

Division of Corporations

Page 1 of 2

501442

Florida Department of State
Division of Corporations
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DIVISION OF CORPORATIONS

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TALLAHASSEE, FLORIDA

BASIC AMENDMENT
HEALTHGUARD INTERNATIONAL, INC.

Certificate of Status	0
Certified Copy	0
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AMEND
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12-3
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12/0 DEC. 2. 2002 4:49PM 762 CORP SERVICES CO MILLER, MILLER & CANBY

NO. 8487

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**ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
HEALTHGUARD INTERNATIONAL, INC.
Charter No. 501442**

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to the provisions of Section 607.0602, Florida Statutes, this Florida corporation adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is "HealthGuard International, Inc."

SECOND: Pursuant to authority expressly vested in the Board of Directors of the Corporation by Article Three of its Articles of Incorporation, as amended, the Board of Directors has duly classified Five Million (5,000,000) shares of the Preferred Stock of the Corporation as three separate classes, namely One Million (1,000,000) shares of "6% Cumulative Convertible Series A Preferred Stock" ("Series A Stock"), Two Million (2,000,000) shares of "Convertible Series B Preferred Stock" ("Series B Stock"), and Two Million (2,000,000) shares of "Convertible Series C Preferred Stock" ("Series C Stock"). All such classes of Preferred Stock shall be referred to herein collectively as "Preferred Stock." The text of the amendment to the Articles of Incorporation describing the terms of the Preferred Stock, including the preferences, conversion, and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions for redemption, all as set by the Board of Directors of the Corporation, is as follows:

1. *Designation and Initial Number of Preferred Stock*

A. The Preferred Stock may be issued from time to time in one or more series. The Board (as defined below) is hereby authorized, within the limitations and restrictions stated in this Certificate, to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or any of them; and to increase or decrease the number of shares of any series prior or subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding.

B. There is hereby designated a series of Preferred Stock to be known as the "6% Cumulative Convertible Series A Preferred Stock" (hereinafter referred to as the "Series A Stock"). The initial number of authorized shares of the Series A Stock shall be One Million (1,000,000).

12/02 DEC. 2. 2002 1 4:49PM 762 4CORP SERVICES CO.ER, MILLER & CANBY

NO. 8487 IP. 3

H02000232634 4

C. There is hereby designated a series of Preferred Stock to be known as the "Convertible Series B Preferred Stock" (hereinafter referred to as the "Series B Stock"). The initial number of authorized shares of the Series B Stock shall be Two Million (2,000,000).

D. There is hereby designated a series of Preferred Stock to be known as the "Convertible Series C Preferred Stock" (hereinafter referred to as the "Series C Stock"). The initial number of authorized shares of the Series C Stock shall be Two Million (2,000,000).

2. *Dividends.*

A. Applicable to Series A Stock. The dividend rate for the Series A Stock is six percent (6%) of the Original Issue Price (as hereinafter defined) per annum, and no more. Such dividends on the Series A Stock shall be paid quarterly on the last day of each calendar quarter in each year to holders of the Series A Stock of record as of five (5) days prior to the end of each calendar quarter, and shall be payable out of funds at the time legally available for payment of dividends. Dividends on shares of Series A Stock shall commence to accrue and shall be cumulative from and including the date of issuance. No dividends, other than dividends payable solely in shares ranking junior to the Series A Stock, shall be paid or set apart for payment on any shares ranking junior to the Series A Stock unless and until all accrued and unpaid dividends on the Series A Stock, including the full dividend for the current quarterly dividend period, shall have been declared and paid or a sum sufficient for payment thereof set apart.

B. Applicable to Series B and Series C Stock. Dividends on the Series B and Series C Stock shall be payable when, as and if declared by the Board of Directors, out of funds at the time legally available for payment of dividends.

