

CERTIFICATE OF INCORPORATION

OF

ION NETWORKS, INC.

The undersigned, a natural person, for the purpose of organizing a corporation for conducting the business and promoting the purposes hereinafter stated, under the provisions and subject to the requirements of the laws of the State of Delaware (particularly Chapter 1, Title 8 of the Delaware Code and the acts amendatory thereof and supplemental thereto, and known, identified and referred to as the "General Corporation Law of the State of Delaware"), hereby certifies that:

FIRST: The name of the corporation (hereinafter called the "Corporation") is Ion Networks, Inc.

SECOND: The address, including street, number, city, and county, of the registered office of the Corporation in the State of Delaware is 30 Old Rudnick Lane, Dover, Delaware 19901, County of Kent; and the name of the registered agent of the Corporation in the State of Delaware is Bridge Service Corp.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares which the Corporation shall have authority to issue is Two Hundred (200), all of which are with one cent (\$.01) par value. All such shares are of one class and are shares of Common Stock.

FIFTH: The name and the mailing address of the incorporator are as follows:

<u>NAME</u>	<u>MAILING ADDRESS</u>
David R. Fishkin	c/o Parker Chapin Flattau & Klimpl, LLP 1211 Avenue of the Americas New York, New York 10036

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver of receivers appointed for the Corporation under the

provisions of section 291 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

EIGHTH: For management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation and of its directors and of its stockholders or any class thereof, as the case may be, it is further provided:

1. The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the Bylaws. The phrase "whole Board" and the phrase "total number of directors" shall be deemed to have the same meaning, to wit, the total number of directors which the Corporation would have if there were no vacancies. No election of directors need be by written ballot.
2. After the original or other By-laws of the Corporation have been adopted, amended, or repealed, as the case may be, in accordance with the provisions of Section 109 of the General Corporation Law of the State of Delaware, and, after the Corporation has received any payment for any of its stock, the power to adopt, amend, or repeal the Bylaws of the Corporation may be exercised by the Board of Directors of the Corporation; provided, however, that any provision for the classification of directors of the Corporation for staggered terms pursuant to the provisions of subsection (d) of Section 141 of the General Corporation law of the State of Delaware shall be set forth in an initial Bylaw or in a Bylaw adopted by the stockholders entitled to vote of the Corporation unless provisions for such classification shall be set forth in this certificate of incorporation.
3. Whenever the Corporation shall be authorized to issue only one class of stock, each outstanding share shall entitle the holder thereof to notice of, and the right to vote at, any meeting of stockholders. Whenever the Corporation shall be authorized to issue more than one class of stock, no outstanding share of any class of stock which is denied voting power under the provisions of the certificate of incorporation


shall entitle the holder thereof to the right to vote at any meeting of stockholders, except as the provisions of paragraph (2) of subsection (b) of Section 242 of the General Corporation Law of the State of Delaware shall otherwise require; provided, that no share of any such class which is otherwise denied voting power shall entitle the holder thereof to vote upon the increase or decrease in the number of authorized shares of said class.

NINTH: The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permitted by paragraph (7) of subsection (b) of Section 102 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented.

TENTH: The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said Section from and against any and all of the expenses (including, without limitation, attorneys fees and expenses), liabilities or other matters referred to in or covered by said Section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding the position giving rise to the entitlement to indemnification, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, estate, executors and administrators of any such person.

ELEVENTH: From time to time any of the provisions of this certificate of incorporation may be amended, altered or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the Corporation by this certificate of incorporation are granted subject to the provisions of this Article ELEVENTH.

IN WITNESS WHEREOF, the undersigned has signed this certificate and does hereby affirm the statements contained therein as true under the penalties of perjury this 5th day of August, 1998.


David R. Fishkin, Incorporator

**CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION
BEFORE PAYMENT OF
ANY PART OF THE CAPITAL**

OF

ION NETWORKS, INC.

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is Ion Networks, Inc.


2. The corporation has not received any payment for any of its stock.

3. The certificate of incorporation of the corporation is hereby amended by striking out Article Fourth thereof and by substituting in lieu of said Article the following new Article:

" **FOURTH:** The total number of shares of stock which the Corporation shall have authority to issue is Fifty Million Two Hundred Thousand, consisting of Fifty Million (50,000,000) shares of Common Stock with a par value of \$.001 per share and Two Hundred Thousand (200,000) shares of Preferred Stock with a par value of \$10.00 per share."

4. The amendment of the certificate of incorporation of the corporation herein certified was duly adopted, pursuant to the provisions of Section 241 of the General Corporation Law of the State of Delaware, by the sole incorporator, no directors having been named in the certificate of incorporation and no directors having been elected.

Dated: December 10, 1998


David R. Fishkin, Sole Incorporator

**CERTIFICATE OF MERGER
OF**

MICROFRAME, INC.

INTO

ION NETWORKS, INC.

(under Section 252 of the General Corporation Law)

Pursuant to Section 252(c) of the General Corporation Law of the State of Delaware, it is hereby certified that:

1. The name and state of incorporation of each of the constituent corporations participating in the merger herein certified (the "Merger") are as follows:
 - (i) MicroFrame, Inc., which is incorporated under the laws of the State of New Jersey ("MicroFrame"); and
 - (ii) Ion Networks, Inc., which is incorporated under the laws of the State of Delaware ("Ion").
2. An Agreement and Plan of Merger has been approved, adopted, certified, executed and acknowledged by each of the aforesaid constituent corporations in accordance with the provisions of subsection (c) of Section 252 of the General Corporation Law of the State of Delaware.
3. The name of the surviving corporation in the Merger is "Ion, Networks, Inc." which will continue its existence as said surviving corporation upon the effective time of the Merger pursuant to the provisions of the General Corporation Law of the State of Delaware.
4. The Certificate of Incorporation of Ion, as now in force and effect, shall continue to be the Certificate of Incorporation of said surviving corporation until amended pursuant to the provisions of the General Corporation Law of the State of Delaware.

5. The executed Agreement and Plan of Merger between the aforesaid constituent corporations is on file at the principal place of business of the aforesaid surviving corporation, the address of which is as follows:

Ion Networks, Inc.
21 Meridian Road
Edison, New Jersey 08820

6. A copy of the aforesaid Agreement and Plan of Merger will be furnished by the aforesaid surviving corporation, on request, and without cost, to any stockholder of each of the aforesaid constituent corporations.

7. The authorized capital stock of MicroFrame consists of 50,000,000 shares of common stock, par value \$.001 per share, and 200,000 shares of preferred stock, par value \$10.00 per share.

8. The Merger shall become effective as of March 31, 1999.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Merger as of the date set forth below.

Dated: March 16, 1999

MICROFRAME, INC.

By: Stephen B. Gray
Name: Stephen B. Gray
Title: President

ION NETWORKS, INC.

By: Stephen B. Gray
Name: Stephen B. Gray
Title: President

CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
ION NETWORKS, INC.

Pursuant to Section 242 of the General Corporation Law of the State of Delaware, the undersigned, Stephen B. Gray, the President and Chief Executive Officer of Ion Networks, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the name of the Corporation is ION NETWORKS, INC. (hereinafter, the "Corporation");

SECOND: That the Certificate of Incorporation of the Corporation is hereby amended by striking out Article FOURTH thereof and by substituting in lieu of said Article the following new Article FOURTH:

"FOURTH: The Corporation is authorized to issue two classes of shares designated common stock ("Common Stock") and preferred stock ("Preferred Stock"), respectively. The number of shares of Common Stock authorized to be issued is 50,000,000, with a par value of \$.001 per share, and the number of shares of Preferred Stock authorized to be issued is 1,000,000, with a par value of \$.001 per share. Shares of Common Stock or Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation may be reissued except as otherwise provided by law.

Preferred Stock. Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors, each of said series to be distinctly designated. The designations, number, voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, if any, of each such series may differ from those of any and all other series of Preferred Stock at any time outstanding, and the Board of Directors is hereby expressly granted authority to fix or alter, by resolution or resolutions, and to file a certificate pursuant to the applicable law of the State of Delaware (hereinafter referred to as a "Certificate of Designation"), the designation, number, voting powers, preferences and relative, participating, optional and other special

rights, and the qualifications, limitations and restrictions thereof, of each such series, including, but without limiting the generality of the foregoing, the following:

- (i) The distinctive designation of, and the number of shares of Preferred Stock that shall constitute, such series, which number (except where otherwise provided by the Board of Directors in the resolution establishing such series) may be increased or decreased (but not below the number of shares of such series then outstanding) from time to time by like action of the Board of Directors;
- (ii) The rights in respect of dividends, if any, of such series of Preferred Stock, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes or on any other series of the same or other class or classes of capital stock of the Corporation and whether such dividends shall be cumulative or noncumulative; *
- (iii) The right, if any, of the holders of such series of Preferred Stock to convert the same into, or exchange the same for, shares of any other class or classes or of any other series of the same or any other class or classes of capital stock of the Corporation, and the terms and conditions of such conversion or exchange;
- (iv) Whether or not shares of such series of Preferred Stock shall be subject to redemption, and the redemption price or prices and the time or time at which, and the terms and conditions on which, shares of such series of Preferred Stock may be redeemed;
- (v) The rights, if any, of the holders of such series of Preferred Stock upon the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation or in the event of any merger or consolidation of or sale of assets by the Corporation;
- (vi) The voting powers, if any, of the holders of any series of Preferred Stock generally or with respect to any particular matter, which may be less than, equal to or greater than one vote per share; and
- (vii) Such other powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as the Board of Directors shall determine."

