

To: Florida Dept of State
Subject: 000650.98303

From: Kim Wendenbach

Friday, January 16, 2009 11:14 AM Page: 1 of 8

Division of Corporations

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**Articles of Amendment
N2Revolution, Inc.
Statement of Designations, Powers, Preferences and Rights of
Series A Convertible Preferred Stock**

FILED
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

N2Revolution, Inc., a Florida corporation (the "Company"), hereby certifies pursuant to Section 607.0602 of the Florida Business Corporation Act, that its Board of Directors unanimously adopted the following statement of designation, powers, preferences and rights on January 15, 2009, which remains in full force and effect on the date hereof.

WHEREAS, the Board of Directors is authorized by the Company's Articles of Incorporation to determine the preferences, limitations and relative rights and to fix by resolution the designation of each series of Preferred Stock of the Company; and

WHEREAS, it is the desire of the Board of Directors of the Company to authorize and fix the terms of a series of Preferred Stock and the number of shares constituting such series.

NOW THEREFORE, BE IT RESOLVED, that there is hereby authorized such series of Preferred Stock on the terms and with the provisions herein set forth.

The designation of the series of Preferred Stock authorized by this resolution shall be "Series A Convertible Preferred Stock" (the "Series A Preferred Stock"). The Series A Preferred Stock shall consist of 70,000 shares, no par value.

1. Voting.

The holders of the Series A Preferred Stock shall not be entitled to vote, except as required by applicable law.

2. Dividends.

(a) The holders of Series A Preferred Stock shall be entitled, in preference to the holders of any Junior Securities (as defined below), to receive on each share of Series A Preferred Stock, out of funds legally available therefore, cumulative cash dividends payable at the rate of 8% per annum on the amount of \$10.00 (such amount, as adjusted from time to time in accordance with Section 2(b) is referred to as the "Series A Purchase Price"). Holders of Series A Preferred Stock shall receive payment of dividends with respect to shares of Series A Preferred Stock only if, as and when such payment of such dividends is declared by the Company's Board of Directors (the "Board of Directors"). Such dividends will be calculated and compounded annually in arrears on December 31 of each year in respect of the prior twelve-month period (prorated on a daily basis for partial periods). Such dividends shall commence to accrue on each share of Series A Preferred Stock from the date of issuance thereof whether or not declared by the Board of Directors and whether or not there are profits, surplus or

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other funds of the Company legally available for the payment of dividends, and shall continue to accrue until the Liquidation Preference (as defined in Section 3) with respect to such share is paid in full in cash or until the conversion of the Series A Preferred Stock in accordance with Section 5 (such dividends being referred to as the "Preferred Dividends"). To the extent the Company has assets legally available therefore and the Board of Directors has not declared the payment of nor has the Company paid the dividends pursuant to this Section 2(a), Preferred Dividends shall be due and payable with respect to each share of Series A Preferred Stock no later than thirty (30) days after the occurrence of a Liquidation Event in accordance with Section 3. Preferred Dividends paid in cash in an amount less than the total amount of such dividends at the time accumulated and payable on all outstanding shares of Preferred Stock shall be allocated among all holders of Preferred Stock pro rata in accordance with the relative amount of Preferred Dividends accrued on the Preferred Stock held by such holders. At any time when shares of Series A Preferred Stock are outstanding and the Preferred Dividends have not been paid in full in cash, no dividend whatsoever shall be paid or declared, and no distribution shall be made, on any Junior Securities and no monies shall be paid into or set aside or made available for a sinking or other analogous fund for the purchase, redemption or acquisition thereof; provided, however, that the Company may purchase, redeem or acquire shares of the Company's Common Stock, no par value (the "Common Stock") and Convertible Securities issued to employees, officers or directors of, or consultants or other service providers to, the Company pursuant to equity incentive plans or other arrangements approved by the Board of Directors.

(b) All numbers relating to the calculation of dividends pursuant to this Section 2 shall be equitably adjusted to reflect any stock split, stock dividend, combination, reorganization, recapitalization, reclassification or other similar event involving Series A Preferred Stock or Common Stock.

3. Liquidation.

(a) Liquidation Preference. Upon (i) any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary or (ii) a reorganization of the Company required by any court or administrative body in order to comply with any provision of law (each of the events referred to in clauses (i) and (ii) being referred to as a "Liquidation Event"), each holder of Series A Preferred Stock shall be entitled to be paid in cash in immediately available funds with respect to each share of Series A Preferred Stock out of the assets of the Company available for distribution to stockholders, whether such assets are capital, surplus or earnings, and in preference to, and before any amount shall be paid or distributed to the holders of Common Stock or of any other Junior Securities, an amount in cash equal to the sum of (i) the Series A Purchase Price plus (ii) any accrued but unpaid dividends to which such holder of outstanding shares of Series A Preferred Stock is then entitled pursuant to Section 2 hereof (such sum as to each share of Series A Preferred Stock being referred to as the "Liquidation Preference" of such share). If upon any Liquidation Event, the amounts payable with respect to the issued and outstanding Series A Preferred Stock are not paid in full, the amounts available for distribution shall be distributed ratably among the holders of Series A Preferred Stock in accordance with the relative Liquidation Preferences of the Series A Preferred Stock held

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by such holders, and the holders of any other Junior Securities shall in no event be entitled to participate in the distribution of any assets of the Company in respect of their ownership thereof.

