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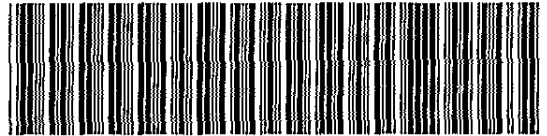
(Business Entity Name)

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03 JUN 20 PM 4:35
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TALLAHASSEE, FLORIDA

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DIVISION OF CORPORATIONS
TALLAHASSEE, FLORIDA

6/20/03

CAPITAL CONNECTION, INC.

417 E. Virginia Street, Suite 1 • Tallahassee, Florida 32301
(850) 224-8870 • 1-800-342-8062 • Fax (850) 222-1222

Skyway Communications

- ___ Art of Inc. File
- ___ LTD Partnership File
- ___ Foreign Corp. File
- ___ L.C. File
- ___ Fictitious Name File
- ___ Trade/Service Mark
- ___ Merger File
- ☒ Art. of Amend. File
- ___ RA Resignation
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- ___ Annual Report / Reinstatement
- ___ Cert. Copy
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- ___ Certificate of Status
- ___ Certificate of Fictitious Name
- ___ Corp Record Search
- ___ Officer Search
- ___ Fictitious Search
- ___ Fictitious Owner Search
- ___ Vehicle Search
- ___ Driving Record
- ___ UCC 1 or 3 File
- ___ UCC 11 Search
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6/20

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**ARTICLES OF AMENDMENT TO
ARTICLES OF INCORPORATION OF
SKYWAY COMMUNICATIONS HOLDING CORP.**

FILED
03 JUN 20 PM 4:35
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to the provisions of Section 607.1006, Florida Statutes, this Florida corporation adopts the following articles of amendment to its articles of incorporation:

FIRST: Article IV of the Articles of Incorporation of the Corporation entitled Capital Stock is amended as follows:

Article IV-Capital Stock

The maximum number of shares of stock that this corporation shall be authorized to have outstanding at any time shall be two billion five hundred million (2,500,000,000) shares of Common Stock at a par value of \$.0001 per share upon which there are no preemptive rights. The Common Stock shall be paid for at such time as the Board of Directors may designate, in cash, real property, personal property, services, patents, leases, or any other valuable thing or right for the uses and purposes of the corporation, and shares of capital, which issued in exchange thereof shall thereupon and thereby become and be paid in full, the same as though paid in cash at par, and shall be non assessable forever, the judgment of the Board of Directors as to the value of the property, right or thing acquired in exchange for capital stock shall be conclusive.

In addition, the Corporation shall have the authority to issue ten million (10,000,000) shares of Preferred Stock at a par value of \$.0001 per share. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is authorized to fix the number of shares of any series of Preferred Stock and to determine the designation of any such series. The Board of Directors is also authorized to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of any such series outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

The Corporation hereby establishes and designates a class of 1,180,000 shares of its preferred stock, at a par value of \$.0001 per share as Series A Convertible Preferred Stock. The rights, preferences, privileges, and limitations of the Series A Preferred Stock are set forth in Exhibit A attached hereto.

The Corporation hereby establishes and designates a class of 1,000,000 shares of its preferred stock, at a par value of \$.0001 per share as Series B Convertible Preferred Stock. The rights, preferences, privileges, and limitations of the Series B Preferred Stock are set forth in Exhibit B attached hereto.

SECOND: The Amendment was adopted on June 2, 2003.

THIRD: The Amendment was duly adopted by the Board of Directors of the Corporation. No shareholder approval was required to adopt this Amendment and to take this action.

The undersigned executed this document on the 18th day of June, 2003.

CORPORATION

SkyWay Communications Holding Corp.

By: 

Its: President and Sole Director

EXHIBIT A

CERTIFICATE OF DESIGNATION OF SERIES A CONVERTIBLE PREFERRED STOCK

1. **Definitions.** For purposes of this certificate of designation ("Certificate of Designation") of the Series A Convertible Preferred Stock ("Series A Preferred Stock"), par value \$.0001 per share, the following definitions shall apply and shall be equally applicable to both the singular and plural forms of the defined terms:

1.1. **"Affiliate"** of any Person shall mean any Person who directly or indirectly controls, is controlled by, or is under common control with, the indicated Person. For the purposes of this definition, "control" has the meaning specified as of the date hereof for that word in Rule 405 promulgated by the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

1.2. **"Board"** shall mean the Board of Directors of the Corporation.

1.3. **"Conversion Rights"** shall have the meaning set forth in Section 5 below

1.4. **"Conversion Stock"** shall mean the Common Stock into which the Series A Preferred Stock is convertible and the Common Stock issued upon such conversion.

1.5. **"Corporation"** shall mean SkyWay Communications Holding Corp., a Florida corporation.

1.6. **"Liquidation Price"** shall mean the sum of (i) the Stated Value per share of Series A Preferred Stock plus (ii) plus one percent (1%) per annum thereon from the date of issuance of share of Series A Preferred Stock through and including the date of full payment of the Liquidation Price shall be tendered to the holders of Series A Preferred Stock, plus (iii) unpaid dividends thereon, if declared and unpaid, up to and including the date full payment shall be tendered to the holders of Series A Preferred Stock.

1.7. **"Person"** shall include all natural persons, corporations, business trusts, associations, limited liability companies, partnerships, joint ventures and other entities, governments, agencies and political subdivisions.

1.8. **"Qualified Public Offering"** shall mean the first public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offering and sale of Common Stock for the account of the Corporation in which the aggregate gross proceeds received by the Corporation equals or exceeds \$35 million before deduction of underwriters' commissions and expenses and the public offering price equals or exceeds \$5.00 per share of Common Stock (subject to appropriate adjustment to reflect stock splits, stock dividends, reorganizations, and all other capitalization changes contemplated in Sections 5.6).

1.9. **"Redemption Date"** shall have the meaning set forth in Section 4.3 below.

