

P99000030650

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ARTICLES OF AMENDMENT**AMENDED AND RESTATED CERTIFICATE OF DESIGNATION,
PREFERENCES, RIGHTS AND OTHER RIGHTS OF THE
SERIES A 8% PREFERRED STOCK****OF****INTERCHANGE MEDICAL, INC.**

Pursuant to Section 607.1006 of the Florida Business Corporation Act, undersigned, being the Chief Executive Officer of INTERCHANGE MEDICAL, INC. (the "Corporation") bearing document number P99000030650 certifies:

FIRST: That Articles of Amendment to the Articles of Incorporation of the Corporation setting forth the Designation, Preferences, Rights and Limitations of the Series A-8% Convertible Preferred Stock, \$2.50 Stated Value (the "Series A Preferred Stock"), were filed with the Secretary of State of Florida on March 22, 2005.

SECOND: That on July 5, 2006, the Board of Directors authorized an amendment to and restatement of the Designation, Preferences, Rights and Limitations of the Series A Preferred Stock to provide for anti-dilution rights to the holders of the Series A Preferred Stock.

Accordingly, Article IV of the Articles of Incorporation of the Corporation is amended and restated to include the following amended designations, powers, preferences and rights, and the qualifications, limitations or restrictions, with respect of the Series A Preferred Stock as follows:

**Amended and Restated
Series A 8% Convertible Preferred Stock**

1. Designations and Amounts. 5,000,000 shares of the Corporation's authorized preferred stock are designated as Series A 8% Convertible Preferred Stock (the "Series A Preferred Stock"). The stated value of the Series A Preferred Stock shall be \$2.50 per share (the "Stated Value").

2. Dividends. The holders of outstanding Series A Preferred Stock shall be entitled to receive dividends at a rate of 8% per share semi-annually payable in cash or shares of Series A Preferred Stock at the option of the Corporation. The dividend payment dates shall be semi-payable annually on June 30 and December 31. The first Dividend payment shall be made on December 31, 2004.

3. Liquidation Rights. In the event of any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, the holders of each share of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its shareholders, before any payment or

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Common Stock or any outstanding preferred stock ranking junior to the Series A Preferred Stock.

4. Conversion.

(a) Conversion Rights. The Series A Preferred Stock shall have the following conversion rights (the "Conversion Rights"):

(i) Optional Conversion. Holders of outstanding shares of Series A Preferred Stock shall have an option to convert one share of Series A Preferred Stock into two shares of the Corporation's Common Stock (the "Conversion Value") at any time through December 31, 2009.

(ii) Automatic Conversion. Subject to Section 4(b)(1), each share of Series A Preferred Stock will automatically convert into two shares of the Corporation's Common Stock at the earlier of (i) December 31, 2009; or (ii) upon a merger or consolidation (including a sale by the Corporation of all or substantially all of its assets) where the Corporation does not survive the merger or consolidation.

Each holder of Series A Preferred Stock to be converted shall surrender the certificate or certificates representing such shares to the Corporation, in the manner and at the place designated in the Conversion Notice, and thereupon the requisite number of shares of Common Stock shall be issued in the name of the person whose name appears on the surrendered certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled and retired. Notwithstanding that the certificates evidencing any of the shares of Series A Preferred Stock shall not have been surrendered, all rights with respect to such shares shall forthwith after the Conversion Date, terminate, except only the right of the holders to receive the appropriate number of shares of Common Stock upon surrender of their certificate or certificates.

(b) Anti-Dilution Provisions.

(i) Reclassification, Exchange or Substitution. If the Common Stock issuable upon the conversion of the Series A Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares or stock dividend provided for above, or a reorganization, merger, consolidation, or sale of assets provided for elsewhere in this Section 4), then and in each such event the holder of each share of Series A Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by holders of the number of shares of Common Stock into which such shares of Series A Preferred Stock might have been converted immediately prior to such reorganization, reclassification, or change, all subject to further adjustments as provided herein.

(ii) Adjustment for Stock Splits and Combinations. If the Company at any time or from time to time after the Original Issue Date of the Series A Preferred

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Stock effects a reverse split of the outstanding Common Stock, the Conversion Value shall not be proportionately decreased, but conversely, if the Company at any time or from time to time after the original date of issuance of the Series A Preferred Stock effects a forward split of the outstanding shares of Common Stock, the Conversion Value then in effect immediately before the combination shall be proportionately increased. Any adjustment under this Paragraph 4(b) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(c) Waiver of Rights. Notwithstanding anything to the contrary set forth herein, in the event any of the anti-dilution rights set forth in Section 4(b) are duly waived or modified by the holders thereof, the analogous rights set forth in Section 4(b) hereof shall be deemed similarly waived or modified without any further action on the part of the holders of Series A Preferred Stock.

