

# P01000114575

Florida Department of State  
Division of Corporations  
Public Access System

Electronic Filing Cover Sheet

**Note: Please print this page and use it as a cover sheet.** Type the fax audit number (shown below) on the top and bottom of all pages of the document.

((H08000141200 3)))



H080001412003ABCG

**Note: DO NOT hit the REFRESH/RELOAD button on your browser from this page. Doing so will generate another cover sheet.**

To:

Division of Corporations  
Fax Number : (850) 617-6380

From:

Account Name : INCORPORATING SERVICES FL  
Account Number : I20050000052  
Phone : (302) 531-0855  
Fax Number : (866) 223-0765

**FILED**  
08 MAY 30 PM 2:34  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

**COR AMND/RESTATE/CORRECT OR O/D RESIGN**

**NETWORK LIQUIDATORS, INC**

Certificate of Status	0
Certified Copy	1
Page Count	17
Estimated Charge	\$43.75

**RECEIVED**

2008 MAY 30 AM 8:00

SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

Electronic Filing Menu

Corporate Filing Menu

Help

**AMENDMENT**

05-30-08 2

**ARTICLES OF AMENDMENT  
TO THE ARTICLES OF INCORPORATION  
OF  
NETWORK LIQUIDATORS, INC.**

**FILED**  
08 MAY 30 PM 2:36  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

The undersigned does hereby certify that, pursuant to the authority conferred upon the Board of Directors of **NETWORK LIQUIDATORS, INC.** (the "Company") a Company organized and existing under the Florida Business Company Act, by Florida Statute 607.0821 and Florida Statute 607.0602 and pursuant to the written consent dated May 29, 2008, duly executed by all of the members of the Company's Board of Directors, adopting the resolutions providing for the issuance of up to 1,454,547 shares of the Company's authorized but unissued preferred stock, par value \$.0001, to be designated the 9% Series AA Convertible Preferred Stock (the "AA Preferred Stock") and there being no shareholder action required, the Company's Articles of Incorporation are hereby amended as follows:

**ARTICLE IV**

**Capital Stock**

**A. Common Shares**

Section 1. General. The voting, dividend and liquidation rights of the holders of the Common Shares are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Shares set forth herein.

Section 2. Voting. The holders of the Common Shares are entitled to one vote for each Common Share held at all meetings of shareholders (and written consents in lieu of meetings); *provided, however*, that, except as otherwise required by law, holders of Common Shares, as such, shall not be entitled to vote on any amendment to these Articles of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Shares if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to these Articles of Incorporation or pursuant to the Florida Business Company Act. There shall be no cumulative voting.

**B. Series AA Preferred Shares**

The "Series AA Preferred Shares" shall have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations.

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings given such terms in the Private Placement Memorandum dated March 24, 2008, relating to the issuance of the the Company's 6% Series A Convertible Preferred Stock (the "Memorandum"). For the purposes hereof, the following terms shall have the following meanings:

"Bankruptcy Event" means any of the following events: (a) the Company or any of its Subsidiaries commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any of its Subsidiaries thereof; (b) there is commenced against the Company or any of its Subsidiaries thereof any such case or proceeding that is not dismissed within 60 days after commencement; (c) the Company or any of its Subsidiaries is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered; (d) the Company or any of its Subsidiaries suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment; (e) the Company or any of its Subsidiaries makes a general assignment for the benefit of creditors; (f) the Company or any of its Subsidiaries calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or (g) the Company or any of its Subsidiaries, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"Base Conversion Price" shall have the meaning set forth in Section 7(b).

"Business Day" means any day except Saturday, Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Call Option" shall have the meaning set forth in Section 8.

"Call Option Amount" means, for each share of AA Preferred Stock, 121% of the issue price of \$2.75 per share, or \$3.3275 per share, plus any accrued and unpaid dividends, calculated on the date that is ten (10) days prior to the cash distribution of the Call Option proceeds.

"Closing Date" means the Trading Day when all of the Transaction Documents have been executed and delivered by the applicable parties thereto and all conditions precedent to (i) the Holders' obligations to pay the Subscription Amount and (ii) the Company's obligations to deliver the Securities have been satisfied or waived.

