



THE UNITED STATES
CORPORATION
COMPANY

P97000021744

ACCOUNT NO. : 072100000032

REFERENCE : 010112 7146642

AUTHORIZATION :

COST LIMIT : \$ 43.75

Patricia Pizant

ORDER DATE : October 27, 1998

ORDER TIME : 12:21 PM

ORDER NO. : 010112-005

000002673500--1

CUSTOMER NO: 7146642

CUSTOMER: Michael D. Harris, Esq
Michael Harris, P.a.
Suite 550
1645 Palm Beach Lakes Blvd.
West Palm Beach, FL 33401

FILED
98 OCT 27 PM 3:32
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

DOMESTIC AMENDMENT FILING

NAME: VETHEALTH, INC.

EFFECTIVE DATE:

XX ARTICLES OF AMENDMENT
 RESTATED ARTICLES OF INCORPORATION

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

XX CERTIFIED COPY
 PLAIN STAMPED COPY
 CERTIFICATE OF GOOD STANDING

CONTACT PERSON: Tamara Odom

EXAMINER'S INITIALS:

See 10/27

RECEIVED
98 OCT 27 PM 1:04
DIVISION OF CORPORATION

ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION OF
VETHEALTH, INC.

98 OCT 27 PM 3:32
FILED
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to the provisions of §607.0602, §607.1001, §607.1002, §607.1003, §607.1004 and §607.1007 of the Florida Business Corporation Act (the "Act"), VetHealth, Inc. (the "Corporation") adopts this Amendment to the Articles of Incorporation set forth below:

1. The name of the Corporation is VetHealth, Inc.
2. The principal address of the Corporation is 5241 N.W. 100 Avenue, Coral Springs, Florida, 33076.
3. The following amendments to the Corporation's Articles of Incorporation were adopted by the unanimous consent of shareholders and board of directors of the Corporation on the 26th day of October, 1998 in accordance with and in a manner prescribed by the Act:

Articles I and V are hereby amended in their entirety to read:

ARTICLE I - NAME

The name of this corporation is Drug Delivery Systems, Inc.

ARTICLE V - CAPITAL STOCK

(a) **Common Stock.** This Corporation is authorized to issue 10,000,000 shares of common stock, \$.001 par value.

(b) **Preferred Stock.** This Corporation is authorized to issue 2,500,000 shares of preferred stock, \$.001 par value (the "Preferred Stock").

The Preferred Stock is subject to issuance by the board of directors (the "Board") in one or more series and classes by the filing a certificate pursuant to the applicable law of the State of Florida. Except as expressly limited by Chapter 607, Florida Statutes, as amended from time to time, or its successor legislation, as amended from time to time, the authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

(i) Whether that series or class shall have voting rights, in addition to the voting rights provided by law, and if so, the terms of such voting rights;

(ii) The number of shares constituting that series or class and the distinctive designation of that series;

(iii) The dividend rate on the shares of that series or class, whether dividends shall be cumulative, and if so, from which date or dates, and the relative rights of priority, if any, are paid on dividends on shares of that series or class;

(iv) Whether that series or class shall have conversion privileges, and if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board shall determine;

(v) Whether or not the shares of that series or class shall be redeemable, and if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(vi) Whether that series or class shall have a sinking fund for the redemption or purchase of shares of that series or class, and if so, the terms and amount of such sinking fund;

(vii) The rights of the shares of that series or class in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series or class; and

(viii) Any other relative rights, preferences and limitations of that series or class.

(c) Series A Convertible Redeemable Preferred Stock:

Section 1. Designation, Number of Shares and Stated Value of Series A Convertible, Redeemable Preferred Stock. There is hereby authorized and established a series of Preferred Stock that shall be designated as "Series A Convertible, Redeemable Preferred Stock" (hereinafter referred to as "Series A Preferred"), and the number of shares constituting such series shall be 1,500,000. Such number of shares may be increased or decreased, but not to a number less than the number of shares of Series A Preferred then issued and outstanding, by resolution adopted by the full Board of Directors. The "Stated Value" per share of the Series A Preferred shall be equal to One Dollar \$(1.00).

