

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13E3

Schedule filed to report going private transactions(Issuer Self-Tender Offer)

Filing Date: **2011-05-10**
SEC Accession No. **0001185185-11-000606**

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SUBJECT COMPANY

GLOBAL DIVERSIFIED INDUSTRIES INC

CIK: **1090461** | IRS No.: **954741485** | Fiscal Year End: **0430**
Type: **SC 13E3** | Act: **34** | File No.: **005-80210** | Film No.: **11825352**
SIC: **1520** General bldg contractors - residential bldgs

Mailing Address
1200 AIRPORT RD.
CHOWCHILLA CA 93610

Business Address
1200 AIRPORT RD.
CHOWCHILLA CA 93610
559-665-5800

FILED BY

GLOBAL DIVERSIFIED INDUSTRIES INC

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13E-3

(Rule 13e-100)

**Rule 13e-3 Transaction Statement
Under Section 13(e) of the Securities Exchange Act of 1934**

GLOBAL DIVERSIFIED INDUSTRIES, INC.

(Name of the Issuer)

GLOBAL DIVERSIFIED INDUSTRIES, INC.

(Names of Persons Filing Statement)

Common Stock, \$0.001 par value

(Title of Class of Securities)

37942D104

(CUSIP Number of Class of Securities)

Phillip Hamilton

Chairman and Chief Executive Officer

1200 Airport Drive, Chowchilla, CA 93610

(559) 665-5800

**(Name, Address, and Telephone Numbers of Person Authorized to Receive
Notices and Communications on Behalf of the Persons Filing Statement)**

With a copy to:

John T. Bradley, Esq.

Ryan Chavez, Esq.

Rutan & Tucker, LLP

611 Anton Boulevard, 14th Floor

Costa Mesa, CA 92626

(714) 641-5100 / (714) 546-9035 (fax)

This statement is filed in connection with (check the appropriate box):

- a. The filing of solicitation materials or an information statement subject to Regulation 14A (§§240.14a-1 through 240.14b-2), Regulation 14C (§§240.14c-1 through 240.14c-1,000) or Rule 13e-3(c) (§240.13e-3(c)) under the Securities Exchange Act of 1934.
- b. The filing of a registration statement under the Securities Act of 1933.
- c. A tender offer.
- d. None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

CALCULATION OF FILING FEE

Transaction Value*

\$74,260.32

Amount of Filing Fee**

\$14.85

*For purposes of calculating the filing fee only, this amount assumes the aggregate cash payment of \$74,260.32 by the Issuer in lieu of fractional shares immediately following a 1-for-2,500 reverse stock split to holders of fewer than 2,500 shares of the Issuer's common stock prior to the reverse stock split. The aggregate cash payment is equal to the product of the price of \$0.03 per pre-reverse split share and 2,475,344 pre-reverse split shares, the estimated aggregate number of shares held by such holders.

**Determined pursuant to Rule 0-11(b)(1) as the product of \$74,260.32 and \$0.0002.

Check the box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable.

Form or Registration No.: Not applicable.

Filing Party: Not applicable.

Date Filed: Not applicable.

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Introduction

This Rule 13e-3 Transaction Statement on Schedule 13E-3 (this "Schedule 13E-3") is filed by GLOBAL DIVERSIFIED INDUSTRIES, INC., a Nevada corporation (the "Company" or "we" and similar terms), with the Securities and Exchange Commission (the "Commission") in connection with a going private transaction, in which the Company will effect a 1-for-2,500 reverse stock split (the "Reverse Split") of its common stock, par value \$0.001 per share ("Common Stock"). Those holders who, as a result of the Reverse Split, would hold solely fractional shares of the Common Stock will, in lieu thereof, receive cash payments equal to \$0.03 per one pre-Reverse Split share and those holders will no longer be stockholders of the Company. Immediately following the Reverse Split, the Company will effect a 2,500-for-1 forward stock split (the "Forward Split," and together with the Reverse Split, the "Reverse/Forward Stock Split"). Based on information available to the Company, the Reverse/Forward Stock Split will reduce the number of record holders of the Company's Common Stock to fewer than 300. The Company intends to file a Form 15 with the Commission to terminate the registration of the Company's Common Stock under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Upon the filing of the Form 15, in the absence of action by the Commission, the Company will no longer be required to file periodic reports with the Commission, including annual reports on Form 10-K and quarterly reports on Form 10-Q, and will no longer be subject to the Commission's proxy rules. In addition, the Company's Common Stock will no longer be quoted on the OTC Bulletin Board.

Concurrently with the filing of this Schedule 13E-3, the Company is filing an information statement (the "Information Statement") pursuant to Regulation 14C under the Exchange Act. A copy of the Information Statement is included as Exhibit (a) to this Schedule 13E-3. The information in the Information Statement, including all appendices thereto, is expressly incorporated by reference herein in its entirety and responses to each item herein are qualified in their entirety by the information contained in the Information Statement and the appendices thereto. Capitalized terms used but not defined herein have the meanings given to them in the Information Statement.

All references to subsections in the Items below are to the subsection of the applicable Item in Regulation M-A.

Item 1. Summary Term Sheet.

The information set forth in the Information Statement under the captions "Summary of Terms of Reverse/Forward Stock Split" and "Questions and Answers about the Reverse/Forward Stock Split" is incorporated herein by reference.

Item 2. Subject Company Information.

- (a) *Name and Address.* The name of the Company is GLOBAL DIVERSIFIED INDUSTRIES, INC. Its principal executive offices are located at 1200 Airport Drive, Chowchilla, CA, 93610, and its telephone number is (559) 665-5800.
- (b) *Securities.* As of May 9, 2011 there were 15,369,111 shares of the Common Stock outstanding.
- (c) *Trading Market and Price.* The Company's Common Stock has been and is currently traded on the over-the-counter market and quotations are published on the OTC Bulletin Board under the symbol "GDIV." The information set forth in the Information Statement under the caption "Price Range Of Common Stock And Dividends" is incorporated herein by reference.
- (d) *Dividends.* The information set forth in the Information Statement under the caption "Price Range Of Common Stock And Dividends" is incorporated herein by reference.
- (e) *Prior Public Offerings.* Not applicable.
- (f) *Prior Stock Purchases.* Not applicable.

Item 3. Identity and Background of Filing Person.

- (a) *Name and Address.* GLOBAL DIVERSIFIED INDUSTRIES, INC., the subject company, is the filing person. Its principal executive offices are located at 1200 Airport Drive, Chowchilla, CA 93610, and its telephone number is (559) 665-5800. The directors of the Company are Phillip Hamilton and Adam DeBard. The executive officers of the Company are Phillip Hamilton, President and Chief Executive Officer, and Adam DeBard, Secretary and Treasurer. The address of each officer and director is 1200 Airport Drive, Chowchilla, CA 93610.
- (b) *Business and Background of Entities.* Not applicable.
- (c) *Business and Background of Natural Persons.* With respect to Messrs. Hamilton and DeBard:

Phillip Hamilton, age 63, has over thirty years entrepreneurial and senior management experience in the manufacturing business. Since February 2003, Mr. Hamilton has been the Chief Executive Officer (“CEO”) and Chairman of the Company. As the CEO, he has directed the marketing, sales and administrative activities of the Company. From 1996 to January 2003, Mr. Hamilton was a consultant to Top Line Building Products (“Top Line”). Top Line is a truss manufacturing company that provides its products to major homebuilders in Northern California and it has annual revenues of approximately \$8,000,000. As the CEO, Mr. Hamilton directed the marketing, sales and production activities of the Top Line, and oversaw the re-designing of Top Line’s original truss plant into a modern state-of-the-art manufacturing plant. From 1996 to February 2000, Mr. Hamilton was the Chairman and CEO of Pacesetter Industries, Inc. (“Pacesetter”). Pacesetter was one of the largest modular manufacturers of residential and commercial buildings in California. As CEO of Pacesetter, Mr. Hamilton was responsible for managing the marketing, sales and production activities of the company. Pacesetter was built from inception into one of California’s largest modular manufacturers producing and installing thousands of residential and commercial building. Pacesetter Industries, Inc. employed a staff of over 650 employees with annual sales of \$50,000,000 in 1999 before having to file for Chapter 11 bankruptcy in 2000 (later converted to a Chapter 7). Mr. Hamilton attended Pacific Union College taking courses in Business Administration.

Adam N. DeBard, age 41, has over seventeen years of experience in the manufacturing and technology business sectors. Since February 2003, Mr. DeBard has been the Secretary and Treasurer of the Company and the President/Treasurer of its wholly-owned subsidiary, Global Modular, Inc. He is responsible for the cash management and accounting functions of both companies. From January 2001 to January 2003, Mr. DeBard was the Chief Information Officer (“CIO”) of Top Line. As the CIO, Mr. DeBard was responsible for the design, implementation and management of a corporate-wide computer network. From 1997 to December 2000, Mr. DeBard was the Vice President and CIO for Pacesetter. As such, Mr. DeBard was responsible for all computer software and hardware acquisitions, installations and maintenance for multiple branch offices. In addition, Mr. DeBard was responsible for computerizing the purchasing, estimation, production and engineering systems of Pacesetter. Mr. DeBard attended Walla Walla College for four years in Business Administration

No person set forth above (i) was convicted in a criminal proceeding during the past five years (excluding traffic violations or similar misdemeanors); or (ii) was a party to any judicial or administrative proceeding during the past five years that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibition activities subject to, federal or state securities laws.

Messrs. Hamilton and DeBard are citizens of the United States.

Item 4. Terms of the Reverse/Forward Stock Split.

- (a) *Material Terms.* The information set forth in the Information Statement under the captions “Summary of Terms of Reverse/Forward Stock Split,” “Special Factors,” “Description of the Reverse/Forward Stock Split,” “Financing of the Reverse/Forward Stock Split” and “Costs of the Reverse/Forward Stock Split” is incorporated herein by reference.

- (c) *Different Terms*. Not applicable.
- (d) *Appraisal Rights*. The information set forth in the Information Statement under the caption “Other Considerations Regarding the Reverse/Forward Stock Split – Appraisal Rights” is incorporated herein by reference.
- (e) *Provisions for Unaffiliated Stockholders*. None.
- (f) *Eligibility for Listing or Trading*. Not applicable.

Item 5. Past Contracts, Reverse/Forward Stock Splits, Negotiations and Agreements.

- (a) *Transactions*.

During the quarter ended January 31, 2009, the Company granted a stock option to Phillip Hamilton as CEO of the Company to purchase all or any part of an aggregate of 68,168,164 shares of our Common Stock. The exercise price for each share of Common Stock is \$0.05. The option has a term of seven years. The option shall vest and become exercisable upon the satisfaction in full (inclusive of all principal, interest and penalties) of a loan made to the Company by Debt Opportunity Fund, LLP (subsequently assigned to Vicis Capital Master Fund). The loan has not been satisfied and the option is therefore not presently exercisable.

- (b) *Significant Corporate Events*. None.
- (c) *Negotiations or Contacts*. None.
- (e) *Agreements Involving the Subject Company’s Securities*. The information set forth in the Information Statement under the caption “Other Considerations Regarding the Reverse/Forward Stock Split – Agreements Involving Our Securities” is incorporated herein by reference.

Item 6. Purpose of the Reverse/Forward Stock Split and Plans or Proposals.

- (b) *Use of Securities Acquired*. The Company will make a cash payment of \$0.03 per pre-Reverse Split share of Common Stock in lieu of issuing fractional shares that would otherwise result from the Reverse Split. The fractional shares acquired in the Reverse/Forward Stock Split will be retired and returned to the status of authorized but unissued shares of Common Stock.

- (c) *Plans*.
 - (1) None.
 - (2) None.
 - (3) Other than as described in this Schedule 13E-3 and the Information Statement, neither the Company nor its management has any current plans or proposals to change materially the Company’s dividend rate or policy, or indebtedness or capitalization.
 - (4) None.
 - (5) The information set forth in the Information Statement under the caption “Conduct Of Our Business After The Reverse Split” is incorporated herein by reference.
 - (6), (7) and (8) The information set forth in the Information Statement under the caption “Conduct Of Our Business After The Reverse Split” is incorporated herein by reference.

Item 7. Purposes, Alternatives, Reasons and Effects.

- (a) *Purposes.* The information set forth in the Information Statement under the caption “Special Factors – Reasons for and Purposes of the Reverse/Forward Stock Split” is incorporated herein by reference.
- (b) *Alternatives.* The information set forth in the Information Statement under the caption “Special Factors – Strategic Alternatives Considered” is incorporated herein by reference.
- (c) *Reasons.* The information set forth in the Information Statement under the caption “Special Factors – Reasons for and Purposes of the Reverse/Forward Stock Split” is incorporated herein by reference.
- (d) *Effects.* The information set forth in the Information Statement under the captions “Special Factors – Effects of the Reverse/Forward Stock Split,” “Special Factors – Potential Disadvantages of the Reverse/Forward Stock Split,” “Special Factors – Effect of the Reverse/Forward Stock Split on Holders of Derivative Securities,” “Special Factors – Financial Effect of the Reverse/Forward Stock Split” and “Special Factors – Federal Income Tax Consequences of the Reverse/Forward Stock Split” is incorporated herein by reference.

Item 8. Fairness of the Reverse/Forward Stock Split.

- (a) *Fairness.* The information set forth in the Information Statement under the captions “Special Factors – Fairness of the Reverse/Forward Stock Split” and “Special Factors – Factors Considered to Determine Fairness” is incorporated herein by reference.
- (b) *Factors Considered in Determining Fairness.* The information set forth in the Information Statement under the captions “Special Factors – Fairness of the Reverse/Forward Stock Split” and “Special Factors – Factors Considered to Determine Fairness” is incorporated herein by reference.
- (c) *Approval of Security Holder.* The information set forth in the Information Statement under the captions “Summary of Terms of Reverse/Forward Stock Split” and “Special Factors – Vote Required” is incorporated herein by reference.
- (d) *Unaffiliated Representative.* No director who is not an employee of the Company has retained an unaffiliated representative to act solely on behalf of unaffiliated security holders for purposes of negotiating the terms of the Reverse/Forward Stock Split and/or preparing a report concerning the fairness of the Reverse/Forward Stock Split.
- (e) *Approval of Directors.* The Reverse/Forward Stock Split was approved unanimously by the Company’s Board of Directors. The Company’s Board of Directors does not include any directors who are not employees of the Company. The information set forth in the Information Statement under the caption “Summary of Terms of Reverse/Forward Stock Split” is incorporated herein by reference.
- (f) *Other Offers.* Not applicable.

Item 9. Reports, Opinions, Appraisals and Negotiations.

- (a) *Report, Opinion or Appraisal.* None.
- (b) *Preparer and Summary of the Report, Opinion or Appraisal.* Not applicable.
- (c) *Availability of Documents.* Not applicable.

Item 10. Source and Amount of Funds or Other Consideration.

- (a) *Source of Funds.* The costs of the Reverse/Forward Stock Split and related fees and expenses will be paid out of the Company's cash on-hand.
- (b) *Conditions.* None.
- (c) *Expenses.* The information set forth in the Information Statement under the caption "Costs of the Reverse/Forward Stock Split" is incorporated herein by reference.
- (d) *Borrowed Funds.* Not Applicable.

Item 11. Interest in Securities of the Subject Company.

- (a) *Security Ownership.* The information set forth in the Information Statement under the captions "Other Considerations Regarding the Reverse/Forward Stock Split – Security Ownership of Certain Beneficial Owners and Management" is incorporated herein by reference.
- (b) *Securities Transactions.* None.

Item 12. The Solicitation or Recommendation.

- (d) *Intent to Tender or Vote in a Going-Private Transaction.* The information set forth in the Information Statement under the captions "Questions and Answers about the Reverse/Forward Stock Split," "Summary of Terms of Reverse/Forward Stock Split," "Special Factors – Vote Required," "Special Factors – Background of the Reverse/Forward Stock Split" and "Interests of Certain Persons" is incorporated herein by reference.
- (e) *Recommendations of Others.* None.

Item 13. Financial Statements.

- (a) *Financial Information.* The information set forth in the Information Statement under the captions "Financial Statements" and "Summary Financial Information" is incorporated herein by reference.
- (b) *Pro Forma Information.* Not applicable.

Item 14. Persons/Assets, Retained, Employed, Compensated or Used.

- (a) *Solicitation or Recommendations.* Not applicable.
- (b) *Employees and Corporate Assets.* Not applicable.

Item 15. Additional Information.

(b) *Other Material Information.* The information set forth in the Information Statement, including all appendices thereto, and each exhibit hereto, is incorporated herein by reference.

Item 16. Exhibits.

- (a) The Company's Information Statement on Schedule 14C filed with the Commission concurrently with this form is incorporated herein by reference.
- (b) Not applicable.
- (c) Not applicable.
- (d) (d)(1) Loan and Stock Conversion Agreement by and among Global Modular Inc., Michael Trevino and James Lee, LLC, dated December 8, 2005.
- (d)(2) Loan and Securities Purchase Agreement by and between Global Diversified Industries, Inc. and Debt Opportunity Fund, LLP, dated December 19, 2008 (incorporated by reference to Exhibit 10.8 to the registrant's Current Report on Form 8-K for February 5, 2009, as filed with the Commission on February 9, 2009).
- (d)(3) Senior Secured Promissory Note dated December 19, 2008 by and between Global Diversified Industries, Inc. and Debt Opportunity Fund, LLP (incorporated by reference to Exhibit 10.9 to the registrant's Current Report on Form 8-K for February 5, 2009, as filed with the Commission on February 9, 2009).
- (d)(4) Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock.
- (d)(5) Certificate of Designations, Preferences and Rights of Series C Convertible Preferred Stock.
- (d)(6) Amended and Restated Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock.
- (d)(7) First Amendment to the Amended and Restated Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock.
- (d)(8) Second Amendment to the Amended and Restated Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock.
- (d)(9) Third Amendment to the Amended and Restated Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock.
- (d)(10) Amended and Restated Security Agreement by and between Global Diversified Industries, Inc. and Babirak Carr, P.C., solely as administrative agent for Vicis Capital Master Fund, dated June 25, 2008.
- (d)(11) Sixth Amendment to the Security Agreement by and among Global Diversified Industries, Inc., the subsidiaries of Global Diversified, Inc. and Vicis Capital Master Fund, dated January 7, 2011.
- (d)(12) Form of Registration Rights Agreement for Series B and Series C Convertible Preferred Stock.
- (d)(13) Form of Registration Rights Agreement for Series D Convertible Preferred Stock.
- (d)(14) Form of Common Stock Purchase Warrant for Series B and Series C Convertible Preferred Stock.
- (d)(15) Form of Common Stock Purchase Warrant for Series D Convertible Preferred Stock.
- (f) Chapter 92A of the Nevada Revised Statutes (filed as Appendix C to the Information Statement filed with the Commission concurrently with this form and incorporated herein by reference).
- (g) Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

GLOBAL DIVERSIFIED INDUSTRIES, INC.

Date: May 9, 2011

By: /s/ Phillip Hamilton

Phillip Hamilton

Chairman and Chief Executive Officer

INDEX TO EXHIBITS

Exhibit Number	Description
Exhibit (a)	Information Statement on Schedule 14C (filed with the Securities and Exchange Commission on May 9, 2011 and incorporated herein by reference).
Exhibit (d)(1)	Loan and Stock Conversion Agreement by and among Global Modular Inc., Michael Trevino and James Lee, LLC, dated December 8, 2005.
Exhibit (d)(2)	Loan and Securities Purchase Agreement by and between Global Diversified Industries, Inc. and Debt Opportunity Fund, LLP, dated December 19, 2008 (incorporated by reference to Exhibit 10.8 to the registrant's Current Report on Form 8-K for February 5, 2009, as filed with the Commission on February 9, 2009).
Exhibit (d)(3)	Senior Secured Promissory Note dated December 19, 2008 by and between Global Diversified Industries, Inc. and Debt Opportunity Fund, LLP (incorporated by reference to Exhibit 10.9 to the registrant's Current Report on Form 8-K for February 5, 2009, as filed with the Commission on February 9, 2009).
Exhibit (d)(4)	Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock.
Exhibit (d)(5)	Certificate of Designations, Preferences and Rights of Series C Convertible Preferred Stock.
Exhibit (d)(6)	Amended and Restated Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock.
Exhibit (d)(7)	First Amendment to the Amended and Restated Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock.
Exhibit (d)(8)	Second Amendment to the Amended and Restated Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock.
Exhibit (d)(9)	Third Amendment to the Amended and Restated Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock.
Exhibit (d)(10)	Amended and Restated Security Agreement by and between Global Diversified Industries, Inc. and Babirak Carr, P.C., solely as administrative agent for Vicis Capital Master Fund, dated June 25, 2008.
Exhibit (d)(11)	Sixth Amendment to the Security Agreement by and among Global Diversified Industries, Inc., the subsidiaries of Global Diversified, Inc. and Vicis Capital Master Fund, dated January 7, 2011.
Exhibit (d)(12)	Form of Registration Rights Agreement for Series B and Series C Convertible Preferred Stock.
Exhibit (d)(13)	Form of Registration Rights Agreement for Series D Convertible Preferred Stock.
Exhibit (d)(14)	Form of Common Stock Purchase Warrant for Series B and Series C Convertible Preferred Stock.
Exhibit (d)(15)	Form of Common Stock Purchase Warrant for Series D Convertible Preferred Stock.
Exhibit (d)(15)	Form of Common Stock Purchase Warrant for Series D Convertible Preferred Stock.
Exhibit (f)	Chapter 92A of the Nevada Revised Statutes (filed as Appendix C to the Information Statement filed with the Commission concurrently with this form and incorporated herein by reference).

CERTIFICATE OF AMENDMENT TO CERTIFICATE OF INCORPORATION

CERTIFICATE OF DESIGNATIONS,
PREFERENCES AND RIGHTS
of
SERIES B CONVERTIBLE PREFERRED STOCK
of
GLOBAL DIVERSIFIED INDUSTRIES, INC.

Global Diversified Industries, Inc., a corporation organized and existing under the laws of the State of Nevada (“**Corporation**”), hereby certifies that the Board of Directors of the Corporation (the “**Board of Directors**” or the “**Board**”), pursuant to authority of the Board of Directors as required by applicable corporate law, and in accordance with the provisions of its certificate of incorporation and bylaws, has and hereby authorizes a series of the Corporation’s previously authorized Preferred Stock, par value \$.001 per share (the “**Preferred Stock**”), and hereby states the designation and number of shares, and fixes the rights, preferences, privileges, powers and restrictions thereof, as follows:

SERIES B CONVERTIBLE PREFERRED STOCK DESIGNATION AND AMOUNT

3,500,000 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated “**Series B Convertible Preferred Stock**” with the following rights, preferences, powers, privileges, restrictions, qualifications and limitations. Capitalized terms used and not otherwise immediately defined are defined in Section 8 below.

1. Stated Value. The par value of each issued share of Series B Convertible Preferred Stock shall be \$.001 per share, and the stated value of each issued share of Series B Convertible Preferred Stock shall be deemed to be \$1.00 (the “**Stated Value**”), subject to increase set forth in Section 6 below.

2. Dividends.

a. Dividends on Series B Convertible Preferred Stock. The holders of shares of Series B Convertible Preferred Stock shall be entitled to receive, and the Corporation shall pay, a dividend for each such share accruing at a rate per annum equal to twelve percent (12%) of the Stated Value (as such term is defined in Section 1 above) thereof, payable quarterly on March 31, June 30 and September 30, and December 31, beginning on March 31, 2008, and on each Conversion Date (as such term is defined in Section 5.b below) (with respect only to Series B Convertible Preferred Stock being converted) (each such date, a “**Dividend Payment Date**”) (if any Dividend Payment Date is not a Trading Day, the applicable payment shall be due on the next succeeding Trading Day). All dividends shall be paid in cash on the Dividend Payment Date.

b. Priority of Payment. In the event that full dividends are not paid under Section 2(a) above to the holders of all outstanding shares of Series B Convertible Preferred Stock so entitled to such payment and funds available for payment of dividends shall be insufficient to permit payment in full to holders of all such stock of the full preferential amounts to which they are then entitled, then the entire amount available for payment of dividends shall be distributed, first, ratably among all holders of Series B Convertible Preferred Stock in proportion to the full amount to which they would otherwise be respectively entitled and, second, only after the holders of Series B Convertible Preferred Stock have received the full amount of dividends to which they were entitled, ratably among all holders of other Preferred Stock and Common Stock in proportion to the full amount to which they would otherwise be respectively entitled.

3. Voting.

a. Voting Rights. Except as otherwise provided herein or as otherwise required by law, each Holder of the shares of Series B Convertible Preferred Stock shall have the right to the number of votes equal to the number of Conversion Shares then issuable upon conversion of the Series B Convertible Preferred Stock held by such Holder in all matters as to which shareholders are required or permitted to vote, and with respect to such vote, such Holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision in these Articles as amended hereby, to vote, together with the holders of Common Stock as a single class, with respect to any question upon which holders of Common Stock have the right to vote; provided, however, as to any Holder the right to vote such shares shall be limited to the number of shares issuable to such Holder pursuant to Section 5(f) on the record date for such vote. To the extent permitted under applicable corporate law, but subject to Section 3(b) below, the Corporation's shareholders may take action by the affirmative vote of a majority of all shareholders of this Corporation entitled to vote on an action.

b. Limitations on Corporate Actions. Notwithstanding anything to the contrary in Section 3(a) above, as long as any shares of Series B Convertible Preferred Stock are outstanding, the Corporation shall not, without the written consent or affirmative vote of the holders of no-less than fifty percent (51%) of the then-outstanding Stated Value of the Series B Convertible Preferred Stock consenting or voting (as the case may be) as a separate class from the Common Stock, the Corporation shall not, either directly or by amendment, merger, consolidation or otherwise:

- (i) amend its certificate or articles of incorporation in any manner that adversely affects the rights of the Holders;
- (ii) alter or change adversely the voting or other powers, preferences, rights, privileges, or restrictions of the Series B Convertible Preferred Stock contained herein or alter or amend this Certificate of Designation;
- (iii) increase the authorized number of shares of Preferred Stock, the Series A Convertible Preferred Stock, or Series B Convertible Preferred Stock;
- (iv) redeem, purchase or otherwise acquire directly or indirectly any Junior Securities or any shares pari passu with the Series B Convertible Preferred Stock;
- (v) directly or indirectly pay or declare any dividend or make any distribution in respect of, any Junior Securities, or set aside any monies for the purchase or redemption (through a sinking fund or otherwise) of any Junior Securities or any shares pari passu with the Series B Convertible Preferred Stock;
- (vi) authorize or create any class of stock ranking as to dividends, redemption or distribution of assets upon a Liquidation (as defined in Section 4 below) senior to or otherwise pari passu with the Series B Convertible Preferred Stock;
- (vii) none of the officers, directors or other Affiliates of the Corporation shall enter into any transaction with the Corporation or any Subsidiary (other than for services as employees, officers and directors), including entering into any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or other Affiliates or any entity in which any officer, director, or other Affiliates has a substantial interest or is an officer, director, trustee or partner;
- (viii) on an annualized basis, none of the officers of the Corporation or a Subsidiary shall receive an increase in salary or bonus in excess of 25% of the prior year's salary or bonus, as applicable; or
- (ix) enter into any agreement with respect to any of the foregoing.

4. Liquidation, Dissolution, or Winding-Down.

a. Payments to Holders of Series B Convertible Preferred Stock. Upon any liquidation, dissolution or winding-down of the Corporation, whether voluntary or involuntary (a “**Liquidation**”), the holders of the shares of Series B Convertible Preferred Stock shall be paid in cash, before any payment shall be paid to the holders of Common Stock, or any other Junior Stock, an amount for each share of Series B Convertible Preferred Stock held by such holder equal to the sum of (1) the Stated Value thereof and (2) an amount equal to dividends accrued but unpaid thereon, computed to the date payment thereof is made available (such applicable amount payable with respect to a share of Series B Convertible Preferred Stock sometimes being referred to as the “**Individual Series B Preferred Liquidation Preference Payment**” and with respect to all shares of Series B Convertible Preferred Stock in the aggregate sometimes being referred to as the “**Aggregate Series B Liquidation Preference Payment**”). If, upon such liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the assets to be distributed among the holders of shares of Series B Convertible Preferred Stock shall be insufficient to permit payment to the holders of Series B Convertible Preferred Stock of an aggregate amount equal to the Aggregate Series B Liquidation Preference Payment, then the entire assets of the Corporation to be so distributed shall be distributed ratably among the holders of Series B Convertible Preferred Stock (based on the Individual Series B Preferred Liquidation Preference Payments due to the respective holders of Series B Convertible Preferred Stock).

b. Payments to Holders of Junior Stock. After the payment of all preferential amounts required to be paid to the holders of the Series B Convertible Preferred Stock and any other class or series of stock of the Corporation ranking on liquidation senior to or on a parity with the Series B Convertible Preferred Stock, the holders of shares of Junior Stock then outstanding shall be entitled to receive the remaining assets of the Corporation available for distribution to its stockholders as otherwise set forth in the Corporation’s certificate or articles of incorporation.