"Commission" means the Securities and Exchange Commission.

"Common Stock" means the Company's common stock, \$.001 par value per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed into.

"Common Stock Equivalents" means any securities of the Company or its subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other

instrument that is at any time convertible into or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Conversion Amount" means the sum of the Stated Value at issue.

"Conversion Date" shall have the meaning set forth in Section 6(a).

"Conversion Price" shall have the meaning set forth in Section 6(b).

"Conversion Shares" means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

"Dilutive Issuance" shall have the meaning set forth in Section 7(b).

"Dilutive Issuance Notice" shall have the meaning set forth in Section 7(b).

"Dividend Payment Date" shall have the meaning set forth in Section 3(a).

"Dividend Share Amount" shall have the meaning set forth in Section 3(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exempt Issuance" means the issuance of (a) shares of Common Stock or options to employees, officers or directors of the Company pursuant to any stock or option plan duly adopted by a majority of the disinterested directors of the Company, (b) securities upon the exercise of or conversion of any securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of the Subscription Agreement, provided that such securities have not been amended since the date of the Subscription Agreement to increase the number of such securities or to decrease the exercise or conversion price of any such securities, (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be to a Person which is, itself or through its subsidiaries, an operating company in a business synergistic with the business of the Company and shall provide to the Company additional benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities and (d) shares of Preferred Stock issued pursuant to Additional Closings.

"Conversion Amount" means the sum of (i) 100% of the aggregate Stated Value then outstanding, (ii) accrued but unpaid dividends and (iii) all liquidated damages and other amounts due in respect of the AA Preferred Stock.

"Holder" shall have the meaning given such term in Section 2.

"Junior Securities" means the Common Stock, the 6% Series A Convertible Preferred Stock to be issued pursuant to the Memorandum and all other Common Stock Equivalents of the Company.

"Liquidation" shall have the meaning set forth in Section 5.

"Florida Courts" shall have the meaning set forth in Section 12(d).

"Notice of Conversion" shall have the meaning set forth in Section 6(a).

"Offering Materials" shall have the meaning set forth in the Subscription Agreement.

"Original Issue Date" means the date of the first issuance of any shares of the AA Preferred Stock regardless of the number of transfers of any particular shares of AA Preferred Stock and regardless of the number of certificates which may be issued to evidence such AA Preferred Stock.

"Permitted Indebtedness" means trade payables incurred in the ordinary course of business.

"Permitted Lien" means the individual and collective reference to the following: (a) Liens for taxes, assessments and other governmental charges or levies not yet due or Liens for taxes, assessments and other governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of the Company) have been established in accordance with GAAP; (b) Liens imposed by law which were incurred in the ordinary course of the Company's business, such as carriers', warehousemen's and mechanics' Liens, statutory landlords' Liens, and other similar Liens arising in the ordinary course of the Company's business, and which (x) do not individually or in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Company and its consolidated Subsidiaries or (y) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing for the foreseeable future the forfeiture or sale of the property or asset subject to such Lien; and (c) Liens incurred in connection with Permitted Indebtedness under clause (b) thereunder, provided that such Liens are not secured by assets of the Company or its Subsidiaries other than the assets so acquired or leased.

"Preferred Stock" shall have the meaning set forth in Section 2.

"Put Option" shall have the meaning set forth in Section 9.

"Put Option Amount" means, for each share of AA Preferred Stock, 121% of the issue price of \$2.75 per share, or \$3.3275 per share, plus any accrued and unpaid dividends, calculated on the date that is ten (10) days prior to the cash distribution of the Put Option proceeds.

"Subscription Agreement" means the Subscription Agreement, dated as of the Original Issue Date, to which the Company and the original Holders are parties, as amended, modified or supplemented from time to time in accordance with its terms.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Delivery Date" shall have the meaning set forth in Section 6(e).

"Stated Value" shall have the meaning set forth in Section 2.