1.10. **"Redemption Notice"** shall have the meaning set forth in Section 4.3 below.

1.11. **"Redemption Price"** shall have the meaning set forth in Section 4.2 below.

1.12. **"Series A Conversion Rate"** shall have the meaning set forth in Section 5.1 below.

1.13. **"Stated Value"** shall mean \$15,000,000, subject to appropriate adjustment to reflect stock splits, stock dividends, stock combinations, recapitalizations, and like occurrences and dividends and other distributions on such stock payable in shares of Series A Preferred Stock or Common Stock).

2. **Voting Rights.**

2.1. **General.** In addition to the other rights provided in this Resolution, by agreement or by law, the holders of the Series A Preferred Stock and the holders of the Common Stock shall vote together as a single class on all actions to be taken by the shareholders of the Corporation. At all meetings of the shareholders of the Corporation and in the case of any actions of shareholders in lieu of a meeting, each holder of the Series A Preferred Stock shall have that number of votes on all matters submitted to the shareholders that is equal to the number of shares of Common Stock (rounded to the nearest whole number) into which such holder's shares of Series A Preferred Stock are then convertible, as provided in Section 5, at the record date for the determination of the shareholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of such shareholders is effected.

2.2. **Election of Directors.**

A. **Allocation of Board Seats; Elections.**

(i) So long as at least 800,000 shares of Series A Preferred Stock are outstanding (appropriately adjusted to reflect stock splits, stock dividends, reorganizations and capitalization changes), the Corporation shall not, without the affirmative vote of the holders of at least sixty-six percent (66%) of the then outstanding shares of Series A Preferred Stock, increase the maximum number of directors constituting the Board to a number other than seven (7) or otherwise alter the Board seat allocation set forth below in this Section 2.2.

B. **Quorums.** At any meeting held for the purpose of electing directors, the presence in person or by proxy of the holders of a majority of the aggregate number of shares of the Series A Preferred Stock then outstanding (on an as-if-converted to Common Stock basis) and the Common Stock then outstanding shall constitute a quorum for the election of the Directors.

C. **Vacancies.** A vacancy in any directorship elected by the holders of the Series A Preferred Stock and Common Stock voting together as a single class shall be filled only by the holders of the Series A Preferred Stock and Common Stock voting together as a single class.

2.3. **Additional Class Votes by the Series A Preferred Stock.** For so long as at least 800,000 shares of Series A Preferred Stock remain outstanding (appropriately adjusted to reflect stock splits, stock dividends, reorganizations and capitalization changes), the Corporation shall not, without the affirmative vote of holders of at least sixty-six percent (66%) of the then outstanding shares of Series A Preferred Stock (voting as a separate class), do any of the following:

A. take any action that constitutes or results in amendment or waiver of any provision of the Corporation's Articles of Incorporation or Bylaws if such amendment or waiver in any way affects, alters or changes any existing rights, preferences, privileges or provisions relating to the Series A Preferred Stock or the holders thereof, or results in any increase or decrease in the authorized number of shares of Series A Preferred Stock; or

B. increase or decrease the authorized number of shares of Series A Preferred Stock; or

C. authorize, issue or otherwise create (by reclassification or otherwise) any new class of capital stock of the Corporation having priority over the Series A Preferred Stock or ranking in parity with the Series A Preferred Stock (including any additional shares of Series A Preferred Stock) as to dividends or the payment or distribution of assets upon the liquidation or dissolution, voluntary or involuntary, of the Corporation; or

D. authorize or declare a payment of a dividend or distribution on any class of capital stock (other than the Series A Preferred Stock); or

E. sell, lease, license (on an exclusive basis) or otherwise dispose of all or substantially all of the assets of the Corporation or of any subsidiary of the Corporation, nor shall the Corporation or any subsidiary of the Corporation consolidate or merge with any other corporation or entity, or permit any other corporation or entity to consolidate or merge into the Corporation or any subsidiary of the Corporation, or enter into a plan of exchange with any other corporation or entity, or otherwise acquire any other corporation or entity, or otherwise take any action constituting or resulting in a liquidation, dissolution or winding up of the Corporation.

3. Liquidation Rights.

3.1. Preference of Series A Preferred Stock. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Series A Preferred Stock then outstanding shall be entitled to receive out of the assets of the Corporation available for distribution to its shareholders, whether such assets are capital, surplus, or earnings, before any payment, declaration, or setting apart for payment of any amount shall be made in respect of the Common Stock, an amount equal to the Liquidation Price per share of the Series A Preferred Stock with respect to such liquidation, dissolution or winding up. If, upon any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, the assets to be distributed to the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such shareholders of the full Liquidation Price, then all of the assets of the Corporation shall be distributed solely and ratably to the holders of the Series A Preferred Stock.

3.2. Remaining Assets. If the assets of the Corporation available for distribution to the Corporation's shareholders exceed the aggregate amount payable to the holders of the Series A Preferred Stock pursuant to Section 3.1 hereof, then after the payments required by Section 3.1 shall have been made the Corporation's remaining assets shall be distributed pro rata, on a per share basis, among the holders of the Common Stock.

3.3. Reorganization; Sale of Assets. The following transactions shall each be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of the provisions of this Section 3 (unless waived by the affirmative vote of holders of at least sixty-six percent (66%)

of the then outstanding shares of the Series A Preferred Stock (voting together as a single class outstanding)), and all of the provisions of this Section 3 shall apply to any such transaction(s): (i) the merger, acquisition, or consolidation of the Corporation into or with any other entity or entities in which the Corporation is not the surviving entity or which results in the exchange of outstanding shares of capital stock of the Corporation for securities or other consideration issued or paid or caused to be issued or paid by any such entity or Affiliate thereof pursuant to which the shareholders of the Corporation immediately prior to the transaction do not own a majority of the outstanding shares of capital stock of the surviving corporation immediately after the transaction, (ii) the effectuation by the Corporation of a transaction or series of related transactions in which 50% or more of the voting power of the Corporation is disposed of, and (iii) any sale, lease, license (on an exclusive basis) or transfer by the Corporation of all or substantially all its assets. In connection therewith, the consideration to be received by shareholders of the Corporation shall be apportioned as though first received by the Corporation and then distributed in liquidation thereof.

