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DIVISION OF CORPORATIONS

BASIC AMENDMENT

ATLANTIC SCHOOL BUS CORP.

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DATE: November 21, 2003

TO: MS. THERESA BROWN

TELECOPIER NO.: (850) 205-0380

FROM: Richard M. Lansky

SUBJECT: Atlantic School Bus Amendment to Articles of Incorporation

PAGES TO FOLLOW: 9

MESSAGE:

Dear Theresa:

The language you're looking for is on the last page of this document. I will call you to discuss this.

Thanks again.

Very truly yours,

ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
ATLANTIC SCHOOL BUS CORP.

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to the provisions of Section 607.1008 of the Florida Statutes, this Florida profit corporation adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: Article II of the Articles of Incorporation is hereby amended to read as follows:

(1) Shares, Class and Series Authorized.

(a) 200 shares of Common Stock, without par value ("*Common Stock*").

(b) 30 shares of Series A Non-Convertible Participating Redeemable Cumulative Preferred Stock, \$.001 per share par value ("*Series A Stock*").

(2) Powers and Rights of Common Stock

All issued and outstanding shares of Common Stock shall be identical and shall entitle the holders thereof to the same rights and privileges.

(a) *Voting Rights and Powers.* Except as otherwise provided in these Articles of Incorporation or required by law, with respect to all matters upon which stockholders are entitled to vote, the holders of the outstanding shares of Common Stock shall vote together with the holders of any outstanding shares of Series A Stock who are entitled to vote, without regard to class, and every holder of outstanding shares of Common Stock shall be entitled to cast thereon one vote in person or by proxy for each share of Common Stock standing in his name. To the fullest extent permitted by law, whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent signed by the holders of all outstanding shares entitled to vote thereon, or signed by the holders of outstanding shares having not less than the minimum amount of votes that would be necessary to authorize or to take such action at a meeting at which all shares entitled to vote thereon were present and voted, followed by notice of the taking of such action to those holders who have not consented to such action in writing.

(b) *Dividends.* Subject to the preferential rights of the Series A Stock, the holders of Common Stock shall be entitled to receive ratably such dividends as may from time to time be declared by the Board of Directors out of funds legally available therefor.

(c) *Distribution of Assets Upon Liquidation.* Subject to the preferential rights of the Series A Stock, in the event the Corporation shall be liquidated, dissolved or wound up, whether voluntarily or involuntarily, each holder of shares of Common Stock shall be entitled to receive, ratably with each other holder of Common Stock, that portion of the assets of the Corporation available for distribution to its stockholders as the number of shares of the Common Stock held by such holder bears to the total number of shares of Common Stock then outstanding.

(3) Issuance of Common Stock and Series A Stock.

(a) Common Stock. The Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of Common Stock herein authorized in accordance with the terms and conditions set forth in these Articles of Incorporation for such purposes, in such amounts, to such persons, corporations or entities, without any vote or other action by any of the stockholders of the Corporation, except as otherwise required herein or by law.

(b) Series A Stock. The Board of Directors of the Corporation may authorize by resolution the issuance of such number of shares of Series A Stock, or a fraction thereof, of Series A Stock in accordance with the terms and conditions set forth in these Articles of Incorporation and in accordance with the Corporation's confirmed joint plan of reorganization in the bankruptcy cases numbered 02-42560, without any vote or other action by any of the stockholders of the Corporation, except as otherwise required herein or by law.

(4) Dividends on Series A Stock.

(a) The holders of the Series A Stock shall be entitled to receive dividends at the per annum rate of twelve percent (12%) of the Accrued Liquidation Preference, payable out of any assets or funds legally available therefor. Such dividends shall be cumulative and shall accrue semi-annually (a "*Dividend Accrual Date*") from the date of issuance (the "*Issuance Date*") of the Series A Stock, whether or not declared by the Board of Directors, but shall be payable only when, as and if declared by the Board of Directors.

(b) No dividends, whether in cash, property, indebtedness or securities (including without limitation Common Stock) of the Corporation, shall be declared or paid so long as any shares of Series A Stock are outstanding unless approved by the Required Holders. Notwithstanding the approval of the Required Holders, the Corporation shall not declare or pay any dividends on shares of Common Stock unless and until the holders of the Series A Stock shall have first received, or simultaneously received, a like distribution on each outstanding share of Series A Stock, in an amount equal to the product of (i) the per share amount, if any, of the dividends to be declared, paid or set aside for the Common Stock, multiplied by (ii) the Participation Ratio (as defined below).