5. Conversion. The holders of Series B Convertible Preferred Stock shall have the conversion rights as follows.

a. Right to Convert. Each share of Series B Convertible Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the Original Issue Date (subject to the limitations set forth in Section 5.f. below), and without the payment of additional consideration by the holder thereof, into such number of fully-paid and nonassessable shares of Common Stock as is determined by dividing (1) the sum of (i) the Stated Value per share and (ii) upon election of the Holder, all dividends accrued and unpaid on each such share to the date such share is converted, whether or not declared, and all other dividends declared and unpaid on each such share through the date of actual conversion, by (2) the Series B Conversion Price in effect at the time of conversion. Upon conversion hereunder, the Holder may elect to have all dividends accrued and unpaid through the date of conversion either paid in cash or converted into Common Stock pursuant to this Section 5(a). The “**Series B Conversion Price**” shall be one-half cent (\$0.005); provided, however, that the Series B Conversion Price, and the rate at which shares of Series B Convertible Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided in Section 6. below. Shares of Series B Convertible Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued.

b. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a “**Notice of Conversion**”). Each Notice of Conversion shall specify the number of shares of Series B Convertible Preferred Stock to be converted, the number of shares of Series B Convertible Preferred Stock owned prior to the conversion at issue, the number of shares of Series B Convertible Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Conversion to the Corporation (such date, the “**Conversion Date**”). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. To effect conversions of shares of Series B Convertible Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing such shares of Series B Convertible Preferred Stock to the Corporation unless all of the shares of Series B Convertible Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Series B Convertible Preferred Stock promptly following the Conversion Date at issue. Certificates representing the Series B Convertible Preferred Stock shall have the following legend:

THE HOLDER AND ANY ASSIGNEE OR TRANSFEREE, BY ACCEPTANCE OF THIS STOCK CERTIFICATE, ACKNOWLEDGE AND AGREE THAT, PURSUANT TO SECTION 5.B. OF THE CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF THE SERIES B CONVERTIBLE PREFERRED STOCK, THE NUMBER OF SHARES REFLECTED ON THE FACE OF THIS CERTIFICATE MAY NOT BE THE ACTUAL NUMBER OF SHARES HELD BY THE HOLDER OR ASSIGNEE. PLEASE INQUIRE WITH THE CORPORATION AS TO THE ACTUAL NUMBER OF SHARES EVIDENCED BY THIS CERTIFICATE.

c. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series B Convertible Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors, or round-up to the next whole number of shares, at the Corporation's option. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Series B Convertible Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

d. Mechanics of Conversion.

i. Delivery of Certificate Upon Conversion. Not later than five Trading Days after each Conversion Date (the "**Share Delivery Date**"), the Corporation shall deliver, or cause to be delivered, to the converting Holder a certificate or certificates which, on or after the Effective Date, shall be free of restrictive legends and trading restrictions (other than those which may then be required by the Transaction Documents) representing the number of shares of Common Stock being acquired upon the conversion of shares of Series B Convertible Preferred Stock. On or after the Effective Date, the Corporation shall, upon request of such Holder, use its reasonable efforts to deliver any certificate or certificates required to be delivered by the Corporation under this Section electronically through the Depository Trust Company or another established clearing corporation performing similar functions. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the fifth Trading Day after the Conversion Date, the applicable Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such certificate or certificates, to rescind such Conversion Notice by written notice to the Corporation, in which event the Corporation shall promptly return to such Holder any original Series B Convertible Preferred Stock certificate delivered to the Corporation and such Holder shall promptly return any Common Stock certificates representing the shares of Series B Convertible Preferred Stock tendered for conversion to the Corporation.

ii. Obligation Absolute; Damages. The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Series B Convertible Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. If the Corporation fails to deliver to a Holder such certificate or certificates pursuant to this Section on the fifth Trading Day after the share delivery date applicable to such conversion, the Corporation shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Stated Value of Series B Convertible Preferred Stock being converted, \$10 per Trading Day (increasing to \$20 per Trading Day on the tenth Trading Day after the share deliver date) for each Trading Day after such fifth Trading Day after the share delivery date until such certificates are delivered.

e. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Series B Convertible Preferred Stock and payment of dividends on the Series B Convertible Preferred Stock, each as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders of the Series B Convertible Preferred Stock, not less than such aggregate number of shares of the Common Stock as shall (subject to the terms and conditions in the Securities Purchase Agreement) be issuable upon the conversion of all outstanding shares of Series B Convertible Preferred Stock and payment of dividends hereunder. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

f. **Beneficial Ownership Limitation.** The Corporation shall not effect any conversion of the Series B Convertible Preferred Stock, and a Holder shall not have the right to convert any portion of the Series B Convertible Preferred Stock, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any other person or entity acting as a group together with such Holder or any of such Holder's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of the Series B Convertible Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted Stated Value of Series B Convertible Preferred Stock beneficially owned by such Holder or any of its Affiliates and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein (including the Series 1 and Series 2 Warrants) beneficially owned by such Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 5(f), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section applies, the determination of whether the Series B Convertible Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates) and of how many shares of Series B Convertible Preferred Stock are convertible shall be in the sole discretion of such Holder, and the submission of a Notice of Conversion shall be deemed to be such Holder's determination of whether the shares of Series B Convertible Preferred Stock may be converted (in relation to other securities owned by such Holder together with any Affiliates) and how many shares of the Series B Convertible Preferred Stock are convertible, in each case subject to such aggregate percentage limitations. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section, in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (A) the Corporation's most recent Form 10-QSB or Form 10-KSB, as the case may be, (B) a more recent public announcement by the Corporation or (C) a more recent notice by the Corporation or the Corporation's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Corporation shall within two Trading Days confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Series B Convertible Preferred Stock, by such Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "**Beneficial Ownership Limitation**" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of Series B Convertible Preferred Stock held by the applicable Holder. The Beneficial Ownership Limitation provisions of this Section may be waived by such Holder, at the election of such Holder, upon not less than 61 days' prior notice to the Corporation, to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of Series B Convertible Preferred Stock held by the applicable Holder and the provisions of this Section shall continue to apply. Upon such a change by a Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation shall not be further waived by such Holder. The limitations contained in this paragraph shall apply to a successor holder of Series B Convertible Preferred Stock. **Notwithstanding anything herein to the contrary, this provision shall not apply to any Holder that has elected to waive this provision on its signature page to the Securities Purchase Agreement, on or before the date of closing.**

6. Certain Adjustments.

a) **Stock Dividends and Stock Splits.** If the Corporation, at any time while this Series B Convertible Preferred Stock is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, this Series B Convertible Preferred Stock); (B) subdivides outstanding shares of Common Stock into a larger number of shares; (C) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares; or (D) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Series B Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 6(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Equity Sales. If, at any time while this Series B Convertible Preferred Stock is outstanding, the Corporation or any Subsidiary, as applicable, sells, grants or otherwise issues (or announces any sale, grant or other issuance related to the foregoing) any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock at an effective price per share that is lower than the then Conversion Price (such lower price, the “**Base Conversion Price**” and such issuances collectively, a “**Dilutive Issuance**”) (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is lower than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on such date of the Dilutive Issuance), then the Conversion Price shall be reduced to equal the Base Conversion Price. Notwithstanding the foregoing, no adjustment will be made under this Section 6(b) in connection with an Exempt Issuance. The Corporation shall notify the Holders in writing, no later than the Business Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 6(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the “**Dilutive Issuance Notice**”). For purposes of clarification, whether or not the Corporation provides a Dilutive Issuance Notice pursuant to this Section 6(b), upon the occurrence of any Dilutive Issuance, the Holders are entitled to receive a number of Conversion Shares based upon the Base Conversion Price on or after the date of such Dilutive Issuance, regardless of whether a Holder accurately refers to the Base Conversion Price in the Notice of Conversion.

c) Intentionally Omitted.

d) Pro Rata Distributions. If the Corporation, at any time while this Series B Convertible Preferred Stock is outstanding, distributes to all holders of Common Stock (and not to Holders) evidences of its indebtedness or assets (including cash and cash dividends) (other than stock dividends, which shall be subject to Section 6(a)), then, in each such case, the Conversion Price shall be adjusted by multiplying such Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP determined as of the record date mentioned above, and of which the numerator shall be such VWAP on such record date less the then fair market value at such record date of the portion of such assets, evidence of indebtedness or rights or warrants so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors of the Corporation in good faith. In either case the adjustments shall be described in a statement delivered to the Holders describing the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

e) Fundamental Transaction. If, at any time while this Series B Convertible Preferred Stock is outstanding, (i) the Corporation effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (iv) the Corporation effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a “**Fundamental Transaction**”), then, upon any subsequent conversion of this Series B Convertible Preferred Stock, the Holders shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of one share of Common Stock (the “**Alternate Consideration**”). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holders shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Series B Convertible Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders’ right to convert such preferred stock into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 6(e) and insuring that this Series B Convertible Preferred Stock (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

f) Calculations. All calculations under this Section 6 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 6, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

g) Notice to the Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 6, the Corporation shall promptly mail to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Series B Convertible Preferred Stock, and shall cause to be delivered to each Holder at its last address as it shall appear upon the stock books of the Corporation, at least 10 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert the Series B Convertible Preferred Stock (or any part hereof) during the 10-day period commencing on the date of such notice through the effective date of the event triggering such notice.

7. Redemption Upon Triggering Events; Call and Put.

a) “Triggering Event” means any one or more of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. [A] the Corporation merges into or consolidates with any other Person, or any Person merges into or consolidates with the Corporation and, after giving effect to such transaction, the shareholders of the Corporation immediately prior to such transaction own less than 66% of the aggregate voting power of the Corporation or the successor entity of such transaction, or [B] the Corporation sells or transfers all or substantially all of its assets to another Person and the shareholders of the Corporation immediately prior to such transaction own less than 66% of the aggregate voting power of the acquiring entity immediately after the transaction, or [C] the execution by the Corporation of an agreement to which the Corporation is a party or by which it is bound, providing for any of the events set forth in clauses [A] through [B] herein;

- ii. the Corporation shall fail to have available a sufficient number of authorized and unreserved shares of Common Stock to issue to such Holder upon a conversion hereunder;
- iii. unless specifically addressed elsewhere in this Certificate of Designations as a Triggering Event, the Corporation shall fail to observe or perform any other covenant, agreement or warranty contained in this Certificate of Designations, including the failure to make a dividend payment on the Dividend Payment Date, and such failure or breach shall not, if subject to the possibility of a cure by the Corporation, have been cured within 20 calendar days after the date on which written notice of such failure or breach shall have been delivered;
- iv. there shall have occurred a Bankruptcy Event;
- v. the Common Stock shall not be eligible for listing or quotation for trading on a Trading Market (as defined above) and shall not be eligible to resume listing or quotation for trading thereon within 10 Trading Days;
- vi. the Corporation shall fail for any reason to deliver certificates to a Holder prior to the 10th Trading Day after a Conversion Date pursuant to Section 5 or the Corporation shall provide at any time notice to the Holder, including by way of public announcement, of the Corporation's intention to not honor requests for conversions of any Series B Convertible Preferred Stock in accordance with the terms hereof; or
- vii. any monetary judgment, writ or similar final process shall be entered or filed against the Corporation, any Subsidiary or any of their respective property or other assets for greater than \$150,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 30 calendar days.
- b) Upon the occurrence of a Triggering Event, each Holder shall (in addition to all other rights it may have hereunder or under applicable law) have the right, exercisable at the sole option of such Holder, to require the Corporation to redeem all of the Series B Convertible Preferred Stock then held by such Holder for a redemption price equal to the 110% of the Stated Value of the Series B Preferred Stock, plus all accrued and unpaid dividends, plus all other amounts, costs, expenses and liquidated damages due in respect of the Series B Convertible Preferred Stock (the “**Default Redemption Amount**”). The Default Redemption Amount shall be due and payable within three Trading Days of the date on which the notice for the payment therefor is provided by a Holder (the “**Default Redemption Payment Date**”).
- c. Call Right. The Corporation (and/or Rebecca Manandic or her heirs or assigns) shall have the privilege and option to redeem, in cash, the then outstanding Stated Value of all Series B Convertible Preferred Stock held by all Holders, in full, and not in part, at any time, upon payment of 110% of the then outstanding Stated Value of the Series B Convertible Preferred Stock, plus all accrued and unpaid dividends thereon, plus all other amounts, costs, expenses and liquidated damages due in respect of the Series B Convertible Preferred Stock (the “**Call Redemption Amount**”). The Call Redemption Amount shall be due and payable within three Trading Days of the date the Corporation first provides written notice to all Holders of the exercise of its call option under this Section 7(c) (the “**Call Redemption Payment Date**”).
- d. Put Right. At any time after the second anniversary of the Original Issue Date of the Series B Convertible Preferred Stock, each Holder shall have the right, upon providing written notice to the Corporation (a “**Put Notice**”), to force the Corporation to redeem all or part of the shares of Series B Convertible Preferred Stock held by such Holders at a cash redemption price per share equal to 100% of the then outstanding Stated Value of the Series B Convertible Preferred Stock, plus all accrued and unpaid dividend thereon, plus all other amounts, costs, expenses and liquidated damages due in respect of the Series B Convertible Preferred Stock (the “**Put Redemption Amount**”). The Put Redemption Amount shall be due and payable within ten Trading Days of the date the Corporation first provides written notice to all Holders of the exercise of its call option under this Section 7(d) (the “**Put Redemption Payment Date**”).

e. If the Corporation fails to pay in full the Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, as applicable, on the date such amount is due in accordance with this Section, the Corporation will pay interest thereon at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law, accruing daily from such date until such Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, plus all such interest thereon, is paid in full. For purposes of this Section, a share of Series B Convertible Preferred Stock is outstanding until such date as the applicable Holder has been paid the Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, as applicable, in full in cash. The remedies provided for herein are cumulative and are not exclusive of any other remedies provided by law or equity. The Corporation agrees to pay Holder's attorneys' fees and legal expenses incurred in enforcing Holder's rights, powers and remedies hereunder.

f. Notwithstanding anything to the contrary in Section 3(a) above, if the Corporation fails to pay in full the Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, as applicable, on the date such amount is due in accordance with this Section, each Holder of the shares of Series B Convertible Preferred Stock shall have the right to the number of votes equal to the number of Conversion Shares then issuable upon conversion of the Series B Convertible Preferred Stock held by such Holder in all matters as to which shareholders are required or permitted to vote, without regard to the limitations set forth in Section 5(f) above, and with respect to such vote, such Holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision in these Articles as amended hereby, to vote, together with the holders of Common Stock as a single class, with respect to any question upon which holders of Common Stock have the right to vote.

g. The obligations of the Corporation to the Holders under this Section 7 are secured by all assets of the Corporation and the Subsidiaries of the Corporation (the "Collateral") pursuant to the Security Agreement, dated as of February 21, 2008, between the Corporation, the Subsidiaries of the Corporation and the Holders. Notwithstanding any contrary provision of this Agreement or any other agreement between Holders and the Corporation and any of the Subsidiaries of the Corporation, the lien of the Holders are and at all times shall at all times be junior and subordinate to the Senior Lien of Senior Lender which secures the Senior Obligations of the Corporation. Until the Senior Obligation owing by Corporation and any of the Subsidiaries of the Corporation to Senior Lender are paid to Senior Lender in full, for a period of 180 days (the "Blockage Period") from and after receipt by Holders of notification pursuant to a notice from the Senior Lender that a default on the Senior Obligations exists or would be created by taking Action Against the Collateral (as defined below), the Holders will not, without Senior Lender's prior written consent, assert or seek to enforce or apply, by legal proceedings or otherwise, any security interest or other rights that Holders may now have or hereafter acquire with respect to the Collateral or the proceeds thereof or attempt to collect any proceeds or any payments due on the Collateral ("Actions Against the Collateral"). Nothing herein shall prevent the Holders from accepting payments in the ordinary course of business, or exercising rights that do not involve Actions Against the Collateral.

8. Definitions. As used herein, the following terms shall have the following meanings:

a. "**Affiliate**" means any Person that, directly or indirectly through one (1) or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act. With respect to a Holder, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Holder will be deemed to be an Affiliate of such Holder.

b. "**Bankruptcy Event**" means any of the following events: (a) the Corporation or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Corporation or any Subsidiary thereof; (b) there is commenced against the Corporation or any Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement; (c) the Corporation or any Significant Subsidiary thereof is adjudicated

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

d. "**Common Stock**" means the Corporation's common stock, par value \$[.001] per share.

- e. “**Common Stock Equivalents**” means any securities of the Corporation 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 exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.
- f. “**Conversion Shares**” means, collectively, the shares of Common Stock issuable upon conversion of the shares of Series B Convertible Preferred Stock in accordance with the terms hereof.
- g. “**Effective Date**” means the date that the registration statement registering the Conversion Shares for resale is declared effective by the SEC.
- h. “**Exempt Issuance**” means: (i) shares of Common Stock issued or deemed issued as a dividend or distribution on the Series B Convertible Preferred Stock; (ii) shares of Common Stock issued or deemed issued upon exercise or conversion of the Series B Convertible Preferred Stock, Series 1 Warrants, Series 2 Warrants, and warrants issued to the placement agent in connection with the offering of the Series B Convertible Preferred Stock; (iii) shares of Common Stock issued upon the exercise or conversion of Common Stock Equivalents outstanding on the date hereof and disclosed in the disclosure schedules attached to the Securities Purchase Agreement, provided the issuance is pursuant to the terms of such Common Stock Equivalent as disclosed in such disclosure schedules; (iv) shares of Common Stock issued or issuable by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Section 6(a) above; (v) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors, provided that any such issuance shall only be to a Person which is, itself or through its subsidiaries, an operating company in a business synergistic with the business of the Corporation and in which the Corporation receives benefits in addition to the investment of funds, but shall not include a transaction in which the Corporation is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities, and (vi) securities sold in connection with a firm commitment underwritten public offering of shares of Common Stock that is intended, pursuant to the Corporation’s Board of Directors resolution, to produce minimum proceeds (after payment of underwriter’s fees and commissions) of not less than \$30,000,000.
- i. “**Holder**” means a holder of Series B Convertible Preferred Stock.
- j. “**Junior Stock**” or “**Junior Securities**” means the Common Stock and all other Common Stock Equivalents of the Corporation, including the Series A Convertible Preferred Stock, other than those securities which are explicitly senior or pari passu to the Series B Convertible Preferred Stock in dividend rights or liquidation preference.
- k. “**Original Issue Date**” the date the Corporation initially issues the shares of Series B Convertible Preferred Stock, regardless of the number of times transfer of such share is made on the stock records maintained by or for the Corporation and regardless of the number of certificates which may be issued to evidence such share.
- l. “**Person**” shall mean any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.
- m. “**SEC**” means the United States Securities and Exchange Commission.
- n. “**Rule 144**” means Rule 144 promulgated by the SEC under the Securities Act.
- o. “**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

- p. “**Securities Purchase Agreement**” means the Securities Purchase Agreement dated February 21, 2008, by and between the Corporation, and each of the purchasers of Series B Convertible Preferred Stock of the Corporation a party thereto.
- q. “**Senior Lender**” means BFI Business Finance and its successors and assigns, or any replacement lender with a credit limit no greater than now exists.
- r. “**Senior Lien**” means the lien of Senior Lender against the Company and the subsidiaries of the Company.
- s. “**Senior Obligation**” means (a) the obligations of the Company to Senior Lender pursuant to that certain General Continuing Guaranty and that certain Security Agreement (All Assets) by and between the Company and Senior Lender, each dated October 26, 2004, each as amended, restated and renewed from time to time; and (b) the obligations of the subsidiaries of the Company pursuant to that certain Loan and Security Agreement dated October 26, 2004, as amended, restated and renewed from time to time.
- t. “**Series 1 Warrants**” means the Series 1 Common Stock Purchase Warrants issued on or about February 21, 2008.
- u. “**Series 2 Warrants**” means the Series 2 Common Stock Purchase Warrants issued on or about February 21, 2008.
- v. “**Subsidiary**” shall mean any corporation, association, partnership, limited liability company or other business entity of which more than fifty percent (50%) of the total voting power is, at the time, owned or controlled, directly or indirectly, by the Corporation or one or more of the other Subsidiaries of the Corporation or a combination thereof.
- w. “**Trading Day**” means a day on which the securities exchange, association, or quotation system on which shares of Common Stock are listed or quoted for trading shall be open for business or, if the shares of Common Stock shall not be listed on such exchange, association, or quoted on a quotation system for such day, a day with respect to which trades in the United States domestic over-the-counter market shall be reported.
- x. “**Trading Market**” means the following exchanges on which the Common Stock is listed for trading on the date in question: the New York Stock Exchange, the Nasdaq Capital Market or the Nasdaq Global Market, the American Stock Exchange, or the Over The Counter Bulletin Board (the “**OTCBB**”).
- y. “**Transaction Documents**” means the Securities Purchase Agreement, the Registration Rights Agreement (as defined in the Securities Purchase Agreement), the Warrants (as defined in the Securities Purchase Agreement), and any other documents or agreements executed in connection with the transactions contemplated hereunder.
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z. “**VWAP**” of a share of Common Stock as of a particular date (the “**Determination Date**”) shall mean the price determined by the first of the following clauses that applies: (a) if shares of Common Stock are traded on a national securities exchange (an “**Exchange**”), the weighted average of the closing sale price of a share of the Common Stock of the Corporation on the last five (5) Trading Days prior to the Determination Date reported on such Exchange as reported in The Wall Street Journal (weighted with respect to the trading volume with respect to each such day); (b) if shares of Common Stock are not traded on an Exchange but trade in the over-the-counter market and such shares are quoted on the National Association of Securities Dealers Automated Quotations System (“**NASDAQ**”), the weighted average of the closing sale price of a share of the Common Stock of the Corporation on the last five (5) Trading Days prior to the Determination Date reported on NASDAQ as reported in The Wall Street Journal (weighted with respect to the trading volume with respect to each such day); (c) if such shares are an issue for which last sale prices are not reported on NASDAQ, the average of the closing sale price, in each case on the last five (5) Trading Days (or if the relevant price or quotation did not exist on any of such days, the relevant price or quotation on the next preceding Business Day on which there was such a price or quotation) prior to the Determination Date as reported by the Over the Counter Bulletin Board (the “**OTCBB**”), or any other successor organization; (d) if no closing sales price is reported for the Common Stock by the OTCBB or any other successor organization for such day, the average of the closing sale price, in each case on the last five (5) Trading Days (or if the relevant price or quotation did not exist on any of such days, the relevant price or quotation on the next preceding business day on which there was such a price or quotation) prior to the Determination Date as reported by the "pink sheets" by the Pink Sheets, LLC, or any successor organization, (e) if no closing sales price is reported for the Common Stock by the OTCBB or any other successor organization for such day, then the average of the high and low bid and asked price of any of the market makers for the Common Stock as reported on the OTCBB or in the "pink sheets" by the Pink Sheets, LLC on the last five (5) Trading Days; or (e) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the holder and reasonably acceptable to the Corporation.

(signature page follows)

IN WITNESS WHEREOF, this Certificate of Designations has been executed by a duly authorized officer of the Corporation on this 20th day of February, 2008.

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: /s/ Phillip Hamilton _____
Name: Phillip O. Hamilton
Title: President

(Signature Page to Series B Preferred Certificate of Designations)

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF SERIES B PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series B Convertible Preferred Stock indicated below into shares of common stock, \$.001 par value per share (the "Common Stock"), of Global Diversified Industries, Inc., a Nevada corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation in accordance with the Purchase Agreement. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect

Conversion: _____

Number of shares of Preferred Stock
owned prior to Conversion: _____

Number of shares of Preferred
Stock to be Converted: _____

Stated Value of shares of Preferred
Stock to be Converted: _____

Applicable

Conversion

Price: _____

Elect to receive accrued dividends in cash or
convert into Common Stock: _____

Number of shares of Preferred Stock
subsequent to Conversion: _____

[HOLDER]

By: _____

Name:

Title:

CERTIFICATE OF AMENDMENT TO CERTIFICATE OF INCORPORATION

**CERTIFICATE OF DESIGNATIONS,
PREFERENCES AND RIGHTS
of
SERIES C CONVERTIBLE PREFERRED STOCK
of
GLOBAL DIVERSIFIED INDUSTRIES, INC.**

Global Diversified Industries, Inc., a corporation organized and existing under the laws of the State of Nevada (“**Corporation**”), hereby certifies that the Board of Directors of the Corporation (the “**Board of Directors**” or the “**Board**”), pursuant to authority of the Board of Directors as required by applicable corporate law, and in accordance with the provisions of its certificate of incorporation and bylaws, has and hereby authorizes a series of the Corporation’s previously authorized Preferred Stock, par value \$.001 per share (the “**Preferred Stock**”), and hereby states the designation and number of shares, and fixes the rights, preferences, privileges, powers and restrictions thereof, as follows:

SERIES C CONVERTIBLE PREFERRED STOCK DESIGNATION AND AMOUNT

2,750,000 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated “**Series C Convertible Preferred Stock**” with the following rights, preferences, powers, privileges, restrictions, qualifications and limitations. Capitalized terms used and not otherwise immediately defined are defined in Section 8 below.

1. Stated Value. The par value of each issued share of Series C Convertible Preferred Stock shall be \$.001 per share, and the stated value of each issued share of Series C Convertible Preferred Stock shall be deemed to be \$1.00 (the “**Stated Value**”), subject to increase set forth in Section 6 below.

2. Dividends.

a. Dividends on Series C Convertible Preferred Stock. The holders of shares of Series C Convertible Preferred Stock shall be entitled to receive, and the Corporation shall pay, a dividend for each such share accruing at a rate per annum equal to twelve percent (12%) of the Stated Value (as such term is defined in Section 1 above) thereof, payable quarterly on March 31, June 30 and September 30, and December 31, beginning on September 30, 2008, and on each Conversion Date (as such term is defined in Section 5.b below) (with respect only to Series C Convertible Preferred Stock being converted) (each such date, a “**Dividend Payment Date**”) (if any Dividend Payment Date is not a Trading Day, the applicable payment shall be due on the next succeeding Trading Day). All dividends shall be paid in cash on the Dividend Payment Date.

b. Priority of Payment. In the event that full dividends are not paid under Section 2(a) above to the holders of all outstanding shares of Series C Convertible Preferred Stock so entitled to such payment and funds available for payment of dividends shall be insufficient to permit payment in full to holders of all such stock of the full preferential amounts to which they are then entitled, then the entire amount available for payment of dividends shall be distributed, first, ratably among all holders of Series C Convertible Preferred Stock in proportion to the full amount to which they would otherwise be respectively entitled and, second, only after the holders of Series C Convertible Preferred Stock have received the full amount of dividends to which they were entitled, ratably among all holders of other Preferred Stock and Common Stock in proportion to the full amount to which they would otherwise be respectively entitled.

3. Voting.

a. Voting Rights. Except as otherwise provided herein or as otherwise required by law, each Holder of the shares of Series C Convertible Preferred Stock shall have the right to the number of votes equal to the number of Conversion Shares then issuable upon conversion of the Series C Convertible Preferred Stock held by such Holder in all matters as to which shareholders are required or permitted to vote, and with respect to such vote, such Holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision in these Articles as amended hereby, to vote, together with the holders of Common Stock as a single class, with respect to any question upon which holders of Common Stock have the right to vote; provided, however, as to any Holder the right to vote such shares shall be limited to the number of shares issuable to such Holder pursuant to Section 5(f) on the record date for such vote. To the extent permitted under applicable corporate law, but subject to Section 3(b) below, the Corporation's shareholders may take action by the affirmative vote of a majority of all shareholders of this Corporation entitled to vote on an action.

b. Limitations on Corporate Actions. Notwithstanding anything to the contrary in Section 3(a) above, as long as any shares of Series C Convertible Preferred Stock are outstanding, the Corporation shall not, without the written consent or affirmative vote of the holders of no-less than fifty percent (51%) of the then-outstanding Stated Value of the Series C Convertible Preferred Stock consenting or voting (as the case may be) as a separate class from the Common Stock, the Corporation shall not, either directly or by amendment, merger, consolidation or otherwise:

- (i) amend its certificate or articles of incorporation in any manner that adversely affects the rights of the Holders;
- (ii) alter or change adversely the voting or other powers, preferences, rights, privileges, or restrictions of the Series C Convertible Preferred Stock contained herein or alter or amend this Certificate of Designation;
- (iii) increase the authorized number of shares of Preferred Stock, the Series A Convertible Preferred Stock, Series C Convertible Preferred Stock, or Series C Convertible Preferred Stock;
- (iv) redeem, purchase or otherwise acquire directly or indirectly any Junior Securities or any shares pari passu with the Series C Convertible Preferred Stock, including the Series B Preferred Stock, whether pursuant to the put or call rights set forth in the Section 7 of the Series B Designations, or otherwise;
- (v) directly or indirectly pay or declare any dividend or make any distribution in respect of, any Junior Securities, or set aside any monies for the purchase or redemption (through a sinking fund or otherwise) of any Junior Securities or any shares pari passu with the Series C Convertible Preferred Stock;
- (vi) authorize or create any class of stock ranking as to dividends, redemption or distribution of assets upon a Liquidation (as defined in Section 4 below) senior to or otherwise pari passu with the Series C Convertible Preferred Stock;
- (vii) none of the officers, directors or other Affiliates of the Corporation shall enter into any transaction with the Corporation or any Subsidiary (other than for services as employees, officers and directors), including entering into any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or other Affiliates or any entity in which any officer, director, or other Affiliates has a substantial interest or is an officer, director, trustee or partner;
- (viii) on an annualized basis, none of the officers of the Corporation or a Subsidiary shall receive an increase in salary or bonus in excess of 25% of the prior year's salary or bonus, as applicable; or
- (ix) enter into any agreement with respect to any of the foregoing.

4. Liquidation, Dissolution, or Winding-Down.

a. Payments to Holders of Series C Convertible Preferred Stock. Upon any liquidation, dissolution or winding-down of the Corporation, whether voluntary or involuntary (a “**Liquidation**”), the holders of the shares of Series C Convertible Preferred Stock shall be paid in cash, before any payment shall be paid to the holders of Common Stock, or any other Junior Stock, an amount for each share of Series C Convertible Preferred Stock held by such holder equal to the sum of (1) the Stated Value thereof and (2) an amount equal to dividends accrued but unpaid thereon, computed to the date payment thereof is made available (such applicable amount payable with respect to a share of Series C Convertible Preferred Stock sometimes being referred to as the “**Individual Series C Preferred Liquidation Preference Payment**” and with respect to all shares of Series C Convertible Preferred Stock in the aggregate sometimes being referred to as the “**Aggregate Series C Liquidation Preference Payment**”). If, upon such liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the assets to be distributed among the holders of shares of Series C Convertible Preferred Stock shall be insufficient to permit payment to the holders of Series C Convertible Preferred Stock of an aggregate amount equal to the Aggregate Series C Liquidation Preference Payment, then the entire assets of the Corporation to be so distributed shall be distributed ratably among the holders of Series C Convertible Preferred Stock (based on the Individual Series C Preferred Liquidation Preference Payments due to the respective holders of Series C Convertible Preferred Stock).

b. Payments to Holders of Junior Stock. After the payment of all preferential amounts required to be paid to the holders of the Series C Convertible Preferred Stock and any other class or series of stock of the Corporation ranking on liquidation senior to or on a parity with the Series C Convertible Preferred Stock, the holders of shares of Junior Stock then outstanding shall be entitled to receive the remaining assets of the Corporation available for distribution to its stockholders as otherwise set forth in the Corporation’s certificate or articles of incorporation.

