



THE UNITED STATES  
CORPORATION  
COMPANY

P98000059435

ACCOUNT NO. : 072100000032

REFERENCE : 020578 4336650

AUTHORIZATION : Patricia Pigut

COST LIMIT : \$ 43.75

ORDER DATE : November 4, 1998

ORDER TIME : 10:47 AM

ORDER NO. : 020578-005

CUSTOMER NO: 4336650

CUSTOMER: John Pantin, Esq  
Baker & McKenzie  
1200 Brickwell Avenue  
19th Floor  
Miami, FL 33131

Amend

FILED  
NOV - 4 PM 4:30  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

DOMESTIC AMENDMENT FILING

NAME: SOVEREIGN MEDICAL  
ACQUISITION CORP.

100002680041--6

EFFECTIVE DATE:

XX ARTICLES OF AMENDMENT  
       RESTATED ARTICLES OF INCORPORATION

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

XX CERTIFIED COPY  
       PLAIN STAMPED COPY  
       CERTIFICATE OF GOOD STANDING

CONTACT PERSON: Jeanine Reynolds

EXAMINER'S INITIALS:

RECEIVED  
NOV - 4 AM 11:29  
DIVISION OF CORPORATION

\*00789, 00524, 00672

APR  
11/10/98



FLORIDA DEPARTMENT OF STATE  
Sandra B. Mortham  
Secretary of State

November 4, 1998

CSC  
1201 Hays Street  
Tallahassee, FL 32301

SUBJECT: SOVEREIGN MEDICAL ACQUISITION CORP.  
Ref. Number: P98000059435

We have received your document for SOVEREIGN MEDICAL ACQUISITION CORP. and your check(s) totaling \$43.75. However, the enclosed document has not been filed and is being returned for the following correction(s):

Please give the date of adoption by the Board of Directors.

If you have any questions concerning the filing of your document, please call (850) 487-6907.

Annette Ramsey  
Corporate Specialist

Letter Number: 498A00053848

**RESUBMIT**  
Please give original  
submission date as file date.

RECEIVED  
98 NOV 10 PM 1:13  
DIVISION OF CORPORATIONS

**CERTIFICATE OF DESIGNATION OF SERIES AND  
DETERMINATION OF RIGHTS AND PREFERENCES**

**OF**

**CONVERTIBLE PREFERRED STOCK, SERIES A**

**OF**

**SOVEREIGN MEDICAL ACQUISITION CORP.**

98 NOV -4 PM 4:30  
FILED  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

Sovereign Medical Acquisition Corp., a Florida corporation (the "Corporation"), acting pursuant to §607.0602 of the Florida Business Corporation Act, does hereby submit the following Certificate of Designation of Series and Determination of Rights and Preferences of its Convertible Preferred Stock, Series A.

FIRST: The name of the Corporation is Sovereign Medical Acquisition Corp.

SECOND: The Board of Directors, pursuant to the authority expressly vested in the Board by the Corporation's Articles of Incorporation, has adopted the following resolution, which was adopted on August 6, 1998:

WHEREAS the Articles of Incorporation of the Corporation authorize preferred stock consisting of 5,000,000 shares, par value \$.01 per share, issuable from time to time in one or more series; and

WHEREAS the Board of Directors of the Corporation is authorized, subject to limitations prescribed by law and by the provisions of Article III of the Corporation's Articles of Incorporation, as amended, to establish and fix the number of shares to be included in any series of preferred stock and the designation, rights, preferences, powers, restrictions and limitations of the shares of such series; and

WHEREAS it is the desire of the Board of Directors to establish and fix the number of shares to be included in a new series of preferred stock and the designations, rights, preferences and limitations of the shares of such new series;

NOW, THEREFORE, BE IT RESOLVED that pursuant to Article III of the Corporation's Articles of Incorporation, as amended, there is hereby established a new series of three million (3,000,000) shares of cumulative convertible preferred stock of the Corporation to have the designation, rights, preferences, powers, restrictions and limitations set forth in a supplement of Article III as follows:

1. Creation of Class. There is hereby created a class of Series A Preferred Stock, with a stated value of \$6.00 per share ("Stated Value") and a par value of \$.01 per share, consisting of three million (3,000,000) authorized and unissued shares ("Series A Preferred Stock").