(c) Notwithstanding the above Paragraph (4)(b), no dividends shall be paid or declared on any shares of Common Stock during any fiscal year of the Corporation and (b) no shares of Common Stock shall be purchased, redeemed or acquired by the Corporation, nor shall the Corporation pay, set aside or make available funds for the purchase, redemption or acquisition thereof, until all accrued and unpaid dividends on the Series A Stock shall have been paid or declared and set apart for payment.

"Accrued Liquidation Preference" shall mean the Series A Issue Price plus all accrued and unpaid dividends on the Series A Stock, which shall be added from time to time to the Accrued Liquidation Preference as of each Dividend Accrual Date. The Accrued Liquidation Preference shall initially be the Series A Issue Price.

"Series A Issue Price" shall mean One Hundred Thousand Dollars (\$100,000.00) per share, which shall be proportionately increased in the event of a combination of shares of any Series A Stock and proportionately decreased in the event of a subdivision or stock split of shares of any Series A Stock.

"Participation Ratio" shall initially be one. Such initial Participation Ratio shall be subject to adjustment as hereinafter provided.

In case the Corporation shall at any time or from time to time after the Issuance Date hereof (A) pay a dividend, or make a distribution, on the outstanding shares of Common Stock in shares of Common Stock, (B) subdivide the outstanding shares of Common Stock, (C) combine the outstanding shares of Common Stock into a smaller number of shares, or (D) issue by reclassification of the shares of Common Stock any shares of capital stock of the Company, then, and in each such case, the Participation Ratio in effect immediately prior to such event, shall be proportionally increased or decreased, as the case may be. An adjustment made pursuant to this clause (i) shall become effective (x) in the case of any such dividend or distribution, immediately after the close of business on the record date for the determination of holders of shares of Common Stock entitled to receive such dividend or distribution, or (y) in the case of such subdivision, reclassification, or combination, at the close of business on the day upon which such corporate action becomes effective.

(5) Liquidation Preference.

(a) *Preference.* In the event of any liquidation, dissolution or winding up of the Corporation (a "*Liquidation Event*"), whether voluntarily or involuntarily, the holders of the Series A Stock shall be entitled to receive prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of Common Stock of the Corporation, an amount equal to the greater of (the "*Liquidation Preference*"): (i) the Accrued Liquidation Preference per share (as adjusted for any stock dividends, combinations or splits with respect to such shares); or (ii) the amount distributable for the Series A Stock upon a Liquidation Event as if the Series A Stock had been converted into Common Stock at the Participation Ratio.

All of the preferential amounts to be paid to the holders of the Series Preferred Stock under this Paragraph (5) shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any assets or funds of this Corporation to, the holders of the Common Stock in connection with such Liquidation Event.

(b) *Insufficient Assets.* If, upon such Liquidation Event, the assets and funds of the Corporation are insufficient to provide for the payment of the full aforesaid preferential amount to the holders of the Series A Stock, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series A Stock in proportion to the full preferential amount each such holder is otherwise entitled to receive.

(c) *Deemed Liquidation.* For purposes of this Paragraph (5), (i) the occurrence of any event in which any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*")) other than Atlantic Express Transportation Group Inc. and its affiliates or subsidiaries, becomes the "beneficial owner" (as defined in Rule 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting securities of the Corporation then outstanding, (ii) any acquisition of the Corporation by means of merger or other form of corporate reorganization in which outstanding shares of the Corporation are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring corporation or its subsidiary (other than a mere reincorporation transaction) or (iii) a sale, assignment, transfer, lease or other disposition of all or substantially all of the assets of the Corporation and its subsidiaries, if any (on a consolidated basis) to a non-affiliated person or entity, shall be treated as a Liquidation Event and shall entitle the holders of Series A Stock to receive at the closing in cash, securities or other property (valued as provided in Paragraph (5)(d) below) amounts as specified in Paragraphs (5)(a) and (5)(b) above.