3. *Redemption.*

A. Special Redemption Provisions Applicable to Series A Stock Only.

i. The Corporation shall have the right to redeem one-half, but not less than one-half, of the outstanding shares of Series A Stock at any time after the date of issuance through December 31, 2003. The redemption price per share for the outstanding Series A Stock redeemed on or before December 31, 2003 shall be two (2) times the per share price paid for the Series A Stock by the holder on the date of issuance for such shares redeemed (the price paid on date of issuance being, the "Original Issue Price"), plus an amount equal to unpaid cumulative dividends accrued to the date of redemption (whether or not declared), which shall be accrued at the annual dividend rate provided in paragraph 2.A, pro rata to the date of redemption, whether or not such date of redemption is a regular quarterly dividend payment date.

ii. At any time after the issuance date and until December 31, 2003 or, thereafter, only upon a Public Offering, upon thirty (30) days advance written notice ("Redemption Notice"), the holder(s) of Series A Stock may cause the Corporation to redeem all or any portion of the Series A Stock held by such holder(s) (i) at a per share

12/0DEC. 2. 2002 4:49PM 762 CORP SERVICES COLLIER, MILLER & CANBY

NO. 8487 P. 4/4

H02000232634 4

price of \$1.55, if the Redemption Notice is delivered on or before June 30, 2003, (ii) at a per share price of \$1.66, if the Redemption Notice is delivered after June 30, 2003, and (iii) at a per share price of \$1.50, if the Redemption Notice is delivered in connection with a Public Offering, plus an amount equal to unpaid cumulative dividends accrued to the date of redemption (whether or not declared), which shall be accrued at the annual dividend rate provided in Section 2.A, pro rata to the date of redemption, whether or not such date of redemption is a regular quarterly dividend payment date.

iii. If a holder of Series A Stock has one-half (50%) of his/its shares redeemed pursuant to Section 3.A.i or ii above on or before December 31, 2003, such holder(s) of Series A Stock shall be granted, on the date of redemption, an option to acquire one-quarter (.25) shares of Common Stock at an exercise price of Nine Dollars (\$9.00) per share, exercisable at any time prior to the first anniversary of the date of redemption of his Series A Stock pursuant to this Section 3.A, for each share of Series A Stock so redeemed.

B. Special Redemption Rights Applicable to Series B Stock Only. Upon ninety (90) days advance written notice ("Redemption Notice"), the holder(s) of Series B Stock may cause the Corporation to redeem all or any portion of the Series B Stock held by such holder(s) on December 31, 2003, and only upon such date, at a per share price of \$1.66, plus an amount equal to any dividends declared but unpaid as of the date of redemption.

C. Applicable to all Preferred Stock. The Corporation shall have the right to redeem: (i) all of the Preferred Stock (not previously redeemed or converted) on December 31, 2005 or (ii) all of the Preferred Stock (not previously redeemed or converted) upon a Public Offering (as hereinafter defined), upon the following terms:

i. The redemption price per share for all shares of Preferred Stock redeemed on December 31, 2005 or upon a Public Offering pursuant to this Section 3.C shall be two (2) times the Original Issue Price for such shares redeemed, plus, with respect to Series A Stock, only, an amount equal to unpaid cumulative dividends accrued to the date of redemption (whether or not declared), which shall be accrued at the annual dividend rate provided in paragraph 2.A, pro rata to the date of redemption, whether or not such date of redemption is a regular quarterly dividend payment date.

ii. Notice to the holder(s) of shares of Preferred Stock of the redemption shall be given by mailing to such holder(s) a written notice of such redemption, certified mail, return receipt requested, or by reputable overnight courier, with signature required, not later than thirty (30) days before the date fixed for redemption, at their last addresses as they shall appear upon the books of the Corporation. Any notice which is mailed herein provided shall be conclusively presumed to have been duly given, whether or not the stockholder receives such notice; and failure duly to give such notice by mail, or any defect in such notice, to the holders of any stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Preferred Stock.