3.4. Notice. Written notice of such liquidation, dissolution or winding up, stating a payment date and the place where said payments shall be made, shall be given by mail, postage prepaid, or by telephone facsimile to non-U.S. residents, not less than twenty (20) days prior to the payment date stated therein, to the holders of record of Series A Preferred Stock, such notice to be addressed to each such holder at its address as shown by the records of the Corporation.

3.5. Determination of Consideration. To the extent any distribution pursuant to Section 3.1 or Section 3.2 consists of property other than cash, the value thereof shall, for purposes of Section 3.1 or Section 3.2, be the fair value at the time of such distributions as determined in good faith by the Board.

3.6. Conversion Prior to Liquidating Distributions. Any holder of Series A Preferred Stock may, at its option, convert all or a portion of its shares into Common Stock upon a liquidation, dissolution or winding up of the Corporation and thereby receive distributions with the holders of the Common Stock in lieu of receiving distributions as a holder of the Series A Preferred Stock.

4. Redemption Rights.

4.1. Scheduled Redemptions. Unless all of the Series A Preferred Stock has been converted to Common Stock pursuant to Section 5, the Corporation may, but is not obligated to, redeem all shares of then outstanding Series A Preferred Stock within the one year anniversary of the issuance date. Any holder of shares of Series A Preferred Stock may, in its sole discretion, (a) accept or reject any redemption offer, provided however, in the event that the holder of a Series A Preferred Stock rejects the redemption offer, such holder must convert their Series A Preferred Stock into Common Stock at the Conversion Rate set forth below.

4.2. Price. The redemption price (the “**Redemption Price**”) of the Series A Preferred Stock shall be an amount per share equal to the Stated Value per share, plus one percent (5%).

4.3. Redemption Notice. If the Corporation elects to redeem the shares of Series A Preferred Stock, then the Corporation shall, not less than fifteen (15) days or more than sixty (60) days prior to the date fixed for redemption (“**Redemption Date**”), mail written notice (“**Redemption Notice**”), postage prepaid, to each holder of shares of record of Series A Preferred

Stock to be redeemed, at such holder's post office address last shown on the records of the Corporation. The Redemption Notice shall:

A. state the total number of shares of Series A Preferred Stock which the Corporation is offering to redeem;

B. state the number of shares of Series A Preferred Stock held by the holder which the Corporation is offering to redeem;

C. confirm the Redemption Date and Redemption Price; and

D. state the time, place and manner in which the holder may elect to surrender to the Corporation the certificate or certificates representing the shares of Series A Preferred Stock to be redeemed.

4.4. Surrender of Stock. On or before the Redemption Date, each holder of Series A Preferred Stock electing to be redeemed shall surrender the certificate or certificates representing such shares to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for 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 and retired.

4.5. Termination of Rights. If the Redemption Notice is duly given, and if, on or prior to the Redemption Date, a holder of the Series A Preferred Stock elects to have her, his or its shares redeemed and the Redemption Price is either paid or made available for payment, then notwithstanding that the certificates evidencing any of the shares of Series A Preferred Stock so called for redemption have not been surrendered, all rights with respect to such shares shall forthwith after the Redemption Date cease except only (i) the right of the holders to receive the Redemption Price without interest upon surrender of their certificates therefor, or (ii) the right to receive Common Stock upon exercise of the conversion rights as provided in Section 5 hereof on or prior to the Redemption Date.

4.6. No Redemption. The shares of Series A Preferred Stock shall not be redeemable under any circumstances whatsoever, except as provided in this Section 4 or to the extent otherwise agreed to in writing by the Corporation and the holders of any such shares.

4.7. Adjustment for Certain Dividends and Distributions. If the Corporation, at any time or from time to time, makes or issues or fixes a record date for the determination of holders of shares of the Series A Preferred Stock entitled to receive a dividend or other distribution payable in additional shares of such Series A Preferred Stock, then and in each such event the Redemption Price for the Series A Preferred Stock then in effect shall be decreased as of the time of such issuances or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Redemption Price for the Series A Preferred Stock then in effect by a fraction (a) the numerator of which is the total number of shares of Series A Preferred Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (b) the denominator of which shall be the total number of shares of the Series A Preferred Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Series A Preferred Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend

is not fully paid or if such distribution is not fully made on the date fixed therefor, the Redemption Price for the Series A Preferred Stock shall be recomputed accordingly as of the close of business on such record date and thereafter the Redemption Price for the Series A Preferred Stock shall be adjusted pursuant to this Section 4.7 as of the time of actual payment of such dividends or distributions.

5. Conversion. The holders of the Series A Preferred Stock shall have the following conversion rights (the “**Conversion Rights**”):

5.1. Optional Conversion of the Series A Preferred Stock. Each share of the Series A Preferred Stock shall be convertible, without the payment of any additional consideration by the holder thereof and at the option of the holder thereof, at any time after the first issuance of shares of Series A Preferred Stock by the Corporation and from time to time, at the office of the Corporation or any transfer agent for the Common Stock, into 100 fully paid and nonassessable shares of Common Stock (the “**Series A Conversion Rate**”). Such initial Series A Conversion Rate shall be subject to adjustment, in order to adjust the number of shares of Common Stock into which the Series A Preferred Stock is convertible, as hereinafter provided.

