

BRODIE & PAWLUC
C O U N S E L L O R S A T L A W
LAWRENCE P. BRODIE SONIA M. PAWLUC

P97000054227

November 5, 1997

Department of State
Division of Corporations
Post Office Box 6327
Tallahassee, Florida 32314

RE: Articles of Amendment to Articles of Incorporation
SOUTH FLORIDA AIRLINES, INC.

Dear Sir or Madam:

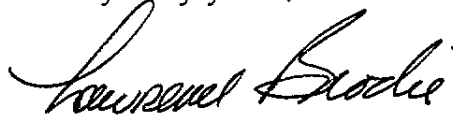
Enclosed please find an original and one copy of Articles of Amendment to Articles of Incorporation of SOUTH FLORIDA AIRLINES, INC., and a check in the amount of \$87.50 (\$35.00-filing fee, and \$52.50-certified copy). Upon filing, please return a certified copy of the Articles of Amendment to Articles of Incorporation.

From: Brodie & Pawluc
Post Office Box 2690
Stuart, FL 34995
Telephone: (561) 221-0110

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Thank you in advance for your attention to this matter.

Very truly yours,



Lawrence P. Brodie

LPB/rlb
Enclosures

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TALLAHASSEE, FLORIDA
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PREFERRED STOCK AMENDMENT

ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
SOUTH FLORIDA AIRLINES, INC.

FILED
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

1. The name of the Corporation is SOUTH FLORIDA AIRLINES, INC. (the "Corporation").
2. Article 3 of the Articles of Incorporation of the Corporation is amended to read as follows:

"The aggregate number of shares that the Corporation is authorized to issue is 100,000,000 shares of Common Stock, par value \$.01 per share and 10,000,000 shares of Cumulative Convertible Preferred Stock, par value \$.01 per share ("Preferred Stock"). The terms, rights and preferences of the Preferred Stock are as follows:

- (a) **Cumulative Dividends.** Dividends on each share of Preferred Stock are cumulative. The accrual of Dividends begins six months from the date of original issuance and are payable annually from Cash Flow Eligible for Dividends in a manner consistent with the following definitions and calculations:
 - (i) "Dividend" for each share of Preferred Stock is nine (9%) percent per year of its original issuance purchase price from the Corporation with the accrual of interest beginning on March 1, 1998, or the date of issuance if later than March 1, 1998.
 - (ii) "Cash Flow Eligible for Dividends" is defined as the Corporation's net income after taxes, plus all non-cash charges and increases in net working capital (other than cash) and non-current assets, and less repayments of principal owing under any senior outstanding indebtedness, for the fiscal year immediately preceding the applicable dividend payment date.
- (b) **Conversion Rights.** Each share of Preferred Stock is convertible at the option of its holder at any time after five years from the date of its original issuance into two shares of the Common Stock of the Corporation.
- (c) **Antidilution Rights.** The conversion rate of one share of Preferred Stock for two shares of Common Stock is subject to adjustment on a weighted average formula basis to account for any of the following:
 - (i) any subdivision, combination and classification of Common Stock;
 - (ii) any payment, issuance or distribution by the Corporation to the holders of Common Stock of:
 - (A) a stock dividend;
 - (B) debt securities of the Corporation;
 - (C) assets (other than cash dividends payable out of earnings or surplus in the ordinary course of business);