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Board of Directors of Ion Networks, Inc. has caused this Certificate to be signed by its Chief Executive Officer and President, Stephen B. Gray, and attested to by Kenneth G. Hay, its Chief Financial Officer, this 12th day of October, 1999.

ION NETWORKS, INC.

By: /s/ Stephen B. Gray
Stephen B. Gray,
Chief Executive Officer and President

Attest:

/s/ Kenneth G. Hay
Kenneth G. Hay,
Chief Financial Officer

**CERTIFICATE OF DESIGNATION
OF
RIGHTS, PREFERENCES, PRIVILEGES AND RESTRICTIONS
OF
SERIES A PREFERRED STOCK
OF
ION NETWORKS, INC.**

The undersigned officer of ION Networks, Inc., a corporation organized and existing under the General Corporation Law of Delaware (the "Company"), does hereby certify:

That, pursuant to the authority conferred upon the Board of Directors of the Company by its Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the General Corporation Law of Delaware, the Board of Directors, at a duly constituted meeting, adopted the following recitals and resolution, which resolution remains in full force and effect on the date hereof:

WHEREAS, the Certificate of Incorporation of the Company, as amended, provides for a class of stock designated "Preferred Stock";

WHEREAS, the Certificate of Incorporation of the Company, as amended, provides that the Preferred Stock may be issued from time to time in one or more series and authorizes the Board of Directors of the Company to fix and determine or alter the powers, designations, preferences and relative, participating, optional and other rights and qualifications, limitations and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and to fix the number of shares constituting any such series and the designation thereof; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix and determine the powers, designations, preferences and relative, participating, optional and other rights and qualifications, limitations and restrictions thereof and other matters relating to a Series A Preferred Stock;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for a series of Preferred Stock of the Company consisting of 200,000 shares designated as "Series A Preferred Stock" and does hereby fix and determine the powers, designations, preferences and relative, participating, optional and other rights and qualifications, limitations and restrictions thereof and other matters relating to the Series A Preferred Stock as follows:

1. Dividend Provisions. Any dividends that shall be distributed among the holders of Common Stock shall also be distributed to the holders of Series A Preferred Stock in proportion to the number of shares of Common Stock which would be held by each such holder if all shares of such series of Preferred Stock were converted to Common Stock at the then effective conversion rate for such series of Preferred Stock.

2. Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the holders of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to One Dollar and Ninety Cents (\$1.90) (the "Original Series A Issue Price"). If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Company legally available for distribution to stockholders shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the full preferential amount each such holder is otherwise entitled to receive under this paragraph.

3. Redemption. Neither the Company nor the holders of Series A Preferred Stock shall have the unilateral right to call or redeem or cause to have called or redeemed any shares of the Series A Preferred Stock.

4. Conversion. The holders of the Series A Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert.

(i) Each share of Series A Preferred Stock, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Company or any transfer agent for such stock, shall convert into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Original Series A Issue Price by the Conversion Price applicable to such share, determined as hereafter provided, in effect on the date the certificate is surrendered for conversion.

(ii) In addition to the conversion right specified in subparagraph (i) above, if the Company shall issue, after the date upon which any shares of Series A Preferred Stock were first issued (the "Purchase Date") and before March 1, 2003, equity securities (or units containing equity securities) in a transaction or series of related transactions that provide gross proceeds to the Company of not less than Three Million Dollars (\$3,000,000) (an "Equity Transaction"), then each share of Series A Preferred Stock, at the option of the holder thereof, shall convert into such number of equity securities (or units of equity securities) issued by the Company in the Equity Transaction as is determined by dividing the Original Series A Issue Price by the price per share of equity security or price per unit of equity securities, as the case may be, paid by purchasers in the Equity Transaction.

(iii) The initial Conversion Price per share for shares of Series A Preferred Stock shall be nineteen cents (\$0.19); provided, however, that the Conversion Price for the Series A Preferred Stock shall be subject to adjustment as set forth below.

(b) Mechanics of Conversion. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock or into the securities issued in an Equity Transaction, the holder shall surrender the certificate or certificates therefor,

duly endorsed, at the office of the Company or of any transfer agent for the Series A Preferred Stock, and shall give written notice to the Company at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock or the securities issued in an Equity Transaction, as appropriate, to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock or the securities issued in an Equity Transaction, as appropriate, issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock or such securities issued in an Equity Transaction, as appropriate, as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, as amended, the conversion may, at the option of any holder tendering Series A Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the persons entitled to receive the Common Stock or the securities issued in an Equity Transaction, as appropriate, upon conversion of the Series A Preferred Stock shall not be deemed to have converted the Series A Preferred Stock until immediately prior to the closing of such sale of securities.

(c) Conversion Price Adjustments of Series A Preferred Stock. The Conversion Price of the Series A Preferred Stock shall be subject to adjustment from time to time as follows:

(i) In the event of (A) the acquisition of the Company by another entity prior to the completion of an Equity Transaction, by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation, but excluding any merger effected exclusively for the purpose of changing the domicile of the Company) in which the Company's stockholders of record or their affiliates as constituted immediately prior to such acquisition will, immediately after such acquisition (by virtue of securities issued as consideration for the Company's acquisition or otherwise) fail to hold at least 50% of the voting power of the resulting or surviving corporation following such acquisition, or (B) a sale of all or substantially all of the assets of the Company prior to the completion of an Equity Transaction, the Conversion Price shall be adjusted to the lesser of (1) fifteen cents (\$0.15) per share (subject to appropriate proportionate adjustment on the occurrence of an event described in Section 4(c)(iii) or 4(c)(iv) below) or (2) an amount equal to the consideration per share of Common Stock to be paid in such acquisition.

(ii) No adjustment of the Conversion Price for any series of Preferred Stock shall be made in an amount less than one cent per share, provided that any adjustments that are not required to be made by reason of this sentence shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to three (3) years from the date of the event giving rise to the adjustment being carried forward, or shall be made at the end of three (3) years from the date of the event giving rise to the adjustment being carried

forward. Except to the limited extent provided for below, no adjustment of such Conversion Price pursuant to this Section shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(iii) In the event the Company should at any time or from time to time after the applicable Purchase Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price of the Series A Preferred Stock shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents.

(iv) If the number of shares of Common Stock outstanding at any time after the applicable Purchase Date is decreased by a reverse stock split or other combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Price for the Series A Preferred Stock shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(d) Other Distributions. In the event the Company shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Company or other persons, assets (excluding cash dividends) or options or rights, then, in each such case for the purpose of this Section 4(d), the holders of the Series A Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of the Company into which their shares of such series of Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Company entitled to receive such distribution.

(e) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in Section 4(c)), provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of such series of Preferred Stock the number of shares of stock or other securities or property of the Company or otherwise, to which a holder of the number of shares of Common Stock deliverable upon conversion of the Preferred Stock held by such holder would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of Section 4(c) with respect to the rights of the holders of the Series A Preferred Stock after the recapitalization to the end that the provisions of Section 4(c) (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of

such series of Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(f) No Impairment. The Company will not, by amendment of its Amended Certificate of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of Section 4(c) and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of Series A Preferred Stock against impairment.

(g) No Fractional Shares and Certificate as to Adjustments,

(i) No fractional shares shall be issued upon the conversion of any share or shares of Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then fair market value of a share of Common Stock as determined in good faith by the Board of Directors. The number of shares of Common Stock to be issued upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock or securities issued in an Equity Transaction issuable upon such aggregate conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of Series A Preferred Stock pursuant to Section 4(c), the Company, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each record 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. 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 (A) such adjustment and readjustment, (B) the Conversion Price for Series A Preferred Stock at the time in effect, and (C) 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 a share of Series A Preferred Stock.

(h) Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Company shall mail to each record holder of Series A Preferred Stock, at least twenty (20) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(i) Reservation of Stock Issuable Upon Conversion. 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 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, in addition to such other remedies as shall be available to the holder of the Series A Preferred Stock, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to its Amended Certificate of Incorporation.

(j) Notices. Any notice required by the provisions of Section 4(c) to be given to the holders of shares of Series A Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Company.

5. Voting Rights. Except as specifically provided in Section 6, the Series A Preferred Stock shall not have voting rights.

6. Protective Provisions.

(a) Subject to the rights of series of Preferred Stock which may from time to time come into existence, so long as any shares of Series A Preferred Stock are outstanding, the Company shall not without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock voting separately as a single class:

(i) alter or change the rights, preferences or privileges of the shares of Series A Preferred Stock so as to affect adversely such shares of Series A Preferred Stock;

(ii) increase or decrease (other than by redemption or conversion) the total number of authorized shares of Series A Preferred Stock;

(iii) authorize or issue, or obligate itself to issue, any equity security (other than Series A Preferred Stock), including any other security convertible into or exercisable for any equity security, having a preference over, or being on a parity with, the Series A Preferred Stock with respect to dividends, liquidation, redemption or voting; or

(iv) effect any reclassification or recapitalization of the Series A Preferred Stock;

7. Status of Redeemed or Converted Stock. In the event any shares of Series A Preferred Stock shall be converted as provided for herein, the shares so redeemed or converted shall be cancelled and shall not be issuable by the Company.