5.2. Automatic Conversion of the Series A Preferred Stock. If at any time (a) the Corporation shall complete a Qualified Public Offering, (b) during any period of thirty (30) consecutive trading days, the average closing price per share of the Common Stock, as reported on a national securities exchange, the NASDAQ NMS or Small Cap Market, or the OTC Bulletin Board, equals or exceeds \$5.00 (subject to appropriate adjustment to reflect stock splits, stock dividends, reorganizations and other capitalization changes, and all other events contemplated in Sections 5.6), or (c) the holders of at least sixty-six percent (66%) of the outstanding shares of Series A Preferred Stock, shall vote at a meeting or consent in writing to the conversion of the Series A Preferred Stock into shares of Common Stock, then effective upon (x) the closing of the sale of such shares by the Corporation pursuant to such Qualified Public Offering, (y) the expiration of such thirty (30) consecutive trading days, or (z) such vote or written consent of the holders of at least sixty-six percent (66%) of the outstanding shares of Series A Preferred Stock, as the case may be, all outstanding shares of Series A Preferred Stock shall automatically convert into shares of Common Stock as provided for in Section 5.1.

5.3. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock, and the number of shares of Common Stock to be issued shall be determined by rounding to the nearest whole share (a half share being treated as a full share for this purpose). Such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock the holder is at the time converting into Common Stock and such rounding shall apply to the number of shares of Common Stock issuable upon such aggregate conversion.

5.4. Mechanics of Optional Conversion. Before any holder of Series A Preferred Stock shall be entitled to convert the same into full shares of Common Stock, such holder shall surrender the certificate or certificates therefor, endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by such holder’s attorney duly authorized in writing, at the office of the Corporation or of any transfer agent for the Common Stock, and shall give at least five (5) days’ prior written notice to the Corporation at such office that such holder elects to convert the same or such portion thereof as

such holder elects to convert and shall state therein such holder's name or the name of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver to such holder of Series A Preferred Stock, or to such holder's nominee or nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date. From and after such date, all rights of the holder with respect to the Series A Preferred Stock so converted shall terminate, except only the right of such holder, upon the surrender of his, her or its certificate or certificates therefor, to receive certificates for the number of shares of Common Stock issuable upon conversion thereof. Upon conversion of only a portion of the number of shares covered by a certificate representing shares of Series A Preferred Stock surrendered for conversion, the Corporation shall issue and deliver to the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate covering the number of shares of the Series A Preferred Stock representing the unconverted portion of the certificate so surrendered, which new certificate shall entitle the record holder thereof to all rights in respect of the shares of Series A Preferred Stock represented thereby to the same extent as if the portion of the certificate theretofore covering such unconverted shares had not been surrendered for conversion.

5.5. Mechanics of Automatic Conversion. The Corporation shall use reasonable efforts to provide all holders of record of shares of Series A Preferred Stock with at least twenty (20) days' prior written notice of the anticipated date of any automatic conversion referenced in Section 5.2 and at least five (5) days' prior written notice of the actual date of such conversion. Each such notice shall designate a place for automatic conversion of all of the shares of such Series A Preferred Stock. Such notices will be sent by mail, first class, postage prepaid to each record holder of Series A Preferred Stock at such holder's address appearing on the Corporation's stock register, or by overnight courier service in the case of the notice prior to the actual date of conversion. On or before the date fixed for conversion, each holder of shares of Series A Preferred Stock shall surrender such holder's certificate or certificates for all such shares to the Corporation at the place designated in such notice, and shall thereafter receive certificates for the number of shares of Common Stock or other securities to which such holder is entitled. Failure to provide such notice shall not affect the validity of automatic conversion hereunder. On the date fixed for conversion, all rights with respect to the Series A Preferred Stock will terminate, except only (i) any rights to receive declared but unpaid dividends with a record date preceding the date of conversion, and (ii) the rights of the holders thereof, upon surrender of their certificate or certificates therefor, to receive certificates for the number of shares of Common Stock or other securities into which such Series A Preferred Stock has been converted. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by her, his or its attorney duly authorized in writing. All certificates evidencing shares of Series A Preferred Stock which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the date such certificates are so required to be surrendered, be deemed to have been retired and canceled and the shares of Series A Preferred Stock represented thereby converted into Common Stock for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date. As soon as practicable after the date of such automatic conversion and the surrender of the certificate or certificates for Series A Preferred Stock

as aforesaid, the Corporation shall cause to be issued and delivered to such holder, or to her, his or its written order, a certificate or certificates for the number of full shares of Common Stock or other securities issuable on such conversion in accordance with the provisions hereof.

5.6. Certain Adjustments to Conversion Rate for Stock Splits, Dividends, Mergers, Reorganizations, Etc.

A. Adjustment for Stock Splits, Stock Dividends and Combinations of Common Stock. In the event the outstanding shares of Common Stock shall, after the filing of this Resolution, be subdivided (split), or combined (reverse split), by reclassification or otherwise, or in the event of any dividend or other distribution payable on the Common Stock in shares of Common Stock, the Series A Conversion Rate in effect immediately prior to such subdivision, combination, dividend or other distribution shall be adjusted so that the registered holder of any share of Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number and kind of shares of Common Stock and other securities which such holder would have owned or have been entitled to receive after the happening of any of the events described above had such share been converted immediately prior to the happening of such event. An adjustment made pursuant to this subparagraph (A) shall become effective immediately after the record date in the case of a dividend or other distribution and shall become effective immediately after the effective date in the case of a subdivision or combination.

B. Adjustment for Merger or Reorganization, Etc. In the event of a reclassification, reorganization or exchange (other than described in Section 5.6(A) above) or any merger, acquisition, consolidation or reorganization of the Corporation with another Corporation (other than a merger, acquisition or other consolidation or reorganization as defined in Section 3.3, which shall be considered a liquidation pursuant to Section 3 above), each share of Series A Preferred Stock shall thereafter be convertible into the kind and number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of the Series A Preferred Stock would have been entitled upon such reclassification, reorganization, exchange, consolidation, merger or conveyance had the conversion occurred immediately prior to the event; and, in any such case, appropriate adjustment (as determined in good faith by the Board) shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the holders of the Series A Preferred Stock, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the applicable Series A Conversion Rate) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series A Preferred Stock.