5. Conversion. The holders of Series C Convertible Preferred Stock shall have the conversion rights as follows.

a. Right to Convert. Each share of Series C Convertible Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the Original Issue Date (subject to the limitations set forth in Section 5.f. below), and without the payment of additional consideration by the holder thereof, into such number of fully-paid and nonassessable shares of Common Stock as is determined by dividing (1) the sum of (i) the Stated Value per share and (ii) upon election of the Holder, all dividends accrued and unpaid on each such share to the date such share is converted, whether or not declared, and all other dividends declared and unpaid on each such share through the date of actual conversion, by (2) the Series C Conversion Price in effect at the time of conversion. Upon conversion hereunder, the Holder may elect to have all dividends accrued and unpaid through the date of conversion either paid in cash or converted into Common Stock pursuant to this Section 5(a). The “**Series C Conversion Price**” shall be seven cents (\$0.07); provided, however, that the Series C Conversion Price, and the rate at which shares of Series C Convertible Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided in Section 6. below. Shares of Series C Convertible Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued.

b. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a “**Notice of Conversion**”). Each Notice of Conversion shall specify the number of shares of Series C Convertible Preferred Stock to be converted, the number of shares of Series C Convertible Preferred Stock owned prior to the conversion at issue, the number of shares of Series C Convertible Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Conversion to the Corporation (such date, the “**Conversion Date**”). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. To effect conversions of shares of Series C Convertible Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing such shares of Series C Convertible Preferred Stock to the Corporation unless all of the shares of Series C Convertible Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Series C Convertible Preferred Stock promptly following the Conversion Date at issue. Certificates representing the Series C Convertible Preferred Stock shall have the following legend:

THE HOLDER AND ANY ASSIGNEE OR TRANSFEREE, BY ACCEPTANCE OF THIS STOCK CERTIFICATE, ACKNOWLEDGE AND AGREE THAT, PURSUANT TO SECTION 5.B. OF THE CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF THE SERIES C CONVERTIBLE PREFERRED STOCK, THE NUMBER OF SHARES REFLECTED ON THE FACE OF THIS CERTIFICATE MAY NOT BE THE ACTUAL NUMBER OF SHARES HELD BY THE HOLDER OR ASSIGNEE. PLEASE INQUIRE WITH THE CORPORATION AS TO THE ACTUAL NUMBER OF SHARES EVIDENCED BY THIS CERTIFICATE.

c. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series C Convertible Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors, or round-up to the next whole number of shares, at the Corporation's option. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Series C Convertible Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

d. Mechanics of Conversion.

i. Delivery of Certificate Upon Conversion. Not later than five Trading Days after each Conversion Date (the "**Share Delivery Date**"), the Corporation shall deliver, or cause to be delivered, to the converting Holder a certificate or certificates which, on or after the Effective Date, shall be free of restrictive legends and trading restrictions (other than those which may then be required by the Transaction Documents) representing the number of shares of Common Stock being acquired upon the conversion of shares of Series C Convertible Preferred Stock. On or after the Effective Date, the Corporation shall, upon request of such Holder, use its reasonable efforts to deliver any certificate or certificates required to be delivered by the Corporation under this Section electronically through the Depository Trust Company or another established clearing corporation performing similar functions. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the fifth Trading Day after the Conversion Date, the applicable Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such certificate or certificates, to rescind such Conversion Notice by written notice to the Corporation, in which event the Corporation shall promptly return to such Holder any original Series C Convertible Preferred Stock certificate delivered to the Corporation and such Holder shall promptly return any Common Stock certificates representing the shares of Series C Convertible Preferred Stock tendered for conversion to the Corporation.

ii. Obligation Absolute; Damages. The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Series C Convertible Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. If the Corporation fails to deliver to a Holder such certificate or certificates pursuant to this Section on the fifth Trading Day after the share delivery date applicable to such conversion, the Corporation shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Stated Value of Series C Convertible Preferred Stock being converted, \$10 per Trading Day (increasing to \$20 per Trading Day on the tenth Trading Day after the share deliver date) for each Trading Day after such fifth Trading Day after the share delivery date until such certificates are delivered.

e. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Series C Convertible Preferred Stock and payment of dividends on the Series C Convertible Preferred Stock, each as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders of the Series C Convertible Preferred Stock, not less than such aggregate number of shares of the Common Stock as shall (subject to the terms and conditions in the Securities Purchase Agreement) be issuable upon the conversion of all outstanding shares of Series C Convertible Preferred Stock and payment of dividends hereunder. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

f. **Beneficial Ownership Limitation.** The Corporation shall not effect any conversion of the Series C Convertible Preferred Stock, and a Holder shall not have the right to convert any portion of the Series C Convertible Preferred Stock, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any other person or entity acting as a group together with such Holder or any of such Holder's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of the Series C Convertible Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted Stated Value of Series C Convertible Preferred Stock beneficially owned by such Holder or any of its Affiliates and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein (including Series B Preferred Stock, Series 1 Warrants, Series 2 Warrants and Series 3 Warrants) beneficially owned by such Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 5(f), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section applies, the determination of whether the Series C Convertible Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates) and of how many shares of Series C Convertible Preferred Stock are convertible shall be in the sole discretion of such Holder, and the submission of a Notice of Conversion shall be deemed to be such Holder's determination of whether the shares of Series C Convertible Preferred Stock may be converted (in relation to other securities owned by such Holder together with any Affiliates) and how many shares of the Series C Convertible Preferred Stock are convertible, in each case subject to such aggregate percentage limitations. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section, in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (A) the Corporation's most recent Form 10-QSB or Form 10-KSB, as the case may be, (B) a more recent public announcement by the Corporation or (C) a more recent notice by the Corporation or the Corporation's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Corporation shall within two Trading Days confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Series C Convertible Preferred Stock, by such Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "**Beneficial Ownership Limitation**" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of Series C Convertible Preferred Stock held by the applicable Holder. The Beneficial Ownership Limitation provisions of this Section may be waived by such Holder, at the election of such Holder, upon not less than 61 days' prior notice to the Corporation, to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of Series C Convertible Preferred Stock held by the applicable Holder and the provisions of this Section shall continue to apply. Upon such a change by a Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation shall not be further waived by such Holder. The limitations contained in this paragraph shall apply to a successor holder of Series C Convertible Preferred Stock. **Notwithstanding anything herein to the contrary, this provision shall not apply to any Holder that has elected to waive this provision on its signature page to the Securities Purchase Agreement, on or before the date of closing.**

6. Certain Adjustments.

a) **Stock Dividends and Stock Splits.** If the Corporation, at any time while this Series C Convertible Preferred Stock is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, this Series C Convertible Preferred Stock); (B) subdivides outstanding shares of Common Stock into a larger number of shares; (C) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares; or (D) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Series C Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 6(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.



b) Subsequent Equity Sales. If, at any time while this Series C Convertible Preferred Stock is outstanding, the Corporation or any Subsidiary, as applicable, sells, grants or otherwise issues (or announces any sale, grant or other issuance related to the foregoing) any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock at an effective price per share that is lower than the then Conversion Price (such lower price, the “**Base Conversion Price**” and such issuances collectively, a “**Dilutive Issuance**”) (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is lower than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on such date of the Dilutive Issuance), then the Conversion Price shall be reduced to equal the Base Conversion Price. Notwithstanding the foregoing, no adjustment will be made under this Section 6(b) in connection with an Exempt Issuance. The Corporation shall notify the Holders in writing, no later than the Business Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 6(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the “**Dilutive Issuance Notice**”). For purposes of clarification, whether or not the Corporation provides a Dilutive Issuance Notice pursuant to this Section 6(b), upon the occurrence of any Dilutive Issuance, the Holders are entitled to receive a number of Conversion Shares based upon the Base Conversion Price on or after the date of such Dilutive Issuance, regardless of whether a Holder accurately refers to the Base Conversion Price in the Notice of Conversion.

c) Intentionally Omitted.

d) Pro Rata Distributions. If the Corporation, at any time while this Series C Convertible Preferred Stock is outstanding, distributes to all holders of Common Stock (and not to Holders) evidences of its indebtedness or assets (including cash and cash dividends) (other than stock dividends, which shall be subject to Section 6(a)), then, in each such case, the Conversion Price shall be adjusted by multiplying such Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP determined as of the record date mentioned above, and of which the numerator shall be such VWAP on such record date less the then fair market value at such record date of the portion of such assets, evidence of indebtedness or rights or warrants so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors of the Corporation in good faith. In either case the adjustments shall be described in a statement delivered to the Holders describing the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

e) Fundamental Transaction. If, at any time while this Series C Convertible Preferred Stock is outstanding, (i) the Corporation effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (iv) the Corporation effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a “**Fundamental Transaction**”), then, upon any subsequent conversion of this Series C Convertible Preferred Stock, the Holders shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of one share of Common Stock (the “**Alternate Consideration**”). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holders shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Series C Convertible Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders’ right to convert such preferred stock into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 6(e) and insuring that this Series C Convertible Preferred Stock (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

f) Calculations. All calculations under this Section 6 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 6, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

g) Notice to the Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 6, the Corporation shall promptly mail to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Series C Convertible Preferred Stock, and shall cause to be delivered to each Holder at its last address as it shall appear upon the stock books of the Corporation, at least 10 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert the Series C Convertible Preferred Stock (or any part hereof) during the 10-day period commencing on the date of such notice through the effective date of the event triggering such notice.

7. Redemption Upon Triggering Events; Call and Put.

a) “Triggering Event” means any one or more of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. [A] the Corporation merges into or consolidates with any other Person, or any Person merges into or consolidates with the Corporation and, after giving effect to such transaction, the shareholders of the Corporation immediately prior to such transaction own less than 66% of the aggregate voting power of the Corporation or the successor entity of such transaction, or [B] the Corporation sells or transfers all or substantially all of its assets to another Person and the shareholders of the Corporation immediately prior to such transaction own less than 66% of the aggregate voting power of the acquiring entity immediately after the transaction, or [C] the execution by the Corporation of an agreement to which the Corporation is a party or by which it is bound, providing for any of the events set forth in clauses [A] through [B] herein;

ii. the Corporation shall fail to have available a sufficient number of authorized and unreserved shares of Common Stock to issue to such Holder upon a conversion hereunder;

iii. unless specifically addressed elsewhere in this Certificate of Designations as a Triggering Event, the Corporation shall fail to observe or perform any other covenant, agreement or warranty contained in this Certificate of Designations, including the failure to make a dividend payment on the Dividend Payment Date, and such failure or breach shall not, if subject to the possibility of a cure by the Corporation, have been cured within 20 calendar days after the date on which written notice of such failure or breach shall have been delivered;



iv. there shall have occurred a Bankruptcy Event;

v. the Common Stock shall not be eligible for listing or quotation for trading on a Trading Market (as defined above) and shall not be eligible to resume listing or quotation for trading thereon within 10 Trading Days;

vi. the Corporation shall fail for any reason to deliver certificates to a Holder prior to the 10th Trading Day after a Conversion Date pursuant to Section 5 or the Corporation shall provide at any time notice to the Holder, including by way of public announcement, of the Corporation's intention to not honor requests for conversions of any Series C Convertible Preferred Stock in accordance with the terms hereof; or

vii. any monetary judgment, writ or similar final process shall be entered or filed against the Corporation, any Subsidiary or any of their respective property or other assets for greater than \$150,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 30 calendar days.

b) Upon the occurrence of a Triggering Event, each Holder shall (in addition to all other rights it may have hereunder or under applicable law) have the right, exercisable at the sole option of such Holder, to require the Corporation to redeem all of the Series C Convertible Preferred Stock then held by such Holder for a redemption price equal to the 110% of the Stated Value of the Series C Preferred Stock, plus all accrued and unpaid dividends, plus all other amounts, costs, expenses and liquidated damages due in respect of the Series C Convertible Preferred Stock (the "**Default Redemption Amount**"). The Default Redemption Amount shall be due and payable within three Trading Days of the date on which the notice for the payment therefor is provided by a Holder (the "**Default Redemption Payment Date**").

c. Call Right. At any time prior to the second anniversary of the Original Issue Date of the Series C Convertible Preferred Stock, the Corporation (and/or Rebecca Manandic or her heirs or assigns) shall have the privilege and option to redeem, in cash, the then outstanding Stated Value of all Series C Convertible Preferred Stock held by all Holders, in full, and not in part, at any time, upon payment of 110% of the then outstanding Stated Value of the Series C Convertible Preferred Stock, plus all accrued and unpaid dividends thereon, plus all other amounts, costs, expenses and liquidated damages due in respect of the Series C Convertible Preferred Stock (the "**Call Redemption Amount**"). The Call Redemption Amount shall be due and payable within three Trading Days of the date the Corporation first provides written notice to all Holders of the exercise of its call option under this Section 7(c) (the "**Call Redemption Payment Date**").

d. Put Right. At any time after the second anniversary of the Original Issue Date of the Series C Convertible Preferred Stock, each Holder shall have the right, upon providing written notice to the Corporation (a "**Put Notice**"), to force the Corporation to redeem all or part of the shares of Series C Convertible Preferred Stock held by such Holders at a cash redemption price per share equal to 100% of the then outstanding Stated Value of the Series C Convertible Preferred Stock, plus all accrued and unpaid dividend thereon, plus all other amounts, costs, expenses and liquidated damages due in respect of the Series C Convertible Preferred Stock (the "**Put Redemption Amount**"). The Put Redemption Amount shall be due and payable within ten Trading Days of the date the Corporation first provides written notice to all Holders of the exercise of its call option under this Section 7(d) (the "**Put Redemption Payment Date**").

e. If the Corporation fails to pay in full the Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, as applicable, on the date such amount is due in accordance with this Section, the Corporation will pay interest thereon at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law, accruing daily from such date until such Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, plus all such interest thereon, is paid in full. For purposes of this Section, a share of Series C Convertible Preferred Stock is outstanding until such date as the applicable Holder has been paid the Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, as applicable, in full in cash. The remedies provided for herein are cumulative and are not exclusive of any other remedies provided by law or equity. The Corporation agrees to pay Holder's attorneys' fees and legal expenses incurred in enforcing Holder's rights, powers and remedies hereunder.

f. Notwithstanding anything to the contrary in Section 3(a) above, if the Corporation fails to pay in full the Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, as applicable, on the date such amount is due in accordance with this Section, each Holder of the shares of Series C Convertible Preferred Stock shall have the right to the number of votes equal to the number of Conversion Shares then issuable upon conversion of the Series C Convertible Preferred Stock held by such Holder in all matters as to which shareholders are required or permitted to vote, without regard to the limitations set forth in Section 5(f) above, and with respect to such vote, such Holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision in these Articles as amended hereby, to vote, together with the holders of Common Stock as a single class, with respect to any question upon which holders of Common Stock have the right to vote.

g. The obligations of the Corporation to the Holders under this Section 7 are secured by all assets of the Corporation and the Subsidiaries of the Corporation (the “Collateral”) pursuant to the Security Agreement, dated as of _____, 2008, between the Corporation, the Subsidiaries of the Corporation and the Holders.

8. Definitions. As used herein, the following terms shall have the following meanings:

a. “**Affiliate**” means any Person that, directly or indirectly through one (1) or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act. With respect to a Holder, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Holder will be deemed to be an Affiliate of such Holder.

b. “**Bankruptcy Event**” means any of the following events: (a) the Corporation or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Corporation or any Subsidiary thereof; (b) there is commenced against the Corporation or any Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement; (c) the Corporation or any Significant Subsidiary thereof is adjudicated

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

d. “**Common Stock**” means the Corporation’s common stock, par value \$.001 per share.

e. “**Common Stock Equivalents**” means any securities of the Corporation 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 exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

f. “**Conversion Shares**” means, collectively, the shares of Common Stock issuable upon conversion of the shares of Series C Convertible Preferred Stock in accordance with the terms hereof.

g. “**Effective Date**” means the date that the registration statement registering the Conversion Shares for resale is declared effective by the SEC.

h. “**Exempt Issuance**” means: (i) shares of Common Stock issued or deemed issued as a dividend or distribution on the Series C Convertible Preferred Stock; (ii) shares of Common Stock issued or deemed issued upon exercise or conversion of the Series C Convertible Preferred Stock, Series 3 Warrants, and warrants issued to the placement agent in connection with the offering of the Series C Convertible Preferred Stock; (iii) shares of Common Stock issued upon the exercise or conversion of Common Stock Equivalents outstanding on the date hereof and disclosed in the disclosure schedules attached to the Securities Purchase Agreement, provided the issuance is pursuant to the terms of such Common Stock Equivalent as disclosed in such disclosure schedules; (iv) shares of Common Stock issued or issuable by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Section 6(a) above; (v) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors, provided that any such issuance shall only be to a Person which is, itself or through its subsidiaries, an operating company in a business synergistic with the business of the Corporation and in which the Corporation receives benefits in addition to the investment of funds, but shall not include a transaction in which the Corporation is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities, and (vi) securities sold in connection with a firm commitment underwritten public offering of shares of Common Stock that is intended, pursuant to the Corporation’s Board of Directors resolution, to produce minimum proceeds (after payment of underwriter’s fees and commissions) of not less than \$30,000,000.

i. “**Holder**” means a holder of Series C Convertible Preferred Stock.

j. “**Junior Stock**” or “**Junior Securities**” means the Common Stock and all other Common Stock Equivalents of the Corporation, including the Series A Convertible Preferred Stock and the Series B Preferred Stock, other than those securities which are explicitly senior or pari passu to the Series C Convertible Preferred Stock in dividend rights or liquidation preference.

k. “**Original Issue Date**” the date the Corporation initially issues the shares of Series C Convertible Preferred Stock, regardless of the number of times transfer of such share is made on the stock records maintained by or for the Corporation and regardless of the number of certificates which may be issued to evidence such share.

l. “**Person**” shall mean any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

m. “**SEC**” means the United States Securities and Exchange Commission.

n. “**Rule 144**” means Rule 144 promulgated by the SEC under the Securities Act.

o. “**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

p. “**Securities Purchase Agreement**” means the Securities Purchase Agreement dated June __, 2008, by and between the Corporation, and each of the purchasers of Series C Convertible Preferred Stock of the Corporation a party thereto.

q. “**Series A Convertible Preferred Stock**” means the Series A Convertible Preferred Stock of the Company, par value \$.001, issued pursuant to the Amended Articles of Incorporation filed with the State of Nevada on December 26, 2001.

r. “**Series B Convertible Preferred Stock**” means the Series B Convertible Preferred Stock of the Company, par value \$.001, issued pursuant to the Certificate of Designation, Preferences and Rights of Series B Convertible Preferred Stock filed with the State of Nevada on February 22, 2008.

- s. “**Series 1 Warrants**” means the Series 1 Common Stock Purchase Warrants issued on or about February 21, 2008.
- t. “**Series 2 Warrants**” means the Series 2 Common Stock Purchase Warrants issued on or about February 21, 2008.
- u. “**Series 3 Warrants**” means the Series 3 Common Stock Purchase Warrants issued on or about June __, 2008.
- v. “**Subsidiary**” shall mean any corporation, association, partnership, limited liability company or other business entity of which more than fifty percent (50%) of the total voting power is, at the time, owned or controlled, directly or indirectly, by the Corporation or one or more of the other Subsidiaries of the Corporation or a combination thereof.
- w. “**Trading Day**” means a day on which the securities exchange, association, or quotation system on which shares of Common Stock are listed or quoted for trading shall be open for business or, if the shares of Common Stock shall not be listed on such exchange, association, or quoted on a quotation system for such day, a day with respect to which trades in the United States domestic over-the-counter market shall be reported.
- x. “**Trading Market**” means the following exchanges on which the Common Stock is listed for trading on the date in question: the New York Stock Exchange, the Nasdaq Capital Market or the Nasdaq Global Market, the American Stock Exchange, or the Over The Counter Bulletin Board (the “**OTCBB**”).
- y. “**Transaction Documents**” means the Securities Purchase Agreement, the First Amendment to the Registration Rights Agreement (as defined in the Securities Purchase Agreement), the Registration Rights Agreement (as defined in the Securities Purchase Agreement), the Warrants (as defined in the Securities Purchase Agreement), and any other documents or agreements executed in connection with the transactions contemplated hereunder.
- z. “**VWAP**” of a share of Common Stock as of a particular date (the “**Determination Date**”) shall mean the price determined by the first of the following clauses that applies: (a) if shares of Common Stock are traded on a national securities exchange (an “**Exchange**”), the weighted average of the closing sale price of a share of the Common Stock of the Corporation on the last five (5) Trading Days prior to the Determination Date reported on such Exchange as reported in The Wall Street Journal (weighted with respect to the trading volume with respect to each such day); (b) if shares of Common Stock are not traded on an Exchange but trade in the over-the-counter market and such shares are quoted on the National Association of Securities Dealers Automated Quotations System (“**NASDAQ**”), the weighted average of the closing sale price of a share of the Common Stock of the Corporation on the last five (5) Trading Days prior to the Determination Date reported on NASDAQ as reported in The Wall Street Journal (weighted with respect to the trading volume with respect to each such day); (c) if such shares are an issue for which last sale prices are not reported on NASDAQ, the average of the closing sale price, in each case on the last five (5) Trading Days (or if the relevant price or quotation did not exist on any of such days, the relevant price or quotation on the next preceding Business Day on which there was such a price or quotation) prior to the Determination Date as reported by the Over the Counter Bulletin Board (the “**OTCBB**”), or any other successor organization; (d) if no closing sales price is reported for the Common Stock by the OTCBB or any other successor organization for such day, the average of the closing sale price, in each case on the last five (5) Trading Days (or if the relevant price or quotation did not exist on any of such days, the relevant price or quotation on the next preceding business day on which there was such a price or quotation) prior to the Determination Date as reported by the "pink sheets" by the Pink Sheets, LLC, or any successor organization, (e) if no closing sales price is reported for the Common Stock by the OTCBB or any other successor organization for such day, then the average of the high and low bid and asked price of any of the market makers for the Common Stock as reported on the OTCBB or in the "pink sheets" by the Pink Sheets, LLC on the last five (5) Trading Days; or (e) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the holder and reasonably acceptable to the Corporation.

(signature page follows)

IN WITNESS WHEREOF, this Certificate of Designations has been executed by a duly authorized officer of the Corporation on this 24th day of June, 2008.

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: /s/ Adam DeBard
Name: Adam DeBard
Title: Secretary

(Signature Page to Series C Preferred Certificate of Designations)

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES
OF SERIES C PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series C Convertible Preferred Stock indicated below into shares of common stock, \$.001 par value per share (the "Common Stock"), of Global Diversified Industries, Inc., a Nevada corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation in accordance with the Purchase Agreement. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect

Conversion: _____

Number of shares of Preferred Stock
owned prior to Conversion:

Number of shares of Preferred
Stock to be Converted:

Stated Value of shares of Preferred
Stock to be Converted:

Applicable
Conversion
Price:

Elect to receive accrued dividends in cash
or convert into Common Stock:

Number of shares of Preferred Stock
subsequent to Conversion:

[HOLDER]

By: _____

Name:
Title:

CERTIFICATE OF AMENDMENT TO CERTIFICATE OF INCORPORATION

AMENDED AND RESTATED CERTIFICATE OF DESIGNATIONS,
PREFERENCES AND RIGHTS

of

SERIES D CONVERTIBLE PREFERRED STOCK

of

GLOBAL DIVERSIFIED INDUSTRIES, INC.

Global Diversified Industries, Inc., a corporation organized and existing under the laws of the State of Nevada (“Corporation”), hereby certifies that the Board of Directors of the Corporation (the “Board of Directors” or the “Board”), pursuant to authority of the Board of Directors as required by applicable corporate law, and in accordance with the provisions of its certificate of incorporation and bylaws, has and hereby authorizes a series of the Corporation’s previously authorized Preferred Stock, par value \$.001 per share (the “Preferred Stock”), and hereby states the designation and number of shares, and fixes the rights, preferences, privileges, powers and restrictions thereof, as follows:

SERIES D CONVERTIBLE PREFERRED STOCK DESIGNATION AND AMOUNT

5,976,511 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated “**Series D Convertible Preferred Stock**” with the following rights, preferences, powers, privileges, restrictions, qualifications and limitations. Capitalized terms used and not otherwise immediately defined are defined in Section 8 below.

1. Stated Value. The par value of each issued share of Series D Convertible Preferred Stock shall be \$.001 per share, and the stated value of each issued share of Series D Convertible Preferred Stock shall be deemed to be \$1.00 (the “**Stated Value**”), subject to increase set forth in Section 6 below.

2. Dividends. The holders of shares of Series D Convertible Preferred Stock shall be entitled to receive and participate in, on an as-converted to Common Stock basis, when, as and if declared by the Board of Directors of the Corporation, out of the assets of the Corporation which are by law available therefor, all dividends payable either in cash or in property to the holders of Common Stock.

3. Voting.

(a) Voting Rights. Except as otherwise provided herein or as otherwise required by law, each Holder of the shares of Series D Convertible Preferred Stock shall have the right to the number of votes equal to the number of Conversion Shares then issuable upon conversion of the Series D Convertible Preferred Stock held by such Holder in all matters as to which shareholders are required or permitted to vote, and with respect to such vote, such Holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision in these Articles as amended hereby, to vote, together with the holders of Common Stock as a single class, with respect to any question upon which holders of Common Stock have the right to vote; provided, however, as to any Holder the right to vote such shares shall be limited to the number of shares issuable to such Holder pursuant to Section 5(f) on the record date for such vote. To the extent permitted under applicable corporate law, but subject to Section 3(b) below, the Corporation’s shareholders may take action by the affirmative vote of a majority of all shareholders of this Corporation entitled to vote on an action.

(b) Limitations on Corporate Actions. Notwithstanding anything to the contrary in Section 3(a) above, as long as any shares of Series D Convertible Preferred Stock are outstanding, the Corporation shall not, without the written consent or affirmative vote of the holders of greater than fifty percent (50%) of the then-outstanding Stated Value of the Series D Convertible Preferred Stock consenting or voting (as the case may be) as a separate class from the Common Stock, either directly or by amendment, merger, consolidation or otherwise:

(i) amend its certificate or articles of incorporation in any manner that adversely affects the rights of the Holders;

(ii) alter or change adversely the voting or other powers, preferences, rights, privileges, or restrictions of the Series D Convertible Preferred Stock contained herein or alter or amend this Certificate of Designation;

(iii) increase the authorized number of shares of Preferred Stock, the Series A Convertible Preferred Stock, Series B Convertible Preferred Stock, or Series C Convertible Preferred Stock;

(iv) redeem, purchase or otherwise acquire directly or indirectly any Junior Securities or any shares pari passu with the Series D Convertible Preferred Stock, including the Series B Preferred Stock, whether pursuant to the put or call rights set forth in Section 7 of the Series B Designations or otherwise;

(v) directly or indirectly pay or declare any dividend or make any distribution in respect of, any Junior Securities, or set aside any monies for the purchase or redemption (through a sinking fund or otherwise) of any Junior Securities or any shares pari passu with the Series D Convertible Preferred Stock;

(vi) authorize or create any class of stock ranking as to dividends, redemption or distribution of assets upon a Liquidation (as defined in Section 4 below) senior to or otherwise pari passu with the Series D Convertible Preferred Stock;

(vii) none of the officers, directors or other Affiliates of the Corporation shall enter into any transaction with the Corporation or any Subsidiary (other than for services as employees, officers and directors), including entering into any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or other Affiliates or any entity in which any officer, director, or other Affiliates has a substantial interest or is an officer, director, trustee or partner;

(viii) on an annualized basis, none of the officers of the Corporation or a Subsidiary shall receive an increase in salary or bonus in excess of 25% of the prior year's salary or bonus, as applicable; or

(ix) enter into any agreement with respect to any of the foregoing.

4. Liquidation, Dissolution, or Winding-Down.

(a) Payments to Holders of Series D Convertible Preferred Stock. Upon any liquidation, dissolution or winding-down of the Corporation, whether voluntary or involuntary (a “**Liquidation**”), the holders of the shares of Series D Convertible Preferred Stock shall be paid in cash, before any payment shall be paid to the holders of Common Stock, or any other Junior Stock, an amount for each share of Series D Convertible Preferred Stock held by such holder equal to the sum of (1) the Stated Value thereof and (2) an amount equal to dividends accrued but unpaid thereon, computed to the date payment thereof is made available (such applicable amount payable with respect to a share of Series D Convertible Preferred Stock sometimes being referred to as the “**Individual Series D Preferred Liquidation Preference Payment**” and with respect to all shares of Series D Convertible Preferred Stock in the aggregate sometimes being referred to as the “**Aggregate Series D Liquidation Preference Payment**”). If, upon such liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the assets to be distributed among the holders of shares of Series D Convertible Preferred Stock shall be insufficient to permit payment to the holders of Series D Convertible Preferred Stock of an aggregate amount equal to the Aggregate Series D Liquidation Preference Payment, then the entire assets of the Corporation to be so distributed shall be distributed ratably among the holders of Series D Convertible Preferred Stock (based on the Individual Series D Preferred Liquidation Preference Payments due to the respective holders of Series D Convertible Preferred Stock).

(b) Payments to Holders of Junior Stock. After the payment of all preferential amounts required to be paid to the holders of the Series D Convertible Preferred Stock and any other class or series of stock of the Corporation ranking on liquidation senior to or on a parity with the Series D Convertible Preferred Stock, the holders of shares of Junior Stock then outstanding shall be entitled to receive the remaining assets of the Corporation available for distribution to its stockholders as otherwise set forth in the Corporation’s certificate or articles of incorporation.

5. Conversion. The holders of Series D Convertible Preferred Stock shall have the conversion rights as follows.

(a) Right to Convert. Each share of Series D Convertible Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the Original Issue Date (subject to the limitations set forth in Section 5.f. below), and without the payment of additional consideration by the holder thereof, into such number of fully-paid and nonassessable shares of Common Stock as is determined by dividing (1) the sum of (i) the Stated Value per share and (ii) upon election of the Holder, all dividends accrued and unpaid on each such share to the date such share is converted, whether or not declared, and all other dividends declared and unpaid on each such share through the date of actual conversion, by (2) the Series D Conversion Price in effect at the time of conversion. Upon conversion hereunder, the Holder may elect to have all dividends accrued and unpaid through the date of conversion either paid in cash or converted into Common Stock pursuant to this Section 5(a). The “**Series D Conversion Price**” shall be four cents (\$0.04); provided, however, that the Series D Conversion Price, and the rate at which shares of Series D Convertible Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided in Section 6. below. Shares of Series D Convertible Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued.