2. Dividends.

(a) To the extent not prohibited by Florida law, the Board of Directors of the Corporation shall declare and the Corporation shall pay preferential dividends to the holders of Series A Preferred Stock accrued as provided herein and no more dividends. Except as otherwise provided herein, dividends on each share of Series A Preferred Stock (a "Share") shall accrue cumulatively from and including the date of issuance at the rate of five percent (5%) (subject to appropriate adjustments in the event of any stock

dividend, stock split, combination or other similar recapitalization affecting such shares) of the Stated Value of each Share per annum (payable at the rate of \$0.15 per Share in semi-annual installments) whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends. For purposes of this Section 2(a), the date on which the Corporation initially issues any Share is its "date of issuance" regardless of the number of times transfer of such Share is made on the stock records maintained by or for the Corporation and regardless of the number of certificates that may be issued to evidence such Share (whether by reason of transfer of such Share or for any other reason).

(b) The Series A Preferred Stock shall be preferred as to the payment of dividends over the shares of all common stock, par value \$.01 per share, of the Corporation (the "Common Stock"). Any dividends payable on the Common Stock or any other series of preferred stock or common stock (payable in cash or securities) shall be subordinate to dividends payable on the Series A Preferred Stock. As long as any shares of Series A Preferred Stock are outstanding, no shares of any capital stock of the Corporation ranking junior to the Series A Preferred Stock as to the payment of dividends or the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Corporation ("Junior Stock") may be purchased, redeemed or otherwise acquired by the Corporation or by any of its subsidiaries, except for the repurchase of Junior Stock from employees of the Corporation upon termination of employment, nor may any funds be set aside or made available for any sinking fund for the purchase or redemption of any Junior Stock. Unless full cumulative dividends through and including the most recent dividend payment date in respect of the Series A Preferred Stock have been or contemporaneously are declared and paid, the Corporation shall not: (i) declare or pay or set aside for payment or distribution any dividends on any stock or warrants of the Corporation other than with respect to Series A Preferred Stock; or (ii) redeem or purchase any stock, warrants or other securities of the Corporation other than Series A Preferred Stock.

(c) All dividends payable on the outstanding shares of Series A Preferred Stock shall be paid semi-annually in arrears in equal installments on the thirtieth (30<sup>th</sup>) day of each June and December, commencing December 30, 1998 (each a "Payment Date"), or, if any such date is not a business day in Miami, Florida, on the next succeeding business day. Dividends shall be cumulative, whether or not earned, and shall accrue, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared, on each share of Series A Preferred Stock from the date of initial issue thereof. Dividends shall be payable to holders of record as they appear on the stock register of the Corporation on such record date, not less than 15 nor more than 60 days preceding the Payment Date thereof, as shall be fixed by the Board of Directors.

(d) At the earlier of: (1) the optional or mandatory conversion of the Series A Preferred Stock into Common Stock in accordance with the provisions hereof; or (2) the liquidation, dissolution or winding up of the Corporation, any accrued but undeclared dividends shall be paid to the holders of record of outstanding shares of Series A Preferred Stock. No accumulation of dividends on the Series A Preferred Stock shall bear interest.

(e) The Corporation agrees to take all action that may be necessary or advisable to permit the Corporation to meet its obligations to the holders of Series A Preferred Stock.

### 3. Liquidation, Dissolution or Winding Up.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, after and subject to the payment in full of all amounts required to be distributed to the holders of any indebtedness or other class or series of stock of the Corporation ranking on liquidation prior and in preference to the Series A Preferred

Stock (collectively referred to as "Senior Preferred Stock"), but before any payment shall be made to the holders of Junior Stock by reason of their ownership thereof, an amount equal to the Stated Value per Share of Series A Preferred Stock plus any accrued but unpaid dividends (whether or not declared). If upon any such liquidation, dissolution or winding up of the Corporation the remaining assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Preferred Stock the full amount to which they shall be entitled, the holders of shares of Series A Preferred Stock and any class or series of stock (the "Preferred Stock") ranking on liquidation on a parity with the Series A Preferred Stock shall share ratably in any distribution of the remaining assets and funds of the Corporation 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.

(b) After the payment of all preferential amounts required to be paid to the holders of Senior Preferred Stock, Series A Preferred Stock and any class or series of Preferred Stock ranking on parity with the Series A Preferred Stock upon the dissolution, liquidation, or winding up of the Corporation, all of the remaining assets and funds of the Corporation available for distribution to its stockholders shall be distributed ratably among the holders of any other series of Preferred Stock and Junior Stock.

#### 4. Voting.

(a) Each holder of outstanding shares of Series A Preferred Stock shall be entitled to the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock held by such holder are convertible (as adjusted from time to time pursuant to Section 5 hereof), at each meeting of stockholders of the Corporation (and written actions of stockholders in lieu of meetings) with respect to any and all matters presented to the stockholders of the Corporation for their action or consideration. Except as provided by law, by the provisions of Subsection 4(b) below, or by the provisions establishing any other series of Preferred Stock, holders of Series A Preferred Stock and of any other outstanding series of Preferred Stock shall vote together with the holders of Common Stock as a single class.

