

P97000027812

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BASIC AMENDMENT
CO-ADVANTAGE RESOURCES, INC.

Certificate of Status	0
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Page Count	08
Estimated Charge	\$35.00

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P. 02



FLORIDA DEPARTMENT OF STATE
Katherine Harris
Secretary of State

February 10, 1999

CO-ADVANTAGE RESOURCES, INC.
1411 EDGEWATER DRIVE
STE 203
ORLANDO, FL 32804US

SUBJECT: CO-ADVANTAGE RESOURCES, INC.
REF: P97000027812

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Darlene Connell
Corporate Specialist

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Florida Department of State

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Certificate of Status	0
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 DIVISION OF CORPORATIONS

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**ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
CO-ADVANTAGE RESOURCES, INC.**

FILED
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

The Articles of Incorporation of Co-Advantage Resources, Inc., a Florida corporation (the "Company") have been amended by resolution of the Board of Directors of the Company dated JANUARY 31, 1999 and approved by the shareholders on JANUARY 31, 1999, as follows:

A. The name of the corporation is Co-Advantage Resources, Inc.

B. Article III of the Articles of Incorporation of the Company is hereby deleted in its entirety and restated as follows:

"ARTICLE III: Capital Stock"

(a) The authorized common capital stock of this Corporation shall be divided into three (3) classes as follows:

1. Class A Voting Common. The Corporation is authorized to issue 100,000 shares of Class A Voting Common Stock having a par value of \$10.00 per share.

2. Class B Non-Voting Common. The Corporation is authorized to issue 100,000 shares of Class B Non-Voting Common Stock having a par value of \$10.00 per share.

3. Preferred Stock. The Corporation is authorized to issue 5,000 shares of Preferred Stock, one cent (\$.01) par value per share.

Class A Voting Common Stock and Class B Non-Voting Common Stock shall confer identical rights to the holders thereof, except for the difference in voting rights. Holders of Class A Voting Common Stock shall have the right to vote on all matters which may properly come before the Shareholders of the Corporation. Class B Non-Voting Common Stock shall not confer any voting rights on the holders thereof.

(b) The shares of Preferred Stock shall have the following rights, preferences, powers, restrictions and limitations:

1. Dividends.

The holders of the Preferred Stock shall be entitled to receive, out of funds legally available therefor, cumulative dividends which accrue beginning on the issue date of the share at the rate of \$5.75 per share per annum, payable quarterly beginning on the last day of March, 1999, and continuing on the last day of each calendar quarter through December 31, 2002, then at the rate of \$7.00 per share per annum payable quarterly on the last day of each calendar quarter through December 31, 2003, then at the rate of \$9.00 per share per annum payable quarterly on the last day of each calendar quarter through December 31, 2004, then at the rate of \$10.00 per share per annum payable quarterly on the last day of each calendar quarter through December 31, 2005, and thereafter at the rate of \$11.00 per share per annum, payable the last day of each and every calendar quarter (in each case subject to appropriate adjustments in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares). Dividends shall be paid in cash. Such dividends shall be payable in preference and priority to any payment of any dividend on Common Stock or any other shares of capital stock of the Company (such Common Stock and other inferior stock being collectively referred to as "Junior Stock"), when and as declared by the Board of Directors of the Company.

Such dividends shall accrue with respect to each share of Preferred Stock from the issue date of such share and thereafter shall be deemed to accrue from day to day whether or not earned or declared and whether or not there exists profits, surplus or other funds legally available for the payment of dividends, and shall be cumulative so that if such dividends on the Preferred Stock shall not have been paid, or declared and set apart for payment, the deficiency shall be fully paid or declared and set apart for payment before any dividend shall be paid or declared or set apart for any Junior Stock and before any purchase or acquisition of any Junior Stock is made by the Company. At the earlier of: (1) the redemption of the Preferred Stock or (2) the liquidation, sale or merger of the Company, any accrued but unpaid dividends and interest thereon shall be paid to the holders of record of outstanding shares of Preferred Stock. Accumulated cash dividends on the Preferred Stock shall bear interest at the annual rate of fifteen percent (15%) from the date due until paid, which interest shall be compounded on the last day of each calendar quarter.