12/03DEC. 2. 2002: 4:49PM 762 CORP SERVICES CO. LER, MILLER & CANBY

NO. 8487 P. 5:5

H02000232634 4

iii. The notice of redemption to each stockholder whose shares of Preferred Stock are to be redeemed shall specify the number of shares of Preferred Stock of such stockholder to be redeemed, the date fixed for redemption and the redemption price at which shares of Preferred Stock are to be redeemed, and shall specify where payment of the redemption price is to be made upon surrender of such shares, shall state that accrued dividends to the date fixed for redemption will be paid as specified in said notice, that from and after said date dividends thereon will cease to accrue, and that conversion rights of such shares shall cease and terminate at the close of business on the date fixed for redemption.

iv. The term "Public Offering" shall mean the closing of a firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of shares of Common Stock or any merger, consolidation, share exchange, or similar transaction resulting in the Corporation becoming a reporting company under the Securities Exchange Act of 1934, as amended, or otherwise a listed company on a nationally or internationally recognized stock exchange.

4. *Liquidation or Dissolution.*

A. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders an amount per share equal to the Original Issue Price (plus an amount equal to unpaid cumulative dividends, if any) without interest, and no more, before any payment shall be made to the holders of any stock of the Corporation ranking junior to Preferred Stock.

B. A (i) consolidation or merger of the Corporation with or into any other corporation or corporations, or a sale or other transfer of the Corporation's stock, in which the holders of the Corporation's outstanding shares immediately before such consolidation, merger or sale do not, immediately after such consolidation, merger or sale, retain stock representing a majority of the voting power of the surviving corporation of such consolidation, merger or sale; or (ii) a sale of all or substantially all of the assets of the Corporation, shall each be deemed to be a liquidation, dissolution or winding up of the Corporation as those terms are used in this Section 4.

5. *No Sinking Fund.* The shares of Preferred Stock shall not be subject to the operation of a purchase, retirement or sinking fund.

6. *Conversion Privilege.* Subject to the following terms and conditions, the holders of shares of Preferred Stock shall have the right, at their option, to convert such shares into shares of Common Stock of the Corporation at any time after the date of issue (the "Original Issue Date"), including after the receipt of a Redemption Notice but prior to the date of redemption, upon written notice to the Corporation, into the number of shares of Common Stock which results from dividing the Original Issue Price for such series of Preferred Stock by the conversion price for such series of Preferred Stock that is in effect

12/0DEC. 2. 2002 4:50PM 752 CORP SERVICES COLLIER, MILLER & CANBY

NO. 8487 P. 658

H02000232634 4

at the time of conversion (the "Conversion Price"). The initial Conversion Price for each series of Preferred Stock shall be the Original Issue Price of such series of Preferred Stock. The Conversion Price of each series of Preferred Stock shall be subject to adjustment from time to time as provided below.

A. Any conversion of Preferred Stock shall be made by the surrender to the Corporation, at the office of any Transfer Agent for the Preferred Stock and at such other office or offices as the Board of Directors may designate, of the certificate or certificates representing the shares or shares of Preferred Stock to be converted, duly endorsed or assigned (unless such endorsement or assignment be waived by the Corporation), together with a written request for conversion. All shares which may be issued upon conversion of shares of the Preferred Stock shall upon issue be fully paid and nonassessable by the Corporation and free from all taxes, liens, charges and security interests with respect to the issue thereof. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock upon conversion in a name other than that of the holder of the shares of the Preferred Stock converted, and the Corporation shall not be required to issue or deliver any such share or shares unless and until the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of any such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

B. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices and to vote, shall forthwith cease and determine except only the right to the holders thereof to receive Common Stock (or other securities or property herein provided) in exchange therefor. No payment or adjustment shall be made upon any conversion on account of any dividends accrued on the shares of the Preferred Stock surrendered for conversion or on account of any dividends on the Common Stock issued upon such conversion.

C. A number of shares of the authorized Common Stock sufficient to provide for the conversion of the Preferred Stock outstanding upon the basis hereinbefore provided shall at all times be reserved, free from pre-emptive rights, for such conversion, subject to the provisions of sub-paragraph D of this Section 6.