Section 2. Definitions. In addition to the definitions set forth elsewhere herein, the following terms shall have the meanings indicated:

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in Miami, Florida are authorized or obligated by law or executive order to close.

"Common Stock" shall mean the common stock, par value \$0.001 per share, of the Corporation.

"Conversion Price" shall mean the conversion price per share of Common Stock into which the Series A Preferred is convertible, as such conversion price may be adjusted pursuant to the provisions hereof. The initial Conversion Price is Thirty Three Cents (\$0.33).

"Junior Securities" means the Common Stock and any other series of stock issued by the Corporation ranking junior as to the Series A Preferred upon liquidation, dissolution or winding up of the Corporation.

"Original Issue Date" shall mean the date on which shares of the Series A Preferred are first issued.

"Parity Security" means any class or series of stock issued by the Corporation ranking on a parity with the Series A Preferred upon liquidation, dissolution or winding up of the Corporation.

"Person" means any individual, corporation, association, partnership, joint venture, limited liability company, trust, estate, or other entity or organization, other than the Corporation, any subsidiary of the Corporation, any employee benefit plan of the Corporation or any subsidiary of the Corporation, or any entity holding shares of Common Stock for or pursuant to the terms of any such plan.

"Qualified IPO" means a registered underwritten public offering of the Common Stock: (i) resulting in net proceeds (after deduction of underwriters' commissions, discounts or expenses) to the Corporation of at least \$10,000,000, and (ii) at a price to the public of at least five (5) times the then-effective Conversion Price.

"Senior Securities" means any class or series of stock issued by the Corporation ranking senior to the Series A Preferred upon liquidation, dissolution or winding up of the Corporation.

Section 3. Dividends and Distributions.

(a) The Series A Preferred shall rank prior to the Common Stock with respect to dividends. The holders of shares of the Series A Preferred shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cumulative cash dividends at an annual rate of eight percent (8%) of the Stated Value (the "Dividend Rate"). Such dividends on shares of Series A Preferred shall be cumulative from the date such shares are issued, whether or not in any period there shall be funds of the Corporation legally available for the payment of such dividends and whether or not such dividends are declared,

and shall be payable quarterly, when, as and if declared by the Board of Directors, on March 31, June 30, September 30 and December 31 in each year (each a "Dividend Payment Date"). Cumulative dividends shall at all times accrue at a compounded rate equal to the Dividend Rate and shall accrue from and including the date of issuance of such shares to and including a Dividend Payment Date. Such dividends shall accrue whether or not there shall be (at the time such dividend becomes payable or at any other time) profits, surplus or other funds of the Corporation legally available for the payment of dividends.

(b) Dividends shall be calculated on the basis of the time elapsed from and including the date of issuance of such shares to and including the Dividend Payment Date or on any final distribution date relating to conversion or redemption or to a dissolution, liquidation or winding up of the Corporation. Dividends payable on the shares of Series A Preferred for any period of less than a full calendar year shall be prorated for the partial year on the basis of a 360-day year.

(c) To the extent dividends are not paid on a Dividend Payment Date, all dividends which shall have accrued on each share of Series A Preferred outstanding as of such Dividend Payment Date shall, for purposes of calculating dividends thereon, be added to the Stated Value of such share of Series A Preferred and shall remain a part thereof until paid, and dividends shall accrue at the Dividend Rate and be paid on such share of Series A Preferred on the basis of the Stated Value, as so adjusted. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred which are in arrears.

(d) Dividends payable on each Dividend Payment Date shall be paid to record holders of the shares of Series A Preferred as they appear on the books of the Corporation at the close of business on the tenth Business Day immediately preceding the respective Dividend Payment Date or on such other record date as may be fixed by the Board of Directors of the Corporation in advance of a Dividend Payment Date, provided that no such record date shall be less than ten nor more than sixty calendar days preceding such Dividend Payment Date.