(b) Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a “**Notice of Conversion**”). Each Notice of Conversion shall specify the number of shares of Series D Convertible Preferred Stock to be converted, the number of shares of Series D Convertible Preferred Stock owned prior to the conversion at issue, the number of shares of Series D Convertible Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Conversion to the Corporation (such date, the “**Conversion Date**”). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. To effect conversions of shares of Series D Convertible Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing such shares of Series D Convertible Preferred Stock to the Corporation unless all of the shares of Series D Convertible Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Series D Convertible Preferred Stock promptly following the Conversion Date at issue. Certificates representing the Series D Convertible Preferred Stock shall have the following legend:

THE HOLDER AND ANY ASSIGNEE OR TRANSFEREE, BY ACCEPTANCE OF THIS STOCK CERTIFICATE, ACKNOWLEDGE AND AGREE THAT, PURSUANT TO SECTION 5.B. OF THE AMENDED AND RESTATED CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF THE SERIES D CONVERTIBLE PREFERRED STOCK, THE NUMBER OF SHARES REFLECTED ON THE FACE OF THIS CERTIFICATE MAY NOT BE THE ACTUAL NUMBER OF SHARES HELD BY THE HOLDER OR ASSIGNEE. PLEASE INQUIRE WITH THE CORPORATION AS TO THE ACTUAL NUMBER OF SHARES EVIDENCED BY THIS CERTIFICATE.

(c) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series D Convertible Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors, or round-up to the next whole number of shares, at the Corporation's option. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Series D Convertible Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

(d) Mechanics of Conversion.

(i) Delivery of Certificate Upon Conversion. Not later than five Trading Days after each Conversion Date (the "**Share Delivery Date**"), the Corporation shall deliver, or cause to be delivered, to the converting Holder a certificate or certificates which, on or after the Effective Date, shall be free of restrictive legends and trading restrictions (other than those which may then be required by the Transaction Documents) representing the number of shares of Common Stock being acquired upon the conversion of shares of Series D Convertible Preferred Stock. On or after the Effective Date, the Corporation shall, upon request of such Holder, use its reasonable efforts to deliver any certificate or certificates required to be delivered by the Corporation under this Section electronically through the Depository Trust Company or another established clearing corporation performing similar functions. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the fifth Trading Day after the Conversion Date, the applicable Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such certificate or certificates, to rescind such Conversion Notice by written notice to the Corporation, in which event the Corporation shall promptly return to such Holder any original Series D Convertible Preferred Stock certificate delivered to the Corporation and such Holder shall promptly return any Common Stock certificates representing the shares of Series D Convertible Preferred Stock tendered for conversion to the Corporation.

(ii) Obligation Absolute; Damages. The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Series D Convertible Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. If the Corporation fails to deliver to a Holder such certificate or certificates pursuant to this Section on the fifth Trading Day after the share delivery date applicable to such conversion, the Corporation shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Stated Value of Series D Convertible Preferred Stock being converted, \$10 per Trading Day (increasing to \$20 per Trading Day on the tenth Trading Day after the share deliver date) for each Trading Day after such fifth Trading Day after the share delivery date until such certificates are delivered.

(e) Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Series D Convertible Preferred Stock and payment of dividends on the Series D Convertible Preferred Stock, each as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders of the Series D Convertible Preferred Stock, not less than such aggregate number of shares of the Common Stock as shall (subject to the terms and conditions in the Securities Purchase Agreement) be issuable upon the conversion of all outstanding shares of Series D Convertible Preferred Stock and payment of dividends hereunder. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

(f) Beneficial Ownership Limitation.

(i) Notwithstanding anything to the contrary set forth in this Amended and Restated Certificate of Designations, at no time may a Holder of this Series D Convertible Preferred Stock convert this Series D Convertible Preferred Stock to the extent that after giving effect to such conversion, the Holder (together with the Holder's Affiliates) would beneficially own (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder) in excess of 4.99% of the number of shares of Common Stock outstanding immediately after giving effect to such conversion; provided, however, that upon a Holder of this Series D Convertible Preferred Stock providing the Corporation with sixty-one (61) days notice (the "Waiver Notice") that such Holder would like to waive this Section 5(f)(i) with regard to any or all shares of Common Stock issuable upon conversion of this Series D Convertible Preferred Stock, this Section 5(f)(i) will be of no force or effect with regard to all or a portion of the Series D Convertible Preferred Stock referenced in the Waiver Notice.

(ii) Notwithstanding anything to the contrary set forth in this Amended and Restated Certificate of Designations, at no time may a Holder of this Series D Convertible Preferred Stock convert this Series D Convertible Preferred Stock to the extent that after giving effect to such conversion, the Holder (together with the Holder's Affiliates) would beneficially own (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder) in excess of 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to such conversion; provided, however that upon a Holder of this Series D Convertible Preferred Stock providing the Corporation with a Waiver Notice that such Holder would like to waive this Section 5(f)(ii) with regard to any or all shares of Common Stock issuable upon conversion of the Series D Convertible Preferred Stock, this Section 5(f)(ii) shall be of no force or effect with regard to those shares of Series D Convertible Preferred Stock referenced in the Waiver Notice.

Notwithstanding anything herein to the contrary, this provision shall not apply to restrict the ability of the Holder to convert immediately prior to (a) any liquidation, dissolution or winding-down of the Corporation, whether voluntary or involuntary, or (b) any Fundamental Transaction (as defined in Section 6(e) below).

6. Certain Adjustments.

(a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Series D Convertible Preferred Stock is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, this Series D Convertible Preferred Stock); (B) subdivides outstanding shares of Common Stock into a larger number of shares; (C) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares; or (D) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Series D Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 6(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) Subsequent Equity Sales. If, at any time while this Series D Convertible Preferred Stock is outstanding, the Corporation or any Subsidiary, as applicable, sells, grants or otherwise issues (or announces any sale, grant or other issuance related to the foregoing) any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock at an effective price per share that is lower than the then Conversion Price (such lower price, the “**Base Conversion Price**” and such issuances collectively, a “**Dilutive Issuance**”) (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is lower than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on such date of the Dilutive Issuance), then the Conversion Price shall be reduced to equal the Base Conversion Price. Notwithstanding the foregoing, no adjustment will be made under this Section 6(b) in connection with an Exempt Issuance. The Corporation shall notify the Holders in writing, no later than the Business Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 6(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the “**Dilutive Issuance Notice**”). For purposes of clarification, whether or not the Corporation provides a Dilutive Issuance Notice pursuant to this Section 6(b), upon the occurrence of any Dilutive Issuance, the Holders are entitled to receive a number of Conversion Shares based upon the Base Conversion Price on or after the date of such Dilutive Issuance, regardless of whether a Holder accurately refers to the Base Conversion Price in the Notice of Conversion.

(c) Intentionally Omitted.

(d) Pro Rata Distributions. If the Corporation, at any time while this Series D Convertible Preferred Stock is outstanding, distributes to all holders of Common Stock (and not to Holders) evidences of its indebtedness or assets (including cash and cash dividends) (other than stock dividends, which shall be subject to Section 6(a)), then, in each such case, the Conversion Price shall be adjusted by multiplying such Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP determined as of the record date mentioned above, and of which the numerator shall be such VWAP on such record date less the then fair market value at such record date of the portion of such assets, evidence of indebtedness or rights or warrants so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors of the Corporation in good faith. In either case the adjustments shall be described in a statement delivered to the Holders describing the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

(e) Fundamental Transaction. If, at any time while this Series D Convertible Preferred Stock is outstanding, (i) the Corporation effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (iv) the Corporation effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a “**Fundamental Transaction**”), then, upon any subsequent conversion of this Series D Convertible Preferred Stock, the Holders shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of one share of Common Stock (the “**Alternate Consideration**”). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holders shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Series D Convertible Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders’ right to convert such preferred stock into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 6(e) and insuring that this Series D Convertible Preferred Stock (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(f) Calculations. All calculations under this Section 6 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 6, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(g) Notice to the Holders.

(i) Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 6, the Corporation shall promptly mail to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(ii) Notice to Allow Conversion by Holder. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Series D Convertible Preferred Stock, and shall cause to be delivered to each Holder at its last address as it shall appear upon the stock books of the Corporation, at least 10 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert the Series D Convertible Preferred Stock (or any part hereof) during the 10-day period commencing on the date of such notice through the effective date of the event triggering such notice.

7. Redemption Upon Triggering Events; Call and Put.

(a) “Triggering Event” means any one or more of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

(i) [A] the Corporation merges into or consolidates with any other Person, or any Person merges into or consolidates with the Corporation and, after giving effect to such transaction, the shareholders of the Corporation immediately prior to such transaction own less than 66% of the aggregate voting power of the Corporation or the successor entity of such transaction, or [B] the Corporation sells or transfers all or substantially all of its assets to another Person and the shareholders of the Corporation immediately prior to such transaction own less than 66% of the aggregate voting power of the acquiring entity immediately after the transaction, or [C] the execution by the Corporation of an agreement to which the Corporation is a party or by which it is bound, providing for any of the events set forth in clauses [A] through [B] herein;

(ii) the Corporation shall fail to have available a sufficient number of authorized and unreserved shares of Common Stock to issue to such Holder upon a conversion hereunder;

(iii) unless specifically addressed elsewhere in this Certificate of Designations as a Triggering Event, the Corporation shall fail to observe or perform any other covenant, agreement or warranty contained in this Certificate of Designations, including the failure to make a dividend payment on the Dividend Payment Date, and such failure or breach shall not, if subject to the possibility of a cure by the Corporation, have been cured within 20 calendar days after the date on which written notice of such failure or breach shall have been delivered;

(iv) there shall have occurred a Bankruptcy Event;

(v) the Common Stock shall not be eligible for listing or quotation for trading on a Trading Market (as defined above) and shall not be eligible to resume listing or quotation for trading thereon within 10 Trading Days;

(vi) the Corporation shall fail for any reason to deliver certificates to a Holder prior to the 10th Trading Day after a Conversion Date pursuant to Section 5 or the Corporation shall provide at any time notice to the Holder, including by way of public announcement, of the Corporation's intention to not honor requests for conversions of any Series D Convertible Preferred Stock in accordance with the terms hereof; or

(vii) any monetary judgment, writ or similar final process shall be entered or filed against the Corporation, any Subsidiary or any of their respective property or other assets for greater than \$150,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 30 calendar days.

(b) Upon the occurrence of a Triggering Event, each Holder shall (in addition to all other rights it may have hereunder or under applicable law) have the right, exercisable at the sole option of such Holder, to require the Corporation to redeem all of the Series D Convertible Preferred Stock then held by such Holder for a redemption price equal to 110% of the Stated Value of the Series D Preferred Stock, plus all accrued and unpaid dividends, plus all other amounts, costs, expenses and liquidated damages due in respect of the Series D Convertible Preferred Stock (the "Default Redemption Amount"). The "**Default Redemption Amount**" shall be due and payable within three Trading Days of the date on which the notice for the payment therefore is provided by a Holder (the "**Default Redemption Payment Date**").

(c) Call Right. At any time prior to the second anniversary of the Original Issue Date of the Series D Convertible Preferred Stock, the Corporation (and/or Rebecca Manandic or her heirs or assigns) shall have the privilege and option to redeem, in cash, the then outstanding Stated Value of all Series D Convertible Preferred Stock held by all Holders, in full, and not in part, at any time, upon payment of 110% of the then outstanding Stated Value of the Series D Convertible Preferred Stock, plus all accrued and unpaid dividends thereon, plus all other amounts, costs, expenses and liquidated damages due in respect of the Series D Convertible Preferred Stock (the "**Call Redemption Amount**"). The Call Redemption Amount shall be due and payable within three Trading Days of the date the Corporation first provides written notice to all Holders of the exercise of its call option under this Section 7(c) (the "**Call Redemption Payment Date**").

(d) Put Right. At any time after the second anniversary of the Original Issue Date of the Series D Convertible Preferred Stock, each Holder shall have the right, upon providing written notice to the Corporation (a "**Put Notice**"), to force the Corporation to redeem all or part of the shares of Series D Convertible Preferred Stock held by such Holders at a cash redemption price per share equal to 100% of the then outstanding Stated Value of the Series D Convertible Preferred Stock, plus all accrued and unpaid dividend thereon, plus all other amounts, costs, expenses and liquidated damages due in respect of the Series D Convertible Preferred Stock (the "**Put Redemption Amount**"). The Put Redemption Amount shall be due and payable within ten Trading Days of the date the Corporation first provides written notice to all Holders of the exercise of its call option under this Section 7(d) (the "**Put Redemption Payment Date**").

(e) If the Corporation fails to pay in full the Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, as applicable, on the date such amount is due in accordance with this Section, the Corporation will pay interest thereon at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law, accruing daily from such date until such Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, plus all such interest thereon, is paid in full. For purposes of this Section, a share of Series D Convertible Preferred Stock is outstanding until such date as the applicable Holder has been paid the Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, as applicable, in full in cash. The remedies provided for herein are cumulative and are not exclusive of any other remedies provided by law or equity. The Corporation agrees to pay Holder's attorneys' fees and legal expenses incurred in enforcing Holder's rights, powers and remedies hereunder.

(f) Notwithstanding anything to the contrary in Section 3(a) above, if the Corporation fails to pay in full the Default Redemption Amount, the Call Redemption Amount, or the Put Redemption Amount, as applicable, on the date such amount is due in accordance with this Section, each Holder of the shares of Series D Convertible Preferred Stock shall have the right to the number of votes equal to the number of Conversion Shares then issuable upon conversion of the Series D Convertible Preferred Stock held by such Holder in all matters as to which shareholders are required or permitted to vote, without regard to the limitations set forth in Section 5(f) above, and with respect to such vote, such Holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision in these Articles as amended hereby, to vote, together with the holders of Common Stock as a single class, with respect to any question upon which holders of Common Stock have the right to vote.

(g) The obligations of the Corporation to the Holders under this Section 7 are secured by all assets of the Corporation and the Subsidiaries of the Corporation (the "Collateral") pursuant to the Security Agreement, dated as of December 19, 2008, as amended, between the Corporation, the Subsidiaries of the Corporation and the Holders.

8. Definitions. As used herein, the following terms shall have the following meanings:

(a) "**Affiliate**" means any Person that, directly or indirectly through one (1) or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act. With respect to a Holder, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Holder will be deemed to be an Affiliate of such Holder.

(b) "**Bankruptcy Event**" means any of the following events: (a) the Corporation or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Corporation or any Subsidiary thereof; (b) there is commenced against the Corporation or any Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement; (c) the Corporation or any Significant Subsidiary thereof is adjudicated.

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

(d) "**Common Stock**" means the Corporation's common stock, par value \$.001 per share.

(e) "**Common Stock Equivalents**" means any securities of the Corporation 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 exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

(f) “**Conversion Shares**” means, collectively, the shares of Common Stock issuable upon conversion of the shares of Series D Convertible Preferred Stock in accordance with the terms hereof.

(g) “**Effective Date**” means the date that the registration statement registering the Conversion Shares for resale is declared effective by the SEC.

(h) “**Exempt Issuance**” means: (i) shares of Common Stock issued or deemed issued as a dividend or distribution on the Series D Convertible Preferred Stock; (ii) shares of Common Stock issued or deemed issued upon exercise or conversion of the Series D Convertible Preferred Stock, Series 5 Warrants, and warrants issued to the placement agent in connection with the offering of the Series D Convertible Preferred Stock; (iii) shares of Common Stock issued upon the exercise or conversion of Common Stock Equivalents outstanding on the date hereof and disclosed in the disclosure schedules attached to the Securities Purchase Agreement, provided the issuance is pursuant to the terms of such Common Stock Equivalent as disclosed in such disclosure schedules and otherwise on the same terms that existed on the date of this agreement, without amendment; (iv) shares of Common Stock issued or issuable by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Section 6(a) above; (v) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the directors of the Corporation not interested in the transaction, provided that any such issuance shall only be to a Person which is, itself or through its subsidiaries, an operating company in a business synergistic with the business of the Corporation and in which the Corporation receives benefits in addition to the investment of funds, but shall not include a transaction in which the Corporation is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities, and (vi) securities sold in connection with a firm commitment underwritten public offering of shares of Common Stock that is intended, pursuant to the Corporation’s Board of Directors resolution, to produce minimum proceeds (after payment of underwriter’s fees and commissions) of not less than \$30,000,000.

(i) “**Holder**” means a holder of Series D Convertible Preferred Stock.

(j) “**Junior Stock**” or “**Junior Securities**” means the Common Stock and all other Common Stock Equivalents of the Corporation, including the Series A Convertible Preferred Stock, the Series B Preferred Stock, and the Series C Preferred Stock, other than those securities which are explicitly senior or pari passu to the Series D Convertible Preferred Stock in dividend rights or liquidation preference.

(k) “**Original Issue Date**” the date the Corporation initially issues the shares of Series D Convertible Preferred Stock, regardless of the number of times transfer of such share is made on the stock records maintained by or for the Corporation and regardless of the number of certificates which may be issued to evidence such share.

(l) “**Person**” shall mean any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

(m) “**SEC**” means the United States Securities and Exchange Commission.

(n) “**Rule 144**” means Rule 144 promulgated by the SEC under the Securities Act.

(o) “**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(p) “**Securities Purchase Agreement**” means the Securities Purchase Agreement dated March [], 2010, by and between the Corporation, and each of the purchasers of Series D Convertible Preferred Stock of the Corporation a party thereto.

(q) “**Series D Convertible Preferred Stock**” means the Series D Convertible Preferred Stock of the Company, par value \$.001, issued pursuant to the Certificate of Designation, Preferences and Rights of Series D Convertible Preferred Stock filed with the State of Nevada on July 16, 2009 and the Series D Convertible Preferred Stock of the Company, par value \$.001, as amended and restated on or about the date hereof.

(r) “**Series 5 Warrants**” means the Series 5 Common Stock Purchase Warrants issued on July 16, 2009 and November 17, 2009.

(s) “**Subsidiary**” shall mean any corporation, association, partnership, limited liability company or other business entity of which more than fifty percent (50%) of the total voting power is, at the time, owned or controlled, directly or indirectly, by the Corporation or one or more of the other Subsidiaries of the Corporation or a combination thereof

(t) “**Trading Day**” means a day on which the securities exchange, association, or quotation system on which shares of Common Stock are listed or quoted for trading shall be open for business or, if the shares of Common Stock shall not be listed on such exchange, association, or quoted on a quotation system for such day, a day with respect to which trades in the United States domestic over-the-counter market shall be reported.

(u) “**Trading Market**” means the following exchanges on which the Common Stock is listed for trading on the date in question: the New York Stock Exchange, the Nasdaq Capital Market or the Nasdaq Global Market, the American Stock Exchange, or the Over The Counter Bulletin Board (the “**OTCBB**”).

(v) “**Transaction Documents**” means the Securities Purchase Agreement, the Registration Rights Agreement (as defined in the Securities Purchase Agreement), the Warrant (as defined in the Securities Purchase Agreement), and any other documents or agreements executed in connection with the transactions contemplated hereunder.

(w) “**VWAP**” of a share of Common Stock as of a particular date (the “**Determination Date**”) shall mean the price determined by the first of the following clauses that applies: (a) if shares of Common Stock are traded on a national securities exchange (an “Exchange”), the weighted average of the closing sale price of a share of the Common Stock of the Corporation on the last five (5) Trading Days prior to the Determination Date reported on such Exchange as reported in The Wall Street Journal (weighted with respect to the trading volume with respect to each such day); (b) if shares of Common Stock are not traded on an Exchange but trade in the over-the-counter market and such shares are quoted on the National Association of Securities Dealers Automated Quotations System (“**NASDAQ**”), the weighted average of the closing sale price of a share of the Common Stock of the Corporation on the last five (5) Trading Days prior to the Determination Date reported on NASDAQ as reported in The Wall Street Journal (weighted with respect to the trading volume with respect to each such day); (c) if such shares are an issue for which last sale prices are not reported on NASDAQ, the average of the closing sale price, in each case on the last five (5) Trading Days (or if the relevant price or quotation did not exist on any of such days, the relevant price or quotation on the next preceding Business Day on which there was such a price or quotation) prior to the Determination Date as reported by the Over the Counter Bulletin Board (the “**OTCBB**”), or any other successor organization; (d) if no closing sales price is reported for the Common Stock by the OTCBB or any other successor organization for such day, the average of the closing sale price, in each case on the last five (5) Trading Days (or if the relevant price or quotation did not exist on any of such days, the relevant price or quotation on the next preceding business day on which there was such a price or quotation) prior to the Determination Date as reported by the “pink sheets” by the Pink Sheets, LLC, or any successor organization, (e) if no closing sales price is reported for the Common Stock by the OTCBB or any other successor organization for such day, then the average of the high and low bid and asked price of any of the market makers for the Common Stock as reported on the OTCBB or in the “pink sheets” by the Pink Sheets, LLC on the last five (5) Trading Days; or (e) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the holder and reasonably acceptable to the Corporation.

(signature page follows)

IN WITNESS WHEREOF, this Amended and Restated Certificate of Designations has been executed by a duly authorized officer of the Corporation on this 29th day of March, 2010.

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: /s/ Phillip Hamilton

Name: Phillip Hamilton

Title: Chief Executive Officer

(Signature Page to Amended and Restated Series D Preferred Certificate of Designations)

ANNEX A

NOTICE OF CONVERSION
(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES
OF SERIES D PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series D Convertible Preferred Stock indicated below into shares of common stock, \$.001 par value per share (the "Common Stock"), of Global Diversified Industries, Inc., a Nevada corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation in accordance with the Purchase Agreement. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect
Conversion: _____

Number of shares of Preferred Stock
owned prior to Conversion: _____

Number of shares of Preferred
Stock to be Converted: _____

Stated Value of shares of
Preferred Stock to be Converted: _____

Applicable
Conversion Price: _____

Elect to receive accrued dividends in cash
or convert into Common Stock: _____

Number of shares of Preferred Stock
subsequent to Conversion: _____

[HOLDER]

By: _____

Name:

Title:

CERTIFICATE OF AMENDMENT TO CERTIFICATE OF INCORPORATION

FIRST AMENDMENT TO THE

AMENDED AND RESTATED CERTIFICATE OF DESIGNATIONS

PREFERENCES AND RIGHTS

of

SERIES D CONVERTIBLE PREFERRED STOCK

of

GLOBAL DIVERSIFIED INDUSTRIES, INC.

GLOBAL DIVERSIFIED INDUSTRIES, INC., a corporation organized and existing under the laws of the State of Nevada (“**Corporation**”) does hereby certify as follows:

1. The Amended and Restated Certificate Of Designations, Preferences and Rights of Series D Convertible Preferred Stock of the Corporation (the “Amended and Restated Series D Designations”) were filed with the Nevada Secretary of State on March 29, 2010, and its document number with the State of Nevada is 2010198967-83.
2. The Series D Designations are hereby amended to increase the number of shares of Series D Convertible Preferred Stock authorized for issuance from 5,976,511 to 8,456,511.
3. The terms and conditions of the Series D Designations that have not been modified by this amendment shall remain in full force and effect.

IN WITNESS WHEREOF, this First Amendment to the Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock has been executed by a duly authorized officer of the Corporation on this 15th day of April, 2010.

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: /s/ Phillip Hamilton

Name: Phillip Hamilton

Title: CEO

CERTIFICATE OF AMENDMENT TO CERTIFICATE OF INCORPORATION

SECOND AMENDMENT TO THE

**AMENDED AND RESTATED CERTIFICATE OF DESIGNATIONS,
PREFERENCES AND RIGHTS**

of

SERIES D CONVERTIBLE PREFERRED STOCK

of

GLOBAL DIVERSIFIED INDUSTRIES, INC.

GLOBAL DIVERSIFIED INDUSTRIES, INC., a corporation organized and existing under the laws of the State of Nevada (“Corporation”) does hereby certify as follows:

1. The Amended and Restated Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock of the Corporation (the “Amended and Restated Series D Designations”) were filed with the Nevada Secretary of State on or before December 20, 2010 and evidence of such filing is attached hereto as Exhibit A.
2. The Amended and Restated Series D Designations are hereby amended to increase the number of shares of Series D Convertible Preferred Stock authorized for issuance from 8,456,511 to 10,936,511.
3. The terms and conditions of the Amended and Restated Series D Designations that have not been modified by this amendment shall remain in full force and effect.

IN WITNESS WHEREOF, this Second Amendment to the Certificate of Designations, Preferences and Rights of the Amended and Restated Series D Convertible Preferred Stock has been executed by a duly authorized officer of the Corporation on this 19th day of December, 2010.

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: /s/ Adam DeBard

Name: Adam DeBard

Title: Secretary

CERTIFICATE OF AMENDMENT TO CERTIFICATE OF INCORPORATION

**THIRD AMENDMENT TO THE
AMENDED AND RESTATED CERTIFICATE OF DESIGNATIONS,
PREFERENCES AND RIGHTS
of
SERIES D CONVERTIBLE PREFERRED STOCK
of
GLOBAL DIVERSIFIED INDUSTRIES, INC.**

GLOBAL DIVERSIFIED INDUSTRIES, INC., a corporation organized and existing under the laws of the State of Nevada (“Corporation”) does hereby certify as follows:

1. The Amended and Restated Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock of the Corporation (the “Amended and Restated Series D Designations”) were filed with the Nevada Secretary of State on or before March 10, 2011 and evidence of such filing is attached hereto as Exhibit A.
2. The Amended and Restated Series D Designations are hereby amended to increase the number of shares of Series D Convertible Preferred Stock authorized for issuance from 10,936,511 to 12,176,511.
3. The terms and conditions of the Amended and Restated Series D Designations that have not been modified by this amendment shall remain in full force and effect.

IN WITNESS WHEREOF, this Third Amendment to the Certificate of Designations, Preferences and Rights of the Amended and Restated Series D Convertible Preferred Stock has been executed by a duly authorized officer of the Corporation on this 10th day of March, 2011.

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: /s/ Adam DeBard
Name: Adam DeBard
Title: President

LOAN AND STOCK CONVERSION AGREEMENT

This Agreement dated December 8, 2005 between

Borrower:	Lender:
Global Modular Inc..A Nevada Corp	Michael Trevino
1200 Airport Drive	450 W. 21st Street Suite E
Chowchilla, CA 93610	Merced, CA 95340

James Lee, LLC
1213 Coffee Road Suite B
Modesto, CA 95358

Michael Trevino and Donald Prather (member of James Lee, LLC) met with Phil Hamilton (C.E.O. of Global Diversified Industries, Inc.) and have agreed to loan Global Modular, Inc., A Nevada Corporation (wholly owned by subsidiary of Global Diversified Industries Inc.) Five Hundred Thousand Dollars (\$500,000.00). Terms of subject loan are as follows:

Loan Amount:	\$500,000.00	Five Hundred Thousand Dollars
Term of Loan:	5 years	
Interest Rate:	10%	Ten Percent
Principal Payment	\$100,000.00/annually	One Hundred Thousand Dollars principal Payment due on anniversary of loan funding
Monthly Payment:		
Month 1-12	\$4,166.67	Interest only loan amount \$500,000.00
Month 13-24	\$3,333.33	Interest only loan amount \$400,000.00
Month 25-36	\$2,500.00	Interest only loan amount \$300,000.00
Month 37-48	\$1,666.67	Interest only loan amount \$200,000.00
Month 49-60	\$833.34	Interest only loan amount \$100,000.00

First monthly payment will be due 30 days after loan funding with all subsequent monthly payments due on the same day of each calendar month.

Late Fee:	If payment is more than 15 days late. Borrower will be charged 4% of scheduled monthly payment as an allowable late charge.
Origination Fee:	Borrower shall pay Lender, upon funding, a 2% loan origination Fee. Ten Thousand dollars (\$10,000.00)
Conversion Option:	Lender has the option at the end of each twelve month period (“anniversary date”) to take restricted 144 GDVI stock instead of the annual principal cash payment of \$100,000.00 or convert any portion of the annual cash payment to restricted stock. The fixed conversion price to convert the annual payment to stock will be equal to seventy- five percent (75%) of the closing price for the day that is twelve months prior to anniversary date. The minimum conversion price shall be five cents (\$.05) per share. Conversion price shall be automatically adjusted to reflect any stock split or combination.

Prepayment Fee: Upon prepayment of loan principal Lender is entitled to charge a fee of ten percent (10%) of all principal and accrued interest outstanding, or at Lender's option, convert up to \$100,000.00 to restricted 144 GDVI stock at a conversion price equal to seventy five percent (75%) of closing price for the previous anniversary date.

Collateral: Lender recognizes that Borrower has a primary banking relationship that places a general lien on all Global Modular Inc. assets. This primary banking Relationship (and any successors) is vital to Global's business operations. Collateral for this loan will be a lien on all Aurora Intellectual Properties owned by Global. It is mutually agreed that Global may and is allowed to use this collateral for additional and subsequent financing needs. In the event this occurs, Lenders shall maintain a proportional security interest within the Aurora Intellectual Properties, or upon mutual consent, other and /or additional collateral will be provided by Borrower

Lender's Rights: Upon default, Lender may declare the entire unpaid principal balance and all accrued interest immediately due. Lender may opt to convert up to \$100,000.00 to restricted 144 GDVI stock at a conversion price equal to seventy five percent (75%) of closing price for the previous anniversary date.

Attorney's Fees: Should suit be commenced to collect this obligation or any portion thereof, such sum as the Court may deem reasonable shall be added hereto as attorney's fees.

Governing Law: This Agreement shall be governed by the laws of the State of California

General Provisions: Lender may delay or forgo enforcing any of its rights or remedies under this Agreement without losing them. Any changes to this Agreement must be in writing.