4. Preemptive Rights.

No holders of the Series A Preferred Stock are entitled to any preemptive rights to acquire any unissued shares of any capital stock of the Company, now or hereafter authorized, or any other securities of the Company, whether or not convertible into shares of capital stock of the Company or carrying a right to subscribe to or acquire any such shares of capital stock.

5. Conversion into Common Stock. The holders of the Series A Preferred Stock shall have the following conversion rights:

(a) Automatic Conversion. Each share of Series A Preferred Stock shall automatically be converted, without the payment of any additional consideration, into a number of shares of fully paid and nonassessable Common Stock determined as hereafter provided in this Section 5(a) upon the sale by the Company of shares of its Common Stock during the 120 day period commencing on December 31, 2008, provided that such 120 day period may be extended by up to 60 additional days at the election of the Board of Directors, for aggregate consideration of at least \$750,000 (the "Automatic Conversion Event"). Upon the occurrence of the Automatic Conversion Event, all outstanding shares of Series A Preferred Stock shall be deemed to have been converted into shares of Common Stock as provided in this Section 5 immediately upon the occurrence of such event. The number of shares of Common Stock issuable upon the conversion of each share of Series A Preferred Stock shall be determined on the basis of the ratio that results from dividing (i) the Purchase Price by (ii) the Conversion Price (as defined below) of such share of Preferred Stock, both as in effect at the time of conversion. The "Conversion Price" per share of Series A Preferred Stock shall be the average price per share of Common Stock issued by the Company during the 120 day period commencing December 31, 2008; provided that such 120 day period may be extended by up to 60 additional days at the election of the Board of Directors. The number of shares of Common Stock into which shares of Series A Preferred Stock are convertible and the Conversion Price are subject to adjustment from time to time as provided in Section 8 hereof.

(b) Procedure for Automatic Conversion. As of the date of, and in all cases subject to, the consummation of the Automatic Conversion Event, all outstanding shares of Series A Preferred Stock shall be converted automatically, without further action, into the number of shares of Common Stock provided for in Section 5(a), and such number of shares of Common Stock into which the Series A Preferred Stock is converted shall be deemed to have been issued to the holders of Series A Preferred Stock. Such holders shall as soon as practicable thereafter surrender the certificate or certificates evidencing the Series A Preferred Stock, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto), or an Affidavit of Loss with respect thereto. Upon surrender of such certificates or delivery of

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an Affidavit of Loss with respect thereto, the Company shall issue and deliver to such holder so surrendering such certificates or to such holder's designee, promptly at an address designated by such holder, certificates for the number of shares of Common Stock into which such holder's Series A Preferred Stock shall have been converted.

(c) No Fractional Shares. The number of shares of Common Stock to be issued to each holder of Series A Preferred Stock upon conversion shall be rounded to the next highest whole number of shares, and no fractional shares shall be issued.

6. **Notice.**

In the event that the Company provides any notice, report or statement to any holder of Common Stock, the Company shall at the same time provide a copy of any such notice, report or statement to each holder of outstanding shares of Series A Preferred Stock.

7. **Reservation of Stock Issuable Upon Conversion.**

(a) The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the issued or issuable shares of Series A Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series A Preferred Stock, and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Series A Preferred Stock, the Company shall take all such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

8. **Adjustments.**

(a) Adjustments for Subdivisions, Combinations or Consolidation of Common Stock. In the event that subsequent to the occurrence of the Automatic Conversion Event, but prior to the conversion of the Series A Preferred Stock into shares of Common Stock, the outstanding shares of Common Stock shall be subdivided by stock split, stock dividends or otherwise into a greater number of shares of Common Stock, the Conversion Price then in effect with respect to the Series A Preferred Stock shall, concurrently with the effectiveness of such subdivision, be proportionately decreased so that the number of shares of Common Stock issuable on conversion of any shares of such Series A Preferred Stock shall be increased in proportion to such increase in outstanding shares. In the event that subsequent to the occurrence of the Automatic Conversion Event but prior to the conversion of the Series A Preferred Stock into shares of Common Stock, the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise into a lesser number of shares of Common Stock, the Conversion Price then in effect with respect to the Series A Preferred Stock shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased so that the number of shares of Common Stock issuable on

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conversion of any shares of such Series A Preferred Stock shall be decreased in proportion to such decrease in outstanding shares.