D. In case of any consolidation or merger of the Corporation with any other corporation, any share exchange or any sale or transfer (other than to a wholly owned subsidiary) of all or substantially all of the assets of the Corporation, either the Corporation, the corporation formed by such consolidation, the corporation into which the Corporation shall have been merged, the corporation which shall have acquired all the issued or all the outstanding shares of the Common Stock of the Corporation or the corporation which shall have acquired such assets, as the case may be, shall make appropriate provision so that the holder of each share of Preferred Stock then outstanding shall have the right thereafter to convert such share of Preferred Stock into the kind and

12/02DEC. 2. 2002 4:50PM 762 CORP SERVICES COLER, MILLER & CANBY

NO. 8487 P. 77

H02000232634 4

amount of shares of stock and other securities and property receivable upon such consolidation, merger, share exchange, or transfer by a holder of the number of shares of Common Stock of the Corporation into which such share of Preferred Stock might have been converted immediately prior to such consolidation, merger, share exchange or transfer. The above provisions shall similarly apply to successive consolidations, mergers, share exchanges or transfers.

E. Adjustment Upon Common Stock Event. Upon the happening of a Common Stock Event (as hereinafter defined), the Conversion Price of each series of Preferred Stock shall, simultaneously with the happening of such Common Stock Event, be adjusted by multiplying the Conversion Price of such series of Preferred Stock in effect immediately prior to such Common Stock Event by a fraction, (i) the numerator of which shall be the number of shares of Common Stock issued and outstanding immediately prior to such Common Stock Event, and (ii) the denominator of which shall be the number of shares of Common Stock issued and outstanding immediately after such Common Stock Event, and the product so obtained shall thereafter be the Conversion Price for such series of Preferred Stock. The Conversion Price for a series of Preferred Stock shall be readjusted in the same manner upon the happening of each subsequent Common Stock Event. As used herein, the term "Common Stock Event" shall mean (i) the issue by the Corporation of additional shares of Common Stock as a dividend or other distribution on outstanding Common Stock, (ii) a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock, or (iii) a combination of the outstanding shares of Common Stock into a smaller number of shares of Common Stock.

F. Adjustments for Other Dividends and Distributions. If at any time or from time to time after the Original Issue Date for a series of Preferred Stock the Corporation pays a dividend or makes another distribution to the holders of the Common Stock payable in securities of the Corporation other than shares of Common Stock, then in each such event provision shall be made so that the holders of such series of Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable upon conversion thereof, the amount of securities of the Corporation which they would have received had their Preferred Stock been converted into Common Stock on the date of such event (or such record date, as applicable) and had they thereafter, during the period from the date of such event (or such record date, as applicable) to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section 6 with respect to the rights of the holders of the Preferred Stock or with respect to such other securities by their terms.

G. Adjustment for Reclassification, Exchange and Substitution. If at any time or from time to time after the Original Issue Date for a series of Preferred Stock the Common Stock issuable upon the conversion of such series of Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than by a Common Stock Event or a stock dividend, reorganization, merger, consolidation or sale of assets provided for elsewhere in this Section 6), then in any such event each holder of such series of

12/09DEC. 2.20023 4:50PM 762 CORP SERVICES COLLIER, MILLER & CANBY

NO. 8487 P. 818

H02000232634 4

Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the number of shares of Common Stock into which such shares of such series of Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

H. Sale of Shares Below Conversion Price

(1) Adjustment Formula. If at any time or from time to time after the Original Issue Date the Corporation issues or sells, or is deemed by the provisions of this subsection 6(H) to have issued or sold, Additional Shares of Common Stock (as hereinafter defined), otherwise than in connection with a Common Stock Event as provided in Section 6(E), a dividend or distribution as provided in Section 6(F) or a recapitalization, reclassification or other change as provided in Section 6(G), for an Effective Price (as hereinafter defined) that is less than the Conversion Price in effect immediately prior to such issue or sale, then, and in each such case, the Conversion Price for the Preferred Stock shall be reduced, as of the close of business on the date of such issue or sale, to the price obtained by multiplying such Conversion Price by a fraction:

(a) The numerator of which shall be the sum of (x) the number of Common Stock Equivalents Outstanding (as hereinafter defined) immediately prior to such issue or sale of Additional Shares of Common Stock plus (y) the quotient obtained by dividing the Aggregate Consideration Received (as hereinafter defined) by the Corporation for the total number of Additional Shares of Common Stock so issued or sold (or deemed so issued and sold) by the Conversion Price for the Preferred Stock in effect immediately prior to such issue or sale; and

(b) The denominator of which shall be the sum of (x) the number of Common Stock Equivalents Outstanding immediately prior to such issue or sale plus (y) the number of Additional Shares of Common Stock so issued or sold (or deemed so issued and sold).