BORROWER:

LENDER:

/s/ Adam DeBard
GLOBAL MODULAR INC., A
NEVADA CORPORATION

/s/ Michael Trevino
MICHAEL TREVINO

President
TITLE

/s/ Donald Prather
DONALD PRATHER
JAMES LEE, LLC

Manager
TITLE

ACKNOWLEDGED:

/s/ Phillip Hamilton
GLOBAL DIVERSIFIED INDUSTRIES,

INC

Chief Executive Officer
TITLE

AMENDED AND RESTATED SECURITY AGREEMENT

AMENDED AND RESTATED SECURITY AGREEMENT, dated June 25, 2008 (this "Agreement"), among Global Diversified Industries, Inc., a Nevada corporation (the "Company") and all of the Subsidiaries of the Company (such subsidiaries, the "Guarantors") (the Company and Guarantors are collectively referred to as the "Debtors"), Babirak Carr, P.C., solely as administrative agent (the "Administrative Agent"), the holder or holders of the Company's Series B Convertible Preferred Stock, par value \$.001 (the "Series B Preferred Stock"), signatory hereto, their endorsees, transferees and assigns (the "Series B Holders"), and the holder or holders of the Company's Series C Convertible Preferred Stock, par value \$.001 (the "Series C Preferred Stock"), signatory hereto, their endorsees, transferees and assigns (the "Series C Holders") (the Series B Holders and the Series C Holders are collectively referred to as, the "Secured Parties").

WITNESSETH:

WHEREAS, this Agreement, amends and restates the Security Agreement, dated February 22, 2008, among the Company, the Guarantors, the Administrative Agent, and the Series B Holders (the "Original Security Agreement"), in its entirety;

WHEREAS, on or about February 22, 2008, the Series B Holders severally advanced funds to the Company evidenced by the Series B Preferred Stock, subject to Series B Designations (as defined herein), which among other matters provided for redemption on the 24th month after issuance (the "Series B Redemption Payment");

WHEREAS, on or about June __, 2008, the Series C Holders have agreed to severally advance funds to the Company evidenced by the Series C Preferred Stock, subject to Series C Designations (as defined herein), which among other matters provided for redemption on the 24th month after issuance (the "Series C Redemption Payment");

WHEREAS, pursuant to a certain Amended and Restated Subsidiary Guarantee of even date herewith (the "Guaranty"), the Guarantors have jointly and severally agreed to guaranty and act as surety for payment of any Obligations (as defined in the Guaranty);

WHEREAS, the Company has paid all obligations due and owing to BFI Business Finance (defined as the "Senior Lender" in the Original Security Agreement); and

WHEREAS, in order to induce the Series C Holders, each of which is also a Series B Holder, to advance additional funds evidenced by the Series C Preferred Stock, each Debtor and each Series B Holder has agreed to execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Certain Definitions.** As used in this Agreement, the following terms shall have the meanings set forth in this Section 1. Terms used but not otherwise defined in this Agreement that are defined in Article 9 of the UCC (such as “account”, “chattel paper”, “commercial tort claim”, “deposit account”, “document”, “equipment”, “fixtures”, “general intangibles”, “goods”, “instruments”, “inventory”, “investment property”, “letter-of-credit rights”, “proceeds” and “supporting obligations”) shall have the respective meanings given such terms in Article 9 of the UCC.

(a) “Collateral” means the collateral in which the Secured Parties are granted a security interest by this Amended and Restated Security and which shall include the following personal property of the Debtors, whether presently owned or existing or hereafter acquired or coming into existence, wherever situated, and all additions and accessions thereto and all substitutions and replacements thereof, and all proceeds, products and accounts thereof, including, without limitation, all proceeds from the sale or transfer of the Collateral and of insurance covering the same and of any tort claims in connection therewith, and all dividends, interest, cash, notes, securities, equity interest or other property at any time and from time to time acquired, receivable or otherwise distributed in respect of, or in exchange for, any or all of the Pledged Securities (as defined below):

(i) All goods, including, without limitations, (A) all machinery, equipment, computers, motor vehicles, trucks, tanks, boats, ships, appliances, furniture, special and general tools, fixtures, test and quality control devices and other equipment of every kind and nature and wherever situated, together with all documents of title and documents representing the same, all additions and accessions thereto, replacements therefor, all parts therefor, and all substitutes for any of the foregoing and all other items used and useful in connection with any Debtor’s businesses and all improvements thereto; and (B) all inventory;

(ii) All contract rights and other general intangibles, including, without limitation, all partnership interests, membership interests, stock or other securities, rights under any of the Organizational Documents, agreements related to the Pledged Securities, licenses, distribution and other agreements, computer software (whether “off-the-shelf”, licensed from any third party or developed by any Debtor), computer software development rights, leases, franchises, customer lists, quality control procedures, grants and rights, goodwill, trademarks, service marks, trade styles, trade names, patents, patent applications, copyrights, and income tax refunds;

(iii) All accounts, together with all instruments, all documents of title representing any of the foregoing, all rights in any merchandising, goods, equipment, motor vehicles and trucks which any of the same may represent, and all right, title, security and guaranties with respect to each account, including any right of stoppage in transit;

(iv) All documents, letter-of-credit rights, instruments and chattel paper;

(v) All commercial tort claims;

(vi) All deposit accounts and all cash (whether or not deposited in such deposit accounts);

(vii) All investment property;

(viii) All supporting obligations; and

- (ix) All files, records, books of account, business papers, and computer programs; and
- (x) the products and proceeds of all of the foregoing Collateral set forth in clauses (i)-(ix) above.

Without limiting the generality of the foregoing, the “Collateral” shall include all investment property and general intangibles respecting ownership and/or other equity interests in each Guarantor, including, without limitation, the shares of capital stock and the other equity interests listed on Schedule H hereto (as the same may be modified from time to time pursuant to the terms hereof), and any other shares of capital stock and/or other equity interests of any other direct or indirect subsidiary of any Debtor obtained in the future, and, in each case, all certificates representing such shares and/or equity interests and, in each case, all rights, options, warrants, stock, other securities and/or equity interests that may hereafter be received, receivable or distributed in respect of, or exchanged for, any of the foregoing (all of the foregoing being referred to herein as the “Pledged Securities”) and all rights arising under or in connection with the Pledged Securities, including, but not limited to, all dividends, interest and cash.

Notwithstanding the foregoing, nothing herein shall be deemed to constitute an assignment of any asset which, in the event of an assignment, becomes void by operation of applicable law or the assignment of which is otherwise prohibited by applicable law (in each case to the extent that such applicable law is not overridden by Sections 9-406, 9-407 and/or 9-408 of the UCC or other similar applicable law); provided, however, that to the extent permitted by applicable law, this Amended and Restated Security shall create a valid security interest in such asset and, to the extent permitted by applicable law, this Amended and Restated Security shall create a valid security interest in the proceeds of such asset.

(b) “Intellectual Property” means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation, (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, (ii) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof, and all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, (iii) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, service marks, logos, domain names and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common law rights related thereto, (iv) all trade secrets arising under the laws of the United States, any other country or any political subdivision thereof, (v) all rights to obtain any reissues, renewals or extensions of the foregoing, (vi) all licenses for any of the foregoing, and (vii) all causes of action for infringement of the foregoing.

(c) “Majority in Interest” shall mean, at any time of determination, (i) the majority in interest (based on then-outstanding stated value of the Series B Preferred Stock at the time of such determination) of the Series B Holders, and (ii) the majority in interest (based on then-outstanding stated value of the Series C Preferred Stock at the time of such determination) of the Series C Holders, voting as separate classes.

(d) “Necessary Endorsement” shall mean undated stock powers endorsed in blank or other proper instruments of assignment duly executed and such other instruments or documents as the Administrative Agent (as that term is defined below) may reasonably request.

(e) “Obligations” means all of the liabilities and obligations (primary, secondary, direct, contingent, sole, joint or several) due or to become due, or that are now or may be hereafter contracted or acquired, or owing to, of any Debtor to any of the Secured Parties, including, without limitation, all obligations under this Amended and Restated Security, the Series B Preferred Stock, the Series B Designations, including the Series B Redemption Payment, the Series C Preferred Stock, the Series C Designations, including the Series C Redemption Payment, the Guaranty and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith, in each case, whether now or hereafter existing, voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from any of the Secured Parties as a preference, fraudulent transfer or otherwise as such obligations may be amended, supplemented, converted, extended or modified from time to time. Without limiting the generality of the foregoing, the term “Obligations” shall include, without limitation (i) any and all other fees, indemnities, costs, obligations and liabilities of the Debtors from time to time under or in connection with this Amended and Restated Security, the Series B Preferred Stock, the Series B Designations, the Series C Preferred Stock, the Series C Designations, the Guaranty and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith; and (ii) all amounts (including but not limited to post-petition interest) in respect of the foregoing that would be payable but for the fact that the obligations to pay such amounts are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any Debtor.

(f) “Organizational Documents” means with respect to any Debtor, the documents by which such Debtor was organized (such as a certificate of incorporation, certificate of limited partnership or articles of organization, and including, without limitation, any certificates of designation for preferred stock or other forms of preferred equity) and which relate to the internal governance of such Debtor (such as bylaws, a partnership agreement or an operating, limited liability or members agreement).

(g) “Series B Designations” means the Certificate of Designation, Preferences and Rights of Series B Convertible Preferred Stock filed with the State of Nevada on or about February 22, 2008.

(h) “Series C Designations” means the Certificate of Designation, Preferences and Rights of Series C Convertible Preferred Stock filed with the State of Nevada on or about June __, 2008.

(i) “Series B Obligations” means the obligations of the Company to Series C Holders pursuant to the Series B Designations, as may be amended, restated and renewed from time to time, including the Series B Obligations.

(j) “Series C Obligations” means the obligations of the Company to Series C Holders pursuant to the Series C Designations, as may be amended, restated and renewed from time to time, including the Series C Obligations.

(k) “Transaction Documents” means this Agreement, the Series C Designations, the Series C Convertible Preferred Stock, the Securities Purchase Agreement dated of even date herewith (as defined in the Series C Designations), the Series B Preferred Stock, the Series B Designations, the Securities Purchase Agreement dated February 22, 2008 (as defined in the Series B Designations), the Registration Rights Agreement dated February 22, 2008, and any other documents or agreements executed in connection with the transactions contemplated thereunder.

(l) “UCC” means the Uniform Commercial Code of the State of New York and or any other applicable law of any state or states which has jurisdiction with respect to all, or any portion of, the Collateral or this Amended and Restated Security, from time to time. It is the intent of the parties that defined terms in the UCC should be construed in their broadest sense so that the term “Collateral” will be construed in its broadest sense. Accordingly if there are, from time to time, changes to defined terms in the UCC that broaden the definitions, they are incorporated herein and if existing definitions in the UCC are broader than the amended definitions, the existing ones shall be controlling.

2. **Grant of Perfected First Priority Security Interest.** As an inducement for the Secured Parties to extend the funds as evidenced by the Series B Preferred Stock, the Series B Designations, the Series C Preferred Stock, and the Series C Designation, and to secure the complete and timely payment, performance and discharge in full, as the case may be, of all of the Obligations, each Debtor hereby unconditionally and irrevocably pledges, grants and hypothecates to the Secured Parties a continuing and perfected security interest in and to, a lien upon and a right of set-off against all of their respective right, title and interest of whatsoever kind and nature in and to, the Collateral (the “Security Interest”).

3. **Delivery of Certain Collateral.** Contemporaneously or prior to the execution of the Agreement, each Debtor shall deliver or cause to be delivered to the Administrative Agent, to the extent not previously delivered in connection with the Original Security Agreement, (a) any and all certificates and other instruments representing or evidencing the Pledged Securities, and (b) any and all certificates and other instruments or documents representing any of the other Collateral, in each case, together with all Necessary Endorsements. The Debtors are, contemporaneously with the execution hereof, delivering to Administrative Agent, or have previously delivered to Administrative Agent, a true and correct copy of each Organizational Document governing any of the Pledged Securities, to the extent such Organization Documents have been amended, restated, or modified since the Original Security Agreement.

4. **Representations, Warranties, Covenants and Agreements of the Debtors.** Each Debtor represents and warrants to, and covenants and agrees with, the Secured Parties, as follows:

(a) Each Debtor has the requisite corporate, partnership, limited liability company or other power and authority to enter into this Agreement and otherwise to carry out its obligations hereunder. The execution, delivery and performance by each Debtor of this Agreement and the filings contemplated therein have been duly authorized by all necessary action on the part of such Debtor and no further action is required by such Debtor. This Agreement has been duly executed by each Debtor. This Agreement constitutes the legal, valid and binding obligation of each Debtor, enforceable against each Debtor in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization and similar laws of general application relating to or affecting the rights and remedies of creditors and by general principles of equity.

(b) The Debtors have no place of business or offices where their respective books of account and records are kept (other than temporarily at the offices of its attorneys or accountants) or places where Collateral is stored or located, except as set forth on Schedule A attached hereto. Except as specifically set forth on Schedule A, each Debtor is the record owner of the real property where such Collateral is located, and there exist no mortgages or other liens on any such real property except for Permitted Liens (as defined in the Securities Purchase Agreement of even date herewith). Except as disclosed on Schedule A, none of such Collateral is in the possession of any consignee, bailee, warehouseman, agent or processor.

(c) Except for Permitted Liens (as defined in the Securities Purchase Agreement of even date herewith) and except as set forth on Schedule B attached hereto, the Debtors are the sole owner of the Collateral (except for non-exclusive licenses granted by any Debtor in the ordinary course of business), free and clear of any liens, security interests, encumbrances, rights or claims, and are fully authorized to grant the Security Interest. There is not on file in any governmental or regulatory authority, agency or recording office an effective financing statement, security agreement, license or transfer or any notice of any of the foregoing (other than those that will be filed in favor of the Secured Parties pursuant to this Agreement) covering or affecting any of the Collateral. So long as this Agreement shall be in effect, the Debtors shall not execute and shall not knowingly permit to be on file in any such office or agency any such financing statement or other document or instrument (except to the extent filed or recorded in favor of the Secured Parties pursuant to the terms of this Agreement).

(d) Except as set forth on Schedule C attached hereto, no written claim has been received that any Collateral or Debtor's use of any Collateral violates the rights of any third party. There has been no adverse decision to any Debtor's claim of ownership rights in or exclusive rights to use the Collateral in any jurisdiction or to any Debtor's right to keep and maintain such Collateral in full force and effect, and there is no proceeding involving said rights pending or, to the best knowledge of any Debtor, threatened before any court, judicial body, administrative or regulatory agency, arbitrator or other governmental authority.

(e) Each Debtor shall at all times maintain its books of account and records relating to the Collateral at its principal place of business and its Collateral at the locations set forth on Schedule A attached hereto and may not relocate such books of account and records or tangible Collateral unless it delivers to the Secured Parties at least 30 days prior to such relocation (i) written notice of such relocation and the new location thereof (which must be within the United States) and (ii) evidence that appropriate financing statements under the UCC and other necessary documents have been filed and recorded and other steps have been taken to perfect the Security Interest to create in favor of the Secured Parties a valid, perfected and continuing perfected first priority lien in the Collateral.

(f) This Agreement creates in favor of the Secured Parties a valid, security interest in the Collateral, subject only to Permitted Liens (as defined in the Securities Purchase Agreement of even date herewith) securing the payment and performance of the Obligations. Upon making the filings described in the immediately following paragraph, all security interests created hereunder in any Collateral which may be perfected by filing Uniform Commercial Code financing statements shall have been duly perfected. Except for the filing of the Uniform Commercial Code financing statements referred to in the immediately following paragraph, the recordation of the Intellectual Property Security Agreement (as defined below) with respect to copyrights and copyright applications in the United States Copyright Office referred to in paragraph (m), the execution and delivery of deposit account control agreements referred to in paragraph (dd) satisfying the requirements of Section 9-104(a)(2) of the UCC with respect to each deposit account of the Debtors, and the delivery of the certificates and other instruments provided in Section 3, no action is necessary to create, perfect or protect the security interests created hereunder. Without limiting the generality of the foregoing, except for the filing of said financing statements, the recordation of said Intellectual Property Security Agreement, and the execution and delivery of said deposit account control agreements, no consent of any third parties and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for (i) the execution, delivery and, except as set forth on Schedule D, performance of this Agreement, (ii) the creation or perfection of the Security Interests created hereunder in the Collateral or (iii) the enforcement of the rights of the Secured Parties hereunder.

(g) Each Debtor hereby authorizes the Secured Parties, or any of them, to file one or more financing statements under the UCC, with respect to the Security Interest with the proper filing and recording agencies in any jurisdiction deemed proper by them.

(h) The execution, delivery and performance of this Agreement by the Debtors does not (i) violate any of the provisions of any Organizational Documents of any Debtor or any judgment, decree, order or award of any court, governmental body or arbitrator or any applicable law, rule or regulation applicable to any Debtor or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing any Debtor's debt or otherwise) or other understanding to which any Debtor is a party or by which any property or asset of any Debtor is bound or affected. No consent (including, without limitation, from stockholders or creditors of any Debtor) is required for any Debtor to enter into and perform its obligations hereunder.

(i) The capital stock and other equity interests listed on Schedule J hereto represent all of the capital stock and other equity interests of the Guarantors, and represent all capital stock and other equity interests owned, directly or indirectly, by the Company. All of the Pledged Securities are validly issued, fully paid and nonassessable, and the Company is the legal and beneficial owner of the Pledged Securities, free and clear of any lien, security interest or other encumbrance except for the security interests created by this Agreement and other Permitted Liens (as defined in the Securities Purchase Agreement of even date herewith).

(j) The ownership and other equity interests in partnerships and limited liability companies (if any) included in the Collateral (the "Pledged Interests") by their express terms do not provide that they are securities governed by Article 8 of the UCC and are not held in a securities account or by any financial intermediary.

(k) Each Debtor shall at all times maintain the liens and Security Interest provided for hereunder as valid and perfected first priority liens and security interests in the Collateral in favor of the Secured Parties until this Agreement and the Security Interest hereunder shall be terminated pursuant to Section 11 hereof. Each Debtor hereby agrees to defend the same against the claims of any and all persons and entities. Each Debtor shall safeguard and protect all Collateral for the account of the Secured Parties. At the request of the Secured Parties, each Debtor will sign and deliver to the Secured Parties at any time or from time to time one or more financing statements pursuant to the UCC in form reasonably satisfactory to the Secured Parties and will pay the cost of filing the same in all public offices wherever filing is, or is deemed by the Secured Parties to be, necessary or desirable to effect the rights and obligations provided for herein. Without limiting the generality of the foregoing, each Debtor shall pay all fees, taxes and other amounts necessary to maintain the Collateral and the Security Interest hereunder, and each Debtor shall obtain and furnish to the Secured Parties from time to time, upon demand, such releases and/or subordinations of claims and liens which may be required to maintain the priority of the Security Interest hereunder.

(l) Subject to Permitted Liens, no Debtor will transfer, pledge, hypothecate, encumber, license, sell or otherwise dispose of any of the Collateral (except for non-exclusive licenses granted by a Debtor in its ordinary course of business and sales of inventory by a Debtor in its ordinary course of business) without the prior written consent of a Majority in Interest.

(m) Each Debtor shall keep and preserve its equipment, inventory and other tangible Collateral in good condition, repair and order and shall not operate or locate any such Collateral (or cause to be operated or located) in any area excluded from insurance coverage.

(n) Each Debtor shall maintain with financially sound and reputable insurers, insurance with respect to the Collateral against loss or damage of the kinds and in the amounts customarily insured against by entities of established reputation having similar properties similarly situated and in such amounts as are customarily carried under similar circumstances by other such entities and otherwise as is prudent for entities engaged in similar businesses but in any event sufficient to cover the full replacement cost thereof. Each Debtor shall cause each insurance policy issued in connection herewith to provide, and the insurer issuing such policy to certify to the Administrative Agent that (a) the Administrative Agent will be named as lender loss payee and additional insured under each such insurance policy; (b) if such insurance be proposed to be cancelled or materially changed for any reason whatsoever, such insurer will promptly notify the Administrative Agent and such cancellation or change shall not be effective as to the Administrative Agent for at least thirty (30) days after receipt by the Administrative Agent of such notice, unless the effect of such change is to extend or increase coverage under the policy; and (c) the Administrative Agent will have the right (but no obligation) at its election to remedy any default in the payment of premiums within thirty (30) days of notice from the insurer of such default. If no Event of Default (as defined in the Securities Purchase Agreement of even date herewith) exists and if the proceeds arising out of any claim or series of related claims do not exceed \$100,000, loss payments in each instance will be applied by the applicable Debtor to the repair and/or replacement of property with respect to which the loss was incurred to the extent reasonably feasible, and any loss payments or the balance thereof remaining, to the extent not so applied, shall be payable to the applicable Debtor, provided, however, that payments received by any Debtor after an Event of Default occurs and is continuing or in excess of \$100,000 for any occurrence or series of related occurrences shall be paid to the Administrative Agent and, if received by such Debtor, shall be held in trust for and immediately paid over to the Administrative Agent unless otherwise directed in writing by the Administrative Agent. Copies of such policies or the related certificates, in each case, naming the Administrative Agent as lender loss payee and additional insured shall be delivered to the Administrative Agent at least annually and at the time any new policy of insurance is issued.

(o) Each Debtor shall, within ten (10) days of obtaining knowledge thereof, advise the Secured Parties promptly, in sufficient detail, of any substantial change in the Collateral, and of the occurrence of any event which would have a material adverse effect on the value of the Collateral or on the Secured Parties' security interest therein.

(p) Each Debtor shall promptly execute and deliver to the Secured Parties such further deeds, mortgages, assignments, security agreements, financing statements or other instruments, documents, certificates and assurances and take such further action as the Secured Parties may from time to time request and may in its sole discretion deem necessary to perfect, protect or enforce its security interest in the Collateral including, without limitation, if applicable, the execution and delivery of a separate security agreement with respect to each Debtor's Intellectual Property ("Intellectual Property Security Agreement") in which the Secured Parties have been granted a security interest hereunder, substantially in a form acceptable to the Secured Parties, which Intellectual Property Security Agreement, other than as stated therein, shall be subject to all of the terms and conditions hereof.

(q) Each Debtor shall permit the Secured Parties and their representatives and agents to inspect, upon reasonable advanced notice, the Collateral at any time, and to make copies of records pertaining to the Collateral as may be requested by a Secured Party from time to time.

(r) Each Debtor shall take all steps reasonably necessary to diligently pursue and seek to preserve, enforce and collect any rights, claims, causes of action and accounts receivable in respect of the Collateral.

(s) Each Debtor shall promptly notify the Secured Parties in sufficient detail upon becoming aware of any attachment, garnishment, execution or other legal process levied against any Collateral and of any other information received by such Debtor that may materially affect the value of the Collateral, the Security Interest or the rights and remedies of the Secured Parties hereunder.

(t) All information heretofore, herein or hereafter supplied to the Secured Parties by or on behalf of any Debtor with respect to the Collateral is accurate and complete in all material respects as of the date furnished.

(u) The Debtors shall at all times preserve and keep in full force and effect their respective valid existence and good standing and any rights and franchises material to its business.

(v) No Debtor will change its name, type of organization, jurisdiction of organization, organizational identification number (if it has one), legal or corporate structure, or identity, or add any new fictitious name unless it provides at least 30 days prior written notice to the Secured Parties of such change and, at the time of such written notification, such Debtor provides any financing statements or fixture filings necessary to perfect and continue perfected the perfected security Interest granted and evidenced by this Agreement.

(w) No Debtor may consign any of its Inventory or sell any of its Inventory on bill and hold, sale or return, sale on approval, or other conditional terms of sale without the consent of a Majority in Interest which shall not be unreasonably withheld, except to the extent such consignment or sale does not exceed 15% of the total value of all of the Company's finished goods in Inventory.

(x) No Debtor may relocate its chief executive office to a new location without providing 30 days prior written notification thereof to the Secured Parties and so long as, at the time of such written notification, such Debtor provides any financing statements or fixture filings necessary to perfect and continue perfected the perfected security Interest granted and evidenced by this Agreement.

(y) Each Debtor was organized and remains organized solely under the laws of the state set forth next to such Debtor's name in the first paragraph of this Agreement. Schedule E attached hereto sets forth each Debtor's organizational identification number or, if any Debtor does not have one, states that one does not exist.

(z) (i) The actual name of each Debtor is the name set forth in the preamble above; (ii) no Debtor has any trade names except as set forth on Schedule E attached hereto; (iii) no Debtor has used any name other than that stated in the preamble hereto or as set forth on Schedule F for the preceding five years; and (iv) no entity has merged into any Debtor or been acquired by any Debtor within the past five years except as set forth on Schedule F.

(aa) At any time and from time to time that any Collateral consists of instruments, certificated securities or other items that require or permit possession by the secured party to perfect the security interest created hereby, the applicable Debtor shall deliver such Collateral to the Administrative Agent.

(bb) Each Debtor shall vote the Pledged Securities to comply with the covenants and agreements set forth herein and in the Series B Designations and the Series C Designations.

(cc) Each Debtor shall register the pledge of the applicable Pledged Securities on the books of such Debtor. Each Debtor shall notify each issuer of Pledged Securities to register the pledge of the applicable Pledged Securities in the name of the Secured Parties on the books of such issuer. Further, except with respect to certificated securities delivered to the Administrative Agent, the applicable Debtor shall deliver to Administrative Agent an acknowledgement of pledge (which, where appropriate, shall comply with the requirements of the relevant UCC with respect to perfection by registration) signed by the issuer of the applicable Pledged Securities, which acknowledgement shall confirm that: (a) it has registered the pledge on its books and records; and (b) at any time directed by Administrative Agent during the continuation of an Event of Default, such issuer will transfer the record ownership of such Pledged Securities into the name of any designee of Administrative Agent, will take such steps as may be necessary to effect the transfer, and will comply with all other instructions of Administrative Agent regarding such Pledged Securities without the further consent of the applicable Debtor.

(dd) In the event that, upon an occurrence of an Event of Default, Administrative Agent shall sell all or any of the Pledged Securities to another party or parties (herein called the “Transferee”) or shall purchase or retain all or any of the Pledged Securities, each Debtor shall, to the extent applicable: (i) deliver to Administrative Agent or the Transferee, as the case may be, the articles of incorporation, bylaws, minute books, stock certificate books, corporate seals, deeds, leases, indentures, agreements, evidences of indebtedness, books of account, financial records and all other Organizational Documents and records of the Debtors and their direct and indirect subsidiaries; (ii) use its best efforts to obtain resignations of the persons then serving as officers and directors of the Debtors and their direct and indirect subsidiaries, if so requested; and (iii) use its reasonable best efforts to obtain any approvals that are required by any governmental or regulatory body in order to permit the sale of the Pledged Securities to the Transferee or the purchase or retention of the Pledged Securities by Administrative Agent and allow the Transferee or Administrative Agent to continue the business of the Debtors and their direct and indirect subsidiaries.

(ee) Each Debtor will from time to time, at the joint and several expense of the Debtors, promptly execute and deliver all such further instruments and documents, and take all such further action as may be necessary or desirable, or as the Secured Parties may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Secured Parties to exercise and enforce their rights and remedies hereunder and with respect to any Collateral or to otherwise carry out the purposes of this Agreement.

(ff) Schedule G attached hereto lists all of the patents, patent applications, trademarks, trademark applications, registered copyrights, and domain names owned by any of the Debtors as of the date hereof. Schedule G lists all material licenses in favor of any Debtor for the use of any patents, trademarks, copyrights and domain names as of the date hereof. All material patents and trademarks of the Debtors have been duly recorded (or applications for such patents and trademarks are currently pending) at the United States Patent and Trademark Office and all material copyrights of the Debtors have been duly recorded (or applications for such copyrights is currently pending) at the United States Copyright Office.

(gg) Except as set forth on Schedule I attached hereto, none of the account debtors or other persons or entities obligated on any of the Collateral is a governmental authority covered by the Federal Assignment of Claims Act or any similar federal, state or local statute or rule in respect of such Collateral.

5. **Effect of Pledge on Certain Rights.** If any of the Collateral subject to this Agreement consists of nonvoting equity or ownership interests (regardless of class, designation, preference or rights) that may be converted into voting equity or ownership interests upon the occurrence of certain events (including, without limitation, upon the transfer of all or any of the other stock or assets of the issuer), it is agreed that the pledge of such equity or ownership interests pursuant to this Agreement or the enforcement of any of Administrative Agent's rights hereunder shall not be deemed to be the type of event which would trigger such conversion rights notwithstanding any provisions in the Organizational Documents or agreements to which any Debtor is subject or to which any Debtor is party.

6. **Defaults.** The following events shall be "Events of Default":

(a) The occurrence of a Triggering Event (as defined in the Series B Designations) under the Series B Designations, or the occurrence of a Triggering Event (as defined in the Series C Designations) under the Series C Designations;

(b) Any representation or warranty of any Debtor in this Agreement shall prove to have been incorrect in any material respect when made;

(c) The failure by any Debtor to observe or perform any of its obligations hereunder for five (5) days after delivery to such Debtor of notice of such failure by or on behalf of a Secured Party unless such default is capable of cure but cannot be cured within such time frame and such Debtor is using best efforts to cure same in a timely fashion; or

(d) If any material provision of this Agreement shall at any time for any reason be declared to be null and void, or the validity or enforceability thereof shall be contested by any Debtor, or a proceeding shall be commenced by any Debtor, or by any governmental authority having jurisdiction over any Debtor, seeking to establish the invalidity or unenforceability thereof, or any Debtor shall deny that any Debtor has any liability or obligation purported to be created under this Agreement.

7. **Duty To Hold In Trust.**

(a) Upon the occurrence of any Event of Default and during the continuation of such Event of Default, each Debtor shall, upon receipt of any revenue, income, dividend, interest or other sums subject to the Security Interest, whether payable pursuant to the Series B Designations, Series C Designations or otherwise, or of any check, draft, note, trade acceptance or other instrument evidencing an obligation to pay any such sum, hold the same in trust for the Secured Parties and shall forthwith endorse and transfer any such sums or instruments, or both, to the Secured Parties in accordance with Section 9 below.

(b) If any Debtor shall become entitled to receive or shall receive any securities or other property (including, without limitation, shares of Pledged Securities or instruments representing Pledged Securities acquired after the date hereof, or any options, warrants, rights or other similar property or certificates representing a dividend, or any distribution in connection with any recapitalization, reclassification or increase or reduction of capital, or issued in connection with any reorganization of such Debtor or any of its direct or indirect subsidiaries) in respect of the Pledged Securities (whether as an addition to, in substitution of, or in exchange for, such Pledged Securities or otherwise), such Debtor agrees to (i) accept the same as the agent of the Secured Parties; (ii) hold the same in trust on behalf of and for the benefit of the Secured Parties; and (iii) to deliver any and all certificates or instruments evidencing the same to Administrative Agent on or before the close of business on the fifth business day following the receipt thereof by such Debtor, in the exact form received together with the Necessary Endorsements, to be held by Administrative Agent subject to the terms of this Agreement as Collateral.