(e) So long as any shares of Series A Preferred are outstanding, no dividend or other distribution, whether in liquidation or otherwise, shall be declared or paid, or set apart for payment on or in respect of, any Junior Securities, nor shall any Junior Securities be redeemed, purchased or otherwise acquired for any consideration (or any money be paid to a sinking fund or otherwise set apart for the purchase or redemption of any such Junior Securities), unless (i) the full cumulative dividends, if any, accrued on all outstanding shares of the Series A Preferred shall have been paid or set apart for payment for all past dividend

periods and (ii) sufficient funds shall have been set apart for the payment of the dividend for the then current dividend period with respect to the Series A Preferred.

Section 4. Certain Covenants and Restrictions.

(a) So long as any shares of Series A Preferred are outstanding;

(i) The Corporation shall at all times reserve and keep available for issuance upon the conversion of the shares of Series A Preferred such number of its authorized but unissued shares of Common Stock as will be sufficient to permit the conversion of all outstanding shares of Series A Preferred, and all other securities and instruments convertible into shares of Common Stock, and shall take all reasonable action within its power required to increase the authorized number of shares of Common Stock necessary to permit the conversion of all such shares of Series A Preferred and all other securities and instruments convertible into shares of Common Stock.

(ii) The Corporation represents, warrants and agrees that all shares of Common Stock that may be issued upon exercise of the conversion rights of shares of Series A Preferred will, upon issuance, be fully-paid and nonassessable.

(iii) The Corporation will endeavor to make the shares of stock that may be issued upon exercise of the conversion rights of shares of Series A Preferred eligible for trading upon any national securities exchange, or any automated quotation system of a registered securities association, if any, upon or through which the Common Stock shall then be traded prior to such delivery.

(iv) Prior to the delivery of any securities which the Corporation shall be obligated to deliver upon redemption or conversion of the Series A Preferred, the Corporation will endeavor to comply with all federal and state securities laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery of such securities by, any governmental authority.

(v) The Corporation shall pay all taxes and other governmental charges (other than any income or franchise taxes) that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of Series A Preferred as provided herein. The Corporation shall not be required, however, to pay any tax or other charge imposed in connection with any transfer involved in the issue of any certificate for shares of Common Stock in any name other than

that of the registered holder of the shares of the Series A Preferred surrendered in connection with the conversion thereof, and in such case the Corporation shall not be required to issue or deliver any stock certificate until such tax or other charge has been paid, or it has been established to the Corporation's satisfaction that no tax or other charge is due.

(b) Prior to the consummation of a Qualified IPO, in the event the Corporation proposes to offer, sell or issue any of its equity securities (including, without limitation, shares of the Corporation's capital stock or any rights to acquire such shares), excluding (i) interests issued pursuant to the Corporation's option plans that have been adopted by the shareholders of the Corporation, (ii) securities issuable pursuant to a transaction governed by Rule 145 of the Securities Act of 1933, as amended, and (iii) securities issuable as dividends or upon the exercise or conversion of other securities, then the holders of shares of Series A Preferred shall have the preemptive right to acquire such securities from the Corporation. In the event that the Corporation proposes to make any offer, sale or issuance that is subject to this Section 4(b), then and in each such case the Corporation shall at least thirty days prior to any such event (the "Window"), and in any case within five business days after it has knowledge of any such pending transaction, provide to the Series A Preferred holders written notice of the Corporation's intention to take such action. Such notice shall include the number and type of securities, the price, the intended transaction date, and any other information reasonably requested by the Series A Preferred holders. Each Series A Preferred holder may exercise this preemptive right, by providing written notice to the Corporation within fifteen days (the "Response Period") after receipt of the foregoing notice from the Corporation, with respect to a percentage of the securities to be offered, sold or issued, calculated by dividing (i) the number of shares of Common Stock then entitled to be received upon the conversion of all shares of Series A Preferred held by such holder, by (ii) the total number of shares of Common Stock then entitled to be received upon the conversion of all shares of Series A Preferred then outstanding. In the event any holder(s) shall elect not to exercise the preemptive rights as provided hereunder, then the aggregate shares otherwise entitled to be purchased by such non-participating holders (the "Non-Subscribed Securities") shall be available for purchase by each remaining Series A Preferred holder, who shall accordingly receive notice from the Corporation of such availability within five days after the expiration of the Response Period, in the proportion that the number of shares of Common Stock then entitled to be received by such holder upon conversion of its Series A Preferred shares then held bears to the total number shares of Common Stock then entitled to be received upon conversion of the Series A Preferred shares held by all such holders electing to exercise preemptive rights. The preemptive rights to acquire the Non-Subscribed Securities shall expire upon the expiration of

the Window, at which time the Corporation may sell or issue any and all securities regarding which the Series A Preferred holders failed to exercise their preemptive rights hereunder.