IN WITNESS WHEREOF, ION Networks, Inc. has caused this Certificate of Designation to be executed by its duly authorized officer this 13th day of September, 2002.

/s/ Kam Saifi

Name: Kam Saifi

Title: Chief Executive Officer

**AMENDED AND RESTATED
CERTIFICATE OF DESIGNATION
OF
RIGHTS, PREFERENCES, PRIVILEGES AND RESTRICTIONS
OF
SERIES A PREFERRED STOCK
OF
ION NETWORKS, INC.**

The undersigned officer of ION Networks, Inc., a corporation organized and existing under the General Corporation Law of Delaware (the "Company"), does hereby certify:

That, pursuant to the authority conferred upon the Board of Directors of the Company by its Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the General Corporation Law of Delaware, the Board of Directors, at a duly constituted meeting, adopted the following recitals and resolution, which resolution remains in full force and effect on the date hereof:

WHEREAS, the Certificate of Incorporation of the Company, as amended, provides for a class of stock designated "Preferred Stock";

WHEREAS, the Certificate of Incorporation of the Company, as amended, provides that the Preferred Stock may be issued from time to time in one or more series and authorizes the Board of Directors of the Company to fix and determine or alter the powers, designations, preferences and relative, participating, optional and other rights and qualifications, limitations and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and to fix the number of shares constituting any such series and the designation thereof;

WHEREAS, the Board of Directors, pursuant to its authority as aforesaid, has provided for a series of Preferred Stock of the Company consisting of 200,000 shares designated as "Series A Preferred Stock" and has fixed and determined the powers, designations, preferences and relative, participating, optional and other rights and qualifications, limitations and restrictions thereof and other matters relating to the Series A Preferred Stock by previously filing a Certificate of Designation of Rights, Preferences, Privileges and Restrictions of Series A Preferred Stock; and

WHEREAS, the Corporation wishes to amend and restate such powers, designations, preferences and relative, participating, optional and other rights and qualifications, limitations and restrictions of the Series A Preferred Stock and other matters relating to the Series A Preferred Stock;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby amend and restate the Certificate of Designation of Rights, Preferences, Privileges and Restrictions of Series A Preferred Stock as follows:

1. Dividend Provisions. No dividends shall be paid to the holders of Series A Preferred Stock.

2. Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the holders of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to One Dollar and Eighty Cents (\$1.80) (the "Original Series A Issue Price"). If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Company legally available for distribution to stockholders shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the full preferential amount each such holder is otherwise entitled to receive under this paragraph.

3. Redemption. Neither the Company nor the holders of Series A Preferred Stock shall have the unilateral right to call or redeem or cause to have called or redeemed any shares of the Series A Preferred Stock.

4. Conversion. The holders of the Series A Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert.

(i) Each share of Series A Preferred Stock, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Company or any transfer agent for such stock, shall convert into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Original Series A Issue Price by the Conversion Price applicable to such share, determined as hereafter provided, in effect on the date the certificate is surrendered for conversion.

(ii) The Conversion Price per share for shares of Series A Preferred Stock shall be eighteen cents (\$0.18); provided, however, that the Conversion Price for the Series A Preferred Stock shall be subject to adjustment as set forth below.

(b) Mechanics of Conversion. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock, the holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent for the Series A Preferred Stock, and shall give written notice to the Company at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to

be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, as amended, the conversion may, at the option of any holder tendering Series A Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the persons entitled to receive the Common Stock upon conversion of the Series A Preferred Stock shall not be deemed to have converted the Series A Preferred Stock until immediately prior to the closing of such sale of securities.

(c) Conversion Price Adjustments of Series A Preferred Stock. The Conversion Price of the Series A Preferred Stock shall be subject to adjustment from time to time as follows:

(i) No adjustment of the Conversion Price for any series of Preferred Stock shall be made in an amount less than one cent per share, provided that any adjustments that are not required to be made by reason of this sentence shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to three (3) years from the date of the event giving rise to the adjustment being carried forward, or shall be made at the end of three (3) years from the date of the event giving rise to the adjustment being carried forward. Except to the limited extent provided for below, no adjustment of such Conversion Price pursuant to this Section shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(ii) In the event the Company should at any time or from time to time after the applicable Purchase Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price of the Series A Preferred Stock shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents.

(iii) If the number of shares of Common Stock outstanding at any time after the applicable Purchase Date is decreased by a reverse stock split or other combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Price for the Series A Preferred Stock shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(d) Other Distributions. In the event the Company shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Company or other persons, assets (excluding cash dividends) or options or rights, then, in each such case for the purpose of this Section 4(d), the holders of the Series A Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of the Company into which their shares of such series of Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Company entitled to receive such distribution.

(e) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in Section 4(c)), provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of such series of Preferred Stock the number of shares of stock or other securities or property of the Company or otherwise, to which a holder of the number of shares of Common Stock deliverable upon conversion of the Preferred Stock held by such holder would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of Section 4(c) with respect to the rights of the holders of the Series A Preferred Stock after the recapitalization to the end that the provisions of Section 4(c) (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of such series of Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(f) No Impairment. The Company will not, by amendment of its Amended Certificate of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of Section 4(c) and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of Series A Preferred Stock against impairment.

(g) No Fractional Shares and Certificate as to Adjustments,

(i) No fractional shares shall be issued upon the conversion of any share or shares of Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then fair market value of a share of Common Stock as determined in good faith by the Board of Directors. The number of shares of Common Stock to be issued upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of Series A Preferred Stock pursuant to Section 4(c), the Company, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms

hereof and prepare and furnish to each record 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. 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 (A) such adjustment and readjustment, (B) the Conversion Price for Series A Preferred Stock at the time in effect, and (C) 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 a share of Series A Preferred Stock.

(h) Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Company shall mail to each record holder of Series A Preferred Stock, at least twenty (20) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(i) Reservation of Stock Issuable Upon Conversion. 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 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, in addition to such other remedies as shall be available to the holder of the Series A Preferred Stock, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to its Amended Certificate of Incorporation.

(j) Notices. Any notice required by the provisions of Section 4(c) to be given to the holders of shares of Series A Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Company.

5. Voting Rights. Except as specifically provided in Section 6, the Series A Preferred Stock shall not have voting rights.

6. Protective Provisions.

(a) Subject to the rights of series of Preferred Stock which may from time to time come into existence, so long as any shares of Series A Preferred Stock are outstanding, the Company shall not without first obtaining the approval (by vote or written

consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock voting separately as a single class:

(i) alter or change the rights, preferences or privileges of the shares of Series A Preferred Stock so as to affect adversely such shares of Series A Preferred Stock;

(ii) increase or decrease (other than by redemption or conversion) the total number of authorized shares of Series A Preferred Stock;

(iii) authorize or issue, or obligate itself to issue, any equity security (other than Series A Preferred Stock), including any other security convertible into or exercisable for any equity security, having a preference over, or being on a parity with, the Series A Preferred Stock with respect to dividends, liquidation, redemption or voting; or

(iv) effect any reclassification or recapitalization of the Series A Preferred Stock.

7. Status of Redeemed or Converted Stock. In the event any shares of Series A Preferred Stock shall be converted as provided for herein, the shares so redeemed or converted shall be cancelled and shall not be issuable by the Company.

IN WITNESS WHEREOF, ION Networks, Inc. has caused this Amended and Restated Certificate of Designation of Rights, Preferences, Privileges and Restrictions of Series A Preferred Stock to be executed by its duly authorized officer this 13th day of September, 2002.

/s/ Kam Saifi

Name: Kam Saifi

Title: Chief Executive Officer

**STATE OF DELAWARE
CERTIFICATE OF CHANGE
OF REGISTERED AGENT AND/OR
REGISTERED OFFICE**

The Board of Directors of Ion Networks, Inc.,
a Corporation of Delaware, on this ninth day of
November, A.D. 2004, do hereby resolve and order that the
location of the Registered Office of this Corporation within this State be, and the
same hereby is 160 Greentree Drive, Suite 101
Street, in the City of Dover,
County of Kent Zip Code 19904.

The name of the Registered Agent therein and in charge thereof upon whom
process against this Corporation may be served, is
National Registered Agents, Inc.

Ion Networks, Inc. a Corporation of Delaware,
does hereby certify that the foregoing is a true copy of a resolution adopted by the
Board of Directors at a meeting held as herein stated.

IN WITNESS WHEREOF, said Corporation has caused this certificate to be
signed by an authorized officer, the 9th day of November,
A.D., 2004.

By: Patrick E. Delaney
Authorized Officer

Name: PATRICK E. DELANEY
Print or Type

Title: CFO

CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
ION NETWORKS, INC.

ION NETWORKS, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

1. Article FIRST of the certificate of incorporation of the Corporation is hereby amended to read, in its entirety, as follows:

"FIRST: The name of the corporation (hereinafter called the "Corporation") is Clacendix, Inc."

2. The aforesaid amendment was duly adopted by the board of directors of the Corporation and the stockholders of the Corporation, respectively, in accordance with the applicable provisions of Sections 141 and 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of the Certificate of Incorporation to be signed by Norman E. Corn, its Chief Executive Officer, this 3rd day of January, 2008.