(2) Certain Definitions. For the purpose of making any adjustment required under this Section 6(H):

(a) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Corporation, whether or not subsequently reacquired or retired by the Corporation, other than: (1) shares of Common Stock issued or issuable upon conversion of the Preferred Stock; (2) an amount of shares of Common Stock (or options, warrants or rights therefor) not to exceed 10% of the currently issued Common Stock issued before, or to be issued after, the Original Issue Date of the Preferred Stock, to employees, officers, or directors of, or contractors, consultants or advisers to, the Corporation or any subsidiary thereof pursuant to stock purchase or stock option plans, stock bonuses or awards, warrants, contracts or other arrangements that are approved by the Board (such number of shares to be calculated net of any repurchases of such shares

12/03 DEC. 2. 2002, 4:50PM 762 CORP SERVICES CO., LER, MILLER & CANBY

NO. 8487 P. 9,2

H02000232634 4

by the Corporation and net of any such expired or terminated options, warrants or rights and to be proportionally adjusted to reflect any subsequent Common Stock Event); (3) shares of Common Stock issued for consideration other than cash pursuant to a merger, consolidation, acquisition or similar business combination approved by the Board; (4) shares of Common Stock issued pursuant to any equipment leasing or loan arrangement, or debt financing from a bank or similar financial or lending institution, approved by the Board; (5) shares of Common Stock issued pursuant to a registration statement filed under the Securities Act of 1933, as amended; (6) shares of Common Stock issued in connection with strategic transactions involving the Corporation and other entities, including (x) joint ventures, manufacturing, marketing or distribution arrangements or (y) technology transfer or development arrangements, provided that such strategic transactions, and the issuance of shares therein, has been approved by the Board.

(b) The "Aggregate Consideration Received" by the Corporation for any issue or sale (or deemed issue or sale) of securities shall (1) to the extent it consists of cash, be computed at the gross amount of cash received by the Corporation before deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Corporation in connection with such issue or sale and without deduction of any expenses payable by the Corporation; (2) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board; and (3) if Additional Shares of Common Stock, Convertible Securities or Rights or Options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Corporation for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board to be allocable to such Additional Shares of Common Stock, Convertible Securities or Rights or Options.

(c) "Common Stock Equivalents Outstanding" shall mean the number of shares of Common Stock that is equal to the sum of (1) all shares of Common Stock of the Corporation that are outstanding at the time in question, plus (2) all shares of Common Stock of the Corporation issuable upon conversion of all shares of Preferred Stock or other Convertible Securities that are outstanding at the time in question, plus (3) all shares of Common Stock of the Corporation that are issuable upon the exercise of Rights or Options that are outstanding at the time in question assuming the full conversion or exchange into Common Stock of all such Rights or Options that are Rights or Options to purchase or acquire Convertible Securities into or for Common Stock.

(d) "Convertible Securities" shall mean stock or other securities convertible into or exchangeable for shares of Common Stock.

(e) The "Effective Price" of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold, by the Corporation under this Section 6, into the Aggregate Consideration Received, or deemed to have been received, by the Corporation under this Section 6, for the issue of such Additional Shares of Common Stock.

(f) "Rights or Options" shall mean warrants, options or other rights to purchase or acquire shares of Common Stock or Convertible Securities.