"Subscription Amount" means, as to each Purchaser, the amount in United States Dollars and in immediately available funds to be paid for the AA Preferred Stock purchased pursuant to the Subscription Agreement as specified below such Purchaser's name on the signature page of the Subscription Agreement and next to the heading "Subscription Amount."

"Subsidiary" shall have the meaning set forth in the Subscription Agreement.

"Trading Market" means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the American Stock Exchange, the Nasdaq Capital Market, the Nasdaq National Market, the New York Stock Exchange or the OTC Bulletin Board.

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as its 9% Series AA Convertible Preferred Stock (the "AA Preferred Stock") and the number of shares so designated shall be up to 1,454,547 (which shall not be subject to increase without the written consent of all of the holders of the AA Preferred Stock (each, a "Holder" and collectively, the "Holders")). Each share of AA Preferred Stock shall have a par value of \$.0001 per share and a stated value equal to \$2.75, subject to increase set forth in Section 3(a) below (the "Stated Value").

Section 3. Dividends.

a) Dividends. Holders shall be entitled to receive, and the Company shall pay, cumulative dividends at the rate per share (as a percentage of the Stated Value per share) of 9% per annum, payable quarterly in cash installments of 2.25% after the Original Issue Date and on each Conversion Date (except that if such date is not a Trading Day, the payment date shall be the next succeeding Trading Day) (each such date, a "Dividend Payment Date") in cash. Dividends on the AA Preferred Stock shall be calculated on the basis of a 365 or 366 day year, as applicable, shall accrue, but not compound daily commencing on the Original Issue Date, and shall be deemed to accrue from such date whether or not earned or declared and whether or not there are profits, surplus or other funds of the Company legally available for the payment of dividends. Any dividends, that are not paid within 3 Business Days following a Dividend Payment Date shall accrue interest, which must be

paid in cash, at the highest rate permitted by applicable law (such interest to accrue, but not compound, daily from the Dividend Payment Date through and including the date of payment).

b) So long as any shares of AA Preferred Stock shall remain outstanding, neither the Company nor any Subsidiary thereof shall redeem, purchase or otherwise acquire directly or indirectly any Junior Securities except as expressly permitted by Section 11(dg). So long as any AA Preferred Stock shall remain outstanding, neither the Company nor any Subsidiary thereof shall directly or indirectly pay or declare any dividend or make any distribution upon (other than a dividend or distribution described in Section 6 or dividends due and paid in the ordinary course on preferred stock of the Company at such times when the Company is in compliance with its payment and other obligations hereunder), nor shall any distribution be made in respect of, any Junior Securities as long as any dividends due on the AA Preferred Stock remain unpaid, nor shall any monies be set aside for or applied to the purchase or redemption (through a sinking fund or otherwise) of any Junior Securities or shares pari passu with the AA Preferred Stock.

c) The Company acknowledges and agrees that the capital of the Company in respect of the AA Preferred Stock and any future issuances of the Company's capital stock shall be equal to the aggregate par value of such AA Preferred Stock or capital stock, as the case may be, and that, on or after the date of the Subscription Agreement, it shall not increase the capital of the Company with respect to any shares of the Company's capital stock issued and outstanding on such date. The Company also acknowledges and agrees that it shall not create any special reserves under Section 607.0602 of the Florida Business Company Act without the prior written consent of each Holder.

#### Section 4. Voting Rights: Directors.

(a) In addition to any class voting rights provided by law, the Holders of the AA Preferred Stock shall have the right to vote together with the holders of Common Stock as a single class on any matter on which the holders of Common Stock are entitled to vote (including the election of directors). With respect to the voting rights of the Holders of the AA Preferred Stock pursuant to the foregoing sentence, each Holder of AA Preferred Stock shall be entitled to one vote for each share of Common Stock that would be issuable to such Holder upon the conversion at the then Conversion Price of all of the shares of AA Preferred Stock held by such Holder on the record date for the determination of shareholders entitled to vote.