/s/ Norman E. Corn
Norman E. Corn
Chief Executive Officer

**CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
CLACENDIX, INC.**

CLACENDIX, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

1. The second sentence of Article FOURTH of the certificate of incorporation of the Corporation is hereby amended to read as follows:

"The number of shares of Common Stock authorized to be issued is 750,000,000, with a par value of \$.001 per share, and the number of shares of Preferred Stock authorized to be issued is 1,000,000, with a par value of \$.001 per share."

2. The aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 141, 228 and 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to the Certificate of Incorporation to be signed by Patrick E. Delaney, its Chief Financial Officer, this 14th day of July, 2008.

\s\ Patrick E. Delaney
Patrick E. Delaney
Chief Financial Officer

**STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION**

The corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the Board of Directors of

Clacendix, Inc.

resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and submitting the amendment to the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation for this corporation be amended by changing the Article thereof numbered "First" so that, as amended, said Article shall be and read as follows:

First. The name of the corporation (hereinafter called the "Corporation") is HealthWarehouse.com, Inc.

SECOND: That thereafter, the amendment was adopted by a written consent of the stockholders of said corporation.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That said amendment shall be effective August 5, 2009.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed this 31st day of July, 2009.

By: _____

Authorized Officer

Title: President

Name: Lalit Dhadphale

**CERTIFICATE OF AMENDMENT
TO THE CERTIFICATE OF INCORPORATION OF
HEALTHWAREHOUSE.COM, INC.**

HEALTHWAREHOUSE.COM, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: The name of the Corporation is HealthWarehouse.com, Inc.

SECOND: The date on which the Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of the State of Delaware is August 5, 1998.

THIRD: The Board of Directors of the Corporation, acting in accordance with the provisions of Sections 141 and 242 of the General Corporation Law of the State of Delaware, adopted resolutions with respect to an amendment to the Corporation's Certificate of Incorporation as set forth below, declaring such amendment to be advisable, and directing that such amendment be submitted for approval by the Corporation's stockholders:


I. Pursuant to Section 242 of the Delaware General Corporation Law, this Certificate of Amendment hereby amends the provisions of the Corporation's Certificate of Incorporation by deleting the first paragraph of Article Fourth and substituting therefore a new first paragraph to read in its entirety as follows:

"Fourth: This Corporation is authorized to issue two classes of shares to be designated, respectively, Common Stock and Preferred Stock. The total number of shares of Common Stock that this Corporation is authorized to issue is 50,000,000, with a par value of \$0.001 per share, and the total number of shares of Preferred Stock that this Corporation is authorized to issue is 1,000,000, with a par value of \$0.001 per share. Effective as of 5:00 p.m., Eastern time, on the date this Certificate of Amendment to the Certificate of Incorporation is filed with the Secretary of State of the State of Delaware, each Twenty (20) shares of the Corporation's Common Stock, par value \$0.001 per share, issued and outstanding shall, automatically and without any action on the part of the respective holders thereof, be combined and converted into one (1) share of Common Stock, par value \$0.001 per share, of the Corporation. No fractional shares shall be issued and, in lieu thereof, any resulting fractional share shall be rounded up to the nearest whole number. Shares of Common Stock or Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation may be reissued except as otherwise provided by law."

FOURTH: Thereafter, pursuant to a resolution of the Board of Directors, this Certificate of Amendment was submitted for approval to the stockholders of the Corporation entitled to vote thereon, and was duly adopted and approved by such stockholders in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, HealthWarehouse.com, Inc. has caused this Certificate of Amendment to be signed by its President and Chief Executive Officer this 16th day of July, 2010.

HEALTHWAREHOUSE.COM, INC.



By: _____

Lalit Dhadphale,
President and Chief Executive Officer

HEALTHWAREHOUSE.COM, INC.
CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES B PREFERRED STOCK
PURSUANT TO SECTION 151 OF THE
DELAWARE GENERAL CORPORATION LAW

The undersigned, Lalit Dhadphale and Patrick E. Delaney do hereby certify that:

1. They are the President and Chief Executive Officer, and Chief Financial Officer, Treasurer and Secretary, respectively, of HealthWarehouse.com, Inc., a Delaware corporation (the "**Company**").

2. The Company is authorized to issue 1,000,000 shares of preferred stock, \$0.001 par value per share, of which 200,000 shares were previously designated as "Series A Preferred Stock," of which no shares are issued and outstanding.

3. All of the presently undesignated shares of preferred stock of the Company may be issued with such rights and powers as the board of directors of the Company (the "**Board**") may designate.

4. The following resolutions were duly adopted by the Board:

WHEREAS, the certificate of incorporation of the Company, as amended, provides for a class of its authorized stock known as preferred stock, consisting of 1,000,000 shares, \$0.001 par value per share ("**Preferred Stock**"), issuable from time to time in one or more series;

WHEREAS, the Board of Directors is authorized to fix and determine or alter the powers, designations, preferences and relative, participating, optional and other rights and qualifications, limitations and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and to fix the number of shares constituting any such series and the designations thereof; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to a series of the Preferred Stock, which shall consist of up to 625,000 shares of the Preferred Stock which the Company has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of Preferred Stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of Preferred Stock as follows:

TERMS OF SERIES B PREFERRED STOCK

1. DEFINITIONS

In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings:

"Business Day" means any day except any Saturday, any Sunday, any day which is 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.

"Common Stock" means the Company's common stock, par value \$0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company or the 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 exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Equity Valuation" means the product obtained by multiplying (y) the number of shares of Company Common Stock outstanding on a fully-diluted basis (taking into account any then outstanding Common Stock Equivalents) and (z) the closing price of the Company's Common Stock on its principal Trading Market as reported by Bloomberg, L.P. or such other reporting source designated by the Board of Directors.

"Junior Securities" means the Common Stock, the Series A Preferred Stock and all other Common Stock Equivalents of the Company other than those securities which are explicitly senior or pari passu to the Series B Preferred Stock in dividend rights or redemption or liquidation preference.

"Major Exchange" shall mean the NYSE Amex Equities, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing)

"Preferred Stock" shall mean the Series A Preferred Stock, \$0.001 par value per share, of the Company and the Series B Preferred Stock.

"Stated Price" shall mean \$1.89.

"Trading Day" means a day on which the principal Trading Market is open for business.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: a Major Exchange or the OTC Bulletin Board (or any successors to any of the foregoing).

2. DESIGNATION

The series of preferred stock established hereunder shall be designated as Series B Preferred Stock (the "***Series B Preferred Stock***") and the number of shares so designated shall be up to 625,000 (which shall not be subject to increase without the written consent of the holders of the Series B Preferred Stock in accordance with Section 4(b) hereof). Each share of Series B Preferred Stock shall have a par value of \$0.001 per share, and an original issue price equal to \$9.45 per share (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof, the "***Original Issue Price***").

3. DIVIDEND RIGHT

(a) The holders of Series B Preferred Stock, in preference to the holders of other Preferred Stock or Common Stock, shall be entitled to receive dividends at the rate of seven percent (7%) of the Original Issue Price per annum on each outstanding share of Series B Preferred Stock. Such dividends shall accrue from day to day, whether or not declared by the Board and shall be cumulative, measured in each case of each share on which such dividends are payable from the date each such share was issued by the Company (the "***Accruing Dividend***"). The Company will declare and pay the Accruing Dividend annually (the "***Annual Dividend***") and (i) upon a Liquidation Event or (ii) upon conversion (as provided in Section 7) of Series B Preferred Stock into Common Stock. The Accruing Dividend will be payable in cash or in shares of Series B Preferred Stock (a "***PIK Dividend***") as set forth below, as determined by the Board.

(i) The first Annual Dividend will be paid on January 1, 2011, and all subsequent payments shall be made on January 1 of each succeeding year or, if earlier, (i) upon a Liquidation Event or (ii) upon conversion (as provided in Section 7) of Series B Preferred Stock into Common Stock. If any dividend payment date is not a Trading Day, the applicable payment shall be due on the next succeeding Trading Day.

(ii) With respect to the payment of any PIK Dividend, the number of shares of Series B Preferred Stock to be issued in payment of such PIK Dividend with respect to each outstanding share of Series B Preferred Stock shall be determined by dividing (x) the amount of the PIK Dividend (were it paid in cash) by (y) the Original Issue Price. To the extent that any PIK Dividend would result in the issuance of a fractional share of Series B Preferred Stock to any holder of Series B Preferred Stock, then the amount of such fraction multiplied by the Original Issue Price shall be paid in cash (unless there are no legally available funds with which to make such cash payment, in which event such cash payment shall be made as soon as legally possible thereafter).

(b) Dividends on the Series B Preferred Stock shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue daily commencing on the Original Issue Date, or, in the case of Series B Preferred Stock originally issued as a PIK Dividend, on the date such PIK Dividend was paid, 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,

(c) So long as any shares of Series B Preferred Stock are outstanding, the Company shall not pay or declare any dividend, whether in cash or property, or make any other distribution on any Junior Security, or purchase, redeem or otherwise acquire for value any shares of any Junior Security until all dividends as set forth in Section 3(a) above on the Series B Preferred Stock shall have been paid or declared and set apart for payment, except for:

(i) acquisitions of Common Stock by the Company pursuant to agreements which permit the Company to repurchase such shares at cost (or the lesser of cost or fair market value) upon termination of services to the Company;

(ii) acquisitions of Common Stock in exercise of the Company's right of first refusal to repurchase such shares; or

(iii) distributions to holders of Common Stock in accordance with Sections 5 and 6.