2. Liquidation, Dissolution or Winding Up.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of shares of Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, before any payment shall be made to the holders of Junior Stock by reason of their ownership thereof, an amount equal to \$100 per share of Preferred Stock plus the amount of any accrued but unpaid dividends (whether or not declared) and interest thereon. If upon any such liquidation, dissolution or winding up of the Company the

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remaining assets of the Company available for distribution to stockholders shall be insufficient to pay the holders of shares of Preferred Stock the full amount to which they shall be entitled, the holders of shares of Preferred Stock shall share ratably in any distribution of the remaining assets and funds of the Company in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

3. Voting.

(a) *Number of Votes; Voting with Common Stock.* Each outstanding share of Preferred Stock shall be entitled to vote at each meeting of stockholders of the Company (and written actions of stockholders in lieu of meetings) with respect to any and all matters presented to the stockholders of the Company for their action or consideration. Except as provided by law, or by the provisions of the following subsections of this Section 3, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class. The number of votes to which each share is entitled is the number of shares of Common Stock of the Company which could be purchased with a share of Preferred Stock upon exercise of the Company's Series A Warrants.

(b) *Adverse Effects.* The Company shall not amend, alter or repeal preferences, rights, powers or other terms of the Preferred Stock so as to affect adversely the Preferred Stock, without the written consent or affirmative vote of the holders of at least 66-2/3% of the then outstanding shares of each adversely affected class of Preferred Stock given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class. For this purpose, without limiting the generality of the foregoing, the authorization or issuance of any class or series of Preferred Stock which is on a parity with or has preference or priority over the Preferred Stock as to the right to receive either dividends or amounts distributable upon liquidation, dissolution or winding up of the Company shall be deemed to affect adversely the Preferred Stock.

(c) *Voting for Directors.* The holders of the Preferred Stock voting as a separate class, shall be entitled by written consent and at any annual meeting of stockholders or any special meeting of stockholders at which directors are to be elected, to elect one director to the Company's Board of Directors. At least one other director shall be an independent director (not an employee of the Company or related to an employee of the Company). If there is no such other independent director serving at any time, then the holders of the Preferred Stock may elect such another independent director to serve until such an independent director is elected to serve and accepts such position. Such voting right may be exercised by consent in writing of the holders of a majority of the Preferred Stock at the time outstanding or at a special meeting of holders of the Preferred Stock or at any annual or special stockholders' meeting. A special meeting for the exercise of such right shall be called by the Secretary of the Company within ten days after receipt

of a written request therefor, signed by the holders of record of at least 10% of the votes of the then outstanding shares of Preferred Stock.

(d) *After Default.* If the Company at any time shall have failed to pay the full amount of accrued dividends and interest thereon set forth in Section 1 hereof for four calendar quarters, or if the Company defaults in its obligations under any Registration Rights Agreement in favor of the holder of any warrant which may be exercised utilizing the Preferred Stock to pay the exercise price for a period of ten business days after notice from any holder, the number of directors constituting the Board of Directors of the Company shall be increased by three (3) without further action by the Company or any other person and the holders of the Preferred Stock shall be entitled by written consent or at the next annual meeting of stockholders or the next special meeting of stockholders, or at a special meeting of holders of the Preferred Stock, as the case may be, called as hereinafter provided, to elect three (3) additional director(s) (for a total of five (5)) to fill such newly created directorships, without diminution of their right to participate with holders of Common Stock and holders, if any, of any other capital stock of the Company entitled to vote for the election of directors in the election of any other directors.

Whenever such voting right shall vest, it may be exercised initially by consent in writing of the holders of a majority of the Preferred Stock, at the time outstanding or at a special meeting of holders of Preferred Stock, or at any annual or special stockholders' meeting. A special meeting for the exercise of such right shall be called by the Secretary of the Company within ten days after receipt of a written request therefor, signed by the holders of record of at least 10% of the votes of the then outstanding shares of Preferred Stock.

(e) *Certain Provisions With Respect to Preferred Stock Directors.* Any director who shall have been elected by holders of Preferred Stock as a class pursuant to Subsection 3(c) or (d) hereof shall hold office, unless sooner terminated, until his successor is elected at the next annual meeting of stockholders, and during such term may be removed at any time, either for or without cause, only by the affirmative votes of holders of record of a majority of the votes of the then outstanding shares of Preferred Stock.