(b) So long as any shares of AA Preferred Stock are outstanding, the Holders shall have the following additional voting rights. The Company must obtain the affirmative vote or written consent of the Holders of a majority of the outstanding shares of AA Preferred Stock voting together as a single class to:

- i. take any action (including without limitation any restatement, amendment or modification to the Company's Articles of Incorporation or By-Laws) if such action would affect adversely any rights, privileges or preferences of the AA Preferred Stock;

- ii. increase the number of authorized shares of Series AA Preferred Stock;
- iii. authorize, create or issue (including on conversion or exchange of any convertible or exchangeable securities or by reclassification) any new class or series of shares of capital stock on parity with or having a preference or priority over the Series AA Preferred Stock as to voting, dividend, redemption, or liquidation rights.
- iv. adopt or amend any option or equity incentive plan that would authorize the granting of a number or shares of Common Stock (or options to purchase shares of Common Stock) to officers, employees or directors of, or consultants to, the Company that would exceed 12% of the then issued and outstanding shares of the Company's common stock on a fully diluted basis;
- v. increase or decrease the authorized number of directors constituting the Board of Directors of the Company; or
- vi. sell, transfer, license, pledge or encumber the Company's technology or intellectual property, other than licenses granted in the ordinary course of the Company's business.

(c) So long as any shares of AA Preferred Stock are outstanding, the holders of record of the AA Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Company. Any director elected by the holders of the AA Preferred Stock shall be referred to as a "Series AA Director." The holders of record of the Company's Common Stock, exclusively and as a separate class, shall be entitled to elect all the remaining directors of the Company (the "Common Directors").

Section 5. Liquidation. In the event that a Liquidity Event should precede the expiration of the Put Option, the Holders of the AA Preferred Stock will be entitled to receive for their AA Preferred Stock, prior and in preference to any payment or distribution to the holders of any Junior Securities, the greater of the value as calculated by the exercise of the Call Option or the pro-rata share of Liquidity Event proceeds payable on an as-converted basis plus accrued and unpaid dividends as of the date of the Liquidity Event.

A "Liquidity Event" shall mean an underwritten public offering of the Company's Common Stock, any voluntary or involuntary dissolution or winding up of the Company, the sale of substantially all of the assets of the Company or the merger, consolidation or other business combination of the Company with or into another entity, pursuant to which holders of the voting capital shares of the Company do not own a majority of the voting capital shares of the surviving company.

Section 6. Conversion.

a) Conversions at Option of Holder. Each share of AA Preferred Stock shall be convertible at the option of the Holder, at any time and from time to time from and after the Original Issue Date and the date preceding the date the Put Option (described below) comes into effect into that number of shares of Common Stock determined by dividing the Stated Value of such share of AA Preferred Stock by the Conversion Price. Holders shall effect



conversions by providing the Company with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion"). Each Notice of Conversion shall specify the number of shares of AA Preferred Stock to be converted, the number of shares of AA Preferred Stock owned prior to the conversion at issue, the number of shares of AA Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the Holder delivers by facsimile such Notice of Conversion to the Company (the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Company is deemed delivered hereunder. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions, as the case may be, of shares of AA Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing such shares of AA Preferred Stock to the Company unless all of the shares of AA Preferred Stock represented thereby are so converted, in which case the Holder shall deliver the certificate representing such shares of AA Preferred Stock promptly following the Conversion Date at issue. Shares of AA Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued.

b) Conversion Price. The conversion price for the AA Preferred Stock shall equal \$2.75, subject to adjustment herein (the "Conversion Price").

c) [RESERVED]

d) Mechanics of Conversion

i. Delivery of Certificate Upon Conversion. Not later than 3 business days after each Conversion Date (the "Share Delivery Date"), the Company shall deliver, or cause to be delivered, to the Holder (A) a certificate or certificates representing the number of shares of Common Stock being acquired upon the conversion of shares of AA Preferred Stock, and (B) a bank check in the amount of any accrued and unpaid dividends. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the third business day after the Conversion Date, the Holder shall be entitled to elect by written notice to the Company at any time on or before its receipt of such certificate or certificates, to rescind such Conversion Notice by written notice to the Company, in which event the Company shall promptly return to the Holder any original AA Preferred Stock certificate delivered to the Company and the Holder shall promptly return any Common Stock certificates representing the shares of AA Preferred Stock tendered for conversion to the Company.