(d) In the event dividends are paid on any share of Common Stock, the Company shall pay an additional dividend on all outstanding shares of Series B Preferred Stock in a per share amount equal (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock.

(e) The provisions of Sections 3(c) and 3(d) shall not apply to a dividend payable solely in Common Stock to which the provisions of Section 7(f) hereof are applicable, or any repurchase of any outstanding securities of the Company that is approved by the Board, including the Series B Director.

4. VOTING RIGHTS.

(a) **General Rights.** Each holder of shares of the Series B Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Series B Preferred Stock could be converted (pursuant to Section 7 hereof) immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent and shall have voting rights and powers equal to the voting rights and powers of the Common Stock and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Company. Except as otherwise provided herein or as required by law, the Series B Preferred Stock shall vote together with the Common Stock at any annual or special meeting of the stockholders and not as a separate class, and may act by written consent in the same manner as the Common Stock.

(b) **Separate Vote of Series B Preferred Stock.** For so long as any shares of Series B Preferred Stock remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least a majority of the outstanding Series B Preferred Stock, voting as a separate class, shall be necessary for effecting or validating the following actions (whether by amendment, merger, consolidation, recapitalization or otherwise):

(i) Any amendment, alteration, or repeal of any provision of the Certificate of Incorporation or the Bylaws of the Company, that alters or changes the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series B Preferred Stock or any other class of the Company's preferred equity securities; or

(ii) Any authorization, increase or decrease in the authorized number, or issuance of (x) any new class or series of stock of the Company ranking senior to the Series B Preferred Stock in right of redemption, liquidation preference, voting, conversion or dividend rights or any increase in the authorized number of any such new class or series, (y) any Series A Preferred Stock, or (z) any Series B Preferred Stock.

(c) **Size and Election of Board of Directors.** For so long as any shares of Series B Preferred Stock remain outstanding, the Board shall consist of five (5) members, and holders of Series B Preferred Stock, voting as a separate class, shall be entitled to elect, as a separate class, one (1) member of the Board (the "*Series B Director*") at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such director and to fill any vacancy caused by the resignation, death or removal of such director.

5. LIQUIDATION RIGHTS.

(a) Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary (a "*Liquidation Event*"), before any distribution or payment shall be made to the holders of any Junior Security, the holders of Series B Preferred Stock shall be entitled to be paid out of the assets of the Company legally available for distribution for each share of Series B Preferred Stock held by them, an amount per share of such series of Series B Preferred Stock equal to the Original Issue Price plus any Accruing Dividends accrued but unpaid thereon, whether or not declared together with any other dividends declared but unpaid thereon. If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment in full to all holders of Series B Preferred Stock of the liquidation preference set forth in this Section 5(a), then such assets (or consideration) shall be distributed among the holders of Series B Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

(b) After the payment of the full liquidation preference of the Series B Preferred Stock as set forth in Section 5(a) above, the assets of the Company legally available for distribution in such Liquidation Event (or the consideration received by the Company or its stockholders in such Acquisition or Asset Transfer), if any, shall be distributed ratably to the holders of any Junior Securities and Series B Preferred Stock on an as-if-converted to Common Stock basis.

6. ASSET TRANSFER OR ACQUISITION RIGHTS.

(a) In the event that the Company is a party to an Acquisition or Asset Transfer (as hereinafter defined), then each holder of Series B Preferred Stock shall be entitled to receive, for each share of Series B Preferred Stock then held, out of the proceeds of such Acquisition or Asset Transfer, the amount of cash, securities or other property to which such

holder would be entitled to receive in a Liquidation Event pursuant to Section 5(a) and 5(b) above.

(b) For the purposes of this Section 6, and except as otherwise determined by the written consent of a majority of the outstanding shares of Series B Preferred Stock voting separately as a class: (i) "**Acquisition**" shall mean (A) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, continue to hold at least a majority of the voting power of the surviving entity in substantially the same proportions (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization; or (B) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred; provided that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof; and (ii) "**Asset Transfer**" shall mean a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

(c) In any Acquisition or Asset Transfer, if the consideration to be received is securities of a corporation or other property other than cash, its value will be deemed its fair market value as determined in good faith by the Board, including the Series B Director, on the date such determination is made.

7. CONVERSION RIGHTS.

The holders of the Series B Preferred Stock shall have the following rights with respect to the conversion of the Series B Preferred Stock into shares of Common Stock (the "**Conversion Rights**"):

(a) **Optional Conversion.** Subject to and in compliance with the provisions of this Section 7, any shares of Series B Preferred Stock may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series B Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the applicable "**Series Preferred Conversion Rate**" then in effect (determined as provided in Section 7(b)) by the number of shares of the Series B Preferred Stock being converted.

(b) **Series B Preferred Stock Conversion Rate.** The conversion rate in effect at any time for conversion of shares of Series B Preferred Stock (the "**Series Preferred Conversion Rate**") shall be the quotient obtained by dividing the Original Issue Price by the "**Series Preferred Conversion Price**", calculated as provided in Section 7(c).

(c) **Series B Preferred Stock Conversion Price.** The conversion price for the Series B Preferred Stock shall initially be the Stated Price (the "**Series Preferred Conversion Price**"). The Series Preferred Conversion Price shall be adjusted from time to time

in accordance with this Section 7.

(d) **Mechanics of Conversion.** Each holder of Series B Preferred Stock who desires to convert the same into shares of Common Stock pursuant to this Section 7 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series B Preferred Stock, and shall give written notice to the Company at such office that such holder elects to convert the same. Such notice shall state the number of shares of each series of Series B Preferred Stock being converted. Thereupon, the Company shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay (i) in cash or in shares of Common Stock as a PIK Dividend pursuant to the provisions of Section 3(a)(ii), as determined by the Board, any Accruing Dividends accrued but unpaid thereon, whether or not declared, (ii) in cash, any other cash dividends declared but unpaid on the shares of Series B Preferred Stock being converted and (iii) in cash (at the Common Stock's fair market value determined by the Board as of the date of conversion) the value of any fractional share of Common Stock otherwise issuable to any holder of Series B Preferred Stock. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series B Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date.

(e) **Adjustment for Stock Splits and Combinations.** If at any time or from time to time on or after the date that the first share of Series B Preferred Stock is issued (the "**Original Issue Date**") the Company effects a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series B Preferred Stock, the Series Preferred Conversion Price in effect immediately before such subdivision shall be proportionately decreased. Conversely, if at any time or from time to time after the Original Issue Date the Company combines the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series B Preferred Stock, the Series Preferred Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 7(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) **Adjustment for Common Stock Dividends and Distributions.** If at any time or from time to time on or after the Original Issue Date the Company pays to holders of any class or series of Company's stock a dividend or other distribution in additional shares of Common Stock without a corresponding dividend or other distribution to the holders of Series B Preferred Stock, the then-effective Series Preferred Conversion Price shall be decreased as of the time of such issuance, as provided below:

(i) The Series Preferred Conversion Price shall be adjusted by multiplying such Series Preferred Conversion Price then in effect by a fraction equal to:

(A) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, and

(B) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance plus the number of shares of Common Stock issuable to the holders of such class or series of the Company's stock in payment of such dividend or distribution;

(ii) If the Company fixes a record date to determine which holders of such class or series of the Company's stock are entitled to receive such dividend or other distribution, the applicable Series Preferred Conversion Price shall be fixed as of the close of business on such record date and the number of shares of Common Stock shall be calculated immediately prior to the close of business on such record date; and

(iii) If such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series Preferred Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter such Series Preferred Conversion Price shall be adjusted pursuant to this Section 7(f) to reflect the actual payment of such dividend or distribution.

(g) **Adjustment for Reclassification, Exchange, Substitution, Reorganization, Merger or Consolidation.** If at any time or from time to time on or after the Original Issue Date the Common Stock issuable upon the conversion of the Series B Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification, merger, consolidation or otherwise (other than an Acquisition or Asset Transfer as defined in Section 6 or a subdivision or combination of shares or stock dividend provided for elsewhere in this Section 7), in any such event each holder of Series B Preferred Stock shall then have the right to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification, merger, consolidation or other change by holders of the maximum number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such recapitalization, reclassification, merger, consolidation or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 7 with respect to the rights of the holders of Series B Preferred Stock after the capital reorganization to the end that the provisions of this Section 7 (including adjustment of the Series Preferred Conversion Price then in effect and the number of shares issuable upon conversion of the Series B Preferred Stock) shall be applicable after that event and be as nearly equivalent as practicable.

(h) **Sale of Shares Below Series Preferred Conversion Price.**

(i) If at any time or from time to time on or after the Original Issue Date the Company issues or sells, or is deemed by the express provisions of this Section 7(h) to have issued or sold, Additional Shares of Common Stock (as defined below), other than as provided in Section 7(e), 7(f) or 7(g) above, for an Effective Price (as defined below) less than the then effective Series Preferred Conversion Price (a "*Qualifying Dilutive Issuance*"), then and in each such case, the then effective Series Preferred Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale, to a price determined by multiplying the Series Preferred Conversion Price in effect immediately prior to such issuance or sale by a

fraction equal to:

(A) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as determined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock which the Aggregate Consideration (as defined below) received or deemed received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at such then-effective Series Preferred Conversion Price, and

(B) the denominator of which shall be the number of shares of Common Stock deemed outstanding (as determined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued.