C. Adjustments for Other Dividends and Distributions. In the event the Corporation, upon approval of the holders of at least sixty-six percent (66%) of the then outstanding shares of Series A Preferred Stock (as provided by Section 2.3(D)), at any time or from time to time after the filing of this Resolution, makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, evidences of indebtedness, assets (including cash), or rights, options, warrants or Convertible Securities, then and in each such event (unless the holders of Series A Preferred Stock receive a comparable dividend or distribution under Section 6), provision shall be made so that the holders of Series A Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the

kind and amount of securities, evidences of indebtedness, assets (including cash), or rights, options, warrants or Convertible Securities of the Corporation which they would have received had their Series A Preferred Stock been converted into Common Stock immediately prior to the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities, evidences of indebtedness, assets (including cash), or rights, options, warrants or Convertible Securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section 5.6 with respect to the rights or the holders of the Series A Preferred Stock. Any adjustment contemplated by this paragraph (C) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or other distribution.

5.7. Notices of Record Date. In the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, any capital reorganization of the Corporation, any reclassification or recapitalization of the Corporation's capital stock, any consolidation or merger with or into another Corporation, any transfer of all or substantially all of the assets of the Corporation or any dissolution, liquidation or winding up of the Corporation, the Corporation shall mail to each holder of Series A Preferred Stock at least ten (10) days prior to the date specified for the taking of a record, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

5.8. Additional Notices. In the event the Corporation shall propose to take any action of the types described in Sections 5.6 the Corporation shall give notice to each holder of shares of Series A Preferred Stock, which notice shall specify the record date, if any, with respect to such action and the date on which such action is to take place. Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action (to the extent such effect may be at the date of such notice) on the Series A Conversion Rate and the number, kind or class of shares or other securities or property which shall be deliverable or purchasable upon the occurrence of such action or deliverable upon conversion of shares of Series A Preferred Stock. In the case of any action which would require the fixing of a record date, such notice shall be given at least ten (10) days prior to the date so fixed, and in case of all other action, such notice shall be given at least ten (10) days prior to the taking of such proposed action.

5.9. Common Stock Reserved. The Corporation shall reserve and keep available out of its authorized but unissued Common Stock such number of shares of Common Stock as shall from time to time be sufficient to effect (a) conversion of the Series A Preferred Stock and (b) issuance of Common Stock pursuant to any outstanding option, warrant, or other rights to acquire Common Stock.

5.10. Payment of Taxes. The Corporation will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock, other than any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered.

6. Dividends. The Corporation shall not declare, pay, or set apart for payment any dividend or other distribution with respect to any shares of capital stock of the Corporation for any period,

whether before or after the effective date of this Resolution, unless and until (i) declared by the Board and (ii) approved by the holders of the Series A Preferred Stock as set forth in Section 2.3(D). The holders of each share of Series A Preferred Stock shall also be entitled to receive a pro-rata portion, on an as-if converted basis, of any dividends payable on Common Stock. Dividends on shares of capital stock of the Corporation shall be payable, whether payable in cash or other property, only out of funds legally available therefor.

6.1. Non-Cash Dividends. Whenever a dividend provided for in this Section 6 shall be payable in property other than cash, the value of such dividend shall be deemed to be the fair market value of such property as determined in good faith by the Board.

7. No Reissuance of Series A Preferred Stock. No share or shares of Series A Preferred Stock acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued.

8. Notices. Unless otherwise specified in the Corporation's Articles of Incorporation or Bylaws, all notices or communications given hereunder shall be in writing and, if to the Corporation, shall be delivered to it as its principal executive offices, and if to any holder of Series A Preferred Stock, shall be delivered to it at its address as it appears on the stock books of the Corporation.

9. No Preemptive Rights. Shareholders shall have no preemptive rights except as granted by the Corporation pursuant to written agreements.

EXHIBIT B

CERTIFICATE OF DESIGNATION OF SERIES B CONVERTIBLE PREFERRED STOCK

1. **Definitions.** For purposes of this certificate of designation ("Certificate of Designation") of the Series B Convertible Preferred Stock ("Series A Preferred Stock"), par value \$.0001 per share, the following definitions shall apply and shall be equally applicable to both the singular and plural forms of the defined terms:

1.1. "**Affiliate**" of any Person shall mean any Person who directly or indirectly controls, is controlled by, or is under common control with, the indicated Person. For the purposes of this definition, "control" has the meaning specified as of the date hereof for that word in Rule 405 promulgated by the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

1.2. "**Board**" shall mean the Board of Directors of the Corporation.

1.3. "**Conversion Rights**" shall have the meaning set forth in Section 5 below

1.4. "**Conversion Stock**" shall mean the Common Stock into which the Series B Preferred Stock is convertible and the Common Stock issued upon such conversion.

1.5. "**Corporation**" shall mean SkyWay Communications Holding Corp., a Florida corporation.

1.6. "**Launch**" shall mean each of the following events have occurred: (i) the execution of definitive agreements with three (3) nationally recognized airlines to provide its Products and Services; (ii) to have an operational network capable of providing its Products and Services throughout the United States; and (iii) an operational ground base data center.

1.7. "**Person**" shall include all natural persons, corporations, business trusts, associations, limited liability companies, partnerships, joint ventures and other entities, governments, agencies and political subdivisions.

1.8. "**Product and Services**" shall mean each of the following: (i) a homeland defense security product which provides real time monitoring of (x) airplane systems (mechanical or otherwise), (y) cockpit recordings and other recording traditionally found on the "black box," and (z) the cabin and cockpit areas via 16 cameras; and (ii) in-flight entertainment product which would provide, amongst others, in flight phone and Wi-Fi service that utilizes the Corporation's Technology.