ii. Obligation Absolute: Partial Liquidated Damages. The Company's obligation to issue and deliver the Conversion Shares upon conversion of AA Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim,

recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Company of any such action that the Company may have against the Holder. In the event a Holder shall elect to convert any or all of the Stated Value of its AA Preferred Stock, the Company may not refuse conversion based on any claim that such Holder or any one associated or affiliated with the Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining conversion of all or part of the AA Preferred Stock of the Holder shall have been sought and obtained, and the Company posts a surety bond for the benefit of the Holder in the amount of 150% of the Stated Value of the AA Preferred Stock which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of such injunction, the Company shall issue Conversion Shares and, if applicable, pay cash, upon a properly noticed conversion. If the Company fails to deliver to the Holder such certificate or certificates pursuant to Section 6(d)(i) on the second business day after the Share Delivery Date applicable to such conversion, the Company shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each \$5,000 of Stated Value of AA Preferred Stock being converted, \$50 per business day (increasing to \$100 per Trading Day on the third business day and increasing to \$200 per business day on the sixth business day after such damages begin to accrue) for each business day after such second business day after the Share Delivery Date until such certificates are delivered. Nothing herein shall limit a Holder's right to pursue actual damages or declare a Triggering Event pursuant to Section 9 for the Company's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The Exercise of any such rights shall not prohibit the Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

iii. Reservation of Shares Issuable Upon Conversion. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the AA Preferred Stock and payment of dividends on the AAPreferred Stock, each as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders of the AAPreferred Stock, not less than such aggregate number of shares of the Common Stock as shall (subject to the terms and conditions in the Subscription Agreement) be issuable (taking into account the adjustments and restrictions of Section 7) upon the conversion of all outstanding shares of AA Preferred Stock and payment of dividends hereunder.

The Company covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

iv. Fractional Shares. Upon a conversion hereunder, the Company shall not be required to issue stock certificates representing fractions of shares and the Holder shall be entitled to receive, in lieu of the final fraction of a share, one whole share of Common Stock.

v. Transfer Taxes. The issuance of certificates for shares of the Common Stock on conversion of this AA Preferred Stock shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of such shares of AA Preferred Stock so converted and the Company shall not be required to issue or deliver such certificates unless or until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

e) Mandatory Conversion. At the expiration of the Put Option Period, Holders of Shares of AA Preferred Stock that do not elect to exercise the Put Option shall be deemed to have automatically converted their holdings in the AA Preferred Stock into shares of the Company's Common Stock at the Conversion Rate at such time. In addition, upon the consummation of an underwritten public offering of the Company's common stock, Holders of Shares of AA Preferred Stock shall have the option to either (a) exercise the Put Option described in Section 9 of this Article IV.B., or (b) convert the AA Preferred Stock into shares of the Company's common stock at the Conversion Rate at such time.

#### Section 7. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Company, at any time while this AA Preferred Stock is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon conversion of, or payment of a dividend on, this AA Preferred Stock); (B) subdivides outstanding shares of Common Stock into a larger number of shares; (C) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares; or (D) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Company, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Company) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 7(a) shall become effective

immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Equity Sales. If the Company or any Subsidiary thereof, at any time while this AA Preferred Stock is outstanding, sells or grants any option to purchase or sells or grants any right to reprice its securities, or otherwise disposes of or issues (or announces any sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock at an effective price per share that is lower than the then Conversion Price (such lower price, the "Base Conversion Price" and such issuances collectively, a "Dilutive Issuance") (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is lower than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on such date of the Dilutive Issuance), then the Conversion Price shall be reduced to equal the Base Conversion Price. Notwithstanding the foregoing, no adjustment will be made under this Section 7(b) in respect of an Exempt Issuance. The Company shall notify the Holder in writing, no later than the Business Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 7(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the "Dilutive Issuance Notice"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 7(b), upon the occurrence of any Dilutive Issuance, the Holder is entitled to receive a number of Conversion Shares based upon the Base Conversion Price on or after the date of such Dilutive Issuance, regardless of whether the Holder accurately refers to the Base Conversion Price in the Notice of Conversion.