(d) *Noncash Distributions.* If any of the assets or funds of the Corporation are to be distributed other than in cash under this Paragraph (5) or for any purpose, then the Board of Directors shall promptly engage an independent competent appraiser to determine the value of the assets to be distributed to the holders of the Series A Stock. The Corporation shall, upon receipt of such appraiser's valuation, give prompt written notice to each holder of shares of the Series Preferred Stock of the appraiser's valuation. Notwithstanding the above, any securities to be distributed to the shareholders shall be valued as follows:

(i) if traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the 30-day period ending three (3) business days prior to the closing;

(ii) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the 30-day period ending three (3) business days prior to the closing; and

(iii) if there is no active public market, the value shall be the fair market value thereof, as mutually determined by the Corporation and the holders of at least a majority of the then outstanding Series A Stock (the "*Required Holders*"), provided that if the Corporation and the Required Holders are unable to reach an agreement, then the value shall be determined by appraisal by an independent investment banker hired and paid by the Corporation, but acceptable to the Required Holders.

(6) Voting Rights and Powers of Series A Stock.

Except as otherwise required by law, a holder of Series A Stock shall be entitled to one-quarter (1/4) of one whole vote for each share of Series A Stock held by such holder, such votes to be counted together with all other shares of stock of the Corporation having general voting power and not counted separately as a class.

(7) Redemption of Series A Stock.

(a) *Mandatory Redemption.* Subject to any restrictions contained in any Permitted Indebtedness (as defined below), the Corporation shall redeem all shares of issued and outstanding shares of Series A Stock on (i) the seventh anniversary date of the Issuance Date; or (ii) at the election of the Required Holders, upon the occurrence and during the continuance of any default under the terms of the Series A Stock, by paying in cash therefor a price per share equal to the Liquidation Preference.

(b) *Optional Redemption.* The Corporation may redeem at any time and from time to time all or any part of the Series A Stock by paying in cash therefor a price per share equal to the Liquidation Preference.

(c) *Notice.* At least thirty (30) days prior to the effective date of any redemption (a "*Redemption Date*"), written notice shall be mailed, first class postage prepaid, to each holder of record (at the close of business on the business day next preceding the day on which notice is given) of the Series A Stock, at the address last shown on the records of the Corporation for such holder, specifying the number of shares to be redeemed from each holder, the applicable Redemption Date, the redemption price, the place at which payment may be obtained and calling upon such holder to surrender to the Corporation, in the manner and at the price designated, its certificate or certificates representing such holder's shares to be redeemed (the "*Redemption Notice*"). If less than all the shares of any series are to be redeemed, the Corporation shall redeem shares ratably among holders in proportion to the percentage of the total shares of such series held by each holder thereof.

(d) *Surrender of Certificates.* Except as provided herein, on or after the applicable Redemption Date such holder of Series A Stock to be redeemed at such time shall surrender to the Corporation the certificate or certificates representing such shares, in the manner and at the price designated in the Redemption Notice, and thereupon the redemption price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be canceled. In the event fewer than all of the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(e) *Rights of Holders.* From and after the applicable Redemption Date, unless there shall have been a default in payment of the redemption price, all rights of the holders of shares of Series A Stock designated for redemption in the Redemption Notice (except the right to receive the redemption price without interest upon surrender of their certificate or certificates) shall cease with respect to such shares at such time, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever.

(8) Notices of Record Date.

In the event that the Corporation shall propose at any time:

(a) to declare any dividend or distribution upon its Common Stock whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus;

(b) to offer for subscription *pro rata* to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights;

(c) to effect any reclassification or recapitalization of its Common Stock outstanding involving a change in the Common Stock; or

(d) to merge or consolidate with or into any other corporation, or to sell, lease or convey all or substantially all its property or business, or to liquidate, dissolve or wind up, then, in connection with each such event, the Corporation shall send to the holders of the Series A Stock:

(i) at least 30 days prior written notice of the date on which a record shall be taken for such dividend, distribution or subscription rights (and specifying the date on which the holders of Common Stock shall be entitled thereto) or for determining rights to vote in respect of the matters referred to in (c) and (d) above; and

(ii) in the case of the matters referred to in (c) and (d) above, at least 20 days prior written notice of the date when the same shall take place (and specifying the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon the occurrence of such event).

Each such written notice shall be delivered personally or given by first class mail, postage prepaid, addressed to the holders of the Series A Stock at the address for each such holder as shown on the books of the Corporation.

(9) Protective Provisions.