(d) Notice of Adjustment. Whenever the Conversion Value is adjusted as herein provided, or in the event of any voluntary or involuntary dissolution, liquidation, or winding up of the Corporation, the Corporation shall promptly but no later than 30 days prior to the record date specified therein, mail to each holder of Series A Preferred Stock a notice specifying (i) the date on which any such record is to be taken for purpose of such dividend or distribution and a description of such dividend or distribution; (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation, or winding up is expected to become effective; and (iii) the time, if any is to be fixed, as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation, or winding up.

(e) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series A Preferred Stock.

(f) Notices. Any notice required by the provisions of this Section 4 to be given to the holder of shares of the Series A Preferred Stock shall be deemed given when personally delivered to such holder or five (5) business days after the same has been deposited in the United States mail, certified or registered mail, return receipt requested, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

(g) Payment of Taxes. The Corporation will pay all taxes and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock.

(h) No Dilution or Impairment. The Corporation shall not amend its Articles of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in carrying out all such action as may be reasonably necessary or

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appropriate in order to protect the conversion rights of the holders of the Series A Preferred Stock against dilution or other impairment.

5. Optional Redemption. The Corporation shall have the right, but not the obligation, to purchase and redeem all, or any portion, of the then outstanding Series A Preferred Stock.

(a) Notice of Redemption. Except as otherwise provided herein, the Corporation shall mail written notice of each redemption of any Series A Preferred Stock to each record holder not more than sixty (60) nor less than thirty (30) days prior to the date on fixed for redemption (the "Redemption Date"). Such notice shall include the date for redemption and the number of Series A Preferred Stock held by such holder to be redeemed.

(b) Redemption Price. The Corporation shall redeem shares of the Series A Preferred Stock at the Stated Value.

(c) Method of Payment of Redemption Price. This Corporation shall complete the redemption of any Series A Preferred Stock by mailing to the registered holders, on the Redemption Date, an amount in cash out of moneys legally available and sufficient to redeem the Series A Preferred Stock held by each such holder, at the Redemption Price, upon surrender by such holders of the certificates evidencing the shares being redeemed, which certificates shall be properly endorsed in blank. In case fewer than the total number of Series A Preferred Stock represented by any certificate are to be redeemed, a new certificate representing the number of unredeemed Series A Preferred Stock shall be issued to the holder thereof without cost to such holder within five (5) business days after surrender of the certificate representing the redeemed Series A Preferred Stock. All rights with respect to Series A Preferred Stock called for redemption shall cease and terminate on the Redemption Date, except only the right of the holders to receive the Redemption Price without interest upon surrender of their certificates. All Series A Preferred Stock which are in any manner redeemed or acquired by this Corporation shall be retired and canceled and none of such shares shall be reissued.

If the funds of the Corporation legally available for redemption of Series A Preferred Stock on any applicable Redemption Date are insufficient to redeem the total number of Series A Preferred Stock called for redemption, those funds which are legally available shall be used to redeem the maximum possible number of Series A Preferred Stock called for redemption pro rata among the holders of the Series A Preferred Stock. At any time after redemption that additional funds of the Corporation become legally available for the redemption of Series A Preferred Stock, such funds shall immediately be used to redeem any Series A Preferred Stock called for redemption pro rata among the holders of the Series A Preferred Stock.

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Upon the giving of a written notice from the Corporation of a redemption, and prior to the date fixed by such notice for redemption of the Series A Preferred Stock, a holder of Series A Preferred Stock may elect to convert, prior to redemption, in accordance with this Section, all or a part of the number of Series A Preferred Stock fixed by the notice for redemption from such holder. In such event, the number of Series A Preferred Stock to be redeemed from such holder shall be reduced by the number of shares that the holder of such Series A Preferred Stock shall have elected to convert prior to redemption.

6. Voting Rights. Unless otherwise provided under the laws of the State of Florida, the Series A Preferred Stock shall have no voting rights.

7. Lost or Stolen Certificates. Upon receipt by the Corporation of evidence satisfactory to the Corporation of the loss, theft, destruction or mutilation of any Series A Preferred Stock Certificates, and, in the case of loss, theft or destruction, of any indemnification undertaking by the holder to the Corporation and, in the case of mutilation, upon surrender and cancellation of the Series A Preferred Stock Certificate(s), the Corporation shall execute and deliver new preferred stock certificate(s) of like tenor and date; provided, however, the Corporation shall not be obligated to re-issue preferred stock certificates if the holder contemporaneously requests the Corporation to convert such Series A Preferred Stock into Common Stock in which case such Series A Preferred Stock shall be converted pursuant to the terms of this Certificate and a preferred stock certificate shall only be issued if required pursuant to the terms hereof.

The foregoing Amendment was adopted by the Board of Directors of the Corporation pursuant to Sections 607.0820 and 607.0602 of the Florida Business Corporation Act. Therefore, the number of votes cast for the Amendment to the Corporation's Articles of Incorporation was sufficient for approval.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designation to be duly executed by its Chief Executive Officer this July 5th 2006.

INTERCHANGE MEDICAL, INC.



Ahmad Moradi, Ph.D.
Chief Executive Officer