c) Subsequent Rights Offerings. If the Company, at any time while this AA Preferred Stock is outstanding, shall issue rights, options or warrants to all holders of Common Stock (and not to Holders) entitling them to subscribe for or purchase shares of Common Stock at a price per share that is lower than the Conversion Price on the record date referenced below, then the Conversion Price shall be multiplied by a fraction of which the denominator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the numerator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered (assuming delivery to the Company in full of all consideration payable upon exercise of such rights, options or warrants) would purchase at such Conversion. Such adjustment shall be made whenever such rights or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such rights, options or warrants.

d) Pro Rata Distributions. If the Company, at any time while this AA Preferred Stock is outstanding, distributes to all holders of Common Stock (and not to Holders) evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security (other than Common Stock, which shall be subject to Section 7(b)), then in each such case the Conversion Price shall be adjusted by multiplying such Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the Conversion determined as of the record date mentioned above, and of which the numerator shall be such Conversion Price on such record date less the then fair market value at such record date of the portion of such assets, evidence of indebtedness or rights or warrants so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors of the Company in good faith. In either case the adjustments shall be described in a statement delivered to the Holder describing the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

e) [RESERVED]

f) Calculations. All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Company) issued and outstanding.

g) Notice to the Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 7, the Company shall promptly mail to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. If the Company issues a variable rate security, despite the prohibition thereon in the Subscription Agreement, the Company shall be deemed to have issued Common Stock or Common Stock Equivalents at the lowest possible conversion or exercise price at which such securities may be converted or exercised in the case of a Variable Rate Transaction (as defined in the Subscription Agreement).

ii. Notice to Allow Conversion by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the

Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of this AA Preferred Stock, and shall cause to be delivered to the Holder at its last address as it shall appear upon the stock books of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert the Conversion Amount of this AA Preferred Stock (or any part hereof) during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice.

Section 8. Call Option. At any time commencing twelve (12) months from the date of the Closing of the sale of shares of Series AA Preferred Stock, the Company shall have an option (the "Call Option") to purchase up to 100% of the outstanding shares of AA Preferred Stock at a price equal to 121% of the issue price of \$2.75 per share of the AA Preferred Stock, or \$3.3275 per share, plus any accrued and unpaid dividends, calculated on the date that is ten (10) days prior to the cash distribution of the Call Option proceeds. The Company shall provide at least ten (10) days written notice call ("Notice Period") to the Holders of the AA Preferred Stock of its intention to purchase the Series AA Preferred Stock. During the Notice Period, the Holders shall have the right to convert their shares of AA Preferred Stock into shares of the Company's Common Stock.

Section 9. Put Option. The Holders of the AA Preferred Shares shall have an option to require the Company to purchase all or any portion of the shares of AA Preferred Stock at 121% of the issue price of \$2.75 per share of the AA Preferred Stock, or \$3.3275 per share, plus any accrued and unpaid dividends, calculated on the date that is ten (10) days prior to the cash distribution of the Put Option proceeds. The Put Option must be exercised, if at all, during the thirty (30) day period commencing on the later of (a) the second anniversary of the Closing of the sale of the shares of Series AA Preferred Stock or (b) June 30, 2010. In addition, Holders of the AA Preferred Stock may also exercise the Put Option as set forth in Section 6(e) of this Article 4.B., or in the event of the material default by Company or any of its Subsidiaries upon any indebtedness owed by the Company or such Subsidiary.

**Section 10. Default Premium.** In the event that the Company is unable to fully redeem the Put Option at expiration, the Holders of AA Preferred Stock electing the Put Option shall be entitled to receive a default premium on the remaining shares elected for Put. The Company shall possess the right to redeem AA Preferred Stock on a pro-rata basis among all holders of AA Preferred Stock electing the Put Option until such time as all AA Preferred Stock electing the Put Option are redeemed in full.