In addition to any other rights provided by law, so long as any shares of the Series A Stock shall be outstanding, the Corporation shall not, without first obtaining the affirmative vote or written consent of the Required Holders, voting together as a single class:

(a) amend or repeal any provision of the Corporation's Articles of Incorporation or Bylaws;

(b) authorize or issue shares of any class of stock having any right, preference or priority superior to, or on a parity with, the Series A Stock;

(c) sell, convey, liquidate or otherwise dispose of or encumber all or a substantial portion of its or any of its subsidiaries' property or business, or merge into or consolidate with any other corporation (other than a wholly owned subsidiary corporation);

(d) in any manner, alter or change the rights, preferences and privileges and qualifications, limitations and restrictions of the Series A Stock or Common Stock;

(e) increase or decrease the authorized number of shares of Series A Stock or preferred stock;

(f) change the nature of the Corporation's business;

(g) authorize any amounts of indebtedness or guarantees other than (each a "*Permitted Indebtedness*"): (i) indebtedness or guarantees for the purposes of purchasing vehicles which in the aggregate do not exceed \$[1,000,000]; (ii) any indebtedness or guarantees outstanding on the date of filing hereof, including any extensions or refinancings thereof, provided, however, that the aggregate principal amount of such extensions or refinancings is less than or equal to the indebtedness extended or refinanced thereby; and (iii) any indebtedness or guarantees entered into as part of the Corporation's confirmed joint plan of reorganization in the bankruptcy case numbered 02-42611;

(h) pay or declare a dividend on any security, other than the Series A Stock;

(i) redeem, purchase or otherwise acquire (or pay into or set funds aside for a sinking fund for such purpose) any share or shares of Common Stock or preferred stock other than as provided in Paragraph (7) hereof;

(j) issue any shares of any class of its or its subsidiaries' stock, including without limitation any shares of Common Stock or Common Stock equivalents (including without limitation options and warrants to acquire Common Stock and securities convertible into Common Stock);

(k) acquire (including without limitation through subsidiaries) stock or assets during any twelve (12) month period for an aggregate consideration in excess of \$1,000,000, or dispose (other than in the ordinary course of business) of any of its or its subsidiaries' assets during any twelve (12) month period having an aggregate value in excess of \$1,000,000;

(l) conduct any business or own any assets other than (i) directly or (ii) through direct or indirect wholly owned subsidiary;

(m) transact any business with any director, officer or affiliate other than reimbursement of insurance expenses and payment of management fees as approved by the Board of Directors of the Corporation;

(n) enter into any agreement or commitment to do any of the things described in this Paragraph (9).

(10) Election of Directors.

So long as any shares of the Series A Stock remain issued and outstanding, the holders of the Series A Stock shall be entitled to elect one (1) member to the board of directors of the Corporation and each direct and indirect subsidiary of the Corporation. In the event of any default under the terms of the Series A Stock, and so long as such default shall continue, upon the demand of the Required Holders, the board of directors of the Corporation and each direct and indirect subsidiary of the Corporation shall be automatically increased by such number as shall be necessary to permit the Required Holders to appoint and elect (and there

shall be appointed and elected by the Required Holders) a majority of each such board of directors.

(11) Limitations on Reissuance.

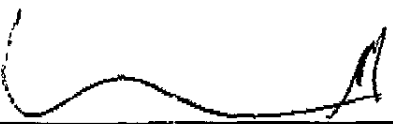
No share or shares of Series A Stock acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued, and all such shares shall be cancelled, retired and eliminated from the shares that the Corporation is authorized to issue.

SECOND: The Articles of Incorporation is hereby amended, by adding a new Article VI, as follows:

Article VI: Notwithstanding anything to the contrary in this Articles of Incorporation, the Corporation shall not be authorized to issue any nonvoting equity securities.

THIRD: This Articles of Amendment has been duly authorized pursuant to the First Amended Joint Plan of Reorganization of Atlantic Express and its debtor subsidiaries, dated July 21, 2003, filed in those certain Chapter 11 cases identified as Case No. 02-42560 (PCB) and confirmed on September 5, 2003 by order of the United States Bankruptcy Court for the Southern District of New York which had jurisdiction of the proceedings pursuant to 28 U.S.C. Sections 157 and 1334, and pursuant to the provisions of Section 607.1008 of the Florida Statutes, without further action by the Corporation's shareholders or the Board of Directors,

Signed this 17th day of November, 2003.


Domenic Gatto, President