Section 5. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Corporation (in connection with the bankruptcy or insolvency of the Corporation or otherwise), whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of shares of any Parity Securities or Junior Securities, the holders of the shares of Series A Preferred shall be entitled to receive an amount equal to the Stated Value multiplied by the number of shares of Series A Preferred held by them, plus all cumulative dividends (whether or not declared) that are accrued and unpaid thereon. To the extent the available assets are insufficient to fully satisfy such amounts, then the holders of the Series A Preferred shall share ratably in such distribution in the proportion that the number of each holder's Series A Preferred Shares bears to the total number of shares of Series A Preferred outstanding. No further payment on account of any such liquidation, dissolution or winding up of the Corporation shall be paid to the holders of the shares of Series A Preferred or the holders of any Parity Securities unless there shall be paid at the same time to the holders of the shares of Series A Preferred and the holders of any Parity Securities proportionate amounts determined ratably in proportion to the full amounts to which the holders of all outstanding shares of Series A Preferred and the holders of all such outstanding Parity Securities are respectively entitled with respect to such distribution. For purposes of this Section, neither a consolidation or merger of the Corporation with one or more partnerships, corporations or other entities nor a sale, lease, exchange or transfer of all or any substantial part of the Corporation's assets for cash, securities or other property shall be deemed to be a liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary.

(b) After the payment of all amounts owing to the holders of stock ranking prior to the Common Stock, the holders of Common Stock shall share ratably in the distribution of the remaining available assets of the Corporation in the proportion that each holder's shares bears to the total number of shares of Common Stock outstanding.

(c) Written notice of any liquidation, dissolution or winding up of the Corporation, stating the payment date or dates when and the place or places where the amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage prepaid, not less than fifteen days prior to any payment date stated therein, to the holders of record of the shares of Series A Preferred at their respective addresses as the same shall

appear in the records of the Corporation.

Section 6. Redemption at Option of Holder.

(a) Subject to paragraph (b) of this Section, each holder of shares of Series A Preferred shall at all times have the option to require the Corporation to redeem all or part of such holder's shares for cash at a redemption price equal to the Stated Value per share of, plus all accrued and unpaid dividends on, the shares to be redeemed. To exercise such option, a holder shall deliver the certificate or certificates representing the shares of Series A Preferred to be redeemed pursuant to this Section to the Corporation and a notice of the election of the holder to have all or part of such holder's shares redeemed. Upon receipt of such certificate and notice, the Corporation shall, subject to any applicable restrictions of law or regulations, promptly redeem the shares for which holders have elected to be redeemed and pay to or on the order of such holders in immediately available funds the full redemption price for the shares of Series A Preferred to be so redeemed.

(b) The number of shares that a holder shall be entitled to require the Corporation to redeem under this Section shall be determined (including, for purposes of clauses (ii) through (iv) hereof, by applying the percentage stated below to all "baskets" of shares, each basket to consist of all shares of Series A Preferred acquired by such holder on the same date), as follows:

(i) Subject to clause (v) hereof, prior to December 31, 2003, no holder may require the Corporation to redeem any shares of Series A Preferred.

(ii) On or after December 31, 2003 and prior to December 31, 2004, a holder may require the Corporation to redeem no more than fifty percent (50%) of the shares in each basket held by the holder.

(iii) On or after December 31, 2004 and prior to December 31, 2005, a holder may require the Corporation to redeem no more than seventy-five percent (75%) of the shares in each basket held by the holder.