(b) Adjustments for Stock Dividends and Other Distributions. In the event the Company at any time or from time to time makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, any distribution (excluding any repurchases of securities by the Company not made on a pro rata basis from all holders of any class of the Company's securities) payable in property or in securities of the Company other than shares of Common Stock, and other than as otherwise adjusted in accordance herewith, then and in each such event the holders of Series A Preferred Stock shall receive at the time of such distribution the amount of property or the number of securities of the Company that they would have received had their Series A Preferred Stock been converted into Common Stock on the date of such distribution or record date established therefor.

(c) Adjustments for Reclassification, Exchange and Substitution. If the Common Stock issuable upon conversion of the Series A Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock or into any other securities or property, whether by capital reorganization, reclassification, merger, combination of shares, recapitalization, consolidation, business combination or other similar transaction (other than a subdivision or combination of shares provided for above), each share of Series A Preferred Stock shall thereafter be convertible into the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Company deliverable upon conversion of such share of Series A Preferred Stock shall have been entitled upon such capital reorganization, reclassification, merger, combination of shares, recapitalization, consolidation, business combination or other similar transaction if immediately prior to such capital reorganization, reclassification, merger, combination of shares, recapitalization, consolidation, business combination or other similar transaction such holder had converted such holder's Series A Preferred Stock into Common Stock. The provisions of this Section 8(c) shall similarly apply to successive capital reorganizations, reclassifications, mergers, combinations of shares, recapitalizations, consolidations, business combinations or other similar transactions.

(d) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 8, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based and the Conversion Price then in effect. The Company shall, upon the written request at any time of any holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other property that at the time would be received upon the conversion of such holder's Series A Preferred Stock.

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(e) Minimal Adjustments. No adjustment in the Conversion Price need be made if such adjustment would result in a change in a Conversion Price of less than \$0.01. Any adjustment of less than \$0.01 that is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment that, on a cumulative basis, amounts to an adjustment of \$0.01 or more in a Conversion Price.

(f) Rounding. All calculations under this Section 8 shall be made to (a) the nearest cent or (b) the nearest one hundredth of a share or (c) the nearest one percent, as the case may be.

9. No Closing of Transfer Books. The Company shall not close its books against the transfer of shares of Series A Preferred Stock in any manner that would interfere with the timely conversion of any shares of Series A Preferred Stock.

10. No Reissuance of Series A Preferred Stock. No share or shares of Series A Preferred Stock acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued, and all such shares shall be canceled, retired and eliminated from the shares that the Company shall be authorized to issue.

11. Definitions.

The following terms are used herein with the meanings indicated:

"Affidavit of Loss" means an affidavit or agreement satisfactory to the Company to indemnify the Company (without the need to post any bond or other security for such obligation) from any loss incurred in connection with the loss of any share certificate evidencing shares of the Company's Capital Securities.

"Board of Directors" has the meaning specified in Section 2(a).

"Capital Securities" means, as to any Person that is a corporation, the authorized shares of such Person's capital stock, including all classes of common, preferred, voting and non voting capital stock, and, as to any Person that is not a corporation or an individual, the ownership interests in such Person, including, without limitation, the right to share in profits and losses, the right to receive distributions of cash and property, and the right to receive allocations of items of income, gain, loss, deduction and credit and similar items from such Person, whether or not such interests include voting or similar rights entitling the holder thereof to exercise control over such Person.

"Series A Preferred Stock" has the meaning set forth in the recitals hereof.

"Series A Purchase Price" has the meaning set forth in Section 2(a).

"Common Stock" has the meaning set forth in the first Section of Section 2(a).

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"Conversion Price" means with respect to the Series A Preferred Stock, the amount set forth in Section 5(a) with respect to such series, as the same may be adjusted from time to time in accordance with Section 8.

"Convertible Securities" means securities or obligations that are exercisable for, convertible into or exchangeable for shares of Common Stock. The term includes options, warrants or other rights to subscribe for or purchase Common Stock or to subscribe for or purchase other securities or obligations that are convertible into or exchangeable for Common Stock.

"Junior Securities" means any of the Company's Common Stock and all other Capital Securities of the Company other than (a) Preferred Stock and (b) Capital Securities that, by their terms, state that they are not "Junior Securities" or provide the holders thereof with rights pari passu with or senior to those of the holders of Preferred Stock.

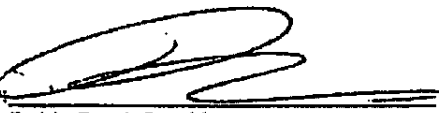
"Liquidation Preference" means with respect to the Series A Preferred Stock, the amount set forth in Section 3(a) with respect to such series.

"Person" or **"person"** means an individual, partnership, corporation, limited liability company, association, trust joint venture and unincorporated organization, and any government, governmental department or agency or political subdivision thereof.

"Series A Preferred Stock" has the meaning set forth in the first Section in the recitals hereof.

IN WITNESS WHEREOF, the Company has caused this instrument to be signed by its undersigned officer this 15th day of January, 2009.

N2REVOLUTION, INC.,
a Florida corporation

By: 
Robin Pearl, President

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