8. **Rights and Remedies Upon Default.**

(a) Upon the occurrence of any Event of Default and during the continuation of such Event of Default, the Secured Parties, acting through any agent appointed by a Majority in Interest of the Secured Parties for such purpose, shall have the right to exercise all of the remedies conferred hereunder and under the Series B Designations or the Series C Designations, and the Secured Parties shall have all the rights and remedies of a secured party under the UCC. Without limitation, the Secured Parties shall have the following rights and powers:

(i) The Secured Parties shall have the right to take possession of the Collateral and, for that purpose, enter, with the aid and assistance of any person, any premises of the Debtor where the Collateral, or any part thereof, is or may be placed and remove the same, and each Debtor shall assemble the Collateral and make it available to the Secured Parties at places which the Secured Parties shall reasonably select, whether at such Debtor's premises or elsewhere, and make available to the Secured Parties, without rent, all of such Debtor's respective premises and facilities for the purpose of the Secured Parties taking possession of, removing or putting the Collateral in saleable or disposable form.

(ii) Upon notice to the Debtors by Administrative Agent, all rights of each Debtor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise and all rights of each Debtor to receive the dividends and interest which it would otherwise be authorized to receive and retain, shall cease. Upon such notice, Administrative Agent shall have the right to receive any interest, cash dividends or other payments on the Collateral and, at the option of Administrative Agent, to exercise in such Administrative Agent's discretion all voting rights pertaining thereto. Without limiting the generality of the foregoing, Administrative Agent shall have the right (but not the obligation) to exercise all rights with respect to the Collateral as it were the sole and absolute owners thereof, including, without limitation, to vote and/or to exchange, at its sole discretion, any or all of the Collateral in connection with a merger, reorganization, consolidation, recapitalization or other readjustment concerning or involving the Collateral or any Debtor or any of its direct or indirect subsidiaries.

(iii) The Secured Parties shall have the right to operate the business of each Debtor using the Collateral and shall have the right to assign, sell, lease or otherwise dispose of and deliver all or any part of the Collateral, at public or private sale or otherwise, either with or without special conditions or stipulations, for cash or on credit or for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon such terms and conditions as the Secured Parties may deem commercially reasonable, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon or notice to any Debtor or right of redemption of a Debtor, which are hereby expressly waived. Upon each such sale, lease, assignment or other transfer of Collateral, the Secured Parties may, unless prohibited by applicable law which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, right of redemption and equities of any Debtor, which are hereby waived and released.

(iv) The Secured Parties shall have the right (but not the obligation) to notify any account debtors and any obligors under instruments or accounts to make payments directly to the Secured Parties and to enforce the Debtors' rights against such account debtors and obligors.

(v) The Secured Parties may (but are not obligated to) direct any financial intermediary or any other person or entity holding any investment property to transfer the same to the Secured Parties or their designee.

(vi) The Secured Parties may (but are not obligated to) transfer any or all Intellectual Property registered in the name of any Debtor at the United States Patent and Trademark Office and/or Copyright Office into the name of the Secured Parties or any designee or any purchaser of any Collateral.

(b) The Administrative Agent may comply with any applicable law in connection with a disposition of Collateral and such compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Administrative Agent may sell the Collateral without giving any warranties and may specifically disclaim such warranties. If the Administrative Agent sells any of the Collateral on credit, the Debtors will only be credited with payments actually made by the purchaser. In addition, each Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Administrative Agent's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

(c) For the purpose of enabling the Administrative Agent to further exercise rights and remedies under this Section 8 or elsewhere provided by agreement or applicable law, each Debtor hereby grants to the Administrative Agent, for the benefit of the Administrative Agent and the Secured Parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Debtor) to use, license or sublicense following, and during the continuation of, an Event of Default, any Intellectual Property now owned or hereafter acquired by such Debtor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

9. **Applications of Proceeds.** The proceeds of any such sale, lease or other disposition of the Collateral hereunder shall be applied first, to the expenses of retaking, holding, storing, processing and preparing for sale, selling, and the like (including, without limitation, any taxes, fees and other costs incurred in connection therewith) of the Collateral, second, to the reasonable attorneys' fees and expenses incurred by the Series C Holders in enforcing their rights hereunder and in connection with collecting, storing and disposing of the Collateral, third, to Obligations owing to the Series C Holders, including the Series C Redemption Payment, pro rata among the Series C Holders (based on then-outstanding stated value of the Series C Preferred Stock at the time of any such determination, fourth, to the reasonable attorneys' fees and expenses incurred by the Series B Holders in enforcing their rights hereunder and in connection with collecting, storing and disposing of the Collateral, and fifth to Obligations owing to the Series B Holders, including the Series B Redemption Payment, pro rata among the Series B Holders (based on then-outstanding stated value of the Series B Preferred Stock at the time of any such determination), and to the payment of any other amounts required by applicable law, after which the Secured Parties shall pay to the applicable Debtor any surplus proceeds. If, upon the sale, license or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Secured Parties are legally entitled, the Debtors will be liable for the deficiency, together with interest thereon, at the rate of 10% per annum or the lesser amount permitted by applicable law (the "Default Rate"), and the reasonable fees of any attorneys employed by the Secured Parties to collect such deficiency. To the extent permitted by applicable law, each Debtor waives all claims, damages and demands against the Secured Parties arising out of the repossession, removal, retention or sale of the Collateral, unless due solely to the gross negligence or willful misconduct of the Secured Parties as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction.

10. **Securities Law Provision.** Each Debtor recognizes that Administrative Agent may be limited in its ability to effect a sale to the public of all or part of the Pledged Securities by reason of certain prohibitions in the Securities Act of 1933, as amended, or other federal or state securities laws (collectively, the "Securities Laws"), and may be compelled to resort to one or more sales to a restricted group of purchasers who may be required to agree to acquire the Pledged Securities for their own account, for investment and not with a view to the distribution or resale thereof. Each Debtor agrees that sales so made may be at prices and on terms less favorable than if the Pledged Securities were sold to the public, and that Administrative Agent has no obligation to delay the sale of any Pledged Securities for the period of time necessary to register the Pledged Securities for sale to the public under the Securities Laws. Each Debtor shall cooperate with Administrative Agent in its attempt to satisfy any requirements under the Securities Laws (including, without limitation, registration thereunder if requested by Administrative Agent) applicable to the sale of the Pledged Securities by Administrative Agent.

11. **Costs and Expenses.** Each Debtor agrees to pay all reasonable out-of-pocket fees, costs and expenses incurred in connection with any filing required hereunder, including without limitation, any financing statements pursuant to the UCC, continuation statements, partial releases and/or termination statements related thereto or any expenses of any searches reasonably required by the Secured Parties. The Debtors shall also pay all other claims and charges which in the reasonable opinion of the Secured Parties might materially prejudice, imperil or otherwise affect the Collateral or the Security Interest therein. The Debtors will also, upon demand, pay to the Secured Parties the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Secured Parties may incur in connection with (i) the enforcement of this Agreement, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, or (iii) the exercise or enforcement of any of the rights of the Secured Parties under the Series B Designations or Series C Designations. Until so paid, any fees payable hereunder shall be added to the stated value of the Series B Preferred Stock, or Series C Preferred Stock, and shall bear interest at the Default Rate.

12. **Responsibility for Collateral.** The Debtors assume all liabilities and responsibility in connection with all Collateral, and the Obligations shall in no way be affected or diminished by reason of the loss, destruction, damage or theft of any of the Collateral or its unavailability for any reason. Without limiting the generality of the foregoing, (a) neither the Administrative Agent nor any Secured Party (i) has any duty (either before or after an Event of Default) to collect any amounts in respect of the Collateral or to preserve any rights relating to the Collateral, or (ii) has any obligation to clean-up or otherwise prepare the Collateral for sale, and (b) each Debtor shall remain obligated and liable under each contract or agreement included in the Collateral to be observed or performed by such Debtor thereunder. Neither the Administrative Agent nor any Secured Party shall have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any Secured Party of any payment relating to any of the Collateral, nor shall the Administrative Agent or any Secured Party be obligated in any manner to perform any of the obligations of any Debtor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Administrative Agent or any Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Administrative Agent or to which the Administrative Agent or any Secured Party may be entitled at any time or times.

13. **Security Interest Absolute.** All rights of the Secured Parties and all obligations of the Debtors hereunder, shall be absolute and unconditional, irrespective of: (a) any lack of validity or enforceability of this Agreement, the Series B Designations, the Series C Designations or any agreement entered into in connection with the foregoing, or any portion hereof or thereof; (b) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Series B Designations, Series C Designations or any other agreement entered into in connection with the foregoing; (c) any exchange, release or nonperfection of any of the Collateral, or any release or amendment or waiver of or consent to departure from any other collateral for, or any guaranty, or any other security, for all or any of the Obligations; (d) any action by the Secured Parties to obtain, adjust, settle and cancel in its sole discretion any insurance claims or matters made or arising in connection with the Collateral; or (e) any other circumstance which might otherwise constitute any legal or equitable defense available to a Debtor, or a discharge of all or any part of the Security Interest granted hereby. Until the Obligations shall have been paid and performed in full, the rights of the Secured Parties shall continue even if the Obligations are barred for any reason, including, without limitation, the running of the statute of limitations or bankruptcy. Each Debtor expressly waives presentment, protest, notice of protest, demand, notice of nonpayment and demand for performance. In the event that at any time any transfer of any Collateral or any payment received by the Secured Parties hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than the Secured Parties, then, in any such event, each Debtor's obligations hereunder shall survive cancellation of this Agreement, and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. Each Debtor waives all right to require the Secured Parties to proceed against any other person or entity or to apply any Collateral which the Secured Parties may hold at any time, or to marshal assets, or to pursue any other remedy. Each Debtor waives any defense arising by reason of the application of the statute of limitations to any obligation secured hereby.

14. **Term of Agreement.** This Agreement and the Security Interest shall terminate on the date on which all payments under the Series B Designations and Series C Designations, including the Series B Redemption Payment and Series C Redemption Payment, have been indefeasibly paid in full and all other Obligations have been paid or discharged; provided, however, that all indemnities of the Debtors contained in this Agreement shall survive and remain operative and in full force and effect regardless of the termination of this Agreement.

15. **Power of Attorney; Further Assurances.**

(a) Each Debtor authorizes the Secured Parties, and does hereby make, constitute and appoint the Secured Parties and their respective officers, agents, successors or assigns with full power of substitution, as such Debtor's true and lawful attorney-in-fact, with power, in the name of the various Secured Parties or such Debtor, to, after the occurrence and during the continuance of an Event of Default, (i) endorse any note, checks, drafts, money orders or other instruments of payment (including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Secured Parties; (ii) to sign and endorse any financing statement pursuant to the UCC or any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts, and other documents relating to the Collateral; (iii) to pay or discharge taxes, liens, security interests or other encumbrances at any time levied or placed on or threatened against the Collateral; (iv) to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; (v) to transfer any Intellectual Property or provide licenses respecting any Intellectual Property; and (vi) generally, at the option of the Secured Parties, and at the expense of the Debtors, at any time, or from time to time, to execute and deliver any and all documents and instruments and to do all acts and things which the Secured Parties deem necessary to protect, preserve and realize upon the Collateral and the Security Interest granted therein in order to effect the intent of this Agreement, the Series B Designations, and the Series C Designations all as fully and effectually as the Debtors might or could do; and each Debtor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding. The designation set forth herein shall be deemed to amend and supersede any inconsistent provision in the Organizational Documents or other documents or agreements to which any Debtor is subject or to which any Debtor is a party. Without limiting the generality of the foregoing, after the occurrence and during the continuance of an Event of Default, each Secured Party is specifically authorized to execute and file any applications for or instruments of transfer and assignment of any patents, trademarks, copyrights or other Intellectual Property with the United States Patent and Trademark Office and the United States Copyright Office.

(b) On a continuing basis, each Debtor will make, execute, acknowledge, deliver, file and record, as the case may be, with the proper filing and recording agencies in any jurisdiction, including, without limitation, the jurisdictions indicated on Schedule E attached hereto, all such instruments, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by the Secured Parties, to perfect the Security Interest granted hereunder and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to the Secured Parties the grant or perfection of a perfected security interest in all the Collateral under the UCC.

(c) Each Debtor hereby irrevocably appoints the Secured Parties as such Debtor's attorney-in-fact, with full authority in the place and instead of such Debtor and in the name of such Debtor, from time to time in the Secured Parties' discretion, to take any action and to execute any instrument which the Secured Parties may deem necessary or advisable to accomplish the purposes of this Agreement, including the filing, in its sole discretion, of one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of such Debtor where permitted by law, which financing statements may (but need not) describe the Collateral as "all assets" or "all personal property" or words of like import, and ratifies all such actions taken by the Secured Parties. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding.

16. **Notices.** With respect to the Series B Holders, all notices, requests, demands and other communications hereunder shall be subject to the notice provision of the Securities Purchase Agreement (as such term is defined in the Series B Designations). With respect to the Series C Holders, all notices, requests, demands and other communications hereunder shall be subject to the notice provision of the Securities Purchase Agreement (as such term is defined in the Series C Designations).

17. **Other Security.** To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other person, firm, corporation or other entity, then the Secured Parties shall have the right, in its sole discretion, to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Secured Parties' rights and remedies hereunder.

18. **Appointment of Administrative Agent.** The Secured Parties hereby appoint Babirak Carr, P.C. ("Administrative Agent") to act as their administrative agent for purposes of exercising certain rights and remedies of the Secured Parties hereunder. Such appointment shall continue until the earlier of (i) the termination of this Agreement, (ii) the resignation of the Administrative Agent in accordance with the terms set forth in Annex B hereto, or (iii) such appointment is revoked in writing by a Majority in Interest, at which time a Majority in Interest shall appoint a new Administrative Agent. The Administrative Agent shall have the rights, responsibilities and immunities set forth in Annex B hereto.

19. **Miscellaneous.**

(a) No course of dealing between the Debtors and the Secured Parties, nor any failure to exercise, nor any delay in exercising, on the part of the Secured Parties, any right, power or privilege hereunder, under the Series B Designations, Series C Designations, or under any other Transaction Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) All of the rights and remedies of the Secured Parties with respect to the Collateral, whether established hereby, by the Series B Designations, Series C Designations, by any other Transaction Document, or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

(c) This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and is intended to supersede all prior negotiations, understandings and agreements with respect thereto. Except as specifically set forth in this Agreement, no provision of this Agreement may be modified or amended except by a written agreement specifically referring to this Agreement and signed by the parties hereto.

(d) In the event any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction for any reason, unless such provision is narrowed by judicial construction, this Agreement shall, as to such jurisdiction, be construed as if such invalid, prohibited or unenforceable provision had been more narrowly drawn so as not to be invalid, prohibited or unenforceable. If, notwithstanding the foregoing, any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction, such provision, as to such jurisdiction, shall be ineffective to the extent of such invalidity, prohibition or unenforceability without invalidating the remaining portion of such provision or the other provisions of this Agreement and without affecting the validity or enforceability of such provision or the other provisions of this Agreement in any other jurisdiction.

(e) No waiver of any breach or default or any right under this Agreement shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any subsequent breach or default or right, whether of the same or similar nature or otherwise.

(f) This Agreement shall be binding upon and inure to the benefit of each party hereto and its successors and assigns.

(g) Each party shall take such further action and execute and deliver such further documents as may be necessary or appropriate in order to carry out the provisions and purposes of this Agreement.

(h) All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement, the Series B Designation, and any other Transaction Document (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York, Borough of Manhattan. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such proceeding is improper. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If any party shall commence a proceeding to enforce any provisions of this Agreement, then the prevailing party in such proceeding shall be reimbursed by the other party for its reasonable attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such proceeding.

(i) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) All Debtors shall jointly and severally be liable for the obligations of each Debtor to the Secured Parties hereunder.

(k) Each Debtor shall indemnify, reimburse and hold harmless the Secured Parties and their respective partners, members, shareholders, officers, directors, employees and agents (collectively, "Indemnitees") from and against any and all losses, claims, liabilities, damages, penalties, suits, costs and expenses, of any kind or nature, (including fees relating to the cost of investigating and defending any of the foregoing) imposed on, incurred by or asserted against such Indemnitee in any way related to or arising from or alleged to arise from this Agreement or the Collateral, except any such losses, claims, liabilities, damages, penalties, suits, costs and expenses which result from the gross negligence or willful misconduct of the Indemnitee as determined by a final, nonappealable decision of a court of competent jurisdiction. This indemnification provision is in addition to, and not in limitation of, any other indemnification provision in the Series B Designations, Series C Designations, the Securities Purchase Agreement (as such term is defined in the Series B Designations), the Securities Purchase Agreement (as such term is defined in the Series C Designations), or any other agreement, instrument or other document executed or delivered in connection herewith or therewith.

(l) Nothing in this Agreement shall be construed to subject Administrative Agent or any Secured Party to liability as a partner in any Debtor or any if its direct or indirect subsidiaries that is a partnership or as a member in any Debtor or any of its direct or indirect subsidiaries that is a limited liability company, nor shall Administrative Agent or any Secured Party be deemed to have assumed any obligations under any partnership agreement or limited liability company agreement, as applicable, of any such Debtor or any if its direct or indirect subsidiaries or otherwise, unless and until any such Secured Party exercises its right to be substituted for such Debtor as a partner or member, as applicable, pursuant hereto.

(m) To the extent that the grant of the security interest in the Collateral and the enforcement of the terms hereof require the consent, approval or action of any partner or member, as applicable, of any Debtor or any direct or indirect subsidiary of any Debtor or compliance with any provisions of any of the Organizational Documents, the Debtors hereby grant such consent and approval and waive any such noncompliance with the terms of said documents.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Security Agreement to be duly executed on the day and year first above written.

“Debtors”

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: /s/ Phillip Hamilton

Name: Phillip Hamilton

Title: Chief Executive Officer

Signed on the 25 day of June, 2008.

LUTREX ENTERPRISES, INC.

By: /s/ Adam DeBard

Name: Adam DeBard

Title: President

Signed on the 25 day of June, 2008.

GLOBAL MODULAR, INC.

By: /s/ Adam DeBard

Name: Adam DeBard

Title: President

Signed on the 25 day of June, 2008.

“Administrative Agent”

BABIRAK CARR, P.C.

By: /s/ Neil R. Carr

Name: Neil R. Carr

Title: Member/Shareholder

Signed on the 25th day of June, 2008.

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

“Series B Holders”

/s/ Rebecca Manandic _____
Rebecca Manandic, an individual

BEAR CREEK TRUST

By: /s/ Rebecca Manandic _____
Its: Trustee

/s/ Joseph Salmeri _____
Joseph Salmeri, an individual

SIERRA CASEWORK, INC.

By: /s/ Richard D. Cheney _____
Its: President

/s/ Mike Trevino _____
Mike Trevino, an individual

IMPACT MODULAR LEASING

By: /s/ Duane Hamilton _____
Its: Secretary

“Series B and Series C Holder”

VICIS CAPITAL MASTER FUND

By: /s/ Chris Phillips _____
Its: Managing Director

SCHEDULE A

Location of Collateral

Principal Place of Business of Debtors:

1200 Airport Road, Chowchilla, California 93610-9344

Other Locations Where Collateral is Located or Stored:

None.

Ownership of Real Property:

The Company and the Guarantors lease the real property located at 1200 Airport Road, Chowchilla, California 93610-9344.

The Company has pledged all of the issued and outstanding capital stock of Lutrex Enterprises, Inc. and Global Modular, Inc. to BFI Business Finance pursuant to the terms of that certain Amended and Restated Stock Pledge Agreement dated as of October 26, 2004. These securities are currently in BFI Business Finance's possession.

SCHEDULE B

Liens other than Permitted Liens

None.

SCHEDULE C

No Claims or Litigation

None.

SCHEDULE D

Consents

SCHEDULE E

Organizational Identification Numbers

<u>Debtor/Guarantor</u>	<u>Jurisdiction of Incorporation</u>	<u>Organizational Identification Number</u>
Global Diversified Industries, Inc.	Nevada	C8500-1990
Global Modular, Inc.	Nevada	C31195-2001
Lutrex Enterprises, Inc.	California	C2330293

SCHEDULE F

Names; Mergers and Acquisitions

None.

SCHEDULE G

Intellectual Property

None.

SCHEDULE H

Pledged Securities

<u>Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Address</u>	<u>Percentage owned by Global Diversified Industries, Inc.</u>
Global Modular, Inc.	Nevada	1200 Airport Drive Chowchilla, CA 93610	100%
Lutrex Enterprises, Inc.	California	1200 Airport Drive Chowchilla, CA 93610	100%

SCHEDULE I

Account Debtors

None.

SCHEDULE J

Capital Stock

The Company owns 100% of all stock of Global Modular, Inc. and Lutrex Enterprises, Inc.

ANNEX B
to
SECURITY
AGREEMENT

THE ADMINISTRATIVE AGENT

1. **Appointment.** The Secured Parties (all capitalized terms used herein and not otherwise defined shall have the respective meanings provided in the Security Agreement to which this Annex B is attached (the "Agreement")), by their acceptance of the benefits of the Agreement, hereby designate _____ ("Administrative Agent") as the Administrative Agent to act as specified herein and in the Agreement. Each Secured Party shall be deemed irrevocably to authorize the Administrative Agent to take such action on its behalf under the provisions of the Agreement and any other Transaction Document (as such term is defined in the Purchase Agreement) and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Administrative Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder by or through its agents or employees including its legal counsel.

2. **Nature of Duties.** The Administrative Agent shall have no duties or responsibilities except those expressly set forth in the Agreement. Notwithstanding any other provision hereof or the Agreement, neither the Administrative Agent nor any of its partners, members, shareholders, officers, directors, employees or agents shall be liable for any action taken or omitted by it as such under the Agreement or hereunder or in connection herewith or therewith, be responsible for the consequence of any oversight or error of judgment or answerable for any loss. The duties of the Administrative Agent shall be mechanical and administrative in nature; the Administrative Agent shall not have by reason of the Agreement or any other Transaction Document a fiduciary relationship in respect of any Debtor or any Secured Party; and nothing in the Agreement or any other Transaction Document, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect of the Agreement or any other Transaction Document except as expressly set forth herein and therein. Specifically, and without limitation, the Administrative Agent shall have no duties or responsibilities to secure or re-secure, perfect or re-perfect (except for perfection by custody of the Collateral by the Administrative Agent as contemplated in the Agreement) or defend against any legal challenge any security interest of the Secured Parties in the Collateral.

3. **Lack of Reliance on the Administrative Agent.** Independently and without reliance upon the Administrative Agent, each Secured Party, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Company and its subsidiaries in connection with such Secured Party's investment in the Debtors, the creation and continuance of the Obligations, the transactions contemplated by the Transaction Documents, and the taking or not taking of any action in connection therewith, and (ii) its own appraisal of the creditworthiness of the Company and its subsidiaries, and of the value of the Collateral from time to time, and the Administrative Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Secured Party with any credit, market or other information with respect thereto, whether coming into its possession before any Obligations are incurred or at any time or times thereafter. The Administrative Agent shall not be responsible to the Debtors or any Secured Party for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith, or in any periodic filing with the Securities and Exchange Commission or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, priority or sufficiency of the Agreement or any other Transaction Document, or for the financial condition of the Debtors or the value of any of the Collateral, or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of the Agreement or any other Transaction Document, or the financial condition of the Debtors, or the value of any of the Collateral, or the existence or possible existence of any default or Event of Default under the Agreement, the Series B Designations, the Series C Designations or any of the other Transaction Documents.

4. Certain Rights of the Administrative Agent. The Administrative Agent shall have the right to take any action with respect to the Collateral, on behalf of all of the Secured Parties. To the extent practical, the Administrative Agent shall request instructions from the Secured Parties with respect to any material act or action (including any failure to act) in connection with the Agreement, and shall be entitled to act or refrain from acting in accordance with the instructions of Secured Parties holding a majority in stated value of Series B Preferred Stock (based on then-outstanding stated value of the Series B Preferred Stock at the time of any such determination); if such instructions are not provided despite the Agent's request therefor, the Administrative Agent shall be entitled to refrain from such act or taking such action, and if such action is taken, shall be entitled to be indemnified and held harmless by the Secured Parties in respect of action taken or to be taken by the Administrative Agent; and the Administrative Agent shall not incur any liability to any person or entity by reason of so refraining. Without limiting the foregoing: (a) no Secured Party shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder in accordance with the terms of the Agreement or the Transaction Documents, and the Debtors shall have no right to question or challenge the authority of, or the instructions given to, the Administrative Agent pursuant to the foregoing, (b) the Administrative Agent shall not be required to take any action which the Administrative Agent believes (i) could reasonably be expected to expose it to any personal liability or (ii) is contrary to the Agreement, the Transaction Documents, or applicable law, and (c) notwithstanding any other provision hereof or the Agreement, the Administrative Agent shall have no liability to the Debtors, the Guarantors or any Secured Party for any action taken by the Administrative Agent, or for any inaction, on the basis of the advice of its legal counsel.

5. Reliance. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other document or telephone message signed, sent or made by the proper person or entity, and, with respect to all legal matters pertaining to the Agreement and the other Transaction Documents and its duties thereunder, upon advice of counsel selected by it and upon all other matters pertaining to this Agreement and the other Transaction Documents and its duties thereunder, upon advice of other experts selected by it. Anything to the contrary notwithstanding, the Administrative Agent shall have no obligation whatsoever to any Secured Party to assure that the Collateral exists or is owned by the Debtors or is cared for, protected or insured or that the liens granted pursuant to the Agreement have been properly or sufficiently or lawfully created, perfected, or enforced or are entitled to any particular priority.

6. Indemnification; Contribution. The Secured Parties shall jointly and severally indemnify and hold harmless the Administrative Agent, its directors, officers, shareholders, members, partners, employees and agents (and any other persons with a functionally equivalent role of a person holding such titles notwithstanding a lack of such title or any other title) (individually, an "Indemnified Party"; collectively, "Indemnified Parties"), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable legal fees) of any kind or nature whatsoever ("Loss") which may be imposed on, incurred by or asserted against the Indemnified Party in performing the Administrative Agent's duties hereunder or under the Agreement or any other Transaction Document or in any way relating to or arising out of the Agreement or any other Transaction Document. The Secured Parties shall reimburse the Administrative Agent for any Loss as incurred but in any event within ten (10) business days of the delivery by the Administrative Agent to the Secured Parties of a written notice setting forth the nature and amount of any such Loss. If the indemnification under this Section 6 is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Loss, then each Secured Party shall contribute to the amount paid or payable by such Indemnified Party in proportion to the Secured Parties' initially purchased respective stated value of Series B Preferred Stock. The indemnity and contribution agreements contained in this Section are in addition to any other liability that the Secured Parties may have to the Indemnified Parties under the Agreement or otherwise. Prior to taking any action hereunder or under the Agreement as Administrative Agent, the Administrative Agent may require each Secured Party to deposit with it sufficient sums as it determines in good faith is necessary to protect the Administrative Agent for costs and expenses associated with taking such action and the Administrative Agent may delay taking any such action until such time as it shall have received such sums and shall have no liability hereunder to any party for any such delay.

7. Resignation by the Administrative Agent.

(a) The Administrative Agent may resign from the performance of all its functions and duties under the Agreement and the other Transaction Documents at any time by giving 30 days' prior written notice (as provided in the Agreement) to the Debtors and the Secured Parties. Such resignation shall take effect upon the appointment of a successor Administrative Agent pursuant to clauses (b) and (c) below.

(b) Upon any such notice of resignation, the Secured Parties, acting by a Majority in Interest, shall promptly appoint a successor Administrative Agent hereunder.

(c) If a successor Administrative Agent shall not have been so appointed within said 30-day period, the Administrative Agent shall then appoint a successor Administrative Agent who shall serve as Administrative Agent until such time, if any, as the Secured Parties appoint a successor Administrative Agent as provided above. If a successor Administrative Agent has not been appointed within such 30-day period, the Administrative Agent may petition any court of competent jurisdiction or may interplead the Debtors and the Secured Parties in a proceeding for the appointment of a successor Administrative Agent, and all fees, including, but not limited to, extraordinary fees associated with the filing of interpleader and expenses associated therewith, shall be payable by the Debtors on demand.

8. Rights with respect to Collateral. Each Secured Party agrees with all other Secured Parties and the Administrative Agent (i) that it shall not, and shall not attempt to, exercise any rights with respect to its security interest in the Collateral, whether pursuant to any other agreement or otherwise (other than pursuant to this Agreement), or take or institute any action against the Administrative Agent or any of the other Secured Parties in respect of the Collateral or its rights hereunder (other than any such action arising from the breach of this Agreement) and (ii) that such Secured Party has no other rights with respect to the Collateral other than as set forth in this Agreement and the other Transaction Documents. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations under the Agreement. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of the Agreement including this Annex B shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent.

9. Compensation. The Company will pay the Administrative Agent a fee of \$3,000 for its agreement to serve as the Administrative Agent which fee shall be paid upon execution of this Agreement by wire transfer in immediately available United States' funds to an account designated by the Administrative Agent. In addition, the Administrative Agent shall be entitled to be paid by the Secured Parties an hourly fee at standard hourly rates for services rendered as Administrative Agent and to be reimbursed by the Secured Parties for all reasonable costs associated therewith. Such fees or costs shall be paid or reimbursed to the Administrative Agent by the Secured Parties in proportion to the Secured Parties' initially purchased respective stated value of Series B Preferred Stock.

**SIXTH AMENDMENT TO THE
SECURITY AGREEMENT**

This Sixth Amendment to the Security Agreement (this "Amendment") is made and effective as of January 7, 2011 by and among Global Diversified Industries, Inc., a Nevada corporation (the "Company"), each of the Subsidiaries of the Company (such subsidiaries, together with the Company, the "Debtors"), and Vicis Capital Master Fund, and its endorsees, transferees and assigns (collectively referred to as the "Secured Party").

WHEREAS, on December 19, 2008, the Company entered into a Security Agreement with Debt Opportunity Fund, LLLP which Agreement was subsequently assigned to the Secured Party (the "Security Agreement").