Any vacancy caused by the death, resignation, or expiration of term of a director who shall have been elected pursuant to Subsection 3(c) or (d) hereof may be filled only by the holders of the classes of stock that elected such director by written consent, or at any annual or special meeting called for such purpose. Such meeting of the holders of the applicable classes shall be called by the Secretary of the Company at the earliest practicable date after any such death or resignation and in any event within ten days after receipt of a written request therefor, signed by the holders of record of at least 10% of the votes of the then outstanding shares entitled to vote for such director.

4. Redemption of the Preferred Stock.

(a) *Redemption; Notice.* The Company may, at its option, exercisable at any time, and shall on February 1, 2006 redeem (unless otherwise prevented by law) all (but not less than all) such outstanding shares at an amount per share equal to \$100 plus any dividends accrued and unpaid from the issue date to the Redemption Date (as defined below), and interest thereon as provided in Section 1 hereof (the "Redemption Price"). Thirty (30) days' prior notice by the Company of such redemption shall be sent by first-class certified mail, postage prepaid and return receipt requested, by the Company to the holders of the shares of Preferred Stock to be redeemed at their respective addresses as the same shall appear on the books of the Company. Any holder who also holds a warrant to purchase common stock of the Company exercisable with Preferred Stock may exercise his warrant and so utilize the Preferred Stock at any time prior to the Redemption Date. In such event, any accrued and unpaid dividends and interest thereon, as provided in Section 1, shall be paid in cash on the date of exercise of such warrant.

(b) *Deposit.* On or prior to the date of redemption contained in a notice pursuant to Subsection 4(a) hereof (the "Redemption Date"), the Company shall pay the Redemption Price to all holders of the Preferred Stock or, if the Company is unable to locate any holder or any holder will not cooperate with the Company to conclude the redemption, the Company may deposit the Redemption Price of all shares of Preferred Stock with a bank or trust corporation having aggregate capital and surplus in excess of \$100,000,000 as a trust fund for the benefit of the respective holders of Preferred Stock, with irrevocable instructions and authority to the bank or trust corporation to pay the Redemption Price for such shares to their respective holders on or after the Redemption Date upon receipt of his share certificate or notification from the Company that such holder has surrendered his share certificate to the Company. As of the Redemption Date, the deposit shall constitute full payment of the Redemption Price to their holders, and from and after the Redemption Date the shares so called for redemption shall be redeemed and shall be deemed to be no longer outstanding, and the holders thereof shall cease to be stockholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust corporation payment of the Redemption Price of the shares, without interest, upon surrender of their certificates therefor. Such instructions shall also provide that any moneys deposited by the Company pursuant to this Section 4(b) for the redemption of shares thereafter utilized to purchase shares of the Company's Common Stock pursuant to a warrant which so permits prior to the Redemption Date shall be returned to the Company forthwith upon such exercise. The balance of any moneys deposited by the Company pursuant to this Section 4(b) remaining unclaimed at the expiration of two years following the Redemption Date shall thereafter be returned to the Company upon its request expressed in a resolution of its Board of Directors.

(c) *Cancellation of Redeemed Stock.* Any shares of Preferred Stock redeemed pursuant to this Section or otherwise acquired by the Company in any manner whatsoever shall be cancelled and shall not under any circumstances be reissued; the Company may

from time to time take such appropriate corporate action as may be necessary to reduce accordingly the number of authorized shares of the Company's capital stock.

(d) *Repurchase Prohibited.* The Company will not, and will not permit any affiliate (as defined in the Securities Exchange Act of 1934, as amended) of the Company to, purchase or acquire any shares of Preferred Stock otherwise than pursuant to (1) the terms of this Section 4, or (2) an offer made on the same terms to all holders of Preferred Stock at the time outstanding.

(e) *Right to Utilize to Exercise Warrant.* Anything contained in this Section 4 to the contrary notwithstanding, the holders of shares of Preferred Stock to be redeemed in accordance with this Section 4 shall have the right, exercisable at any time up to the close of business on the applicable Redemption Date (unless the Company is legally prohibited from redeeming such shares on such date, in which event such right shall be exercisable until the removal of such legal disability), to utilize the shares of Preferred Stock to exercise any warrant which so permits.

5. Sinking Fund.

There shall be no sinking fund for the payment of dividends or liquidation preference on Preferred Stock or the redemption of any shares thereof."