For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of Common Stock outstanding, (B) the number of shares of Common Stock into which the then outstanding shares of Series B Preferred Stock could be converted if fully converted on the day immediately preceding the given date, and (C) the number of shares of Common Stock which are issuable upon the exercise or conversion of all other rights, options and convertible securities outstanding on the day immediately preceding the given date.

(ii) No adjustment shall be made to the Series Preferred Conversion Price in an amount less than one cent per share. Any adjustment required by this Section 7(h) shall be rounded to the nearest one cent \$0.01 per share. Any adjustment otherwise required by this Section 7(h) that is not required to be made due to the preceding two sentences shall be included in any subsequent adjustment to the Series Preferred Conversion Price.

(iii) For the purpose of making any adjustment required under this Section 7(h), the aggregate consideration received by the Company for any issue or sale of securities (the "*Aggregate Consideration*") shall be defined as: (A) to the extent it consists of cash, be computed at the gross amount of cash received by the Company before deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Company in connection with such issue or sale and without deduction of any expenses payable by the Company, (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board, and (C) if Additional Shares of Common Stock, Convertible Securities (as defined below) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(iv) For the purpose of the adjustment required under this Section 7(h), if the Company issues or sells (x) Preferred Stock or other stock, options, warrants, purchase rights or other securities convertible into Additional Shares of Common Stock (such convertible stock or securities being herein referred to as "*Convertible Securities*") or (y) rights or options for the purchase of Additional Shares of Common Stock or Convertible Securities and

if the Effective Price of such Additional Shares of Common Stock is less than the Series Preferred Conversion Price, then the Company shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the issuance of such rights or options or Convertible Securities plus:

(A) in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Company upon the exercise of such rights or options; and

(B) in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Company upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); *provided* that if the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Company shall be deemed to have received the minimum amounts of consideration without reference to such clauses.

(C) If the minimum amount of consideration payable to the Company upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; *provided further*, that if the minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities.

(D) No further adjustment of the Series Preferred Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock or the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Series Preferred Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Series Preferred Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, plus the consideration, if any, actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, *provided* that such readjustment shall not apply to prior conversions of Series B

Preferred Stock.

(v) For the purpose of making any adjustment to the Conversion Price required under this Section 7(h), "*Additional Shares of Common Stock*" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 7(h) (including shares of Common Stock subsequently reacquired or retired by the Company), other than:

(A) shares of Common Stock issued upon conversion of the Series B Preferred Stock or shares of Series B Preferred Stock issued as a PIK Dividend on the Series B Preferred Stock;

(B) shares of Common Stock or Convertible Securities issued after the Original Issue Date to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary pursuant to stock purchase or stock option plans or other arrangements ("Plans") when (i) such Plans have been approved by the Board on or prior to the Original Issue Date, or (ii) are approved by the Board after the Original Issue Date, including the Series B Director;

(C) shares of Common Stock issued pursuant to the exercise of Convertible Securities outstanding as of or issued on the Original Issue Date, or issued as a result of any anti-dilution provision in any Convertible Security outstanding as of or issued on the Original Issue Date;

(D) shares of Common Stock or Convertible Securities issued for consideration other than cash pursuant to a bona fide merger, consolidation, acquisition, strategic alliance or similar business combination approved by the Board, which shall include, in the case of any such issuance to an Affiliate or Related Person of the Company, approval by the Series B Director;

(E) shares of Common Stock or Convertible Securities issued pursuant to any bonafide equipment loan or leasing arrangement, real property leasing arrangement or debt financing from a bank or similar financial institution approved by the Board, which shall include, in the case of any such issuance to an Affiliate or Related Person of the Company, approval by the Series B Director;

(F) shares of Common Stock or Convertible Securities issued in connection with strategic transactions involving the Company and other entities, including (i) joint ventures, manufacturing, marketing or distribution arrangements or (ii) technology transfer or development arrangements; *provided* that the issuance of shares therein (a) has been approved by the Company's Board, which shall include, in the case of any such issuance to an Affiliate or Related Person of the Company, approval by the Series B Director, and (b) is not primarily for equity financing purposes; or

(G) shares of Common Stock or Convertible Securities issued to suppliers or third party service providers in connection with the provision of goods or services; *provided* that such transaction is not primarily for equity financing purposes and is approved by the Board of Directors, which shall include, in the case of any such issuance to an

Affiliate or Related Person of the Company, approval by the Series B Director.

References to Common Stock in the subsections of this clause (v) above shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 7(h). The "**Effective Price**" of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section 7(h), into the Aggregate Consideration received, or deemed to have been received by the Company for such issue under this Section 7(h), for such Additional Shares of Common Stock. In the event that the number of shares of Additional Shares of Common Stock or the Effective Price cannot be ascertained at the time of issuance, such Additional Shares of Common Stock shall be deemed issued immediately upon the occurrence of the first event that makes such number of shares or the Effective Price, as applicable, ascertainable.

For purposes hereof, the terms "**Affiliate**" and "**Related Person**" shall have the same meanings ascribed to such terms in Rule 12b-2 promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and Rule 404 of Regulation S-K promulgated pursuant to the Exchange Act, respectively, and, in each case, any successor provisions

(vi) In the event that the Company issues or sells, or is deemed to have issued or sold, Additional Shares of Common Stock in a Qualifying Dilutive Issuance (the "**First Dilutive Issuance**"), then in the event that the Company issues or sells, or is deemed to have issued or sold, Additional Shares of Common Stock in a Qualifying Dilutive Issuance other than the First Dilutive Issuance as a part of the same transaction or series of related transactions as the First Dilutive Issuance (a "**Subsequent Dilutive Issuance**"), then and in each such case upon a Subsequent Dilutive Issuance the Series Preferred Conversion Price shall be reduced to the Series Preferred Conversion Price that would have been in effect had the First Dilutive Issuance and each Subsequent Dilutive Issuance all occurred on the closing date of the First Dilutive Issuance.

(i) **Waiver of Anti-dilution Protection.** Notwithstanding anything to the contrary, any provision of Section 7(h) and any adjustments made or required to be made to the Series Preferred Conversion Price pursuant hereto may be waived on behalf of all shares of Series B Preferred Stock by the vote or written consent of the holders of at least a majority of the outstanding shares of Series B Preferred Stock.

(j) **Certificate of Adjustment.** In each case of an adjustment or readjustment of the Series Preferred Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and shall, upon request, prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series B Preferred Stock so requesting at the holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or deemed to be received by the Company for any Additional Shares of Common Stock issued or

sold or deemed to have been issued or sold, (ii) the Series Preferred Conversion Price at the time in effect, (iii) the number of Additional Shares of Common Stock and (iv) the type and amount, if any, of other property which at the time would be received upon conversion of Series B Preferred Stock. Failure to request or provide such notice shall have no effect on any such adjustment.

(k) **Notices of Record Date.** Upon (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 6) or other capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into any other corporation, or any Asset Transfer (as defined in Section 6), or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to each holder of Series B Preferred Stock at least ten (10) days prior to (x) the record date, if any, specified therein; or (y) if no record date is specified, the date upon which such action is to take effect (or, in either case, such shorter period approved by the holders of a majority of the outstanding Series B Preferred Stock) a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that 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 Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(l) **Automatic Conversion.**

(i) For a period of time beginning on the Original Issue Date and ending on the three year anniversary thereof (the "*Initial Conversion Period*"), each share of Series B Preferred Stock shall automatically be converted into shares of Common Stock, based on the then-effective Series Preferred Conversion Price, (A) at any time upon the affirmative election of the holders of at least a majority of the outstanding shares of the Series B Preferred Stock, or (B) if (w) the Equity Valuation of the Company, on a fully diluted basis, reaches or exceeds \$100,000,000 for ten (10) consecutive Trading Days and the closing price of the Common Stock is not less than \$8.00 for such ten (10) consecutive Trading Days, (x) the closing price of the Common Stock as reported by the Trading Market exceeds \$8.00 (as adjusted) for such ten (10) days consecutive Trading Days, (y) the average daily trading volume of Common Stock for such ten (10) consecutive Trading Days exceeds 20,000 shares per day (as adjusted), and (z) the Common Stock is listed on a Major Exchange. After the Initial Conversion Period, each share of Series B Preferred Stock shall automatically be converted into shares of Common Stock, based on the then-effective Series Preferred Conversion Price, (I) at any time upon the affirmative election of the holders of at least a majority of the outstanding shares of the Series B Preferred Stock, or if (II) the Equity Valuation of the Company, on a fully diluted basis, reaches or exceeds \$100,000,000 for thirty (30) consecutive Trading Days and the closing price of the Common Stock as reported by the Trading Market exceeds \$8.00 (as adjusted) for such thirty (30) consecutive Trading Days. Upon such automatic conversion, any Accruing Dividends

accrued but unpaid, whether or not declared, together with any other dividends declared but unpaid shall be paid in accordance with the provisions of Section 7(d).