(3) Deemed Issuances. For the purpose of making any adjustment to the Conversion Price of the Preferred Stock required under this Section 6, if the Corporation issues or sells any Rights or Options or Convertible Securities and if the Effective Price of the shares of Common Stock issuable upon exercise of such Rights or Options and/or the conversion or exchange of Convertible Securities (computed without reference to any additional or similar protective or antidilution clauses) is less than the Conversion Price then in effect for the Preferred Stock, then the Corporation shall be deemed to have issued, at the time of the issuance of such Rights, Options or Convertible Securities, that number of Additional Shares of Common Stock that is equal to the maximum number of shares of Common Stock issuable upon exercise or conversion of such Rights, Options or Convertible Securities upon their issuance and to have received, as the Aggregate Consideration Received for the issuance of such shares, an amount equal to the total amount of the consideration, if any, received by the Corporation for the issuance of such Rights or Options or Convertible Securities, plus, in the case of such Rights or Options, the minimum amounts of consideration, if any, payable to the Corporation upon the exercise in full of such Rights or Options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) upon the conversion or exchange thereof; *provided that:*

(a) if the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, then the Corporation shall be deemed to have received the minimum amounts of consideration without reference to such clauses;

(b) if the minimum amount of consideration payable to the Corporation upon the exercise of Rights or Options or the conversion or exchange of Convertible Securities is reduced over time or upon the occurrence or non-occurrence of specified events other than by reason of antidilution or similar protective adjustments, then the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; and

(c) if the minimum amount of consideration payable to the Corporation upon the exercise of such Rights or Options or the conversion or exchange of Convertible Securities is subsequently increased, then the Effective Price shall again be recalculated using the increased minimum amount of consideration payable to the Corporation upon the exercise of such Rights or Options or the conversion or exchange of such Convertible Securities.

(d) No further adjustment of the Conversion Price of the Preferred Stock, adjusted upon the issuance of such Rights or Options or Convertible Securities, shall be made as a result of the actual issuance of shares of Common Stock on the exercise of any such Rights or Options or the conversion or exchange of any such Convertible Securities. If any such Rights or Options or the conversion rights

12/03/DEC. 2. 2002 4:51PM 782 CORP SERVICES COLER, MILLER & CANBY

NO. 8487 P. 11

H02000232634 4

represented by any such Convertible Securities shall expire without having been fully exercised, then the Conversion Price of the Preferred Stock as adjusted upon the issuance of such Rights or Options or Convertible Securities shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only shares of Common Stock so issued were the shares of Common Stock, if any, that were actually issued or sold on the exercise of such Rights or Options or rights of conversion or exchange of such Convertible Securities, and such shares of Common Stock, if any, were issued or sold for the consideration actually received by the Corporation upon such exercise, plus the consideration, if any, actually received by the Corporation for the granting of all such Rights or Options, whether or not exercised, plus the consideration received for issuing or selling all such Convertible Securities actually converted or exchanged, plus the consideration, if any, actually received by the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion or exchange of such Convertible Securities, provided that such readjustment shall not apply to prior conversions of Preferred Stock.

1. Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Price for a series of Preferred Stock, the Corporation, at its expense, shall cause its Chief Financial Officer to compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall send such certificate, by certified mail, return receipt requested, or by reputable overnight courier, with signature required, to each registered holder of the applicable series of Preferred Stock at the holder's address as shown in the Corporation's books.

7. Reissuance of Preferred Stock. No shares of Preferred Stock which are redeemed, purchased or acquired by the Corporation or converted into Common Stock shall be reissued, and all such shares shall be canceled and eliminated from the shares which the Corporation shall be authorized to issue.

8. Voting.

A. At all meetings of the stockholders of the Corporation and in the case of any actions of stockholders in lieu of a meeting, each share of Common Stock shall be entitled to one (1) vote per share held on the record date set for the meeting or action or, if no record date is set, on the date of such meeting or the date such action is taken, and each share of Preferred Stock shall be entitled to such number of votes as shall be equal to the whole number of shares of Common Stock into which such holder's aggregate number of shares of Preferred Stock are convertible (pursuant to Section 6 hereof) immediately after the close of business on the record date set for the meeting or action or, if no record date is set, on the date of such meeting or the date such action is taken. Except as otherwise expressly provided below in Section 8.B or 8.C or as required by law, the holders of Common Stock and Preferred Stock shall vote together as a single class in accordance with this Section 8.A, and neither the Common Stock nor any of the Preferred Stock shall be entitled to vote as a separate class on any matter to be voted on by stockholders of the Corporation.