The default premium shall begin accruing on the day following Put Option expiration, and shall be equal to at 125% of the issue price of \$2.75 per share multiplied by the pro rata number of annualized periods occurring between the expiration of the Put Option and the commencement of 100% redemption of the remaining AA Preferred Stock electing the Put Option.

**Section 11. Negative Covenants.** So long as any shares of AA Preferred Stock are outstanding, the Company shall not, and shall not permit any of its Subsidiaries to, without the written consent of the Holders of a majority of the outstanding shares of AA Preferred Stock, which consent shall not be unreasonably withheld, directly or indirectly:

a) other than Permitted Indebtedness, enter into, create, incur, assume, guarantee or suffer to exist any indebtedness for borrowed money of any kind, including but not limited to, a guarantee, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

b) notwithstanding subsection (a) above, enter into, create, incur, assume, guarantee or suffer to exist any outstanding indebtedness for borrowed money of any kind, including but not limited to, a guarantee (other than Permitted Indebtedness), at any time in an aggregate amount (including the Company and all of its Subsidiaries) in excess of \$10,000,000.00; provided however, that this debt limitation shall be increased to \$11,000,000.00 upon the closing of aggregate investment raises pursuant to the Memorandum in excess of \$1,500,000, and provided further that this debt limitation shall be increased to \$12,000,000.00 upon the closing of aggregate investment raises pursuant to the Memorandum in excess of \$3,000,000.

c) other than Permitted Liens, enter into, create, incur, assume or suffer to exist any Liens of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

d) amend its articles of incorporation, bylaws or other charter documents so as to materially and adversely affect any rights of any Holder;

e) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Common Stock, Common Stock Equivalents or Junior Securities, except for the Conversion Shares to the extent permitted or required under the Offering Materials or as otherwise permitted by the Offering Materials;

f) enter into any agreement or understanding with respect to any of the foregoing; or

g) pay cash dividends or distributions on Junior Securities of the Company, except for the payment of cash dividends to the holders of the Company's 6% Series A Convertible Preferred Stock in accordance with their terms and subject to Section 3(b) of this Article IV.B.

Section 12. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth above, facsimile number (813) 464-8113, Attn: Barry Shevlin, or such other facsimile number or address as the Company may specify for such purposes by notice to the Holders delivered in accordance with this Section 12. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number or address of such Holder appearing on the books of the Company, or if no such facsimile number or address appears on the books of the Company, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section 12 prior to 5:30 p.m. (New York City time) on any date, (ii) the date immediately following the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section 12 between 5:30 p.m. and 11:59 p.m. (New York City time) on any date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Article IV shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay liquidated damages, accrued dividends and accrued interest, as applicable, on the shares of AA Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

c) Lost or Mutilated Preferred Stock Certificate. If a Holder's AA Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of AA Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof reasonably satisfactory to the Company.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Article IV shall be governed by and construed and



enforced in accordance with the internal laws of the State of Florida, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of Tampa, Florida, County of Hillsborough (the "Florida Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the Florida Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such Florida Courts, or such Florida Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Article IV and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Article IV or the transactions contemplated hereby. If either party shall commence an action or proceeding to enforce any provisions of this Article IV, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver. Any waiver by the Company or the Holder of a breach of any provision of this Article IV shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Article IV. The failure of the Company or the Holder to insist upon strict adherence to any term of this Article IV on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Article IV. Any waiver by the Company or the Holder must be in writing.

f) Severability. If any provision of this Article IV is invalid, illegal or unenforceable, the balance of this Article IV shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Article IV and shall not be deemed to limit or affect any of the provisions hereof.

i) Limitations on Reissuance. No share or shares of AA Preferred Stock acquired by the Company by reason of purchase, conversion or otherwise shall be reissued, and all such shares shall be cancelled, retired and eliminated from the shares which the Company shall be authorized to issue.

IN WITNESS WHEREOF, the undersigned has executed and subscribed this Certificate and does affirm the foregoing as true this 30th day of May, 2008.

**NETWORK LIQUIDATORS, INC.**

By: /s/ Barry Shevlin

Name: Barry Shevlin

Title: Chief Executive Officer