(ii) Upon the occurrence of either of the events specified in Section 7(l)(i) above, the outstanding shares of Series B Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; *provided, however*, that the Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series B Preferred Stock are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series B Preferred Stock, the holders of Series B Preferred Stock shall surrender the certificates representing such shares at the office of the Company or any transfer agent for the Series B Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of such series of Series B Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred, and any declared and unpaid dividends shall be paid in accordance with the provisions of Section 7(d).

(m) **Fractional Shares.** No fractional shares of Common Stock shall be issued upon conversion of Series B Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series B Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the fair market value of one share of Common Stock (as determined by the Board) on the date of conversion.

(n) **Reservation of Stock Issuable Upon Conversion.** 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 shares of the Series B 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 the Series B Preferred Stock. 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 the Series B Preferred Stock, the Company will take 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.

(o) **Notices.** Any notice required by the provisions of this Section 7 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed facsimile if sent during normal business hours of the recipient; if not, then on the next Business Day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after

deposit with a nationally recognized overnight courier, specifying next day delivery, with verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Company.

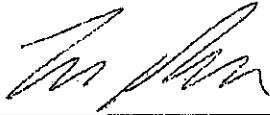
(p) **Payment of Taxes.** The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series B Preferred Stock, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series B Preferred Stock so converted were registered.

8. NO REISSUANCE OF SERIES B PREFERRED STOCK. No share or shares of Series B Preferred Stock acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued.

RESOLVED, FURTHER, that the Chairman, the president or any vice-president, and the secretary or any assistant secretary, of the Company be and they hereby are authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Delaware law.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 8th day of November, 2010.



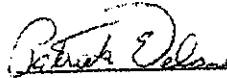
Name: Lalit Dhadphale
Title: President & CEO

Name: Patrick E. Delaney
Title: Chief Financial Officer,
Treasurer and Secretary

3832442

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 8th day
of November, 2010.

Name: Lalit Dhadphale
Title: President & CEO



Name: Patrick E. Delaney
Title: Chief Financial Officer,
Treasurer and Secretary

3032442

Certificate of Designation – Series B Preferred Stock
Signature Page

HEALTHWAREHOUSE.COM, INC.
CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES C PREFERRED STOCK
PURSUANT TO SECTION 151 OF THE
DELAWARE GENERAL CORPORATION LAW

The undersigned, Lalit Dhadphale and Patrick E. Delaney do hereby certify that:

1. They are the President and Chief Executive Officer, and Chief Financial Officer, Treasurer and Secretary, respectively, of HealthWarehouse.com, Inc., a Delaware corporation (the "*Company*").

2. The Company is authorized to issue 1,000,000 shares of preferred stock, \$0.001 par value per share, of which (i) 200,000 shares were previously designated as "Series A Preferred Stock," of which no shares are issued and outstanding ("*Series A Preferred Stock*"), and (ii) 625,000 shares were previously designated as "Series B Preferred Stock" of which 368,862 shares are issued and outstanding ("*Series B Preferred Stock*").

3. All of the presently undesignated shares of preferred stock of the Company may be issued with such rights and powers as the board of directors of the Company (the "*Board*") may designate.

4. The following resolutions were duly adopted by the Board:

WHEREAS, the certificate of incorporation of the Company, as amended, provides for a class of its authorized stock known as preferred stock, consisting of 1,000,000 shares, \$0.001 par value per share ("*Preferred Stock*"), issuable from time to time in one or more series;

WHEREAS, the Board of Directors is authorized to fix and determine or alter the powers, designations, preferences and relative, participating, optional and other rights and qualifications, limitations and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and to fix the number of shares constituting any such series and the designations thereof; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to a series of the Preferred Stock, which shall consist of up to 10,000 shares of the Preferred Stock which the Company has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of Preferred Stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of Preferred Stock as follows:

TERMS OF SERIES C PREFERRED STOCK

State of Delaware
Secretary of State
Division of Corporations
Delivered 10:59 AM 10/17/2011
FILED 10:55 AM 10/17/2011
SRV 111105458 - 2910701 FILE

TERMS OF SERIES C PREFERRED STOCK

1. DEFINITIONS

In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings:

"Business Day" means any day except any Saturday, any Sunday, any day which is 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.

"Common Stock" means the Company's common stock, par value \$0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company 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 exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Junior Securities" means the Common Stock, the Series A Preferred Stock, the Series B Preferred Stock, and all other Common Stock Equivalents of the Company other than those securities which are explicitly senior or pari passu to the Series C Preferred Stock in redemption or liquidation preference.

"Major Exchange" shall mean the NYSE Amex Equities, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing).

"NAV Designee" means the director of the Company, if any, designated by New Atlantic Venture Fund III, L.P. and its affiliates, to serve on the Company's Board under the terms of that certain Investor Rights Agreement dated August 3, 2011.

"Preferred Stock" shall mean the Series A Preferred Stock, \$0.001 par value per share, of the Company, the Series B Preferred Stock, \$0.001 par value per shares of the Company, and the Series C Preferred Stock.

"Pro Rata Share" shall mean the proportion that the aggregate Redemption Price that would be payable to a holder of Series C Preferred Stock based on the number of shares of Series C Preferred Stock held by such holder if such Series C Preferred Stock would be then redeemed bears to the aggregate amount owed by the Corporation to the holders of the Senior Secured Notes, inclusive of interest.

"Senior Convertible Notes" shall mean the two 7% Senior Secured Convertible Promissory Notes dated November 8, 2010, one payable to HWH Lending, LLC and one

payable to Milfam I, L.P., each in the original principal amount of \$500,000, and any replacement notes issued on or after the date hereof.

"Senior Secured Notes" shall mean the two 7% Senior Secured Promissory Notes dated September 2, 2011, one payable to HWH Lending LLC, and one payable to Milfam I, L.P., each in the original principal amount of \$1,500,000.00, and any replacement notes issued on or after the date hereof.

"Series B Certificate of Designation" shall mean the Certificate of Designation of Preferences, Rights and Limitations of Series B Preferred Stock filed with the Secretary of State of the State of Delaware on November 8, 2010.

2. DESIGNATION

The series of preferred stock established hereunder shall be designated as Series C Preferred Stock (the **"Series C Preferred Stock"**) and the number of shares so designated shall be up to 10,000 (which shall not be subject to increase without the written consent of the holders of the Series C Preferred Stock in accordance with Section 4(b) hereof). Each share of Series C Preferred Stock shall have a par value of \$0.001 per share, and an original issue price equal to \$100.00 per share (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof, the **"Original Issue Price"**).

3. DIVIDEND RIGHT

(a) The holders of Series C Preferred Stock shall not be entitled to receive dividends, whether in cash or property.

(b) So long as any shares of Series C Preferred Stock are outstanding, the Company shall not pay or declare any dividend, whether in cash or property, or make any other distribution on any Junior Security, or purchase, redeem or otherwise acquire for value any shares of any Junior Security, except for:

(i) acquisitions of Common Stock by the Company pursuant to agreements which permit the Company to repurchase such shares at cost (or the lesser of cost or fair market value) upon termination of services to the Company;

(ii) acquisitions of Common Stock in exercise of the Company's right of first refusal to repurchase such shares;

(iii) distributions to holders of Junior Securities in accordance with Sections 5 and 6; or

(iv) the declaration and payment of the Annual Dividend to the holders of the Series B Preferred Stock on the terms described in the Series B Certificate of Designation.

(c) The provisions of Sections 3(b) shall not apply to any repurchase of any outstanding securities of the Company that is approved by the Board, including the "Nav

Designee.”

4. VOTING RIGHTS.

(a) **General Rights.** The holders of the Series C Preferred Stock shall be entitled to one vote for each share of Series C Preferred Stock held at all meetings of stockholders (and written actions in lieu of meetings) and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Company. Except as otherwise provided herein or as required by law, the Series C Preferred Stock shall vote together with the Common Stock at any annual or special meeting of the stockholders and not as a separate class, and may act by written consent in the same manner as the Common Stock.

(b) **Separate Vote of Series C Preferred Stock.** For so long as any shares of Series C Preferred Stock remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least a majority of the outstanding Series C Preferred Stock, voting as a separate class, shall be necessary for effecting or validating the following actions (whether by amendment, merger, consolidation, recapitalization or otherwise):

(i) Any amendment, alteration, or repeal of any provision of the Certificate of Incorporation or the Bylaws of the Company, that alters or changes the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series C Preferred Stock; or

(ii) Any authorization, increase or decrease in the authorized number, or issuance of any new class or series of stock of the Company ranking senior to the Series C Preferred Stock in right of redemption, liquidation preference, voting rights, or dividend rights, or any increase in the authorized number of any such new class or series.

5. LIQUIDATION RIGHTS.

(a) Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary (a “**Liquidation Event**”), before any distribution or payment shall be made to the holders of any Junior Security, the holders of Series C Preferred Stock shall be entitled to be paid out of the assets of the Company legally available for distribution for each share of Series C Preferred Stock held by them, an amount per share of such series of Series C Preferred Stock equal to the Original Issue Price plus any Accruing Dividends accrued but unpaid thereon, whether or not declared. If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment in full to all holders of Series C Preferred Stock of the liquidation preference set forth in this Section 5(a), then such assets (or consideration) shall be distributed among the holders of Series C Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

(b) After the payment of the full liquidation preference of the Series C Preferred Stock as set forth in Section 5(a) above, the assets of the Company legally available for distribution in such Liquidation Event (or the consideration received by the Company or its stockholders in such Acquisition or Asset Transfer), if any, shall be distributed to the holders of

any Junior Securities in accordance with their respective rights and preferences as set forth in the Company's Certificate of Incorporation.