(b) The Corporation shall not amend, alter or repeal preferences, rights, powers or other terms of the Series A Preferred Stock so as to affect adversely the Series A Preferred Stock, without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series A 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 series of Preferred Stock which is on a parity with or has preference or priority over the Series A Preferred Stock as to the right to receive either dividends or amounts distributable upon liquidation, dissolution or winding up of the Corporation shall be deemed to affect adversely the Series A Preferred Stock.

#### 5. Optional Conversion.

The holders of shares of Series A Preferred Stock shall have conversion rights as follows:

(a) Each holder of a share of Series A Preferred Stock shall have the right, at any time, to convert such share into one (1) fully paid and non-assessable share of Common Stock (the "conversion rate").

(b) Any holder of shares of Series A Preferred Stock electing to convert such shares into Common Stock shall surrender the certificate or certificates for such shares at the office of the Corporation (or at such other place as the Corporation may designate by notice to the holders of shares of Series A Preferred Stock) during regular business hours, duly endorsed to the Corporation or in blank, or

accompanied by instruments of transfer to the Corporation in blank, in form satisfactory to the Corporation and shall give written notice to the Corporation at such office that such holder elects to convert such shares of Series A Preferred Stock. The Corporation shall, as soon as practicable after such deposit of certificates accompanied by the written notice above prescribed, issue and deliver at such office to the holder for whose account such shares were surrendered, or to his nominee, certificates representing the number of shares of Common Stock and the cash, if any, to which such holder is entitled upon such conversion.

(c) Conversion shall be deemed to have been made as of the date of surrender of certificates for the shares of Series A Preferred Stock to be converted, and the giving of written notice as hereinabove provided; and the person entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such Common Stock on such date. The Corporation shall not be required to deliver certificates for shares of its Common Stock while the stock transfer books for such stock or for this Series A Preferred Stock are duly closed for any purpose, but certificates for shares of Common Stock shall be issued and delivered as soon as practicable after the opening of such books.

6. Mandatory Conversion.

(a) The Corporation shall require all (and not less than all) holders of shares of Series A Preferred Stock then outstanding to convert their shares of Series A Preferred Stock into shares of Common Stock, at the then effective conversion rate pursuant to Section 5, at any time on or after (1) the date the Corporation files a registration statement under the Securities Act of 1933, as amended, with respect to the Common Stock of the Corporation, or (2), the date of consummation of a merger, exchange of capital stock, stock or asset acquisition or other similar type of transaction with an operating business in the healthcare industry in which the Corporation is the surviving or continuing corporation.

(b) All holders of record of shares of Series A Preferred Stock then outstanding will be given at least 10 days' prior written notice of the date fixed and the place designated for mandatory or special conversion of all such shares of Series A Preferred Stock pursuant to this Section 6. Such notice will be sent by first class or registered mail, postage prepaid, to each record holder of Series A Preferred Stock at such holder's address last shown on the records of the transfer agent for the Series A Preferred Stock (or the records of the Corporation, if it serves as its own transfer agent).

7. Adjustment of Conversion Rate.

The conversion rate shall be adjusted from time to time as follows:

(a) In case the Corporation shall (a) pay a dividend or make a distribution in shares of its capital stock (whether shares of Common Stock or of capital stock of any other class) to holders of Common Stock, (b) subdivide its outstanding shares of Common Stock, (c) combine its outstanding shares of Common Stock into a smaller number of shares, or (d) issue by reclassification of its shares of Common Stock any shares of capital stock of the Corporation, the conversion right and the conversion rate in effect immediately prior to such action shall be adjusted so that the holder of any shares of this Series thereafter surrendered for conversion shall be entitled to receive the number of shares of capital stock of the Corporation which such holder would have owned immediately following such action if such shares of this Series A Preferred Stock would have been converted immediately prior thereto. An adjustment made pursuant to this subparagraph shall become effective retroactively immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification. If, as a result of an adjustment made pursuant to this Section, the holder of any shares of this Series thereafter surrendered for conversion shall become entitled to receive shares of two or more classes of capital stock of the Corporation, the Board of Directors (whose determination shall be conclusive) shall determine the allocation of the adjusted conversion rate between or among shares of such classes of capital stock.

(b) In case the Corporation shall issue rights or warrants to all holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the Stated Value, the conversion rate shall be adjusted so that it shall equal the rate determined by multiplying the conversion rate in effect immediately prior to the date of issuance of such rights or warrants by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and the denominator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares that the aggregate offering price of the total number of shares so offered would purchase at the Stated Value. Such adjustment shall become effective retroactively immediately after the record date for the determination of stockholders entitled to receive such rights or warrants.