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C. Article VI of the Articles of Incorporation of the Company is hereby deleted in its entirety and restated as follows:

"ARTICLE VI

The number of directors of this corporation shall be not less than three (3) nor more than nine (9). The holders of the Common Stock shall be entitled to elect not less than one (1) nor more than four (4) as fixed from time to time by the Board of Directors or the provisions of the Bylaws. The holders of the Preferred Stock, voting as a class, shall be entitled to elect directors as provided in Article III hereof."

###

D. Article VII of the Articles of Incorporation of the Company is hereby added as follows:

"ARTICLE VII

1. The Board of Directors shall establish the following committees, each of which shall be comprised of three members of the Board of Directors. So long as there are shares of Preferred Stock outstanding, directors who are independent (neither an employee of the Company nor related to any such employee) shall constitute a majority of the members of each of the committees. The committees shall have the authority, power and responsibility set forth below:

(a) Compensation Committee. The compensation committee shall have exclusive authority to establish salaries, bonuses and other compensation arrangements for all Company employees, including the compensation packages offered to sales representatives. The compensation committee also shall have exclusive authority to administer the Company's stock option plans and establish the terms and conditions of all stock options or awards granted thereunder or otherwise. Finally, the compensation committee shall have exclusive authority to approve any future revenue sharing arrangements and transactions with affiliates or related parties. No action of the compensation committee to reduce the compensation of any employee who is a shareholder shall be effective unless approved by a majority of the full Board other than such shareholder.

(b) Audit Committee. The audit committee shall be responsible for recommending independent auditors, reviewing with the independent auditors the scope of and results of the audit engagement, monitoring the Company's financial policies and control procedures, and reviewing and monitoring the provisions of non-audit services by the Company's auditors.

2. Notwithstanding the foregoing, in addition to any other vote required by law, the approval of the Company's Board of Directors shall be necessary for the Company to take any of the following actions:

(a) issue additional equity securities, notes, bonds or any other securities, or issue options, warrants or other rights to purchase shares of capital stock of the Company, or any other security convertible into or exchangeable for shares of any series or class of stock of the Company (other than solely common stock issued solely for cash in connection with which neither the purchaser nor any affiliate receives any other consideration from the Company);

(b) amend, alter or repeal its Articles of Incorporation or Bylaws;

(c) make any loan (or series of related loans) in excess of \$50,000, incur any indebtedness for borrowed money not approved hereunder in the aggregate outstanding at any time in excess of \$50,000, or guarantee, directly or indirectly, any indebtedness of any other person;

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(d) make any expenditure (or series of related expenditures) or commitment(s) for any expenditure (or series of related expenditures) in excess of \$200,000;

(e) consent to any liquidation, dissolution or winding up of the Company, or consolidate or merge the Company into or with any other entity or entities, or sell, mortgage or transfer all or substantially all its assets, or enter into any other transaction or series of transactions the effect of which would be a change in control of the Company;

(f) purchase, redeem or otherwise acquire for any consideration, or set aside as a sinking fund for, any shares of capital stock of the Company or any warrants, options or other rights to purchase shares of capital stock of the Company;

(g) declare any dividends on the Common Stock;

(h) enter into any restructuring (other than a restructuring of operations without a material adverse financial effect) or recapitalization of the Company;

(i) file a voluntary petition for liquidation or reorganization under federal or state bankruptcy, insolvency or receivership laws;

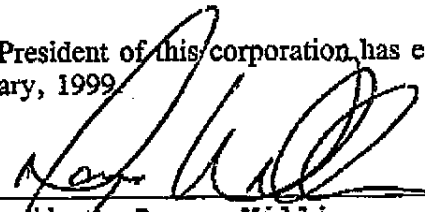
(j) make any material change in the nature or character of the business of the Company as carried on at the date of these Articles of Incorporation; or

(k) enter into any new employment agreement or amend any existing employment agreement between the Company and an employee who is a shareholder of the Company in a manner adverse to the Company.

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E. The foregoing amendments to Articles of Incorporation were duly adopted by the board of directors on January 31, 1999, and by the shareholders by a vote of the shareholders sufficient for approval on January 31, 1999.

IN WITNESS WHEREOF, the undersigned President of this corporation has executed these Articles of Amendment on this 31 day of January, 1999.



President, Dayne Williams