(iv) On or after December 31, 2005, a holder may require the Corporation to redeem all or any portion of the shares of Series A Preferred owned by the holder.

(v) Notwithstanding any other provision of this Section, if the Corporation proposes to be a party to any merger, consolidation, share exchange, sale of all or substantially all of the Corporation's assets, or recapitalization, in any case as a result of which the aggregate value, as determined in good faith by the

Corporation and the Series A Preferred holders, to be received by the Series A Preferred holders (or, in the case of an asset sale, the aggregate proceeds to be received by the Corporation and to be available for liquidating distributions in accordance with Section 5 hereof to the Series A Preferred holders) is less than the aggregate redemption price in effect as determined by paragraph (a) of this Section (without regard to the limitations contained in the foregoing clauses (i) through (iv)), then the Corporation shall at least thirty days prior to the earlier of any such event or the date the Corporation would be irrevocably committed to such event (and in any case within five business days after it has knowledge of any such pending transaction), provide to the Series A Preferred holders written notice of the proposed transaction. Such notice shall include the amount and type of consideration to be received, the intended transaction date, and any other information reasonably requested by the Series A Preferred holders. Each Series A Preferred holder may at any time thereafter, by providing written notice, require the Corporation to redeem all or any portion of the shares of Series A Preferred owned by such holder, which redemption shall be made by the Corporation only after it becomes irrevocably committed to the transaction (and in any case no later than prior to the effectiveness of such transaction).

(c) In the event the Corporation has insufficient funds (whether by legal prohibition or otherwise) to redeem all the shares sought to be redeemed pursuant to this Section, then the Corporation shall use the maximum amount of funds available, and the number of shares redeemed and the redemption price therefor shall be allocated according to the relative number of shares sought to be redeemed by each holder as compared to the total number of shares sought to be redeemed by all Series A Preferred holders exercising their put option hereunder.

(d) In the event the Corporation fails (whether by reason of having insufficient funds or otherwise) to redeem any shares that a holder elects to put to the Corporation in compliance with this Section, then the Conversion Price for those shares not receiving the entitled redemption as requested will be immediately adjusted by multiplying the Conversion Price then in effect by sixty percent (60%). By way of example, if the Conversion Price in effect upon a failure of the Corporation to honor a holder's put right is \$0.33, then the Conversion Price for the shares not rightfully redeemed shall become \$0.20.

Section 7. Reacquired Shares. Any shares of Series A Preferred repurchased, redeemed, converted or otherwise acquired by the Corporation shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock, without designation as to series.

Section 8. Voting Rights.

(a) Except as otherwise provided in this Section or required by law or any provision of the Articles of Incorporation of the Corporation, the holders of the shares of Series A Preferred shall vote together with the shares of Common Stock as a single class at any annual or special meeting of shareholders of the Corporation, and each holder of shares of Series A Preferred shall be entitled to one (1) vote for each share of Series A Preferred held by such holder on the record date fixed for such meeting. In the event the Corporation shall at any time after the Original Issue Date (i) subdivide the outstanding shares of Common Stock into a greater number of shares or (ii) combine the outstanding shares of Common Stock into a smaller number of shares, the number of votes to which each share of Series A Preferred is entitled shall be adjusted proportionately so that the adjusted number of votes shall bear the same relation to the number of votes in effect immediately prior to such event as the total number of shares of Common Stock outstanding immediately after such event shall bear to the total number of shares of Common Stock outstanding immediately prior to such event. Such adjustment shall become effective immediately after the effective date of a subdivision or combination.

