company, and as otherwise provided below. Subject to and upon compliance with the provisions of this Section 7, the Company shall have the option to redeem, in whole or in part, the shares of Series A Preferred Stock at any time or from time to time, for that number of shares of Common Stock equal to the Conversion Rate. Nothing herein contained; however, shall be deemed to prohibit or impair the Company's ability, by agreement with any holder(s) of Series A Preferred Stock, to redeem any or all of the outstanding shares of Series A Preferred Stock at any time and from time to time, out of funds legally available therefor.

8. **Voting Rights.** The holders of the Series A Preferred Stock, shall have no voting rights, except as otherwise may be required under Florida Business Corporation Act.

9. **Reservation of Shares.** The Company shall at all times reserve and keep available and free of preemptive rights out of its authorized but unissued Common Stock, solely for the purpose of effecting the conversion or redemption of the Series A Preferred Stock pursuant to the terms hereof, such number of its shares of Common Stock (or other shares or other securities as may be required) as shall from time to time be sufficient to effect the conversion or redemption of all outstanding Series A Preferred Stock pursuant to the terms hereof. If at any time the number of authorized but unissued shares of Common Stock (or such other shares or other securities) shall not be sufficient to affect the conversion or redemption of all then outstanding Series A Preferred Stock, the Company shall promptly take such action as may be necessary to increase its authorized but unissued Common Stock (or other shares or other securities) to such number of shares as shall be sufficient for such purpose. All Common Stock, which may be issued upon conversion or redemption of the Series A Preferred Stock, will, upon issuance, be duly issued, fully paid and non-assessable and free from all taxes, liens, and charges with respect to the issuance thereof.

The foregoing Amendment was adopted by the Board of Directors of the Company pursuant to the Florida Business Corporation Act. Therefore, the number of votes cast for the Amendment to the Corporation's Articles of Incorporation was sufficient for approval.

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IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer.

Dated: \_\_\_\_\_, 2007

CARIBBEAN INTERNATIONAL AIRWAYS, INC.

*[Handwritten signature]*

Name: Joseph B. Taylor  
Its: President & CEO

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