1.9. "**Qualified Public Offering**" shall mean the first public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offering and sale of Common Stock for the account of the Corporation in which the aggregate gross proceeds received by the Corporation equals or exceeds \$25 million before deduction of underwriters' commissions and expenses and the public offering price equals or exceeds \$4.00 per

share of Common Stock (subject to appropriate adjustment to reflect stock splits, stock dividends, reorganizations, and all other capitalization changes contemplated in Sections 5.4).

1.10. "**Redemption Date**" shall have the meaning set forth in Section 4.3 below.

1.11. "**Redemption Notice**" shall have the meaning set forth in Section 4.3 below.

1.12. "**Redemption Price**" shall have the meaning set forth in Section 4.2 below.

1.13. "**Series B Conversion Rate**" shall have the meaning set forth in Section 5.1 below.

1.14. "**Stated Value**" shall mean \$15,000,000, subject to appropriate adjustment to reflect stock splits, stock dividends, stock combinations, recapitalizations, and like occurrences and dividends and other distributions on such stock payable in shares of Series B Preferred Stock or Common Stock).

1.15. "**Technology**" certain voice and data transmission technology known and referred to as High Intensity Transfer Technology, also known as HITTS that is set forth in the specification of United States patent application number 09/592,687, filed June 13, 2000, and entitled "Digital data transmission utilizing vector coordinates within a hyperbola model."

2. **General.** In addition to the other rights provided in this Resolution, by agreement or by law, the holders of the Series B Preferred Stock, the Series A Preferred Stock, and the holders of the Common Stock shall vote together as a single class on all actions to be taken by the shareholders of the Corporation. At all meetings of the shareholders of the Corporation and in the case of any actions of shareholders in lieu of a meeting, each holder of the Series B Preferred Stock shall have that number of votes on all matters submitted to the shareholders that is equal to the number of shares of Common Stock (rounded to the nearest whole number) into which such holder's shares of Series B Preferred Stock are then convertible, as provided in Section 5, at the record date for the determination of the shareholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of such shareholders is effected.

2.1. **Election of Directors.**

A. **Allocation of Board Seats; Elections.**

(i) So long as at least 800,000 shares of Series B Preferred Stock are outstanding (appropriately adjusted to reflect stock splits, stock dividends, reorganizations and capitalization changes), the Corporation shall not, without the affirmative vote of the holders of at least sixty-six percent (66%) of the then outstanding shares of Series B Preferred Stock, increase the maximum number of directors constituting the Board to a number other than seven (7) or otherwise alter the Board seat allocation set forth below in this Section 2.2.

B. **Quorums.** At any meeting held for the purpose of electing directors, the presence in person or by proxy of the holders of a majority of the aggregate number of shares of the Series B Preferred Stock then outstanding (on an as-if-converted to Common Stock basis), the Series A Preferred Stock and the Common Stock then outstanding shall constitute a quorum for the election of the Directors.

C. **Vacancies.** A vacancy in any directorship elected by the holders of the Series B Preferred Stock, Series A Preferred Stock and Common Stock voting together as a single class shall be filled only by the holders of the Series B Preferred Stock, Series A Preferred Stock and Common Stock voting together as a single class.

2.2. **Additional Class Votes by the Series B Preferred Stock.** For so long as at least shares of Series B Preferred Stock remain outstanding (appropriately adjusted to reflect stock splits, stock dividends, reorganizations and capitalization changes), the Corporation shall not, without the affirmative vote of holders of at least sixty-six percent (66%) of the then outstanding shares of Series B Preferred Stock (voting as a separate class), do any of the following:

A. take any action that constitutes or results in amendment or waiver of any provision of the Corporation's Articles of Incorporation or Bylaws if such amendment or waiver in any way affects, alters or changes any existing rights, preferences, privileges or provisions relating to the Series B Preferred Stock or the holders thereof, or results in any increase or decrease in the authorized number of shares of Series B Preferred Stock; or

B. increase or decrease the authorized number of shares of Series B Preferred Stock.

3. **No Liquidation Rights.**

3.1. The holders of the Series B Preferred Stock then outstanding shall not be entitled to receive any assets of the Corporation available for distribution to its shareholders, whether such assets are capital, surplus, or earnings, before any payment, declaration, or setting apart for payment of any amount shall be made in respect of the Common Stock, upon any liquidation, dissolution, or winding up of the Corporation.

3.2. **Reorganization; Sale of Assets.** The following transactions shall each be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of the provisions of this Section 3, and all of the provisions of this Section 3 shall apply to any such transaction(s): (i) the merger, acquisition, or consolidation of the Corporation into or with any other entity or entities in which the Corporation is not the surviving entity or which results in the exchange of outstanding shares of capital stock of the Corporation for securities or other consideration issued or paid or caused to be issued or paid by any such entity or Affiliate thereof pursuant to which the shareholders of the Corporation immediately prior to the transaction do not own a majority of the outstanding shares of capital stock of the surviving corporation immediately after the transaction, (ii) the effectuation by the Corporation of a transaction or series of related transactions in which 50% or more of the voting power of the Corporation is disposed of, and (iii) any sale, lease, license (on an exclusive basis) or transfer by the Corporation of all or substantially all its assets. In connection therewith, the consideration to be received by shareholders of the Corporation shall be apportioned as though first received by the Corporation and then distributed in liquidation thereof.

4. **Redemption Rights.**

4.1. **Scheduled Redemptions.** The Corporation may, but is not obligated to, redeem all shares of then outstanding Series A Preferred Stock within the one year anniversary of the issuance date. Any holder of shares of Series B Preferred Stock may, in its sole discretion, (a) accept or reject any redemption offer, provided however, in the event that the holder of a Series B Preferred

Stock rejects the redemption offer, such holder must convert their Series B Preferred Stock into Common Stock at the Conversion Rate set forth below.