(b) Notwithstanding any other provision of this Section:

(i) in any election of directors of the Corporation at any meeting of the shareholders or by written consent of the shareholders of the Corporation, (1) the holders of shares of Series A Preferred shall be entitled to elect the smallest whole number of directors necessary to represent at least two-fifths of the total members of the Board of Directors (the "Series A Directors"), to remove from office such directors, and to fill any vacancy caused by their resignation, death or removal from office, (2) all shareholders of the Corporation, voting as a single class, shall be entitled to elect the smallest whole number of directors necessary to represent at least one-fifth of the total members of the Board of Directors, to remove from office such directors, and to fill any vacancy caused by their resignation, death or removal from office, and (3) the holders of Common Stock shall be entitled to elect the remaining members of the Board of Directors; and

(ii) immediately following and until a complete correction or cure of a breach by the Corporation or the Board of Directors of any provision of paragraph (c) of this Section, the Series A Directors shall be entitled, with respect to any action taken by the Board of Directors (whether at any regular or special meeting or by written consent), equally to cast enough votes that are sufficient to constitute a majority of the votes entitled to be cast by the entire Board of Directors.

(c) The Corporation shall not, without the affirmative vote or consent of all holders of shares of Series A Preferred voting together as a separate class: (i) authorize, create or issue, or increase the authorized or issued amount of, any class or series of stock of Senior Securities or Parity Securities, or any security convertible into or exchangeable for Senior Securities or Parity Securities (other than in connection with (1) the Corporation's stock option plans that have been adopted by the shareholders of the Corporation, or (2) a Qualified IPO) or reclassify or modify any Junior Securities so as to become Parity Securities or Senior Securities; (ii) amend, repeal or change any of the provisions of the Articles of Incorporation or Bylaws of the Corporation pertaining the rights or preferences of the Series A Preferred (including the Certificate of Designations relating to the Series A Preferred); (iii) authorize or take any action resulting in the merger, reorganization, change of control, or sale of substantially all of the assets of the Corporation; (iv) redeem, repurchase or otherwise reacquire any shares of a class or series of Junior Securities or Parity Securities; (v) authorize or take any action resulting in a transaction between the Corporation and one of its affiliates (other than a wholly-owned subsidiary), unless on terms no less favorable than would have been available with either a less than wholly-owned subsidiary of the Corporation or an independent third party; or (vi) increase the size of the Board of Directors.

Section 9. Conversion Rights. Holders of shares of Series A Preferred shall have the right to convert all or a portion of such shares into Common Stock, as follows:

(a) At any time, each share of Series A Preferred shall be convertible at the option of the holder thereof into fully paid, non-assessable shares of Common Stock. Moreover, all outstanding shares of Series A Preferred shall be automatically converted upon the closing of a Qualified IPO. The number of shares of Common Stock deliverable upon conversion of each share of Series A Preferred shall be determined by dividing the Stated Value of such share of Series A Preferred by the Conversion Price then in effect.

(b) In case at any time the Corporation shall (i) subdivide the outstanding shares of Common Stock into a greater number of shares, or (ii) combine the outstanding shares of Common Stock into a smaller number of shares, (iii) issue any shares of Common Stock for a price less than the Stated Value, (iv) subject to paragraph (c) of this Section, issue any option, warrant or other convertible security or right to subscribe for or purchase capital stock of the Corporation at a price per share less than the Stated Value, then the Conversion Price in effect immediately prior thereto shall be multiplied by the fraction obtained:

by dividing

(X), which is the numerator obtained by adding (A) the total

number of issued and outstanding shares of Common Stock immediately prior to the effectiveness of such action by the Corporation, plus (B) the number of shares of Common Stock that could have been acquired, at the Conversion Price in effect immediately prior thereto, with the consideration, if any, received or deemed received by the Corporation in exchange for such action,

by

(Y), which is the denominator that equals the actual total number of issued and outstanding shares of Common Stock immediately after such effectiveness.