DEC. 2, 2002 4:51PM '02 CORP SERVICES COLLIER, MILLER & VANDI

NO. 8487 P. 12

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B. The Corporation shall have seven (7) directors on its Board of Directors. The holders of shares of Common Stock shall have the right to elect three (3) of the directors ("Common Stock Directors"), and the holders of shares of Preferred Stock shall have the right to elect three (3) of the directors ("Preferred Stock Directors"), as follows: (i) If there shall be only Series A Stock outstanding, then the holders of Series A Stock, voting as a class, shall elect all three (3) of the Preferred Stock Directors; (ii) If there shall be only two classes of Preferred Stock outstanding (Series A and Series B, Series A and Series C, or Series B and Series C), then the holders of the two classes of Preferred Stock outstanding, voting each as a separate class, shall each elect one of the Preferred Stock Directors and shall agree upon and elect the third Preferred Stock Director; and (iii) If there shall be Series A Stock, Series B Stock, and Series C Stock outstanding, then each of the Series A Stock, the Series B Stock and the Series C Stock, voting as separate classes, shall elect one of the Preferred Stock Directors. The seventh director ("Neutral Director") shall be elected by the mutual agreement of the holders of the Preferred Stock, on the one hand (voting as a class), and the holders of the Common Stock, on the other hand (voting as a class).

C. Without the affirmative written consent of the holders of a majority of the outstanding shares of each of the Series A Stock, the Series B Stock and the Series C Stock, voting as separate classes, the Corporation shall not:

i. amend, waive, alter or repeal any provision of the Articles of Incorporation or the Corporation's Bylaws in a way that alters, directly or indirectly, the voting powers, preferences, or other special rights or privileges or restrictions of the Series A Stock, the Series B Stock or the Series C Stock, as set forth herein, or otherwise adversely affects the Preferred Stock holders;

ii. increase or decrease (other than as otherwise provided for in this Articles of Amendment) the number of authorized shares of Preferred Stock of the Corporation;

iii. authorize, issue or designate, whether by reclassification or otherwise, any new class or series of stock or any other securities convertible into equity securities of the Corporation having a preference over the Preferred Stock described herein with respect to dividend rights, redemption, liquidation preferences, conversion rights or voting rights;

iv. liquidate, dissolve or wind up the Corporation or sell all or substantially all of the assets or stock of the Corporation or effect or undergo any consolidation, reorganization or merger of the Corporation with or into any other corporation or entity; or

v. redeem, purchase or otherwise acquire for value (or pay into or set aside for a sinking fund for such purpose) (x) any share or shares of Preferred Stock.

12/09 DEC. 2, 2002 4:52PM 782 CORP SERVICES COLLIER, MILLER & CANBY

NO. 8487 P. 13

H02000232634 4

otherwise than by redemption or conversion in accordance herewith, or (y) any of the Common Stock or any other security of the Corporation (except for acquisitions of Common Stock or options exercisable into Common Stock pursuant to agreements which permit the Company to repurchase such shares upon termination of service to the Company);

vi. increase or decrease the number of directors on the Board from seven (7).

D. Notwithstanding the provisions of paragraphs 8.B. and 8.C. above, the actions of the Corporation specified therein shall not require the separate affirmative vote of the holders of any class of Preferred Stock if less than twenty percent (20%) of the aggregate number of shares of such class of Preferred Stock issued by the Corporation are at the time outstanding.

THIRD: The foregoing amendment was duly adopted by the unanimous written consent of the Board of Directors on November 27, 2002.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to the Articles of Incorporation to be signed by its President this 27th day of November, 2002.

HEALTHGUARD INTERNATIONAL, INC.

By: 

Philander P. Claxton III, President