4.2. Price. The redemption price (the “**Redemption Price**”) of the Series B Preferred Stock shall be an amount per share equal to the Stated Value per share, plus one percent (5%).

4.3. Redemption Notice. If the Corporation elects to redeem the shares of Series B Preferred Stock, then the Corporation shall, not less than fifteen (15) days or more than sixty (60) days prior to the date fixed for redemption (“**Redemption Date**”), mail written notice (“**Redemption Notice**”), postage prepaid, to each holder of shares of record of Series B Preferred Stock to be redeemed, at such holder’s post office address last shown on the records of the Corporation. The Redemption Notice shall:

A. state the total number of shares of Series B Preferred Stock which the Corporation is offering to redeem;

B. state the number of shares of Series B Preferred Stock held by the holder which the Corporation is offering to redeem;

C. confirm the Redemption Date and Redemption Price; and

D. state the time, place and manner in which the holder may elect to surrender to the Corporation the certificate or certificates representing the shares of Series B Preferred Stock to be redeemed.

4.4. Surrender of Stock. On or before the Redemption Date, each holder of Series B Preferred Stock electing to be redeemed shall surrender the certificate or certificates representing such shares to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for 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 and retired.

4.5. Termination of Rights. If the Redemption Notice is duly given, and if, on or prior to the Redemption Date, a holder of the Series B Preferred Stock elects to have her, his or its shares redeemed and the Redemption Price is either paid or made available for payment, then notwithstanding that the certificates evidencing any of the shares of Series B Preferred Stock so called for redemption have not been surrendered, all rights with respect to such shares shall forthwith after the Redemption Date cease except only (i) the right of the holders to receive the Redemption Price without interest upon surrender of their certificates therefor, or (ii) the right to receive Common Stock upon exercise of the conversion rights as provided in Section 5 hereof on or prior to the Redemption Date.

4.6. No Redemption. The shares of Series B Preferred Stock shall not be redeemable under any circumstances whatsoever, except as provided in this Section 4 or to the extent otherwise agreed to in writing by the Corporation and the holders of any such shares.

4.7. Adjustment for Certain Dividends and Distributions. If the Corporation, at any time or from time to time, makes or issues or fixes a record date for the determination of holders of shares of the Series B Preferred Stock entitled to receive a dividend or other distribution payable in

additional shares of such Series B Preferred Stock, then and in each such event the Redemption Price for the Series B Preferred Stock then in effect shall be decreased as of the time of such issuances or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Redemption Price for the Series B Preferred Stock then in effect by a fraction (a) the numerator of which is the total number of shares of Series B Preferred Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (b) the denominator of which shall be the total number of shares of the Series B Preferred Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Series B Preferred Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Redemption Price for the Series B Preferred Stock shall be recomputed accordingly as of the close of business on such record date and thereafter the Redemption Price for the Series B Preferred Stock shall be adjusted pursuant to this Section 4.7 as of the time of actual payment of such dividends or distributions.

5. Automatic Conversion. The holders of the Series B Preferred Stock shall have the following conversion rights (the “**Conversion Rights**”):

5.1. Automatic Conversion of the Series B Preferred Stock. If, from the issuance date to the third year anniversary of the issuance date (the “**Conversion Period**”), (a) the Corporation shall complete a Qualified Public Offering, (b) during any period of thirty (30) consecutive trading days, the average closing price per share of the Common Stock, as reported on a national securities exchange, the NASDAQ NMS or Small Cap Market, or the OTC Bulletin Board, equals or exceeds \$4.00 (subject to appropriate adjustment to reflect stock splits, stock dividends, reorganizations and other capitalization changes, and all other events contemplated in Sections 5.6), (c) the Corporation shall Launch (as defined herein) its Product and Services (as defined herein) (collectively subsections (a), (b) and (c) are referred to herein as a “**Triggering Event**”), or (d) the Corporation shall agree to sell (the “**Sale**”) the Corporation or its assets, or parts thereof, for more than \$75 million, then effective upon and subject to (x) the closing of the sale of such shares by the Corporation pursuant to such Qualified Public Offering, (y) the expiration of such thirty (30) consecutive trading days, (z) the Launch, or (zz) the Sale, as the case may be, each outstanding share of Series B Preferred Stock shall automatically convert into 200 fully paid and nonassessable shares of Common Stock (the “**Series B Conversion Rate**”). Such initial Series B Conversion Rate shall be subject to adjustment, in order to adjust the number of shares of Common Stock into which the Series B Preferred Stock is convertible, as hereinafter provided. Notwithstanding the foregoing, if upon the expiration of the Conversion Period, the Triggering Event has not occurred, then the Series B Preferred Stock shall be canceled and returned to treasury.

5.2. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series B Preferred Stock, and the number of shares of Common Stock to be issued shall be determined by rounding to the nearest whole share (a half share being treated as a full share for this purpose). Such conversion shall be determined on the basis of the total number of shares of Series B Preferred Stock the holder is at the time converting into Common Stock and such rounding shall apply to the number of shares of Common Stock issuable upon such aggregate conversion.

5.3. Mechanics of Automatic Conversion. The Corporation shall use reasonable efforts to provide all holders of record of shares of Series B Preferred Stock with at least twenty (20) days’