Such adjustment shall become effective immediately after the effective date of a subdivision, combination or issuance; provided, however, that no adjustment shall be made to the Conversion Price on account of securities issued by the Corporation in connection with (i) the Corporation's stock option plans that have been adopted by the shareholders of the Corporation, or (ii) a Qualified IPO. In the event of a consolidation or merger of the Corporation with or into another corporation or entity as a result of which a greater or lesser number of shares of common stock of the surviving corporation or entity are issuable to holders of capital stock of the Corporation in respect of the number of shares of its capital stock outstanding immediately prior to such consolidation or merger, then the Conversion Price in effect immediately prior to such consolidation or merger shall be adjusted in the same manner as though there were a subdivision or combination of the outstanding shares of capital stock of the Corporation. The Corporation shall not effect any such consolidation, merger, or sale unless prior to or simultaneously with the consummation thereof the successor (if other than the Corporation) resulting from such consolidation or merger or the party purchasing such assets and any other corporation or entity the shares of stock or other securities or property of which are receivable thereupon by the holder of Series A Preferred shall expressly assume, by written instrument executed and delivered (and satisfactory in form) to the Series A Preferred holders, (i) the obligation to deliver to such holders such stock or other securities or property as, in accordance with the foregoing provisions, such holders may be entitled to purchase and (ii) all other obligations of the Corporation hereunder.

(c) In case at any time the Corporation shall grant any rights to subscribe for or purchase, or any options for the purchase of, securities convertible into or exchangeable for Common Stock (such rights and options being herein called "Options" and such convertible or exchangeable securities being herein called "Convertible Securities"), whether or not such Options or the rights to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common

Stock is issuable upon the exercise of such Options or upon the conversion or exchange of such Convertible Securities (determined by dividing (x) the total amount, if any, received or receivable by the Corporation as consideration for the granting of such Options, plus the minimum aggregate amount of additional consideration payable to the Corporation upon the exercise of such Options, plus, in the case of any such Options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange of such Convertible Securities, by (y) the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options) shall be less than the Stated Value in effect immediately prior to the time of the granting of such Options, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such Options shall (as of the date of granting of such Options) be deemed to be outstanding and to have been issued and sold for such price per share (a "Deemed Issuance") and the provisions of paragraph (b) of this Section shall apply accordingly. With respect to any Deemed Issuance, effective as of the close of business on the first Business Day on which no share of Common Stock may thereafter be issued upon an exercise of an Option or Convertible Security that is included in such Deemed Issuance (whether by reason of (a) the expiration or termination of any right to exercise any Option or Convertible Security included in such Deemed Issuance and that has not been exercised, or (b) the purchase by the Corporation and cancellation or retirement of some or all Options or Convertible Securities included in such Deemed Issuance that have not been exercised), the shares of Common Stock then acquirable upon conversion by the Series A Preferred holders shall be adjusted by: (1) recalculating the initial adjustment of the Conversion Price that occurred by reason of such Deemed Issuance, based on the shares of Common Stock issued by the Corporation upon exercise of all Options and Convertible Securities included in such Deemed Issuance (rather than the number of shares of Common Stock deemed outstanding immediately after the issuance of the Options and Convertible Securities included in such Deemed Issuance), and (2) recalculating each other subsequent adjustment, if any, theretofore made to the Conversion Price on account of subsequent issuances of Common Stock, by utilizing the Conversion Price as initially adjusted pursuant to the immediately foregoing clause (1) and including in the number of shares of Common Stock outstanding for such purpose only the shares of Common Stock actually issued and outstanding.

(d) In the event that the Corporation proposes to take any action specified in this Section which requires any adjustment of the Conversion Price, then and in each such case the Corporation shall at least thirty days prior to any such event, and within five

business days after it has knowledge of any such pending transaction, provide to the Series A Preferred holders written notice of the date on which the books of the Corporation shall close or a record shall be taken for such dividend, distribution, or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up, or transaction. Such notice shall also specify, as applicable, the date on which the holders of capital stock shall be entitled thereto or the date on which the holders of capital stock shall be entitled to exchange their stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up, or transaction, as the case may be. Such notice shall also state that the action in question or the record date is subject to the effectiveness of a registration statement under the Securities Act of 1933, as amended, or to a favorable vote of security holders, if either is required. Furthermore, any notice shall state the Conversion Price resulting from such adjustment and the increase or decrease, if any, in the number of shares obtainable at such price upon exercise, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(e) The conversion of any share of Series A Preferred may be effected by the holder thereof by the surrender of the certificate or certificates therefor, duly endorsed, at the principal offices of the Corporation or to such agent or agents of the Corporation as may be designated by the Board of Directors and by giving written notice to the Corporation that such holder elects to convert the same.