WHEREAS, on or about July 23, 2009, the Secured Party agreed to advance additional funds to the Company pursuant to that certain Securities Purchase Agreement dated July 23, 2009 (the "July 2009 Series D Financing"), as evidenced by the Series D Convertible Preferred Stock (the "Series D Preferred Stock") subject to the Certificate of Designation, Preferences and Rights of Series D Convertible Preferred Stock filed with the State of Nevada on or about July 16, 2009 (the "Series D Designations"), which among other matters provide for redemption on funds advanced on the 24th month after issuance (the "Redemption Payment");

WHEREAS, on November 18, 2009, the Secured Party agreed to advance additional funds to the Company pursuant to that certain Securities Purchase Agreement dated November 18, 2009 (the "November 2009 Series D Financing"), as evidenced by the Series D Preferred Stock issued of even date therewith;

WHEREAS, on March 29, 2010, in connection with an additional financing occurring on even date thereof, the Company amended and restated the Series D Designations to, among other changes, increase the number of shares of Series D Preferred Stock authorized for issuance (the "Amended and Restated Series D Designations"), and the Secured Party agreed to advance additional funds to the Company pursuant to that certain Securities Purchase Agreement dated March 29, 2010 (the "March 2010 Series D Financing"), as evidenced by the Series D Preferred Stock issued of even date therewith;

WHEREAS, on April 20, 2010, in connection with an additional financing occurring on even date thereof, the Company amended the Amended and Restated Series D Designations to increase the number of shares of Series D Preferred Stock authorized for issuance;

WHEREAS, on September 22, 2010, in connection with an additional financing occurring on even date thereof, the Company amended the Amended and Restated Series D Designations to increase the number of shares of Series D Preferred Stock authorized for issuance;

WHEREAS, in connection with an additional financing deemed to be occurring on the date hereof (the "January 2011 Series D Financing"), the Company is again amending the Amended and Restated Series D Designations to increase the number of shares of Series D Preferred Stock authorized for issuance.

WHEREAS, the parties now wish to amend the terms of the Security Agreement in accordance with the terms stated herein.

WHEREAS, all capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Security Agreement.

NOW THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, the parties hereto agree as set forth below.

1. Obligations. The definition of "Obligations" (as set forth in Section 1(d) of the Security Agreement) is hereby amended and restated as follows:

"Obligations" means all of the liabilities and obligations (primary, secondary, direct, contingent, sole, joint or several) due or to become due, or that are now or may be hereafter contracted or acquired, or owing to, of any Debtor to the Secured Party, including, without limitation, all obligations under this Agreement, the Loan Agreement, the Notes, and the Guaranty and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith, in each case, whether now or hereafter existing, voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from the Secured Party as a preference, fraudulent transfer or otherwise as such obligations may be amended, supplemented, converted, extended or modified from time to time. Without limiting the generality of the foregoing, the term "Obligations" shall include, without limitation (i) any and all other fees, indemnities, costs, obligations and liabilities of the Debtors from time to time under or in connection with this Agreement, the Loan Agreement, the Note, and the Guaranty and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith; and (ii) all amounts (including but not limited to post-petition interest) in respect of the foregoing that would be payable but for the fact that the obligations to pay such amounts are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any Debtor. Without limiting the generality of the foregoing, the Obligations includes all obligations under the Amended and Restated Series D Designations, as amended, including, without limitation, all Redemption Payments, whether or not such Redemption Payment is then due or is contingent, and whether or not such Redemption Payment relates to the July 2009 Series D Financing, the November 2009 Series D Financing, the March 2010 Series D Financing, the April 2010 Series D Financing, the September 2010 Series D Financing, the January 2011 Series D Financing or any other Series D Preferred Stock issued to, or held by, the Secured Party.

2. Ratification of Agreement. The terms and conditions of the Security Agreement and the previous amendments thereof that have not been modified by this Amendment shall remain in full force and effect.

3. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

[Signature page follows]

[Signatures to the Sixth Amendment to Security Agreement]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

SECURED PARTY

VICIS CAPITAL MASTER FUND

By: /s/ Keith W. Hughes
Name: Keith W. Hughes
Title: Chief Financial Officer

"Debtors"

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: /s/ Phillip Hamilton
Name: Phillip Hamilton
Title: Chief Executive Officer

LUTREX ENTERPRISES, INC.

By: /s/ Adam DeBard
Name: Adam DeBard
Title: President

GLOBAL MODULAR, INC.

By: /s/ Adam DeBard
Name: Adam DeBard
Title: President

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of _____, among Global Diversified Industries, Inc., a Nevada corporation (the "Company"), and each securityholder identified on the signature pages hereto (each, including its successors and assigns, a "Holder" and collectively the "Holders").

This Agreement is made pursuant to the Securities Purchase Agreement, dated as of the date hereof between the Company and the Purchasers (as defined therein) (the "Purchase Agreement").

The Company and each Holder hereby agrees as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Advice" shall have the meaning set forth in Section 6(c).

"Effectiveness Date" means, with respect to the initial Registration Statement required to be filed hereunder, the 150th calendar day following the date hereof (or the 180th calendar day following the date hereof if the Registration Statement is reviewed by the Commission) and, with respect to any additional Registration Statements which may be required pursuant to Section 2(b) or 3(c), the 90th calendar day following the date on which the Company first knows, or reasonably should have known, that such additional Registration Statement is required hereunder; provided, however, in the event the Company is notified by the Commission that one of the above Registration Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the tenth Trading Day following the date on which the Company is so notified if such date precedes the dates required above.

"Effectiveness Period" shall have the meaning set forth in Section 2(a).

"Event" shall have the meaning set forth in Section 2(b).

"Event Date" shall have the meaning set forth in Section 2(b).

"Filing Date" means, with respect to the initial Registration Statement required hereunder, the 60th calendar day following the date hereof and, with respect to any additional Registration Statements which may be required pursuant to Section 3(c), the 30th day following the date on which the Company first knows, or reasonably should have known that such additional Registration Statement is required hereunder.

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party" shall have the meaning set forth in Section 5(c).

"Indemnifying Party" shall have the meaning set forth in Section 5(c).

"Losses" shall have the meaning set forth in Section 5(a).

“Plan of Distribution” shall have the meaning set forth in Section 2(a).

“Placement Agent” means Midtown Partners & Co., LLC.

“Prospectus” means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“Registrable Securities” means (i) any shares of Common Stock underlying the Series Common Stock Purchase Warrants, any shares of Common Stock underlying warrants issued to the Placement Agent in connection with the Company’s sale of the Company’s Series Convertible Preferred Stock (collectively, the “Warrants”), (ii) any additional shares issuable in connection with any anti-dilution provisions in the Warrants (in each case, without giving effect to any limitations on exercise set forth in the Warrant) and (iii) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing.

“Registration Statement” means the registration statements required to be filed hereunder and any additional registration statements contemplated by Section 3(c), including (in each case) the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

“Rule 415” means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Rule 424” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Selling Shareholder Questionnaire” shall have the meaning set forth in Section 3(a).

2. Shelf Registration.

(a) On or prior to each Filing Date, the Company shall prepare and file with the Commission a “Shelf” Registration Statement covering the resale of 100% of the Registrable Securities on such Filing Date for an offering to be made on a continuous basis pursuant to Rule 415. The Registration Statement shall be on Form SB-2 (except, if the Company is not then eligible to register for resale the Registrable Securities on Form SB-2, then such registration shall be on another appropriate form in accordance herewith) and shall contain (unless otherwise directed by at least a majority in interest of the Holders) substantially the “Plan of Distribution” attached hereto as Annex A. Subject to the terms of this Agreement, the Company shall use its best efforts to cause a Registration Statement to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event prior to the applicable Effectiveness Date, and shall use its best efforts to keep such Registration Statement continuously effective under the Securities Act until all Registrable Securities covered by such Registration Statement have been sold, or may be sold without volume restrictions pursuant to Rule 144(k), as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company’s transfer agent and the affected Holders (the “Effectiveness Period”). The Company shall telephonically request effectiveness of a Registration Statement as of 5:00 p.m. New York City time on a Trading Day. The Company shall immediately notify the Holders via facsimile of the effectiveness of a Registration Statement on the same Trading Day that the Company telephonically confirms effectiveness with the Commission, which shall be the date requested for effectiveness of a Registration Statement. The Company shall, by 9:30 a.m. New York City time on the Trading Day after the Effective Date (as defined in the Purchase Agreement), file a final Prospectus with the Commission as required by Rule 424.

(b) If a Registration Statement filed or required to be filed hereunder is not declared effective by the Commission by its Effectiveness Date (which need not be consecutive calendar days) (any such failure or breach being referred to as an “Event”, or an “Event Date”), then in addition to any other rights the Holders may have hereunder or under applicable law, on each such Event Date and on each monthly anniversary of each such Event Date (if the applicable Event shall not have been cured by such date) until the applicable Event is cured, the Company shall immediately pay to each Holder an amount equal to one and a half percent (1.5%) of the Stated Value of the Series Convertible Preferred Stock held by each such Holder; provided, however, that in no event shall the aggregate amount paid pursuant to this Section exceed nine percent (9.0%) of the Stated Value of Series Convertible Preferred Stock held by each such Holder. Notwithstanding anything herein to the contrary, to the extent that the registration of any or all of the Registrable Securities by the Company on a registration statement is prohibited (the “Non-Registered Shares”) as a result of rules, regulations, positions or releases issued or actions taken by the SEC pursuant to its authority with respect to Rule 415 and the Company has registered at such time the maximum number of Registrable Securities permissible upon consultation with the SEC, then the liquidated damages described in this Section 2(b) shall not be applicable to such Non-Registered Shares; provided, however, the Company shall file a second Registration Statement registering the Non-Registered Shares as soon as permitted under Federal securities laws.

3. Registration Procedures. In connection with the Company’s registration obligations hereunder, the Company shall:

(a) Not less than five (5) Trading Days prior to the filing of each Registration Statement and not less than one (1) Trading Day prior to the filing of any related Prospectus or any amendment or supplement thereto materially relating to the Holder (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall, (i) furnish to each Holder copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent certified public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Registrable Securities shall reasonably object in good faith, provided that, the Company is notified of such objection in writing no later than five (5) Trading Days after the Holders have been so furnished copies of a Registration Statement or one (1) Trading Day after the Holders have been so furnished copies of any related Prospectus or amendments or supplements thereto. Each Holder agrees to furnish to the Company a completed Questionnaire in the form attached hereto as Annex B (a “Selling Shareholder Questionnaire”) not less than two (2) Trading Days prior to the Filing Date or by the end of the fourth (4th) Trading Day following the date on which such Holder receives draft materials in accordance with this Section.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to a Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and as so supplemented or amended to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to a Registration Statement or any amendment thereto and, upon written request of a Holder, as promptly as reasonably possible provide the Holders true and complete copies of all correspondence from and to the Commission relating to a Registration Statement (provided that the Company may excise any information contained therein which would constitute material non-public information as to any Holder which has not executed a confidentiality agreement with the Company); and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented.

(c) If during the Effectiveness Period, the number of Registrable Securities at any time exceeds one-hundred percent (100%) of the number of shares of Common Stock then registered in a Registration Statement, then the Company shall file as soon as reasonably practicable, but in any case prior to the applicable Filing Date, an additional Registration Statement covering the resale by the Holders of such additional Registrable Securities.

(d) Notify the Holders of Registrable Securities to be sold (which notice shall, pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible (and, in the case of (i)(A) below, not less than one (1) Trading Day prior to such filing) and (if requested by any such Holder) confirm such notice in writing no later than one (1) Trading Day following the day (i) with respect to a Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (vi) the occurrence or existence of any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus; provided that any and all of such information shall remain confidential to each Holder until such information otherwise becomes public, unless disclosure by a Holder is required by law; provided, further, notwithstanding each Holder's agreement to keep such information confidential, the Holders make no acknowledgement that any such information is material, non-public information.

(e) Use its best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of a Registration Statement or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(f) Furnish to each Holder, upon written request of the Holder, without charge, at least one conformed copy of each such Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Holder, and all exhibits to the extent requested by such Holder (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission.

(g) Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(d).

(h) If NASDR Rule 2710 requires any broker-dealer to make a filing prior to executing a sale by a Holder, the Company shall (i) make an Issuer Filing with the NASDR, Inc. Corporate Financing Department pursuant to proposed NASDR Rule 2710(b)(10)(A)(i), (ii) respond within five (5) Trading Days to any comments received from NASDR in connection therewith, (iii) and pay the filing fee required in connection therewith.

(i) Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement; provided, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(j) If requested by the Holders, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by the Purchase Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(k) Upon the occurrence of any event contemplated by this Section 3, as promptly as reasonably possible under the circumstances taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 3(d) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus. The Company will use its best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company shall be entitled to exercise its right under this Section 3(k) to suspend the availability of a Registration Statement and Prospectus, subject to the payment of partial liquidated damages pursuant to Section 2(b), for a period not to exceed sixty (60) calendar days (which need not be consecutive days) in any twelve (12) month period.

(l) Comply with all applicable rules and regulations of the Commission.

(m) The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the natural persons thereof that have voting and dispositive control over the Shares. During any periods that the Company is unable to meet its obligations hereunder with respect to the registration of the Registrable Securities solely because any Holder fails to furnish such information within three Trading Days of the Company's request, any liquidated damages that are accruing at such time as to such Holder only shall be tolled and any Event that may otherwise occur solely because of such delay shall be suspended as to such Holder only, until such information is delivered to the Company.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, (B) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities) and (C) if not previously paid by the Company in connection with an Issuer Filing, with respect to any filing that may be required to be made by any broker through which a Holder intends to make sales of Registrable Securities with NASD Regulation, Inc. pursuant to the NASD Rule 2710, so long as the broker is receiving no more than a customary brokerage commission in connection with such sale, (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions of any Holder or, except to the extent provided for in the Transaction Documents, any legal fees or other costs of the Holders.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees (and any other persons with a functionally equivalent role of a person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, shareholders, partners, agents and employees (and any other persons with a functionally equivalent role of a person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (2) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (ii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(c). The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon: (x) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in such Registration Statement or such Prospectus or (ii) to the extent that such information relates to such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or such form of Prospectus or in any amendment or supplement thereto or (ii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(c). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is judicially determined to be not entitled to indemnification hereunder.

(d) Contribution. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party because of a failure or refusal of a governmental authority or court of law to enforce such indemnification in accordance with its terms by reason of public policy or otherwise, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, except in the case of fraud by such Holder.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder, of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(b) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to a Registration Statement.

(c) Discontinued Disposition. Each Holder agrees by its acquisition of Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(d)(iii) through (vi), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its best efforts to ensure that the use of the Prospectus may be resumed as promptly as it practicable. The Company agrees and acknowledges that any periods during which the Holder is required to discontinue the disposition of the Registrable Securities hereunder shall be subject to the provisions of Section 2(b).

(d) Piggy-Back Registrations. If at any time during the Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the stock option or other employee benefit plans, then the Company shall send to each Holder a written notice of such determination and, if within fifteen days after the date of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such Holder requests to be registered; provided, however, that, the Company shall not be required to register any Registrable Securities pursuant to this Section 6(d) that are eligible for resale pursuant to Rule 144(k) promulgated under the Securities Act or that are the subject of a then effective Registration Statement.

(e) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and each Holder of the then outstanding Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of all of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence.

(f) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Purchase Agreement.

(g) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign (except by merger) its rights or obligations hereunder without the prior written consent of all of the Holders of the then-outstanding Registrable Securities. Each Holder may assign their respective rights hereunder in the manner and to the persons as permitted under the Purchase Agreement.

(h) No Inconsistent Agreements. Neither the Company nor any of its Subsidiaries has entered, as of the date hereof, nor shall the Company or any of its Subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Except as set forth on Annex C, neither the Company nor any of its subsidiaries has previously entered into any agreement granting any registration rights with respect to any of its securities to any person that have not been satisfied in full.

(i) Execution and Counterparts. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

(j) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Purchase Agreement.

(k) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

(l) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(m) Headings. The headings in this Agreement are for convenience only, do not constitute a part of the Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(n) Independent Nature of Holders’ Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Holder shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of _____, effective as of the date first written above.

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: _____

Name:

Title:

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

[SIGNATURE PAGE OF HOLDERS TO REGISTRATION RIGHTS AGREEMENT]

Name of Holder: _____

Signature of Authorized Signatory of Holder: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

[SIGNATURE PAGE OF HOLDERS TO REGISTRATION RIGHTS AGREEMENT]

Name of Holder: _____

Signature of Authorized Signatory of Holder: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Plan of Distribution

Each Selling Stockholder (the “Selling Stockholders”) of the common stock and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on the OTC Bulletin Board or any other stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. A Selling Stockholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”), if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with NASDR Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with NASDR IM-2440.

In connection with the sale of the common stock or interests therein, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The Selling Stockholders may also sell shares of the common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The Selling Stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each Selling Stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the Common Stock. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the shares. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Because Selling Stockholders may be deemed to be “underwriters” within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. There is no underwriter or coordinating broker acting in connection with the proposed sale of the resale shares by the Selling Stockholders.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by the Selling Stockholders without registration and without regard to any volume limitations by reason of Rule 144(k) under the Securities Act or any other rule of similar effect or (ii) all of the shares have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale shares may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of the common stock by the Selling Stockholders or any other person. We will make copies of this prospectus available to the Selling Stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of preferred stock, par value \$.___ per share (the "Common Stock"), of Global Diversified Industries, Inc., a Nevada corporation (the "Company"), (the "Registrable Securities") understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "Commission") a registration statement on Form SB-2 (the "Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement, dated as of February __, 2008 (the "Registration Rights Agreement"), among the Company and the Purchasers named therein. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling securityholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "Selling Securityholder") of Registrable Securities hereby elects to include the Registrable Securities owned by it and listed below in Item 3 (unless otherwise specified under such Item 3) in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Securityholder

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities Listed in Item 3 below are held:

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by the questionnaire):

2. Address for Notices to Selling Securityholder:

Telephone:

Fax:

Contact Person:

3. Beneficial Ownership of Registrable Securities:

(a) Type and Principal Amount of Registrable Securities beneficially owned (not including the Registrable Securities that are issuable pursuant to the Purchase Agreement):

4. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes No

(b) If “yes” to Section 4(a), did you receive your Registrable Securities as compensation for investment banking services to the Company.

Yes No

Note: If no, the Commission’s staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes No

(d) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes No

Note: If no, the Commission’s staff has indicated that you should be identified as an underwriter in the Registration Statement.

5. Beneficial Ownership of Other Securities of the Company Owned by the Selling Securityholder.

Except as set forth below in this Item 5, the undersigned is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item 3.

(a) Type and Amount of Other Securities beneficially owned by the Selling Securityholder:

6. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 6 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

PLEASE FAX A COPY OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement is made and entered into as of _____ (as amended, modified or supplemented from time to time, this "Agreement") by and between Global Diversified Industries, Inc., a Nevada corporation (the "Company"), and each securityholder identified on the signature pages hereto (each, including its successors and assigns, a "Holder" and collectively the "Holders").

This Agreement is made pursuant to the Securities Purchase Agreement, dated as of the date hereof between the Company and the Purchaser (as defined therein) (the "Purchase Agreement").

1. **Definitions.** Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"*Commission*" means the U.S. Securities and Exchange Commission.

"*Common Stock*" means shares of the Company's common stock, par value \$0.001 per share.

"*Company*" has the meaning given to such term in the Preamble hereto.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and any successor statute.

"*Holder*" or "*Holder*s" has the meaning given to such term in the Preamble hereto.

"*Indemnified Party*" has the meaning set forth in Section 5(c). "*Indemnifying Party*" has the meaning set forth in Section 5(c).

"*Person*" means an individual or a corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind.

"*Proceeding*" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"*Purchase Agreement*" has the meaning set forth in the recitals hereto.

"*Prospectus*" means the prospectus included in the Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“*Registrable Securities*” means the shares of Common Stock issued as a distribution upon, or that are issuable upon conversion or exercise of, shares of the Series D Preferred Stock and the Warrants held by the Holders.

“*Registration Statement*” means each registration statement required to be filed hereunder, including the Prospectus therein, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

“*Requesting Holders*” has the meaning set forth in Section 2(a).

“*Requested Stock*” has the meaning set forth in Section 2(a).

“*Rule 144*” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such rule.

“*Rule 415*” means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such rule.

“*Securities Act*” means the Securities Act of 1933, as amended, and any successor statute.

“*Series D Preferred Stock*” means the Series D Convertible Preferred Stock of the Company, par value \$.001.

“*Warrants*” means the Series Common Stock Purchase Warrant deemed to be issued on the date hereof, having an exercise price of _____ and an exercise term of seven (7) years from the date issued.

2. **Piggy-Back Registration.**

(a) If at any time, the Company proposes to register any of its securities under the Securities Act in connection with the public offering of such securities solely for cash (other than a registration on Form S-4, Form S-8, or any successor or similar forms), whether for the account of the Company or otherwise, it will promptly, but not later than thirty (30) days before the anticipated date of filing such registration statement, give written notice to all record holders of the Registrable Securities. Upon the written request from any Holders (the “Requesting Holders”), within 15 days after receipt of any such notice from the Company, the Company will, except as herein provided, cause all of the Registrable Securities covered by such request (the “Requested Stock”) held by the Requesting Holders to be included in such registration statement, all to the extent requisite to permit the sale or other disposition by the prospective seller or sellers of the Requested Stock; provided, further, that nothing herein shall prevent the Company from, at any time, abandoning or delaying any registration.

(b) If any registration pursuant to Section 2(a) shall be underwritten in whole or in part, the Company may require that the Requested Stock be included in the underwriting on the same terms and conditions as the securities otherwise being sold through the underwriters. In such event, the Requesting Holders shall, if requested by the underwriters, execute an underwriting agreement containing customary representations and warranties by selling stockholders. If in the good faith judgment of the managing underwriter of such public offering the inclusion of all of the Requested Stock would reduce the number of shares to be offered by the Company or interfere with the successful marketing of the shares of stock offered by the Company, the number of shares of Requested Stock otherwise to be included in the underwritten public offering may be reduced pro rata (by number of shares) among the Requesting Holders and all other holders of registration rights who have requested inclusion of their securities or excluded in their entirety if so required by the underwriter. To the extent only a portion of the Requested Stock is included in the underwritten public offering, those shares of Requested Stock which are thus excluded from the underwritten public offering and any other securities of the Company held by such holders shall be withheld from the market by the Holders thereof for a period, not to exceed 90 days, which the managing underwriter reasonably determines is necessary in order to effect the underwritten public offering. The obligation of the Company under Section 2(a) shall not apply after the earlier of (i) the date that all of the Conversion Shares have been sold pursuant to Rule 144 under the Securities Act or an effective registration statement, or (ii) such time as the Conversion Shares are eligible for immediate resale pursuant to Rule 144(b)(1) under the Securities Act to the Holders.

(c) If the registration statement is an offering to be made on a continuous basis pursuant to Rule 415 and is not on a Form S-3, and the Commission advises the Company that all of the Restricted Stock may not be included under Rule 415(a)(i), then the number of shares of Requested Stock otherwise to be included in such registration statement may be reduced pro rata (by number of shares) among the Requesting Holders and all other holders of registration rights who have requested inclusion of their securities to an amount to which is permitted by the Commission for resale under Rule 415(a)(i).

3. **Registration Procedures.** If and whenever the Company is required by the provisions hereof to effect the registration of any Registrable Securities under the Securities Act, the Company will, as expeditiously as reasonably possible:

(a) prepare and file with the Commission a Registration Statement with respect to such Registrable Securities, respond as promptly as reasonably possible to any comments received from the Commission, and use its best efforts to cause such Registration Statement to become and remain effective, and promptly provide to the Holders copies of all filings and Commission letters of comment relating thereto and before filing a Registration Statement or Prospectus or any amendments or supplements thereto, furnish to the Holders copies of all such documents proposed to be filed, including documents incorporated by reference in the Prospectus and, if requested by the Holders, the exhibits incorporated by reference, and the Holders shall have the opportunity to object to any information pertaining to itself that is contained therein and the Company will make the corrections reasonably requested by the Holders with respect to such information prior to filing any Registration Statement or amendment thereto or any Prospectus or any supplement thereto;

(b) prepare and file with the Commission such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such Registration Statement and to keep such Registration Statement effective;

(c) furnish to the Holders such number of copies of the Registration Statement and the Prospectus included therein (including each preliminary Prospectus and any amendments and supplements to the Registration Statement and the Prospectus) and such other documents as the Holders reasonably may request to facilitate the public sale or disposition of the Registrable Securities covered by such Registration Statement;

(d) use its best efforts to register or qualify the Holder's Registrable Securities covered by such Registration Statement under the securities or "blue sky" laws of such jurisdictions within the United States as the Holders may reasonably request and do any and all other acts and things which may be reasonably necessary or advisable to enable the Holders to consummate the disposition in such jurisdiction of the Registrable Securities, provided, however, that the Company shall not for any such purpose be required to qualify generally to transact business as a foreign corporation in any jurisdiction where it is not so qualified or to consent to general service of process in any such jurisdiction;

(e) list the Registrable Securities covered by such Registration Statement with any securities exchange on which the Common Stock of the Company is then listed;

(f) immediately notify the Holders at any time when a Prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the Prospectus contained in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and, at the request of the Holders, the Company shall prepare a supplement or amendment to such Prospectus so that, as thereafter delivered to the purchasers of Registrable Securities, such Prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statement therein not misleading;

(g) to the extent pertinent to the registration and sale of the Registrable Securities under the Registration Statement, make available for inspection by the Holders and any attorney, accountant or other agent retained by the Holders, all publicly available, non-confidential financial and other records, pertinent corporate documents and properties of the Company, and, to the extent pertinent to the registration and sale of the Registrable Securities under the Registration Statement, cause the Company's officers, directors and employees to supply all publicly available, non-confidential information reasonably requested by the attorney, accountant or agent of the Holders;

(h) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such Registration Statement;

(i) if requested, cause to be delivered, immediately prior to the effectiveness of the Registration Statement, letters from the Company's independent certified public accountants addressed to the Holders (unless the Holders do not provide to such accountants the appropriate representation letter required by rules governing the accounting profession) stating that such accountants are independent public accountants within the meaning of the Securities Act and the applicable rules and regulations adopted by the Commission thereunder, and otherwise in customary form and covering such financial and accounting matters as are customarily covered by letters of the independent certified public accountants delivered in connection with primary or secondary underwritten public offerings, as the case may be; and

(j) at all times after the Company has filed a Registration Statement with the Commission pursuant to the requirements of either the Securities Act or the Exchange Act, the Company shall file all reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder, and take such further action as the Holders may reasonably request, all to the extent required to enable the Holders to be eligible to sell Registrable Securities pursuant to Rule 144 (or any similar rule then in effect).

4. **Registration Expenses.** All expenses relating to the Company's compliance with Sections 2 and 3 hereof, including, without limitation, all registration, filing and listing application fees, costs of distributing any prospectuses and supplements thereto, printing expenses, fees and disbursements of counsel and independent public accountants for the Company, fees and expenses (including counsel fees) incurred in connection with complying with state securities or "blue sky" laws, fees of the Financial Industry Regulatory Authority, fees of transfer agents and registrars, fees (not to exceed \$20,000) of, and disbursements incurred by, one counsel for the Holders are called "Registration Expenses." All selling commissions applicable to the sale of Registrable Securities, including any fees and disbursements of any special counsel to the Holders beyond those included in Registration Expenses, are called "Selling Expenses." The Company shall only be responsible for all Registration Expenses. The obligation of the Company to bear the expenses described above shall apply irrespective of whether a registration becomes effective, is withdrawn or suspended, is converted to another form of registration and irrespective of when any of the foregoing shall occur.

5. Indemnification.

(a) In the event of a registration of any Registrable Securities under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless each Holder, and its officers, directors, managers, partners, members, shareholders, agents, brokers, investment advisors and employees of each of them, and each other person, if any, who controls such Holder within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which such Holder, or such persons may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement under which such Registrable Securities were registered under the Securities Act pursuant to this Agreement, any preliminary Prospectus or final Prospectus contained therein, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or any violation or alleged violation by the Company of the Securities Act, the Exchange Act or applicable “blue sky” laws, and will reimburse each Holder, and each such person for any reasonable legal or other expenses incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case if and to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by or on behalf of such Holder or any such person in writing specifically for use in any such document.

(b) In the event of a registration of the Registrable Securities under the Securities Act pursuant to this Agreement, the Holders will indemnify and hold harmless the Company, and its officers, directors and each other person, if any, who controls the Company within the meaning of the Securities Act, against all losses, claims, damages or liabilities, joint or several, to which the Company or such persons may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact which was furnished in writing by the Holders to the Company expressly for use in (and such information is contained in) the Registration Statement under which such Registrable Securities were registered under the Securities Act pursuant to this Agreement, any preliminary Prospectus or final Prospectus contained therein, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company and each such person for any reasonable legal or other expenses incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, provided, however, that the Holders will be liable in any such case if and only to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished in writing to the Company by or on behalf of the Holders specifically for use in any such document. Notwithstanding the provisions of this paragraph, the Holders shall not be required to indemnify any person or entity in excess of the amount of the aggregate net proceeds received by the Holders in respect of Registrable Securities in connection with any such registration under the Securities Act.

(c) Promptly after receipt by a party entitled to claim indemnification hereunder (an “Indemnified Party”) of notice of the commencement of any action, such Indemnified Party shall, if a claim for indemnification in respect thereof is to be made against a party hereto obligated to indemnify such Indemnified Party (an “Indemnifying Party”), notify the Indemnifying Party in writing thereof, but the omission so to notify the Indemnifying Party shall not relieve it from any liability which it may have to such Indemnified Party other than under this Section 5(c) and shall only relieve it from any liability which it may have to such Indemnified Party under this Section 5(c) if and to the extent the Indemnifying Party is prejudiced by such omission. In case any such action shall be brought against any Indemnified Party and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel satisfactory to such Indemnified Party, and, after notice from the Indemnifying Party to such Indemnified Party of its election so to assume and undertake the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party under this Section 5(c) for any legal expenses subsequently incurred by such Indemnified Party in connection with the defense thereof; if the Indemnified Party retains its own counsel, then the Indemnified Party shall pay all fees, costs and expenses of such counsel, provided, however, that, if the defendants in any such action include both the Indemnified Party and the Indemnifying Party and the Indemnified Party shall have reasonably concluded that there may be reasonable defenses available to it which are different from or additional to those available to the Indemnifying Party or if the interests of the Indemnified Party reasonably may be deemed to conflict with the interests of the Indemnifying Party, the Indemnified Party shall have the right to select one separate counsel and to assume such legal defenses and otherwise to participate in the defense of such action, with the reasonable expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the Indemnifying Party as incurred.