prior written notice of the anticipated date of any automatic conversion referenced in Section 5.1 and at least five (5) days' prior written notice of the actual date of such conversion. Each such notice shall designate a place for automatic conversion of all of the shares of such Series B Preferred Stock. Such notices will be sent by mail, first class, postage prepaid to each record holder of Series B Preferred Stock at such holder's address appearing on the Corporation's stock register, or by overnight courier service in the case of the notice prior to the actual date of conversion. On or before the date fixed for conversion, each holder of shares of Series B Preferred Stock shall surrender such holder's certificate or certificates for all such shares to the Corporation at the place designated in such notice, and shall thereafter receive certificates for the number of shares of Common Stock or other securities to which such holder is entitled. Failure to provide such notice shall not affect the validity of automatic conversion hereunder. On the date fixed for conversion, all rights with respect to the Series B Preferred Stock will terminate, except only (i) the rights of the holders thereof, upon surrender of their certificate or certificates therefor, to receive certificates for the number of shares of Common Stock or other securities into which such Series B Preferred Stock has been converted. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by her, his or its attorney duly authorized in writing. All certificates evidencing shares of Series B Preferred Stock which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the date such certificates are so required to be surrendered, be deemed to have been retired and canceled and the shares of Series B Preferred Stock represented thereby converted into Common Stock for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date. As soon as practicable after the date of such automatic conversion and the surrender of the certificate or certificates for Series B Preferred Stock as aforesaid, the Corporation shall cause to be issued and delivered to such holder, or to her, his or its written order, a certificate or certificates for the number of full shares of Common Stock or other securities issuable on such conversion in accordance with the provisions hereof.

5.4. Certain Adjustments to Conversion Price for Stock Splits, Dividends, Mergers, Reorganizations, Etc.

A. Adjustment for Stock Splits, Stock Dividends and Combinations of Common Stock. In the event the outstanding shares of Common Stock shall, after the filing of this Resolution, be subdivided (split), or combined (reverse split), by reclassification or otherwise, or in the event of any dividend or other distribution payable on the Common Stock in shares of Common Stock, the Series B Conversion Rate in effect immediately prior to such subdivision, combination, dividend or other distribution shall be adjusted so that the registered holder of any share of Series B Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number and kind of shares of Common Stock and other securities which such holder would have owned or have been entitled to receive after the happening of any of the events described above had such share been converted immediately prior to the happening of such event. An adjustment made pursuant to this subparagraph (A) shall become effective immediately after the record date in the case of a dividend or other distribution and shall become effective immediately after the effective date in the case of a subdivision or combination.

B. Adjustment for Merger or Reorganization, Etc. In the event of a reclassification, reorganization or exchange (other than described in Section 5.4(A) above) or any merger, acquisition, consolidation or reorganization of the Corporation with another Corporation

(other than a merger, acquisition or other consolidation or reorganization as defined in Section 3.2, which shall be considered a liquidation pursuant to Section 3 above), each share of Series B Preferred Stock shall thereafter be convertible into the kind and number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of the Series B Preferred Stock would have been entitled upon such reclassification, reorganization, exchange, consolidation, merger or conveyance had the conversion occurred immediately prior to the event; and, in any such case, appropriate adjustment (as determined in good faith by the Board) shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the holders of the Series B Preferred Stock, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the applicable Series B Conversion Rate) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series B Preferred Stock.

C. Adjustments for Other Dividends and Distributions. In the event the Corporation, upon approval of the holders of at least sixty-six percent (66%) of the then outstanding shares of Series B Preferred Stock (as provided by Section 2.3(D)), at any time or from time to time after the filing of this Resolution, makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, evidences of indebtedness, assets (including cash), or rights, options, warrants or convertible securities, then and in each such event, provision shall be made so that the holders of Series B Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the kind and amount of securities, evidences of indebtedness, assets (including cash), or rights, options, warrants or convertible securities of the Corporation which they would have received had their Series B Preferred Stock been converted into Common Stock immediately prior to the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities, evidences of indebtedness, assets (including cash), or rights, options, warrants or convertible securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section 5.4 with respect to the rights or the holders of the Series B Preferred Stock. Any adjustment contemplated by this paragraph (C) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or other distribution. Notwithstanding the foregoing, if upon the expiration of the Conversion Period, the Triggering Event has not occurred, then any dividend or distribution to be received pursuant to this Section 5.4 (C), then any such dividend or distribution that would have been given to the Series B Preferred Stock upon conversion shall be returned to the Corporation.

5.5. Notices of Record Date. In the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, any capital reorganization of the Corporation, any reclassification or recapitalization of the Corporation's capital stock, any consolidation or merger with or into another Corporation, any transfer of all or substantially all of the assets of the Corporation or any dissolution, liquidation or winding up of the Corporation, the Corporation shall mail to each holder of Series B Preferred Stock at least ten (10) days prior to the date specified for the taking of a record, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

5.6. **Additional Notices.** In the event the Corporation shall propose to take any action of the types described in Sections 5.4 the Corporation shall give notice to each holder of shares of Series B Preferred Stock, which notice shall specify the record date, if any, with respect to such action and the date on which such action is to take place. Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action (to the extent such effect may be at the date of such notice) on the Series B Conversion Price and the number, kind or class of shares or other securities or property which shall be deliverable or purchasable upon the occurrence of such action or deliverable upon conversion of shares of Series B Preferred Stock. In the case of any action which would require the fixing of a record date, such notice shall be given at least ten (10) days prior to the date so fixed, and in case of all other action, such notice shall be given at least ten (10) days prior to the taking of such proposed action.

5.7. **Common Stock Reserved.** The Corporation shall reserve and keep available out of its authorized but unissued Common Stock such number of shares of Common Stock as shall from time to time be sufficient to effect (a) conversion of the Series B Preferred Stock and (b) issuance of Common Stock pursuant to any outstanding option, warrant, or other rights to acquire Common Stock.

5.8. **Payment of Taxes.** The Corporation will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series B Preferred Stock, other than any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series B Preferred Stock so converted were registered.

6. **No Reissuance of Series B Preferred Stock.** No share or shares of Series B Preferred Stock acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued.

7. **Notices.** Unless otherwise specified in the Corporation's Articles of Incorporation or Bylaws, all notices or communications given hereunder shall be in writing and, if to the Corporation, shall be delivered to it as its principal executive offices, and if to any holder of Series B Preferred Stock, shall be delivered to it at its address as it appears on the stock books of the Corporation.

8. **No Preemptive Rights.** Shareholders shall have no preemptive rights except as granted by the Corporation pursuant to written agreements.