(c) In case the Corporation shall distribute to all holders of its Common Stock evidences of its indebtedness or assets (exclusive of any cash dividend paid from retained earnings of the Corporation) or rights or warrants to subscribe to securities of the Corporation (excluding those hereinabove described), then in each such case the conversion rate shall be adjusted so that it shall equal the rate determined by multiplying the conversion rate in effect immediately prior to the date of such distribution by a fraction, the numerator of which shall be the Stated Value, and the denominator of which shall be the Stated Value less the then fair market value (as determined by the Board of Directors of the Corporation, whose determination shall be conclusive) of the portion of the assets or evidences of indebtedness so distributed or of such subscription rights or warrants applicable to one share of Common Stock. Such adjustment shall become effective retroactively immediately after the record date for the determination of stockholders entitled to receive such distribution.

(d) Notwithstanding the foregoing, the Corporation shall not be required to make any adjustment of the conversion rate unless such adjustment would require an increase or decrease of at least 1% in such rate. Any lesser adjustment shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to an increase or decrease of at least 1% in such rate.

(e) Whenever an adjustment in the conversion rate is required, the Corporation shall forthwith place on file with its Secretary a statement signed by its Chief Executive Officer, President or a Vice President and by its Secretary or Treasurer or one of its Assistant Secretaries or Assistant Treasurers, stating the adjusted conversion rate determined as provided herein. Such statements shall set forth in reasonable detail such facts as shall be necessary to show the reason and the manner of computing such adjustment. Promptly after the adjustment of the conversion rate, the Corporation shall mail a notice thereof to each holder of shares of Series A Preferred Stock.

(f) In case of either (a) any consolidation or merger to which the Corporation is a party, other than a merger or consolidation in which the Corporation is the surviving or continuing corporation and which does not result in any reclassification of, or change (other than a change in par value or from par value to no par value or from no par value to par value, or as a result of a subdivision or combination) in, outstanding shares of Common Stock, or (b) any sale or conveyance to another corporation of all or substantially all of the assets of the Corporation, then the Corporation, or such successor corporation, as the case may be, shall make appropriate provision so that the holder of each of Series A Preferred Stock then outstanding shall have the right to convert such shares of Series A Preferred Stock into the kind and amount of shares or other securities and property receivable upon such consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock into which such shares of Series A Preferred Stock might have been converted immediately prior to such consolidation, merger, sale or conveyance, subject to adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for hereunder. The provisions of this Section shall apply similarly to successive consolidations, mergers, sales or conveyances.

(g) The Corporation shall take all necessary action to cause any shares of Series A Preferred Stock which shall at any time have been converted to resume the status of authorized but unissued shares of Series A Preferred Stock, without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors. The Corporation shall at all times reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of the shares of this Series, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of this Series; provided, however, that nothing contained herein shall preclude the Corporation from satisfying its obligations in respect of the conversion of the shares by delivery of purchased shares of Common Stock which are held in the treasury of the Corporation.

(h) The Corporation shall pay any and all issue or transfer taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of shares of Series A Preferred Stock pursuant hereto. The Corporation shall not, however, be required to pay any tax which is payable in respect of any transfer involved in the issue or delivery of Common Stock in a name other than in which the shares of Series A Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of such tax, or has established, to the satisfaction of the Corporation, that such tax has been paid.

(i) Before taking any action that would result in the conversion rate being less than the then par value of the Common Stock, the Corporation shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock.

8. Cash in lieu of Fractional Shares.

The Corporation shall not be required, in connection with any conversion of shares of Series A Preferred Stock to issue a fraction of a share of its Common Stock, but in lieu thereof the Corporation shall make a cash payment (calculated to the nearest cent--five mills being considered as nearer to the next higher cent) equal to such fraction multiplied by \$6.00.

9. Sinking Fund.

There shall be no sinking fund for the payment of dividends, or liquidation preferences on the Series A Preferred Stock or the redemption of any shares thereof.

10. Amendment.

This Certificate of Designation constitutes an agreement between the Corporation and the holders of the Series A Preferred Stock. It may be amended by vote of the Board of Directors of the Corporation and the holders of a majority of the outstanding shares of Series A Preferred Stock.

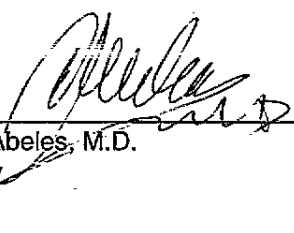


IN WITNESS WHEREOF, the Corporation has caused this Certificate to be executed by its President and attested to by its Secretary this 2nd of Nov, 1998.

By: 

Jay M. Haft  
Chief Operating Officer

ATTEST:

  
John H. Abeles, M.D.  
Secretary

[Seal]