6. ASSET TRANSFER OR ACQUISITION RIGHTS.

(a) In the event that the Company is a party to an Acquisition or Asset Transfer (as hereinafter defined), then each holder of Series C Preferred Stock shall be entitled to receive, for each share of Series C Preferred Stock then held, out of the proceeds of such Acquisition or Asset Transfer, the amount of cash, securities or other property to which such holder would be entitled to receive in a Liquidation Event pursuant to Section 5(a) above.

(b) For the purposes of this Section 6, and except as otherwise determined by the written consent of a majority of the outstanding shares of Series C Preferred Stock voting separately as a class: (i) "**Acquisition**" shall mean (A) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, continue to hold at least a majority of the voting power of the surviving entity in substantially the same proportions (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization; or (B) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred; provided that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof; and (ii) "**Asset Transfer**" shall mean a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

(c) In any Acquisition or Asset Transfer, if the consideration to be received is securities of a corporation or other property other than cash, its value will be deemed its fair market value as determined in good faith by the Board, including the NAV Designee, on the date such determination is made.

7. REDEMPTION.

7.1 Redemption by Action of Holders. Unless prohibited by Delaware law governing distributions to stockholders, all outstanding shares of Series C Preferred Stock shall be redeemed by the Corporation at a price equal to the Series C Original Issue Price per share, plus all Accruing Dividends accrued but unpaid thereon, whether or not declared (the "**Redemption Price**"), within ten (10) business days after receipt by the Corporation from the holders of at least 50% of the then outstanding shares of Series C Preferred Stock, of written notice requesting redemption of all shares of Series C Preferred Stock (the "**Redemption Request**"). The Redemption Request may be made at any time on or after the earliest of (i) January 15, 2013, (ii) any date prior to January 15, 2013 on which the Senior Secured Notes are declared by the holders thereof to be, or automatically become, due and payable on an event of default, acceleration event or otherwise, (iii) immediately prior to an Asset Transfer or Acquisition, or (iv) the date on which the Senior Secured Notes are no longer

outstanding. Upon receipt of the Redemption Request, the Corporation shall apply all of its assets to any such redemption, and to no other corporate purpose, except to the extent prohibited by Delaware law governing distributions to stockholders. For the avoidance of doubt, the preceding sentence is intended to require the Corporation to use all of its assets to redeem the Series C Preferred Stock (other than those assets required to pay its debts as they come due, including the Senior Convertible Notes and Senior Secured Notes and to continue as a going concern under applicable Delaware law.) The date of the payment of the Redemption Price shall be referred to as a "**Redemption Date**." If on the Redemption Date, Delaware law governing distributions to stockholders prevents the Corporation from redeeming all shares of Series C Preferred Stock to be redeemed, the Corporation shall ratably redeem the maximum number of shares that it may redeem consistent with such law, and shall redeem the remaining shares as soon as it may lawfully do so under such law. On or prior to the Redemption Date, the Corporation shall deposit the Redemption Price of those shares of Series C Preferred Stock to be redeemed on such Redemption Date with a bank or trust corporation, as trust fund, with irrevocable instructions and authority to the bank or trust corporation to pay, on and after such Redemption Date, the Redemption Price of those shares subject to redemption on the Redemption Date to their respective holders upon the surrender of their shares certificates representing the Series C Preferred Stock.

7.2 Redemption by Action of Corporation. Unless prohibited by Delaware law governing distributions to stockholders, shares of Series C Preferred Stock (i) may be redeemed by the Corporation at any time and in whole or in part at a price equal to the Redemption Price, on one or more Redemption Dates specified in a written notice from the Corporation to the holders of the Series C Preferred Stock and (ii) except in connection with a Liquidation Event, shall automatically be redeemed by the Corporation based on the Pro Rata Share each holder holds of Series C Preferred Stock at any time amounts are paid (whether at maturity or by prepayment) on the Senior Secured Notes or any portion of the Senior Secured Notes are otherwise retired (each a "**Redemption Demand**"). Notwithstanding the foregoing, Section 7.2(ii) shall not apply to the partial prepayment of the Senior Secured Notes to be made with the proceeds of the initial sale of the Series C Preferred Stock. On each Redemption Date resulting from a Redemption Demand, the Corporation shall redeem, on a pro-rata basis in accordance with the number of shares of Series C Preferred Stock owned by each holder, the number of shares of Series C Preferred Stock subject to such Redemption Demand.

7.3 Redemption Notice. The Corporation shall send written notice of the mandatory redemption resulting from a Redemption Request or a Redemption Demand (the "**Redemption Notice**") to each holder of record of Series C Preferred Stock not less than five (5) Business days prior to each Redemption Date. Each Redemption Notice shall state:

(a) the number of shares of Series C Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;

(b) the Redemption Date and the Redemption Price; and

(c) that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series C Preferred Stock to be redeemed.

7.4 Surrender of Certificates; Payment. On or before the applicable Redemption Date, each holder of shares of Series C Preferred Stock to be redeemed on such Redemption Date, shall surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. In the event less than all of the shares of Series C Preferred Stock represented by a certificate are redeemed, a new certificate representing the unredeemed shares of Series C Preferred Stock shall promptly be issued to such holder.

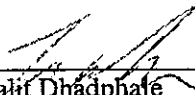
7.5 Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Redemption Price payable upon redemption of the shares of Series C Preferred Stock to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent bank or trust corporation, as trust fund, so as to be available therefor in a timely manner, then notwithstanding that the certificates evidencing any of the shares of Series C Preferred Stock so called for redemption shall not have been surrendered, dividends with respect to such shares of Series C Preferred Stock shall cease to accrue after such Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of their certificate or certificates therefore; provided, however, that in the event any shares of Series C Preferred Stock that are the subject of such redemption on the applicable Redemption Date are not redeemed due to a default in payment by the Corporation or because the Corporation does not have sufficient legally available funds, such shares of Series C Preferred Stock shall remain issued and shall be entitled to all of the rights and preferences provided herein with respect to such shares unless and until the Redemption Price is paid with respect to such shares.

8. **NO REISSUANCE OF SERIES C PREFERRED STOCK.** No share or shares of Series C Preferred Stock acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued.

RESOLVED, FURTHER, that the Chairman, the president or any vice-president, and the secretary or any assistant secretary, of the Company be and they hereby are authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Delaware law.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 14th day of October, 2011.



Name: Lalit Dhadphale
Title: President & CEO

Name: Patrick E. Delaney
Title: Chief Financial Officer,
Treasurer and Secretary

400344.4

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 14 day of October, 2011.

Name: Lalit Dhadphale
Title: President & CEO



Name: Patrick E. Delaney
Title: Chief Financial Officer,
Treasurer and Secretary


400344.3

**STATE OF DELAWARE
CERTIFICATE FOR RENEWAL
AND REVIVAL OF CHARTER**

The corporation organized under the laws of the State of Delaware, the charter of which was voided for non-payment of taxes and/or for failure to file a complete annual report, now desires to procure a restoration, renewal and revival of its charter pursuant to Section 312 of the General Corporation Law of the State of Delaware, and hereby certifies as follows:

1. The name of the corporation is HEALTHWAREHOUSE.COM, INC.
2. The Registered Office of the corporation in the State of Delaware is located at 1209 ORANGE STREET (street),
in the City of WILMINGTON, County of NEW CASTLE
Zip Code 19801. The name of the Registered Agent at such address upon
whom process against this Corporation may be served is THE CORPORATATION TRUST COMPANY
3. The date of filing of the Corporation's original Certificate of Incorporation in Delaware was AUGUST 5, 1998
4. The renewal and revival of the charter of this corporation is to be perpetual.
5. The corporation was duly organized and carried on the business authorized by its charter until the 1st day of MARCH A.D. 2013, at which time its charter became inoperative and void for non-payment of taxes and/or failure to file a complete annual report and the certificate for renewal and revival is filed by authority of the duly elected directors of the corporation in accordance with the laws of the State of Delaware.

By: _____


Authorized Officer

Name: LALIT DHADPHALE

Print or Type

**STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION**

As a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, HealthWarehouse.com, Inc. does hereby certify:

FIRST: That at a meeting of the Board of Directors of HealthWarehouse.com, Inc., resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED: that the Certificate of Incorporation of this Corporation be amended by changing the first paragraph of the Article thereof numbered "Fourth" so that, as amended, the first paragraph of said Article shall be and read as follows:

FOURTH: This Corporation is authorized to issue two classes of shares to be designated, respectively, Common Stock and Preferred Stock. The total number of shares of Common Stock that this Corporation is authorized to issue is 100,000,000, with a par value of \$0.001 per share, and the total number of shares of Preferred Stock that this Corporation is authorized to issue is 1,000,000, with a par value of \$0.001 per share. Shares of Common Stock or Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation may be reissued except as otherwise provided by law.

SECOND: That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of said corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: The said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed this 17th day of October 2014 by its authorized officer.

By: 

Name: Lalit Dhadphale

Title: Chairman of the Board, President and CEO