(d) In order to provide for just and equitable contribution in the event of joint liability under the Securities Act in any case in which either (i) any Holder, or any officer, director, manager, partner, member, shareholder, agent, broker, investment advisor or employee of any Holder or controlling person of any Holder, makes a claim for indemnification pursuant to this Section 5 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 5 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any Holder or such officer, director, manager, partner, member, shareholder, agent, broker, investment advisor or employee of any Holder or controlling person of any Holder in circumstances for which indemnification is provided under this Section 5; then, and in each such case, the Company and such Holder will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion so that such Holder is responsible only for the portion represented by the percentage that the public offering price of its securities offered by the Registration Statement bears to the public offering price of all securities offered by such Registration Statement, provided, however, that, in any such case, (A) no Holder will be required to contribute any amount in excess of the public offering price of all such securities offered by it pursuant to such Registration Statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(e) The indemnification provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and shall survive the transfer of securities.

6. Representations and Warranties.

(a) Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales of any security or solicited any offers to buy any security under circumstances that would cause the offering of the Series D Preferred Stock and the Warrants pursuant to the Purchase Agreement to be integrated with prior offerings by the Company for purposes of the Securities Act which would prevent the Company from selling the Common Stock pursuant to Rule 506 under the Securities Act, or any applicable exchange-related stockholder approval provisions, nor will the Company or any of its affiliates or subsidiaries take any action or steps that would cause the offering of the Series D Preferred Stock and the Warrants to be integrated with other offerings (other than such concurrent offering to the Holders) or other offerings of the Company that will not result in the loss of an exemption from registration under Rule 506 of the Securities Act).

(b) The Series D Preferred Stock, the Warrants and the shares of Common Stock issuable upon the conversion or exercise, as the case may be, of the Series D Preferred Stock or the Warrants are all restricted securities under the Securities Act as of the date of this Agreement. The Company will not issue any stop transfer order or other order impeding the sale and delivery of any of the Registrable Securities at such time as such Registrable Securities are registered for public sale or an exemption from registration is available, except as required by federal or state securities laws.

(c) The Company understands the nature of the Registrable Securities issuable upon the conversion or exercise, as the case may be, of the Series D Preferred Stock and the Warrants and recognizes that the issuance of such Registrable Securities may have a potential dilutive effect. The Company specifically acknowledges that its obligation to issue the Registrable Securities is binding upon the Company and enforceable regardless of the dilution such issuance may have on the ownership interests of other shareholders of the Company.

(d) Except for agreements made in the ordinary course of business, there is no agreement that has not been filed with the Commission as an exhibit to a registration statement or to a form required to be filed by the Company under the Exchange Act, the breach of which could reasonably be expected to have a material and adverse effect on the Company and its subsidiaries, or would prohibit or otherwise interfere with the ability of the Company to enter into and perform any of its obligations under this Agreement in any material respect.

(e) The Company will at all times have authorized and reserved a sufficient number of shares of Common Stock for the full conversion and exercise of the Series D Preferred Stock and the Warrants.

(f) The Company shall provide written notice to each Holder of (i) the occurrence of each Discontinuation Event (as defined below) and (ii) the declaration of effectiveness by the Commission of each Registration Statement required to be filed hereunder, in each case within one (1) business day of the date of each such occurrence and/or declaration.

7. Miscellaneous.

(a) **Remedies.** In the event of a breach by the Company or by a Holder, of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement.

(b) **Compliance.** Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to any Registration Statement.

(c) **Discontinued Disposition.** Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of a Discontinuation Event (as defined below), such Holder will forthwith discontinue disposition of such Registrable Securities under the applicable Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph. For purposes of this Agreement, a "Discontinuation Event" shall mean (i) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement (the Company shall provide true and complete copies thereof and all written responses thereto to each of the Holders); (ii) any request by the Commission or any other Federal or state governmental authority for amendments or supplements to such Registration Statement or Prospectus or for additional information; (iii) the issuance by the Commission of any stop order suspending the effectiveness of such Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and/or (v) the occurrence of any event or passage of time that makes the financial statements included in such Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) **Amendments and Waivers.** The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of the then outstanding Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of certain Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of at least a majority of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence.

(e) **Notices.** Any notice or request hereunder may be given to the Company or the Holders at the respective addresses set forth below or as may hereafter be specified in a notice designated as a change of address under this Section 7(e). Any notice or request hereunder shall be given by registered or certified mail, return receipt requested, hand delivery, overnight mail, Federal Express or other national overnight next day carrier (collectively, "Courier") or telecopy (confirmed by mail). Notices and requests shall be, in the case of those by hand delivery, deemed to have been given when delivered to any party to whom it is addressed, in the case of those by mail or overnight mail, deemed to have been given three (3) business days after the date when deposited in the mail or with the overnight mail carrier, in the case of a Courier, the next business day following timely delivery of the package with the Courier, and, in the case of a telecopy, when confirmed. The address for such notices and communications shall be as follows:

If to the Company:

Global Diversified Industries, Inc.
1200 Airport Rd.
Chowchilla, CA 93610

Fax: (559) 665-5700
Attention: Phillip Hamilton

If to Holders: To the address set forth under Holder's name on the signature page hereto

then the registered Holder:

If to any other Person who is
To the address of such Holder as it appears in the stock transfer books of the Company or such other address as may be designated in writing hereafter in accordance with this Section 7(e) by such Person.

(f) **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of each Holder. Each Holder may assign its respective rights hereunder in the manner and to the persons and entities as permitted under the terms of the Series D Preferred Stock and the Warrant.

(g) **Execution and Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same agreement. In the event that any signature is delivered by facsimile or electronic transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile or electronic signature were the original thereof.

(h) **Governing Law, Jurisdiction and Waiver of Jury Trial.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. The Company hereby consents and agrees that the state or federal courts located in the County of New York, State of New York shall have exclusion jurisdiction to hear and determine any Proceeding between the Company, on the one hand, and any Holders, on the other hand, pertaining to this Agreement or to any matter arising out of or related to this Agreement; provided, that the Holders and the Company acknowledge that any appeals from those courts may have to be heard by a court located outside of the County of New York, State of New York, and further provided, that nothing in this Agreement shall be deemed or operate to preclude any Holder from bringing a Proceeding in any other jurisdiction to collect the obligations, to realize on the Collateral (as defined in the Security Agreement between the Company and the Holder, as assignee of Debt Opportunity Fund LLLP, dated December 19, 2008, as amended) or any other security for the obligations, or to enforce a judgment or other court order in favor of such Holder. The Company expressly submits and consents in advance to such jurisdiction in any Proceeding commenced in any such court, and the Company hereby waives any objection which it may have based upon lack of personal jurisdiction, improper venue or forum non conveniens. The Company hereby waives personal service of the summons, complaint and other process issued in any such Proceeding and agrees that service of such summons, complaint and other process may be made by registered or certified mail addressed to the Company at the address set forth in Section 7(e) and that service so made shall be deemed completed upon the earlier of the Company's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid. The parties hereto desire that their disputes be resolved by a judge applying such applicable laws. Therefore, to achieve the best combination of the benefits of the judicial system and of arbitration, the parties hereto waive all rights to trial by jury in any Proceeding brought to resolve any dispute, whether arising in contract, tort, or otherwise between any Holder and/or the Company arising out of, connected with, related or incidental to the relationship established between them in connection with this Agreement. If any party hereto shall commence a Proceeding to enforce any provisions of this Agreement, then the prevailing party in such Proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

(i) **Cumulative Remedies.** The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(j) **Severability.** If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(k) **Headings.** The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

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

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

Address for Notices:

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

SERIES COMMON STOCK PURCHASE WARRANT

Warrant No.: Series

**To Purchase Shares
of Common Stock of
Global Diversified Industries, Inc.**

THIS SERIES COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, (the "Holder"), is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to the close of business on the seventh (7th) anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Global Diversified Industries, Inc., a Delaware corporation (the "Company"), up to shares (the "Warrant Shares") of Common Stock, par value \$.001 per share, of the Company (the "Common Stock"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement of even date herewith (the "Purchase Agreement").

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy of the Notice of Exercise form annexed hereto (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of such Holder appearing on the books of the Company); and, within three (3) Trading Days of the date said Notice of Exercise is delivered to the Company, the Company shall have received payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within two (2) Trading Days of receipt of such notice. **THE HOLDER AND ANY ASSIGNEE, BY ACCEPTANCE OF THIS WARRANT, ACKNOWLEDGE AND AGREE THAT, BY REASON OF THE PROVISIONS OF THIS PARAGRAPH, FOLLOWING THE PURCHASE OF A PORTION OF THE WARRANT SHARES HEREUNDER, THE NUMBER OF WARRANT SHARES AVAILABLE FOR PURCHASE HEREUNDER AT ANY GIVEN TIME MAY BE LESS THAN THE AMOUNT STATED ON THE FACE HEREOF.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be \$ _____, subject to adjustment hereunder (the "Exercise Price").

c) Exercise Limitations.

i. Holder's Restrictions. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, such Holder (together with such Holder's Affiliates, and any other person or entity acting as a group together with such Holder or any of such Holder's Affiliates), as set forth on the applicable Notice of Exercise, would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by such Holder or any of its Affiliates and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Series A Preferred Stock or Warrants) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by such Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 2(c)(i), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by a Holder that the Company is not representing to such Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and such Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(c)(i) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by such Holder together with any Affiliates) and of which a portion of this Warrant is exercisable shall be in the sole discretion of a Holder, and the submission of a Notice of Exercise shall be deemed to be each Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by such Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to such aggregate percentage limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(c), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (X) the Company's most recent Form 10-QSB or Form 10-KSB, as the case may be, (Y) a more recent public announcement by the Company or (Z) any other notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two (2) Trading Days confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by such Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Beneficial Ownership Limitation provisions of this Section 2(c)(i) may be waived by such Holder, at the election of such Holder, upon not less than 61 days' prior notice to the Company to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant, and the provisions of this Section 2(c)(i) shall continue to apply. Upon such a change by a Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation may not be further waived by such Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(c)(i) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant. **Notwithstanding anything herein to the contrary, this provision shall not apply to any Holder that has elected to waive this provision on its signature page to the Purchase Agreement, on or before the date of closing.**

d) Mechanics of Exercise.

i. Authorization of Warrant Shares. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

ii. Delivery of Certificates Upon Exercise. Certificates for Warrant Shares purchased hereunder shall be transmitted by the transfer agent of the Company to the Holder by crediting the account of the Holder's prime broker with the Depository Trust Company through its Deposit/Withdrawal at Custodian ("DWAC") system if the Company is a participant in such system, and otherwise by delivery to the address specified by the Holder in the Notice of Exercise, within five (5) Trading Days from the delivery to the Company of the Notice of Exercise form, surrender of this Warrant (if required) and payment of the aggregate Exercise Price as set forth above ("Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised on the date the Exercise Price is received by the Company. The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised by payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(d)(vii) prior to the issuance of such shares, have been paid.

iii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iv. Rescission Rights. If the Company fails to cause its transfer agent to transmit to the Holder a certificate or certificates representing the Warrant Shares pursuant to Section 2(d)(ii) above by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

v. Obligation Absolute; Damages. The Corporation's obligations to issue and deliver the certificates representing the Warrant Shares upon exercise of the Warrant in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by the Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to the Holder in connection with the issuance of such certificates representing the Warrant Shares. The Corporation shall issue the certificates representing the Warrant Shares or, if applicable, cash, upon a properly noticed exercise. If the Corporation fails to deliver to the Holder such certificate or certificates pursuant to Section 2(d) within five (5) Trading Days of the Warrant Share Delivery Date applicable to such exercise, the Corporation shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of VWAP of the Common Stock, \$10 per Trading Day (increasing to \$20 per Trading Day after ten (20) Trading Days after the Warrant Share Delivery Date) for each Trading Day after the Warrant Share Delivery Date until such certificates are delivered.

vi. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such exercise, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vii. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder or other incidental expense in respect of the issuance of such certificate, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder; the assignment shall be subject to Section 4 below, and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

viii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Cashless Exercise. If at any time after six months from the date of original issuance of this Warrant there is no effective Registration Statement registering, or no current prospectus available for, the resale of the Warrant Shares by the Holder (a “Cashless Exercise Trigger”), then this Warrant may also be exercised at such time by means of a “cashless exercise” in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date of such election;

(B) = the Exercise Price of this Warrant, as adjusted; and

(X) = the number of Warrant Shares issuable upon exercise of this Warrant in accordance with the terms of this Warrant by means of a cash exercise rather than a cashless exercise.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), provided that this clause (i) shall not apply to shares of Common Stock issued solely in connection with dividends required to be paid under the terms and conditions of the Series D Convertible Preferred Stock, and/ or other securities issued and outstanding on the date of this Warrant, provided that such stock dividend or distribution shall be issued pursuant to the terms of such other securities as of the date of this Warrant, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Equity Sales. If the Company or any Subsidiary thereof, as applicable, at any time while this Warrant is outstanding, sells, grants or otherwise issues (or announces any sale, grant or other issuance related to the foregoing) any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock, at an effective price per share less than the then Exercise Price (such lower price, the “Base Share Price” and such issuances collectively, a “Dilutive Issuance”) (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share which is less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance), then the Exercise Price shall be reduced to equal the Base Share Price, and the number of Warrant Shares issuable hereunder shall be increased such that the aggregate Exercise Price payable hereunder, after taking into account the decrease in the Exercise Price, shall be equal to the aggregate Exercise Price prior to such adjustment. Such adjustment to the Exercise Price and Warrant Shares shall be made whenever such Common Stock or Common Stock Equivalents are issued. Notwithstanding the foregoing, no adjustments shall be made, paid or issued under this Section 3(b) in respect of an Excluded Securities (as defined in Section 7.21 of the Purchase Agreement) or issuances subject to Section 3(a) above. The Company shall notify the Holder in writing, no later than the third (3rd) Trading Day following the issuance of any Common Stock or Common Stock Equivalents subject to this section, indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice the “Dilutive Issuance Notice”). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 3(b), upon the occurrence of any Dilutive Issuance, after the date of such Dilutive Issuance, the Holder is entitled to receive a number of Warrant Shares based upon the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise.

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

d) Pro Rata Distributions. If the Company, at any time prior to the Termination Date, shall distribute to all holders of Common Stock (and not to Holders of the Warrants) evidences of its indebtedness or assets (including cash and cash dividends, but not including cash dividends on the Series B Preferred Stock or Series C Preferred Stock, provided that the terms of such Series B Preferred Stock or Series C Preferred Stock shall not have been amended since the date of this Agreement), then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP determined as of the record date mentioned above, and of which the numerator shall be such VWAP as of such record date less the then per share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company effects any merger or consolidation of the Company with or into another Person, (ii) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (iv) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a “Fundamental Transaction”), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, upon exercise of this Warrant, the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the “Alternate Consideration”) receivable upon or as a result of such reorganization, reclassification, merger, consolidation or disposition of assets by a Holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder’s right to exercise such warrant into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 3(e) and insuring that this Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

h) Notice to Holders.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to each Holder a notice setting forth the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock; (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock; (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company; then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least ten (10) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (X) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (Y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the

corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the ten (10) day period commencing on the date of such notice to the effective date of the event triggering such notice.

Section 4.

Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. A Warrant, if properly assigned, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the “Warrant Register”), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws, the Company may require, as a condition of allowing such transfer (i) that the Holder or transferee of this Warrant, as the case may be, furnish to the Company a written opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable state securities or blue sky laws, (ii) that the holder or transferee execute and deliver to the Company an investment letter in form and substance acceptable to the Company and (iii) that the transferee be an “accredited investor” as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7), or (a)(8) promulgated under the Securities Act or a “qualified institutional buyer” as defined in Rule 144A(a) under the Securities Act.

Section 5.

Miscellaneous.

a) No Rights as Shareholder Until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof as set forth in Section 2.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement, venue, jurisdiction, and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived only with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized.

Dated: _____

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: _____

Name:

Title:

NOTICE OF EXERCISE

TO: [_____]

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment will be made in lawful money of the United States.

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

(4) Accredited Investor. The undersigned certifies that it is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing

Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized

Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [_____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____.

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL, IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

SERIES COMMON STOCK PURCHASE WARRANT

Warrant No.: Series ;

Certificate No.:

To Purchase Shares

of Common Stock of

Global Diversified Industries, Inc.

THIS SERIES COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, (the "Holder"), is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to the close of business on the seventh (7th) anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Global Diversified Industries, Inc., a Nevada corporation (the "Company"), up to shares (the "Warrant Shares") of Common Stock, par value \$.001 per share, of the Company (the "Common Stock"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in that certain Securities Purchase Agreement of even date herewith (the "Purchase Agreement").

Section 2. Exercise.

(a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy of the Notice of Exercise form annexed hereto (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of such Holder appearing on the books of the Company); and, within three (3) Trading Days of the date said Notice of Exercise is delivered to the Company, the Company shall have received payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within two (2) Trading Days of receipt of such notice. **THE HOLDER AND ANY ASSIGNEE, BY ACCEPTANCE OF THIS WARRANT, ACKNOWLEDGE AND AGREE THAT, BY REASON OF THE PROVISIONS OF THIS PARAGRAPH, FOLLOWING THE PURCHASE OF A PORTION OF THE WARRANT SHARES HEREUNDER, THE NUMBER OF WARRANT SHARES AVAILABLE FOR PURCHASE HEREUNDER AT ANY GIVEN TIME MAY BE LESS THAN THE AMOUNT STATED ON THE FACE HEREOF.**

(b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be \$ _____, subject to adjustment hereunder (the "Exercise Price").

(c) Exercise Limitations.

(i) Notwithstanding anything to the contrary set forth herein, at no time may a Holder of this Warrant exercise this Warrant to the extent that after giving effect to such exercise, the Holder (together with the Holder's affiliates) would beneficially own (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder) in excess of 4.99% of the number of shares of Common Stock outstanding immediately after giving effect to such exercise; provided, however, that upon a Holder of this Warrant providing the Company with sixty-one (61) days notice (the "Waiver Notice") that such Holder would like to waive this Section 2(c)(i) with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 2(c)(i) will be of no force or effect with regard to all or a portion of the Warrant referenced in the Waiver Notice.

(ii) Notwithstanding anything to the contrary set forth herein, at no time may a Holder of this Warrant exercise this Warrant to the extent that after giving effect to such exercise, the Holder (together with the Holder's affiliates) would beneficially own (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder) in excess of 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to such exercise; provided, however that upon a Holder of this Warrant providing the Company with a Waiver Notice that such Holder would like to waive this Section 2(c)(ii) with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 2(c)(ii) shall be of no force or effect with regard to all or a portion of the Warrant referenced in the Waiver Notice.

(d) Mechanics of Exercise.

(i) Authorization of Warrant Shares. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

(ii) Delivery of Certificates Upon Exercise. Certificates for Warrant Shares purchased hereunder shall be transmitted by the transfer agent of the Company to the Holder by crediting the account of the Holder's prime broker with the Depository Trust Company through its Deposit/Withdrawal at Custodian ("DWAC") system if the Company is a participant in such system, and otherwise by delivery to the address specified by the Holder in the Notice of Exercise, within five (5) Trading Days from the delivery to the Company of the Notice of Exercise form, surrender of this Warrant (if required) and payment of the aggregate Exercise Price as set forth above ("Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised on the date the Exercise Price is received by the Company. The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised by payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(d)(1)(vii) prior to the issuance of such shares, have been paid.

(iii) Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

(iv) Rescission Rights. If the Company fails to cause its transfer agent to transmit to the Holder a certificate or certificates representing the Warrant Shares pursuant to Section 2(d)(ii) above by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

(v) Obligation Absolute; Damages. The Company's obligations to issue and deliver the certificates representing the Warrant Shares upon exercise of the Warrant in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such certificates representing the Warrant Shares. The Company shall issue the certificates representing the Warrant Shares or, if applicable, cash, upon a properly noticed exercise. If the Company fails to deliver to the Holder such certificate or certificates pursuant to Section 2(d), within five (5) Trading Days of the Warrant Share Delivery Date applicable to such exercise, the Company shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of VWAP of the Common Stock, \$10 per Trading Day (increasing to \$20 per Trading Day after ten (10) Trading Days after the Warrant Share Delivery Date) for each Trading Day after the Warrant Share Delivery Date until such certificates are delivered.

(vi) In addition to any other rights available to the Holder, if the Company fails to cause its transfer agent to transmit to the Holder a certificate or certificates representing the Warrant Shares pursuant to an exercise on or before the Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (1) pay in cash to the Holder the amount by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (A) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (B) the price at which the sell order giving rise to such purchase obligation was executed, and (2) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (1) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In, together with applicable confirmations and other evidence reasonably requested by the Company. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of this Warrant as required pursuant to the terms hereof.

(vii) No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such exercise, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

(viii) Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder or other incidental expense in respect of the issuance of such certificate, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder; the assignment shall be subject to Section 4 below, and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

(ix) Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

(e) Cashless Exercise. If at any time after six months from the earlier of (i) date of issuance of this Warrant or (ii) the date of issuance of any security that was given in exchange or replacement for this Warrant, there is no effective Registration Statement registering, or no current prospectus available for, the resale of the Warrant Shares by the Holder (a "Cashless Exercise Trigger"), then this Warrant may also be exercised at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date of such election;

(B) = the Exercise Price of this Warrant, as adjusted; and

(X) = the number of Warrant Shares issuable upon exercise of this Warrant in accordance with the terms of this Warrant by means of a cash exercise rather than a cashless exercise.

Section 3. Adjustment of Exercise Price and Number of Shares Issuable Upon Exercise. The Exercise Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 3. Upon each adjustment of the Exercise Price, the Holder of this Warrant shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment, and dividing the product thereof by the Exercise Price resulting from such adjustment.

(a) If the Company issues or sells, or in accordance with this Section 3 is deemed to have issued or sold, any shares of Common Stock (including the issuance or sale of shares of Common Stock owned or held by or for the account of the Company for a consideration per share (the “New Issuance Price”) less than a price (the “Applicable Price”) equal to the Exercise Price in effect immediately prior to such issue or sale (the foregoing a “Dilutive Issuance”), then immediately after such Dilutive Issuance, the Exercise Price then in effect shall be reduced to the New Issuance Price. For purposes of determining the adjusted Exercise Price under this Section 3, the following shall be applicable:

(i) Issuance of Options. If the Company in any manner grants or sells any Options (defined below) and the lowest price per share for which one share of Common Stock is issuable upon the exercise of any such Option or upon conversion or exchange or exercise of any Convertible Securities (defined below) issuable upon exercise of such Option is less than the Applicable Price, then all of such shares of Common Stock underlying such Option shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the granting or sale of such Option for such price per share. For purposes of this Section 3(a)(i), the “lowest price per share for which one share of Common Stock is issuable upon the exercise of any such Option or upon conversion or exchange or exercise of any Convertible Securities issuable upon exercise of such Option” shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one share of Common Stock upon granting or sale of the Option, upon exercise of the Option and upon conversion or exchange or exercise of any Convertible Security issuable upon exercise of such Option. No further adjustment of the price of conversion shall be made upon the actual issuance and/or sale of such share of Common Stock or of such Convertible Securities upon the exercise of such Options or upon the actual issuance and/or sale of such Common Stock upon conversion or exchange or exercise of such Convertible Securities. “Convertible Security” or “Convertible Securities” means any stock or other securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock, and “Option” or “Options” means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(ii) Issuance of Convertible Securities. If the Company in any manner issues or sells any Convertible Securities and the lowest price per share for which one share of Common Stock is issuable upon such conversion or exchange or exercise thereof is less than the Applicable Price, then all shares of Common Stock issuable upon conversion of such Convertible Securities shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the issuance or sale of such Convertible Securities for such price per share. For the purposes of this Section 3(a)(ii), the “lowest price per share for which one share of Common Stock is issuable upon such conversion or exchange or exercise” shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one share of Common Stock upon the issuance or sale of the Convertible Security and upon the conversion or exchange or exercise of such Convertible Security. No further adjustment of the Exercise Price shall be made upon the actual issuance of such share of Common Stock upon conversion or exchange or exercise of such Convertible Securities, and if any such issue or sale of such Convertible Securities is made upon exercise of any Options for which adjustment of the price of conversion had been or are to be made pursuant to other provisions of this Section 3, no further adjustment of the Exercise Price shall be made by reason of such issue or sale.

(iii) Change in Option Price or Rate of Conversion. If the purchase price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion, exchange or exercise of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exchangeable or exercisable for Common Stock changes at any time, the Exercise Price in effect at the time of such change shall be adjusted to the Exercise Price which would have been in effect at such time had such Options or Convertible Securities provided for such changed purchase price, additional consideration or changed conversion rate, as the case may be, at the time initially granted, issued or sold. For purposes of this Section 3(a)(iii), if the terms of any Option or Convertible Security that was outstanding as of the Issuance Date are issued are changed in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such change. No adjustment shall be made if such adjustment would result in an increase of the Exercise Price then in effect.

(iv) Calculation of Consideration Received. If any Option is issued in connection with the issue or sale of other securities of the Company, together comprising one integrated transaction in which no specific consideration is allocated to such Options by the parties thereto, the Options will be deemed to have been issued for a consideration of \$0.01. If any Common Stock, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the gross amount paid by the purchaser of such Common Stock, Options, or Convertible Securities, before any commissions, discounts, fees or expenses. If any Common Stock, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor will be deemed to be the fair value of such portion of the net assets and business (including goodwill) of the non-surviving entity as is attributable to such Common Stock, Options or Convertible Securities, as the case may be. If any Common Stock, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for non-cash consideration, the consideration received therefore will be deemed to be the fair value of such non-cash consideration as determined in good faith by the board of directors of the Company. No adjustment shall be made if such adjustment would result in an increase of the Exercise Price then in effect.

(v) Record Date. If the Company takes a record of the holders of Common Stock for the purpose of entitling them (i) to receive a dividend or other distribution payable in Common Stock, Options or in Convertible Securities or (ii) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date will be deemed to be the date of the issue or sale of the Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(b) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity-equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company pursuant to this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted. Any adjustment made pursuant to this Section 3(b) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

(c) Pro Rata Distributions. If the Company, at any time prior to the Termination Date, shall distribute to all holders of Common Stock (and not to Holders of the Warrants) evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock, then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the Volume-Weighted Average Price (“VWAP”) (defined below) determined as of the record date mentioned above, and of which the numerator shall be such VWAP on such record date less the then per share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the board of directors of the Company in good faith. The adjustment shall be described in a statement provided to the Holder. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above. “VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted for trading as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)); (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board; (c) if the Common Stock is not then quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the “Pink Sheets” published by Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported; or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company.

(d) Fundamental Transactions. If, at any time while this Warrant is outstanding, there is a Fundamental Transaction (defined below), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder, upon exercise of this Warrant, the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable upon or as a result of such reorganization, reclassification, merger, consolidation or disposition of assets by a Holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder's right to exercise such warrant into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 3(d) and insuring that this Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction. "Fundamental Transaction" means one or more related transactions where, directly or indirectly (i) the Company effects any merger or consolidation of the Company with or into another Person, (ii) the Company effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (iv) the Company effects any reorganization, recapitalization, or reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property; (v) the Company consummates a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person; (iv) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% of the aggregate Voting Stock of the Company. "Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind. "Voting Stock" of a Person means capital stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power to elect, or the general power to appoint, at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time capital stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

(e) Other Events. If any event occurs of the type contemplated by the provisions of this Section 4 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Company's board of directors in good faith will make an appropriate adjustment in the Exercise Price so as to be equitable under the circumstances and otherwise protect the rights of the Holders; provided that no such adjustment will increase the Exercise Price as otherwise determined pursuant to this Section 3.

(f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

(g) Exceptions to Adjustment of Exercise Price. Notwithstanding the foregoing, the adjustments set forth in this Section 3 shall not apply in respect to the issuance of the following (each, a “Exempt Issuance”): (1) shares of Common Stock issued upon conversion or exercise of any Options or Convertible Securities that are outstanding on the day immediately preceding the Initial Closing Date, provided that the terms of such Options or Convertible Securities are not amended, modified or changed on or after the Closing Date to lower the conversion or exercise price thereof and so long as the number of shares of Common Stock underlying such securities is not otherwise increased; (2) securities issued pursuant to acquisitions or strategic transactions approved by a majority directors of the Company not interested in the transaction, provided that any such issuance shall only be to a Person which is, itself or through its subsidiaries, an operating company in a business synergistic with the business of the Company and in which the Company receives benefits in addition to the investment of funds; provided that, an issuance of securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities shall not be an Exempt Issuance; and (3) shares of Common Stock issued in a best efforts underwritten public offering in which the gross cash proceeds to the Company (before underwriting discounts, commissions and fees) are at least \$30,000,000.

(h) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

(i) Notice to Holders.

(i) Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to each Holder a notice setting forth the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(ii) Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock; (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock; (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company; then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least ten (10) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (X) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (Y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the ten (10) day period commencing on the date of such notice to the effective date of the event triggering such notice.

Section 4.

Transfer of Warrant.

(a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. A Warrant, if properly assigned, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

(b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice.

(c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

(d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws, the Company may require, as a condition of allowing such transfer (i) that the Holder or transferee of this Warrant, as the case may be, furnish to the Company a written opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable state securities or blue sky laws, (ii) that the holder or transferee execute and deliver to the Company an investment letter in form and substance acceptable to the Company and (iii) that the transferee be an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7), or (a)(8) promulgated under the Securities Act or a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act.

Section 5.

Miscellaneous.

(a) No Rights as Shareholder Until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof as set forth in Section 2.

(b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

(c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

(d) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

(e) Jurisdiction. All questions concerning the construction, validity, enforcement, venue, jurisdiction, and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

(f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.

(g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

(h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

(i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

(j) Remedies. Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

(k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.

(l) Amendment. This Warrant may be modified or amended or the provisions hereof waived only with the written consent of the Company and the Holder.

(m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

(n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.



IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized.

Dated:

GLOBAL DIVERSIFIED INDUSTRIES, INC.

By: _____

Name: _____

Title: _____

NOTICE OF EXERCISE

TO: [_____]

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment will be made in lawful money of the United States.

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

(4) Accredited Investor. The undersigned certifies that it is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [_____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

Dated: _____, _____

Holder's Signature: _____

Holder's
Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.