(f) As promptly as practicable after the surrender of shares of Series A Preferred for conversion, the Corporation shall issue and deliver or cause to be issued and delivered to the holder of such shares certificates representing the number of fully paid and non-assessable shares of Common Stock into which such shares of Series A Preferred have been converted in accordance with the provisions of this Section. Subject to the following provisions of this Section, such conversion shall be deemed to have been made as of the close of business on the date on which the shares of Series A Preferred shall have been surrendered for conversion in the manner herein provided, so that the rights of the holder of the shares of Series A Preferred so surrendered shall cease at such time, and the person or persons entitled to receive the shares of Common Stock upon conversion thereof shall be treated for all purposes as having become the record holder or holders of such shares of Common Stock at such time; provided, however, that any such surrender on any date when the stock transfer books of the Corporation are closed shall be deemed to have been made, and shall be effective to terminate the rights of the holder or holders of the shares of Series A Preferred so surrendered for conversion and to constitute the person or persons entitled to receive such shares

of Common Stock as the record holder or holders thereof for all purposes, at the opening of business on the next succeeding day on which such transfer books are open.

(g) The Corporation shall not be required to issue fractional shares of stock upon the conversion of the Series A Preferred. As to any final fraction of a share which the holder of one or more shares of Series A Preferred would otherwise be entitled to receive upon conversion, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to the same fraction of the Conversion Price on the day of conversion.

(h) In case the Corporation shall be a party to any transaction (including without limitation, a merger, consolidation, statutory share exchange, sale of all or substantially all of the Corporation's assets or recapitalization of the Common Stock), in each case as a result of which shares of Common Stock shall be converted into the right to receive stock, securities or other property (including cash or any combination thereof) (each of the foregoing transactions being referred to as a "Fundamental Change Transaction"), then the shares of Series A Preferred remaining outstanding will thereafter no longer be subject to conversion with Common Stock pursuant to this Section, but instead each share shall be convertible into the kind and amount of stock and other securities and property receivable (including cash) upon the consummation of such Fundamental Change Transaction by a holder of that number of shares of Common Stock into which one share of Series A Preferred was convertible immediately prior to such Fundamental Change Transaction (including an immediate adjustment of the Conversion Price if by reason of or in connection with such consolidation, merger, or sale any securities are issued or event occurs which would, under the terms hereof, require an adjustment of the Conversion Price), assuming such holder of Series A Preferred has failed to elect to have all or a part of such holders' shares redeemed. The provisions of this paragraph shall similarly apply to successive Fundamental Change Transactions.

Section 10. Ranking. The Common Stock shall be Junior Securities.

Section 11. Record Holders. The Corporation may deem and treat the record holder of any shares of Series A Preferred as the true and lawful owner thereof for all purposes, and the Corporation shall not be affected by any notice to the contrary.

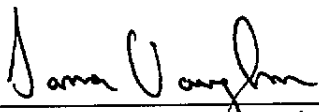
Section 12. Notice. Except as may otherwise be provided by law or provided for herein, all notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon receipt, in the case of a notice of conversion given to the Corporation, or, in all other cases, upon the earlier of receipt of such notice or three Business Days after the mailing of

such notices sent by Registered Mail (unless first-class mail shall be specifically permitted for such notice under the terms hereof) with postage prepaid, addressed: If to the Corporation, to its principal executive offices or to any agent of the Corporation designated as permitted hereby; or if to a holder of the Series A Preferred, to such holder at the address of such holder of the Series A Preferred as listed in the stock record books of the Corporation, or to such other address as the Corporation or holder, as the case may be, shall have designated by notice similarly given.

Section 13. Successors and Transferees. The provisions applicable to shares of Series A Preferred shall bind and inure to the benefit of and be enforceable by the Corporation, the respective successors to the Corporation, and by any record holder of shares of Series A Preferred.

IN WITNESS WHEREOF, the undersigned President of this Corporation has executed the foregoing Amendment to the Corporation's Articles of Incorporation this 26th day of October, 1998.

VETHEALTH, INC.

BY: 
Dana Vaughn, President