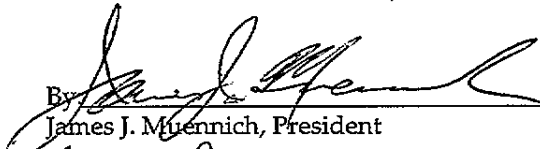
- (D) Common Stock warrants or rights to purchase Common Stock or securities convertible into Common Stock for consideration per share that is less than the applicable conversion price of the Preferred Stock.
- (d) **Liquidation Preferences.** In the event of winding up and liquidation of the Corporation, the holders of Preferred Stock are entitled to receive prior and in preference to holders of Common Stock an amount equal to not more than the original purchase price per share of Preferred Stock plus all accrued and unpaid dividends per share ("Liquidation Amount"). A consolidation or merger of the Corporation (in the event the Corporation is not the surviving entity) and sale of substantially all of the assets of the Corporation is treated as an event of winding up or liquidation and holders of Preferred Stock are entitled in any such circumstances to receive the greater of the Liquidation Amount or the amount holders of Preferred Stock would have received had they converted Preferred Stock to Common Stock immediately prior to such winding up or liquidation without first giving effect to the liquidation preferences of this paragraph (d) of this Article and the dividends on Preferred Stock provided in paragraph (a) of this Article.
- (e) **Board Representation.** Holders of Preferred Stock are entitled to designate one person to serve on the Board of Directors of the Corporation.
- (f) **Voting Rights.** Holders of shares of Preferred Stock are entitled to vote on matters submitted to vote at a meeting of the shareholders on a share to share basis with the holders of Common Stock of the Corporation.
- (g) **Corporation Restrictions.** So long as any of the Preferred Stock is outstanding, the Corporation will only:
 - (i) pay cash dividends on the Common Stock if:
 - (A) the most recent dividend to the holders of Preferred Stock has been paid in full;
 - (B) all Preferred Stock dividends have been paid in cash; and
 - (C) the Cash Flow Eligible for Dividends equals or exceeds the aggregate payment of dividends on the Preferred Stock and the proposed cash dividends on the Common Stock.
 - (ii) take the following actions if it first obtains consent from a majority of the shares of Preferred Stock:
 - (A) issue debt exceeding \$10,000,000.00 through the second anniversary from the date of original issuance of the Preferred Stock any class or series of equity security senior to the Preferred Stock as to payment of dividends or senior to, or on a parity with, the Preferred Stock as to payments on winding up and liquidation;
 - (B) amend the Articles of Incorporation or Bylaws of the Corporation in any manner that impairs or reduces the rights of the Preferred Stock;
 - (C) effect a merger or consolidation or sell substantially all of the assets of the Corporation; or
 - (D) liquidate or dissolve.
 - (iii) take the following actions if it first obtains approval of the majority of the members of the Board or Directors of the Corporation, including at least a majority of members elected by the holders of Preferred Stock:
 - (A) redeem or repurchase any outstanding stock;

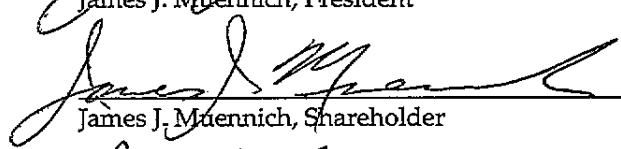
- (B) amend any employee stock plan or employee benefit or compensation arrangement in a material manner;
 - (C) enter into any other line of business other than business substantially similar or related to the existing business.
- (h) **Right of First Offer.** The Corporation has the right of first offer to buy back the Preferred Stock of a holder. In the event a holder has an offer to buy its shares, the holder shall give written notice thereof to the Corporation setting forth the terms and conditions and the amount to be paid for the Preferred Stock of the holder. In the event that the Corporation wishes to exercise its right of first offer, it shall give the holder written notice of its election to do so not later than sixty (60) days after its receipt of the holder's notice. If, on the other hand, the Corporation fails to give written notice of its intention to exercise such right of first offer to the holder within sixty (60) days of its receipt of the holder's notice, then the holder is free to sell such Preferred Stock to the offerer at the price and for the terms and conditions contained in the holder's notice to the Corporation. Any transfer of Preferred Stock must be done in a manner that does not contravene any securities laws of the United States and the State of Florida.
- (i) **Redemption.** The shares of Preferred Stock of a holder are redeemable, in whole but not in part, by the Corporation at any time after the tenth anniversary of their original issuance at a price per share, payable in shares of Common Stock, equal to the number of shares of Common Stock into which Preferred Stock could then be converted, adjusted to take into account any accrued unpaid dividends of the Preferred Stock ("Redeemed Stock"). The adjustment to the amount of Common Stock paid is determined by multiplying the number of shares of Common Stock into which a share of Preferred Stock could then be converted by a fraction the numerator of which equals the Liquidation Amount plus the accrued unpaid dividends and denominator of which equals the Liquidation Amount. In the alternative, at the sole discretion of the Corporation, the accrued unpaid dividends may be paid in cash in lieu of additional shares of Common Stock as provided in this paragraph."

3. This Amendment was adopted by the Corporation on August 25, 1997, and all the shareholders have approved the amendment as shown by their signatures below.

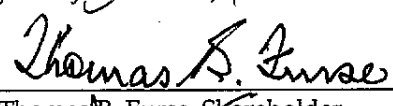
Dated: August 25, 1997.

SOUTH FLORIDA AIRLINES, INC.

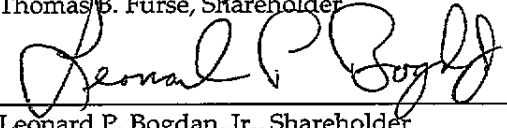

By _____
James J. Muennich, President



James J. Muennich, Shareholder



Thomas B. Furse, Shareholder



Leonard P. Bogdan, Jr., Shareholder